SASOL FINANCING LIMITED
ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

PLANET
PEOPLE
PROFIT

Purpose
Innovating for a better world

Sasol Financing Limited

Registration number 1998/019838/06

Separate and consolidated annual financial statements for the year ended 30 June 2021

Contents

Preparer of the separate and consolidated annual financial statements

The separate and consolidated Annual Financial Statements of Sasol Financing Limited have been audited in compliance with section 30 of the South African Companies Act. Ms Amelia Van den Berg CA (SA), VP Consolidation & Reporting, is responsible for this set of financial statements and has supervised the preparation thereof in conjunction with Ms Tintswalo Mohlakoana CA (SA), Manager Financial Reporting and Ms Tebogo Leshabane, Senior Accountant Reporting.

Report of the Audit Committee

The Committee presents its financial year 2021 Audit Committee report.

This report has been prepared for Sasol Financing Limited, a subsidiary within the Sasol group, and is based on the requirements of the Companies Act, 71 of 2008 (South Africa) as amended (the Companies Act), the King IV Report on Corporate Governance for South Africa 2016 (King IV), applicable regulatory requirements and the terms of reference of the Audit Committee (the Committee).

Composition and meetings

The members of the Committee consist of Messrs C Beggs, S Westwell, S Subramoney and Mss GMB Kennealy, NNA Matyumza and KC Harper. S Subramoney was appointed as Committee member effective 1 March 2021.

Ms GMB Kennealy has been appointed as chairman of the audit committee with effect from 1 September 2021 upon the retirement of Mr C Beggs on 31 August 2021. With the appointment of Ms Kennealy as chairman, the Board has designated her as the Audit Committee financial expert in accordance with the SEC rules.

All the members of the Audit Committee are independent non-executive directors. They are financially literate and most have extensive audit committee experience. We believe that the experience of the Committee members gives perspective and insight to the Committee's considerations and decisions.

The Committee met eight times during the financial year and all committee members attended every meeting.

Statutory duties and functions

The Committee is constituted as a statutory committee of Sasol Limited in line with the Companies Act and accountable in this regard to both the Board and Sasol's shareholders. The Committee also acts as the audit committee for certain South African companies within the Sasol group. Oversight of the following specific matters has been delegated to the Committee:

- quality and integrity of the company's annual financial statements;
- overseeing the appointment, remuneration, independence and performance of the external auditor and the integrity of the audit process as a whole, including the approval of non-audit services by the external auditor;
- effectiveness of the Sasol Limited Group's internal audit function, internal financial controls and systems of internal control and risk management;
- compliance with legal and regulatory requirements to the extent that might have an impact on financial statements; and
- systems in place to enable concerns to be raised by employees about possible improprieties in financial reporting or other issues and for those matters to be investigated.

The Committee considered scenarios that might impact the Company's viability, stress testing the Sasol business against pertinent factors including global oil price and chemical prices volatility, the impacts of the COVID-19 pandemic and rand/US$ exchange rates, and identifying contingency actions for these scenarios.

The Committee fulfilled all its statutory duties as required by section 94(7) of the Companies Act.

Significant financial statement reporting issues

Assumptions and estimates or judgements are a significant part of the financial reporting process and are evaluated carefully by the Committee ahead of the finalisation of results. The Committee reviewed in detail the main judgements and assumptions made by management, relevant sensitivity analyses performed and the conclusions drawn from the available information and evidence, with the main areas of focus during the year set out below. Where appropriate, the Committee sought input and views from the external auditor and encourages rigorous challenge on control, accounting and disclosure matters. In addition to these main areas of focus, the Committee also covered matters relating to cost savings programmes, budgeting and forecasting, taxation and accounting policy choices.

Key issues	Judgements in financial reporting	Audit Committee review	Conclusions
Fair, balanced and understandable reporting		▪ The Committee considered and obtained assurance from management that disclosures in financial statements were fair, balanced and understandable. ▪ The Committee evaluated the outputs of Sasol's Sarbanes-Oxley s404 internal control process and reviewed issues on control deficiencies and remediation efforts. ▪ Established via reports from management that there were no indications of fraud relating to financial reporting matters. ▪ Assessed disclosure controls and procedures. ▪ Considered matters of accounting, tax and disclosure issues raised by the external auditors. ▪ The Committee obtained assurance on the skills and capabilities of resources.	▪ Having assessed all of the available information and the assurances provided by management, the Committee concluded that the processes underlying the preparation of financial statements were appropriate. ▪ This included an assessment of progress made on the remediation of material deficiencies identified in the previous financial year, considering the results of the internal and external auditors' confirmation thereof.
Accounting for financial instruments	Derivative financial instruments – Valuation of derivatives requires the use of assumptions in relation to uncertain future factors i.e. forward curves, volatility assumptions and discount curves.	The Committee reviewed the assumptions in the calculations, and critically assessed the competence, independence and objectivity of the financial instruments specialists engaged to perform the valuations.	▪ The Committee reviewed the valuations undertaken by the external financial instruments specialists, which supported the accounting entries. ▪ The Committee reviewed the adequacy of the disclosures relating to derivative financial instruments, including the sensitivities provided.
Accounting for income taxes	▪ Computation of the income tax expense and liability, provisions for potential tax liabilities, and recognition of deferred tax assets in terms of the Group's taxation policy. ▪ Recognition of deferred tax assets in respect of accumulated tax losses and the assessment as to whether an entity has the ability to generate future taxable income, in the timeframes allowed for utilisation by country legislation.	▪ The Committee reviewed the judgements exercised on tax provisions as part of its annual review of key provisions. ▪ In relation to the recognition of the deferred tax assets, the Committee challenged management's expectations for future taxable income and in considering management's position, the Committee took into account the work and views of external audit. ▪ The Committee reviewed adherence to the Group taxation policy including transparency and due regard to commercial and reputational risks.	▪ The Committee reviewed report during the year from the Vice President: Governance and Tax on the Group's tax policy, approach to tax management and status of compliance. ▪ The Committee requested and received a report from management detailing the key tax exposures across the Group against which provisions had been made and the methodologies used to determine the appropriate level of each provision based on management's assessment of the facts, circumstances and advice from our external tax and legal advisers. ▪ A particular focus of the Committee was on tax litigation claims related to Sasol Financing International Limited (Isle of Man) (formally Sasol Financing International Plc). Following advice from external legal advisors and conclusions by management and external audit the Committee agreed with the accounting treatment and disclosures.

Key issues	Judgements in financial reporting	Audit Committee review	Conclusions
Going concern assessment	The conclusion by the Board to prepare the annual financial statements on a going concern basis requires management judgement on issues which includes uncertain future forecasts of net group cash inflows, management's ability to achieve targets set as part of the comprehensive response plan strategy, net debt and financing facilities available and utilised by the Group, debt structure, debt maturity profile and covenants. The assessment was done for the foreseeable future based on current assumptions and stress tested against a number of scenarios.	The Committee assessed the liquidity of Sasol based on the latest projected future cash flows and stress tested it using lower oil and product prices and stronger exchange rates. These projections were compared with cash balances and committed facilities available to the Group, after considering the Committee's assessment of management's ability to achieve targets set as part of the comprehensive response plan strategy, net debt and financing facilities utilised by the Group, debt structure, debt maturity profile and covenants.	▪ After examining the forecast and stress tested scenarios along with Sasol's ability to generate capital and raise funding in current market conditions, the Committee concluded that Sasol's liquidity and capital position was adequate to meet its obligations over the ensuing year and that the going concern basis of accounting is appropriate. A review was performed based on a request from the Committee on the completeness of financial guarantees. ▪ The external auditors have confirmed that the going concern basis is appropriate. ▪ Accordingly, the Committee recommended to the Board the adoption by the company of the going concern basis of preparation.

Executing on our statutory duties and other areas of responsibilities

Adequate processes and structures have been implemented to assist the Audit Committee in providing oversight and ensuring the integrity of financial reporting, internal control and other governance matters relating to subsidiaries.

In satisfying its duties, the Committee in particular:

- Considered legal and regulatory compliance requirements to the extent that they might have an impact on financial statements and reviewed the internal control environment.

  The Committee is of the opinion that there were no material breakdowns in internal control of Sasol Financing Limited during the 2021 financial year.

- Considered the going concern assumption as the basis of preparation of the Annual Financial Statements.

  After examining the evidence provided to support the conclusion and considering the independent assurance obtained from external advisors, the Committee concluded that the Company's liquidity and capital position for the foreseeable future was adequate and that the going concern basis could be applied.

- Relied on management, the external auditor, internal audit as well as the Sasol Limited Group's independent ethics reporting telephone line to highlight any concerns, complaints or allegations relating to internal financial controls, the content of the financial statements and potential violations of the law or questionable accounting or auditing practices. Separate meetings are also held with management, the external auditor and internal audit every quarter.

  The Committee is satisfied with the reporting process as it relates to Sasol Financing Limited and confirms that no significant concerns or complaints were raised during the financial year under review.

- After examining the forecast and stress tested scenarios along with Sasol's ability to generate capital and raise funding in current market conditions, the Committee concluded that Sasol's liquidity and capital position was adequate to meet its obligations over the ensuing year and that the going concern basis of accounting is appropriate. A review was performed based on a request from the Committee on the completeness of financial guarantees.

  The external auditors have confirmed that the going concern basis is appropriate.

- Accordingly, the Committee recommended to the Board the adoption by the company of the going concern basis of preparation.The quality of the external audit process was reviewed and the Committee concluded it to be satisfactory. It was confirmed that no unresolved issues of concern exist between the Group, Sasol Financing Limited and the external auditors.

- Reviewed the assurance services charter and approved the integrated three year rolling internal audit plan. The Committee also evaluated the independence, effectiveness and performance of the internal audit function and compliance with its charter and found them to be satisfactory.
- Reviewed the Sasol Group's policies on risk assessment and management as they pertain to financial reporting and found them to be sound.

  The Committee also considered the plans and outputs of the external and internal auditors and concluded that they were adequate to address all significant financial risks facing the business.

The Committee is also satisfied with the appropriateness of the expertise and experience of the Chief Financial Officer of Sasol Limited and the expertise, resources, succession plans and experience of Sasol's finance functions.

Conclusion

The Committee is satisfied that it has complied with all its statutory and other responsibilities. Having had regard to all material risks and factors that may impact on the integrity of the Group's and Company's annual financial statements, the Committee recommends the separate and consolidated annual financial statements of Sasol Financing Limited for the year ended 30 June 2021 for approval to the Board.

On behalf of the Audit Committee

Colin Beggs (Chairman)

16 August 2021

Certificate of the Company Secretary

In my capacity as the company secretary, I hereby confirm, in terms of the South African Companies Act, No. 71 of 2008, as amended, that for the year ended 30 June 2021, Sasol Financing Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Elizabeth Africa

For Sasol South Africa Limited

7 December 2021

Directors' report

The directors have pleasure in presenting their report for the year ended 30 June 2021.

Nature of business

The Sasol Financing Group, comprising Sasol Financing Limited ("SF") (Reg no: 1998/019838/06) (the company) and its wholly owned subsidiaries, Sasol Financing International Limited ("SFIL") and Sasol Financing International Limited (Isle of Man) (formally Sasol Financing International Plc) ("SFI") are responsible for centrally managing the Sasol group's cash and liquidity, the Sasol group's credit rating process, in-house banking, domestic and international financing arrangements, foreign exchange, interest rate and treasury risk management, as well as general financing and treasury matters. SFI is dormant.

SFIL is also responsible for executing the hedging programme on behalf of the Sasol Group to mitigate the impact of financial risks on the business. SFIL entered into various hedging contracts to protect the Sasol Group against volatility in commodity prices and currencies.

Share capital

The authorised and issued share capital of the company remained unchanged during the year.

Directors

The directors in office during the year were:

Sasol Financing Limited

Mr VD Kahla
Ms B Baijnath
Mr BV Griffith
Mr FC Meyer alternate director

Going concern

Based on the going concern assessment (refer to note 27), the Board is of the view that the group and company have adequate resources to continue in operation for the foreseeable future and accordingly, the annual financial statements have been prepared on a going concern basis. The Board is not aware of any new material changes that may adversely impact the company other than those disclosed in the going concern note to the financial statements. The Board is not aware of any material non-compliance with statutory or regulatory requirements.

Subsequent events

Sasol Financing International Limited provided a corporate guarantee on behalf of Central Termica De Ressano Garcia S.A. (CTRG) to external lenders being ABSA Bank Limited, IFC and Propaco8, as it relates to the Debt Service Agreement (DSRA) entered into by CTRG and the lenders. At 30 June 2021, the financial guarantee liability amounted to R45 065 587 (US$3 157 180). On 2 July 2021 the amounts due to the lenders under the DSRA were settled and the financial guarantee liability reduced to Rnil (US$nil).

Company secretary

Sasol South Africa Limited acted as secretary for the company during the year and their addresses are:

Postal address	Physical address
Private Bag X10014	50 Katherine Street
Sandton	Sandton
2146	2090
South Africa	South Africa

Registered office

The registered office addresses of the company are:

Postal address	Physical address
Private Bag X10014	50 Katherine Street
Sandton	Sandton
2146	2090
South Africa	South Africa

Approval of the separate and consolidated annual financial statements

The separate and consolidated annual financial statements for the year ended 30 June 2021, as set out on pages 15 to 65 were approved by the board of directors on 7 December 2021 and are signed on its behalf by:

Signed by: Brenda Baijnath
Signed at:2021-12-07 10:29:36 +02:00
Reason:I approve this document

Brenda Baijnath

Director

Signed by:Vuyo Kahla
Signed at:2021-12-07 10:23:25 +02:00
Reason:I approve this document

Director

Independent auditor's report

To the Shareholder of Sasol Financing Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sasol Financing Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Sasol Financing Limited's consolidated and separate financial statements set out on pages 15 to 65 comprise:

- the consolidated and separate statements of financial position as at 30 June 2021;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with

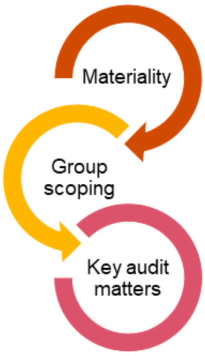
PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview

	**Overall group materiality** • R807 454 340, which represents 1% of consolidated total assets.
	Group audit scope • We conducted full scope audit procedures at the Company and its financially significant subsidiary, Sasol Financing International Limited.
	Key audit matters • Derivative financial instruments.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R807 454 340
How we determined it	1% of total assets.
Rationale for the materiality	The Group is responsible for in-house banking, international financing arrangements, foreign exchange, interest rate and treasury matters in

benchmark applied	respect of entities within the Sasol Limited Group. Given the nature of its activities, it is not a profit-oriented entity and, as such, it is our view that the most appropriate benchmark is consolidated total assets, due to the large value and volume of loans and receivables that the Group has with other companies within the Sasol Limited Group. We chose 1% which is consistent with quantitative materiality thresholds used for similar entities of this nature.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In-scope business units were identified based on scoping benchmarks such as the business unit's contribution to key financial statement line items (consolidated total assets), risk associated with the business unit and known accounting matters related to the business unit. We conducted full scope audit procedures at the Company and its financially significant subsidiary, Sasol Financing International Limited.

The group engagement team is responsible for the audit of all the entities within the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the key audit matter***
Derivative financial instruments This key audit matter relates to both the consolidated and separate financial statements. Refer to note 28 to the consolidated and separate financial statements (Financial risk management and financial instruments). As at 30 June 2021 the Group had derivative financial assets of R1 428 million, and derivative financial liabilities of R2 388 million. At that date the Company had derivative financial assets of R78 million and derivative financial liabilities of R22 million. The Group entered into a number of derivative financial instruments (Rand/US Dollar zero cost	We assessed the valuation of the derivative financial instruments by performing the following procedures: • We utilised our valuation expertise to independently value a sample of significant open derivative financial instrument positions at year-end and assessed the significant input variables for reasonableness against external market and third party data. For those instruments tested, management's fair value determination fell within our independently calculated fair value range;

collar instruments, Foreign exchange contracts, Ethane swaps as well as Brent crude put options and zero cost collar instruments) to hedge foreign currency and commodity price risks as a result of the volatile macro-economic environment and fluctuating commodity prices. These derivative financial instruments are classified at fair value through profit or loss at 30 June 2021. The valuation of derivative financial instruments included a number of variables and required the application of significant judgement. The significant input variables utilised for valuation purposes include volatility, market observable commodity prices and exchange rates. As a result, the valuation of derivative financial instruments was considered to be a matter of most significance to the current year audit.	• We obtained counterparty confirmations and agreed the details per the accounting records in respect of the derivative financial instruments to the confirmations received. No material differences were noted; • For a sample of derivatives, we agreed settlements during the year to underlying documentation and recalculated the gains and losses recorded in the consolidated and separate income statements. No material differences were noted; and • We tested management's internal controls over the derivative financial instruments process.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sasol Financing Limited Annual Financial Statements for the year ended 30 June 2021", which includes the Report of the Audit Committee, Certificate of the Company Secretary and the Directors' Report as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate

financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Sasol Financing Limited for eight years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: E.P.V. Bergh
Registered Auditor
Johannesburg, South Africa
7 December 2021

Income Statements

for the year ended 30 June

	Note	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
Revenue	2	**4 835 130**	8 653 425	**2 163 711**	3 056 339
Finance costs	3	**(2 945 040)**	(5 163 491)	**(888 578)**	(1 471 602)
Other income and expenses		**554 763**	(3 962 219)	**208 543**	92 465
Translation (losses)/gains	4	**(1 001 432)**	795 820	**(975 992)**	756 483
Financial instruments gains/(losses)	5	**1 195 858**	(6 170 028)	**1 194 364**	(575 300)
Credit impairment losses released/(raised)	6	**(293 135)**	1 460 435	**15 724**	(60 422)
Gain on derecognition of financial liability*		**698 233**	-	**-**	-
Other operating expenses	7	**(44 761)**	(48 446)	**(25 553)**	(28 296)
Profit/(loss) before tax		**2 444 853**	(472 285)	**1 483 676**	1 677 202
Taxation	8	**(751 505)**	506 203	**(411 589)**	(487 027)
Profit for the year		**1 693 348**	33 918	**1 072 087**	1 190 175

* Refer to Note 18.

Statements of comprehensive income

for the year ended 30 June

	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
Profit for the year	**1 693 348**	33 918	**1 072 087**	1 190 175
Other comprehensive (loss)/income, net of tax				
Items that can be subsequently reclassified to the income statement	**(1 430 846)**	1 593 134	**–**	–
Effect of translation of foreign entity	**(1 430 846)**	1 593 134	**–**	–
Tax on items that can be subsequently reclassified to the income statement	**–**	–	**–**	–
Total comprehensive income for the year	**262 502**	1 627 052	**1 072 087**	1 190 175

Statements of financial position

at 30 June

	Note	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
Assets					
Cash and cash equivalents	9	**20 465 472**	23 252 617	**12 389 113**	12 055 797
Financial assets	10	**1 428 433**	634 537	**77 714**	416 096
Loans to Sasol group companies	11	**56 836 980**	142 626 793	**22 266 326**	32 476 136
Other receivables and prepaid expenses	12	**1 083 895**	1 167 706	**820 368**	739 182
Tax receivable	13	**266 156**	186 638	**–**	4 127
Investment in subsidiaries	14	**–**	–	**5 875 634**	5 875 634
Deferred tax assets	15	**664 498**	1 190 874	**115**	8 127
Total assets		**80 745 434**	169 059 165	**41 429 270**	51 575 099
Equity and liabilities					
Equity					
Shareholder's equity		**20 965 132**	21 237 925	**19 770 203**	19 233 411
Liabilities					
Financial liabilities	18	**2 651 484**	3 567 047	**23 780**	36 752
Loans and deposits by Sasol group companies	11	**34 765 201**	47 337 597	**19 171 992**	25 157 919
External debt	19	**21 444 297**	94 582 289	**2 190 830**	6 475 728
Other payables	20	**884 825**	1 831 222	**237 970**	168 204
Bank overdraft	9	**–**	503 085	**–**	503 085
Tax payable	13	**34 495**	–	**34 495**	–
Total equity and liabilities		**80 745 434**	169 059 165	**41 429 270**	51 575 099

Statements of changes in equity

for the year ended 30 June

	Group			
	Share capital	Foreign currency translation reserve	Retained earnings	Share-holder's equity
	Note 16			
	R '000	R '000	R '000	R '000
Balance at 30 June 2019	**422 088**	**1 156 771**	**18 032 014**	**19 610 873**
Total comprehensive income for the year	–	1 593 134	33 918	**1 627 052**
profit for the year	–	–	33 918	**33 918**
other comprehensive income for the year	–	1 593 134	–	**1 593 134**
Balance at 30 June 2020	**422 088**	**2 749 905**	**18 065 932**	**21 237 925**
Total comprehensive income for the year	**–**	**(1 430 846)**	**1 693 348**	**262 502**
profit for the year	**–**	**–**	**1 693 348**	**1 693 348**
other comprehensive loss for the year	**–**	**(1 430 846)**	**–**	**(1 430 846)**
Dividends paid	**–**	**–**	**(535 295)**	**(535 295)**
Balance at 30 June 2021	**422 088**	**1 319 059**	**19 223 985**	**20 965 132**

	Company		
	Share capital	Retained earnings	Share-holder's equity
	Note 16		
	R '000	R '000	R '000
Balance at 30 June 2019	**422 088**	**17 621 148**	**18 043 236**
Total comprehensive income for the year	–	1 190 175	**1 190 175**
profit for the year	–	1 190 175	**1 190 175**
other comprehensive income for the year	–	–	**–**
Balance at 30 June 2020	**422 088**	**18 811 323**	**19 233 411**
Total comprehensive income for the year	**–**	**1 072 087**	**1 072 087**
profit for the year	**–**	**1 072 087**	**1 072 087**
other comprehensive income for the year	**–**	**–**	**–**
Dividends paid	**–**	**(535 295)**	**(535 295)**
Balance at 30 June 2021	**422 088**	**19 348 115**	**19 770 203**

Statements of cash flows

for the year ended 30 June

		Group		Company	
		2021	2020	**2021**	2020
	Note	**R '000**	R '000	**R '000**	R '000
Cash generated by operating activities	21	**59 791 063**	696 962	**4 771 497**	4 612 488
Finance income received	2	**4 794 168**	8 440 974	**2 138 848**	3 049 743
Finance costs paid	3	**(2 985 315)**	(4 141 156)	**(923 476)**	(1 421 874)
Tax paid	13	**(492 763)**	(614 832)	**(365 173)**	(465 870)
Cash available from operating activities		**61 107 153**	4 381 948	**5 621 696**	5 774 487
Dividends paid	17	**(535 295)**	–	**(535 295)**	–
Cash retained from operating activities		**60 571 858**	4 381 948	**5 086 401**	5 774 487
Proceeds from external debt	19	**–**	40 469 535	**–**	6 426 000
Repayment of external debt	19	**(60 975 082)**	(26 783 464)	**(4 250 000)**	(953 010)
Cash (utilised in)/generated by financing activities		**(60 975 082)**	13 686 071	**(4 250 000)**	5 472 990
Translation effects on cash and cash equivalents of foreign entity		**(1 880 836)**	1 398 310	**–**	–
(Decrease)/increase in cash and cash equivalents		**(2 284 060)**	19 466 329	**836 401**	11 247 477
Cash and cash equivalents at the beginning of year		**22 749 532**	3 283 203	**11 552 712**	305 235
Cash and cash equivalents at the end of the year	9	**20 465 472**	22 749 532	**12 389 113**	11 552 712

Notes to the financial statements

Reporting segments

The group has two main reportable segments that reflects the structure used by the Chief Financial Officer of Sasol Limited to make key operating decisions and assess performance. The group's reportable segments are operating segments that are differentiated by the activities that each undertakes and the pools of cash they manage (referred to as business segments). The group evaluates the performance of its reportable segments based on profit before tax.

The operating model structure reflects how the results are reported to the Chief Operating Decision Maker (CODM). The CODM for the Sasol Financing Group is the Chief Financial Officer of Sasol Limited.

Operating business units

Local Treasury

The local treasury is responsible for centrally managing the Sasol group's cash and liquidity, in-house banking, domestic financing arrangements, foreign exchange, interest rate and treasury risk management, as well as general financing and treasury matters in respect of local entities within the Sasol group. Income is earned on long-term and short-term loans, issuing of guarantees and gains on foreign exchange optimisation on behalf of local Sasol group companies.

Offshore Treasury

The offshore treasury is responsible for in-house banking, international financing arrangements, foreign exchange, interest rate and treasury risk management, as well as general financing and treasury matters, in respect of foreign entities within the Sasol group. It also manages the hedging programme on behalf of the Sasol Group to mitigate the impact of financial risks on the business. Income is earned on long-term and short-term loans and issuing of guarantees on behalf of offshore Sasol group companies, and gains on derivative instruments.

The majority of the income earned is from Sasol group companies, refer to note 24.

Segment information

for the year ended 30 June	Local Treasury R '000	Offshore Treasury R '000	Elimination of intersegmental transactions R '000	Sasol Financing Group R '000
2021				
Statement of financial position				
Assets				
Cash and cash equivalents	**12 389 113**	**8 076 359**	**–**	**20 465 472**
Financial assets	**77 714**	**1 350 719**	**–**	**1 428 433**
Loans to Sasol group companies	**22 266 326**	**38 841 867**	**(4 271 213)**	**56 836 980**
Liabilities				
Financial liabilities	**23 780**	**2 627 704**	**–**	**2 651 484**
Loans and deposits by Sasol group companies	**19 171 992**	**19 875 986**	**(4 282 777)**	**34 765 201**
External debt	**2 190 830**	**19 253 467**	**–**	**21 444 297**

for the year ended 30 June	Local Treasury R '000	Offshore Treasury R '000	Elimination of intersegmental transactions R '000	Sasol Financing Group R '000
2020				
Statement of financial position				
Assets				
Cash and cash equivalents	12 055 797	11 196 820	–	23 252 617
Financial assets	416 096	218 441	–	634 537
Loans to Sasol group companies	32 476 136	115 333 513	(5 182 856)	142 626 793
Liabilities				
Financial liabilities	36 752	3 530 295	–	3 567 047
Loans and deposits by Sasol group companies	25 157 919	27 378 042	(5 198 364)	47 337 597
External debt	6 475 728	88 106 561	–	94 582 289
Bank overdraft	503 085	–	–	503 085

for the year ended 30 June	Local Treasury R '000	Offshore Treasury R '000	Elimination of intersegmental transactions R '000	Sasol Financing Group R '000
2021				
Income statement				
Revenue	**2 163 711**	**2 676 252**	**(4 833)**	**4 835 130**
Finance income	**2 001 136**	**2 624 495**	**(4 833)**	**4 620 798**
Fees (Guarantee, Arranging and Commitment)	**13 576**	**35 658**	**–**	**49 234**
Foreign exchange optimisation profit	**124 136**	**–**	**–**	**124 136**
Notional interest received	**24 863**	**16 099**	**–**	**40 962**
Finance costs	**(888 578)**	**(2 056 462)**	**–**	**(2 945 040)**
Other expenses and income	**208 543**	**342 275**	**3 945**	**554 763**
Translation gains	**(975 992)**	**(25 440)**	**–**	**(1 001 432)**
Financial instruments losses	**1 194 364**	**1 494**	**–**	**1 195 858**
Credit impairment losses (raised)/released	**15 724**	**(312 804)**	**3 945**	**(293 135)**
Gain on derecognition of financial liability	**–**	**698 233**	**–**	**698 233**
Other operating expenses	**(25 553)**	**(19 208)**	**–**	**(44 761)**
Profit before tax	**1 483 676**	**962 065**	**(888)**	**2 444 853**
Taxation	**(411 589)**	**(339 916)**	**–**	**(751 505)**
Profit for the year	**1 072 087**	**622 149**	**(888)**	**1 693 348**

for the year ended 30 June	Local Treasury R '000	Offshore Treasury R '000	Elimination of intersegmental transactions R '000	Sasol Financing Group R '000
2020				
Income statement				
Revenue	3 056 339	5 643 574	(46 488)	8 653 425
Finance income	2 930 058	5 343 579	(46 488)	8 227 149
Fees (Guarantee, Arranging and Commitment)	22 040	94 140	–	116 180
Foreign exchange optimisation profit	97 645	–	–	97 645
Notional interest received	6 596	205 855	–	212 451
Finance costs	(1 471 602)	(3 738 377)	46 488	(5 163 491)
Other expenses and income	92 465	(4 070 192)	15 508	(3 962 219)
Translation gains	756 483	39 337	–	795 820
Financial instruments losses	(575 300)	(5 594 728)	–	(6 170 028)
Credit impairment losses (raised)/released	(60 422)	1 505 349	15 508	1 460 435
Other operating expenses	(28 296)	(20 150)	–	(48 446)
Profit/(loss) before tax	1 677 202	(2 164 995)	15 508	(472 285)
Taxation	(487 027)	993 230	–	506 203
Profit/(loss) for the year	1 190 175	(1 171 765)	15 508	33 918

Geographic segment information

for the year ended 30 June	Local Treasury R '000	Offshore Treasury R '000	Elimination of intersegmental transactions R '000	Sasol Financing Group R '000
2021				
Income statement				
Revenue (excluding notional interest)[1,2]				
South Africa	**2 129 254**	**883 955**	**(4 833)**	**3 008 376**
Rest of Africa	**–**	**143 771**	**–**	**143 771**
Europe	**–**	**53 635**	**–**	**53 635**
North America	**9 594**	**1 561 385**	**–**	**1 570 979**
Asia, Australia and Middle East	**–**	**17 407**	**–**	**17 407**
Total operations	**2 138 848**	**2 660 153**	**(4 833)**	**4 794 168**

for the year ended 30 June	Local Treasury R '000	Offshore Treasury R '000	Elimination of intersegmental transactions R '000	Sasol Financing Group R '000
2020				
Income statement				
Revenue (excluding notional interest)[1,2]				
South Africa	3 035 530	1 668 597	(46 488)	4 657 639
Rest of Africa	–	214 575	–	214 575
Europe	–	48 322	–	48 322
North America	14 213	3 468 856	–	3 483 069
Asia, Australia and Middle East	–	37 369	–	37 369
Total operations	3 049 743	5 437 719	(46 488)	8 440 974

1 The analysis of revenue is based on the location of the customer.

2 Revenue from Sasol Chemicals (USA) LLC and Sasol Investment Company (Pty) Limited comprise more than 10% of total revenue for Sasol Financing Group respectively and it forms part of the offshore treasury segment.

1 Statement of compliance

The consolidated and separate financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the South African Companies Act, 2008. The consolidated and separate financial statements were approved for issue by the board of directors on 7 December 2021.

Basis of preparation of financial results

The consolidated and separate financial statements are prepared using the historic cost convention except that, as set out in the accounting policies below, certain items, including derivative instruments, are stated at fair value. The consolidated and separate financial results are presented in rand, which is Sasol Financing Limited's functional and presentation currency, rounded to the nearest thousand.

The consolidated and separate financial statements are prepared on the going concern basis. Refer note 27.

Accounting standards, interpretations and amendments to published accounting standards

The accounting policies applied in the preparation of these consolidated and separate financial statements are in terms of IFRS and are consistent with those applied in the consolidated and separate annual financial statements for the year ended 30 June 2020, except for the adoption of the IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 with regards to the disclosure of accounting policies; IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' relating to the definition of 'accounting estimates'; and IAS 12 'Income Taxes' relating to deferred tax on assets and liabilities arising from a single transaction and amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' on the definition of 'material'. The adoption of these amendments had no material impact on the consolidated and separate financial statements.

Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures' and IFRS 4 'Insurance Contracts'

In the current year, the company has elected to early adopt the Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' (Phase 2) which was issued in August 2020. In accordance with the transition provisions, the amendments have been adopted retrospectively to financial instruments. The adoption of the amendments had no impact on the comparative period, and therefore comparative amounts have not been restated, which resulted in no impact on the current period opening reserves amounts on adoption.

The Phase 2 amendments are relevant to the group and company as the group and company have exposure to variable Interbank Overnight Rates (IBORs) through the revolving credit facilities as disclosed in note 19. As a result of the Phase 2 amendments, when the contractual terms of the company's borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the group and company change the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other amendments.

The group and company are still assessing its approach to implementing the transition. As at 30 June 2021 no modifications to any of the group's and company's financial instruments have been made in response to the reform. Negotiations with counterparties on appropriate changes and resetting of rates are expected to continue in the following months. Management expects that the transition will be concluded on an economically equivalent basis.

Details of the group's and company's borrowings and exposure to interest rates are contained in note 19.

Furthermore, the Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks tasked globally by financial market participants. This review seeks to replace existing IBORs with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Revenue Bank ("SARB") has indicated their intention to move away from Johannesburg Interbank Average Rate (JIBAR) and to create an alternative reference rate for South Africa. This reform is at various stages globally, a suitable alternative for South Africa is only expected to be announced in a few years' time. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the group and company. Management is monitoring developments in this reform.

Accounting standards, interpretations and amendments not yet effective

Amendments to IAS 1 'Presentation of Financial Statements'

The amendments provide guidance on the classification of liabilities as current or non-currents in the statement of financial position and does not impact the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They clarify that the classification of liabilities as current or non-current should be based on rights that are in place at the end of the reporting period which enable the reporting entity to defer settlement by at least twelve months. The amendments further make it explicit that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments are effective for the group and company from 1 July 2023, will be applied retrospectively and are not expected to significantly impact the group and company.

Key management assumptions

In preparing the financial statements, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. Post the implementation of IFRS 9 on 1 July 2018, unless otherwise stated, no material changes to assumptions have occurred during the year. The following represents the most material key management assumptions applied in preparing these consolidated and separate financial statements.

Expected credit loss measurement

IFRS 9 outlines a “three stage” model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the group and company.
- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is moved to ‘Stage 3’.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

ECL on financial assets – IFRS 9 drivers

Expected credit loss is calculated as a function of probability of default, loss given default and exposure at default.

The group and company allocate probability of default based on the external and internal information. The major portion of the financial assets at amortised cost consist of externally rated customers and the group and company use the average of Moody’s, Fitch and S&P Corporate and Sovereign probability of defaults, depending on whether the customer or holder of the financial asset is corporate or government related. For customers or debtors that are not rated by the rating agency, the group and company allocate internal credit ratings and default rates taking into account forward looking information, based on the debtors profile and financial status.

Loss given default is based on the Basel model. Until 2019, the group and company used a 45% LGD for unsecured financial assets and 35% for secured financial assets. Basel II, however, requires that LGD parameters reflect economic downturn conditions, meaning that entities’ credit exposures need to reflect the losses entities would expect to incur if all defaults occur during the downturn part of an economic cycle. Based on the current economic downturn the group and company, therefore, applied the Board of Governors of the Federal Reserve System’s formula for deriving downturn LGD to be used for 2021 and 2020, namely 50% for unsecured financial assets and 40% for secured financial assets. Credit enhancement is only taken into account if it is integral to the asset. The expected credit loss is measured over 12 months when the credit risk is low and over lifetime where the credit risk has increased.

Expected credit loss measurement period

The ECL measurement period for stage 1 exposures is 12-months (or the remaining tenor of the financial asset).

- A loss allowance over the full lifetime of the financial asset is required if the credit risk of that financial instrument has increased significantly since initial recognition (stage 2).
- A lifetime measurement period is applied to all credit impaired (stage 3) exposures.
- Lifetimes include consideration for multiple default events, i.e. where defaulted exposures cure and then subsequently re-default. This consideration increases the lifetime and the potential ECL.

Significant increase in credit risk

In accordance with IFRS 9, all exposures are assessed to determine whether there has been SICR at the reporting date, in which case an impairment provision equivalent to the lifetime expected loss is recognised. The group and company determines the SICR by utilising the external or internal credit rating of the counterparty. Ratings are mapped to probability of defaults that are determined by the average of Moody’s, Fitch and S&P Corporate and Sovereign probability of defaults. These credit ratings are evaluated at least annually or more frequently as appropriate.

Exposures are evaluated for SICR by comparing the credit risk grade at the reporting date to the origination credit risk grade. Where the relative change in the credit risk grade exceeds certain pre-defined ratings’ migration thresholds or, when a contractual payment becomes more than 30 days overdue (IFRS 9’s rebuttable presumption), the exposure is classified within stage 2.

To determine whether a client’s credit risk has increased significantly since origination, the group and company would need to determine the extent of the change in credit risk using the counterparty’s credit rating per the table below:

	Low risk	Medium risk	High risk
S&P	**BBB to BBB–**	**B–**	**CCC/C**
Moody’s	**Baa2 to Baa3**	**B3**	**Ca to C**
Fitch	**BBB to BBB–**	**B–**	**CCC to C**

Default

The definition of default, which triggers the credit impaired classification (stage 3), is based on the group and company's internal credit risk management approach and definitions. While the specific determination of default varies according to the nature of the product, it is compliant to the Basel definition of default, and generally determined as occurring at the earlier of:

- where, in the group and company's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities, in excess of the current limit). The group and company has not rebutted IFRS 9's 90 days past due rebuttable presumption.

Write-off policy

An impaired loan is written off once all reasonable attempts at collection have been made and there is no material economic benefit expected from attempting to recover the balance outstanding. The following criteria must be met before a financial asset can be written off:

- the financial asset has been in default for the period which is deemed sufficient to determine whether the entity is able to receive any further economic benefit from the impaired loan; and
- at the point of write-off, the financial asset is fully impaired (i.e. 100% allowance) with no reasonable expectation of recovery of the asset, or a portion thereof.

As an exception to the above requirements, where the exposure is secured (or for collateralised structures), the impaired loan can only be written off once the collateral has been realised. Post-realisation of the collateral, the shortfall amount can be written off if it meets the second requirement listed above. The shortfall amount does not need to meet the first requirement to be written off.

Curing

Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e. stage 3) still exist. The classification of a financial asset out of stage 3 may be made subsequent to an evaluation which takes into account qualitative factors in addition to compliance with payment terms and conditions of the agreement. Qualitative factors include compliance with covenants and compliance with existing financial asset terms and conditions.

Where it has been determined that a financial asset no longer meets the criteria for significant increase in credit risk, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively.

	Group		Company	
	2021	2020	**2021**	2020
for the year ended 30 June	**R '000**	R '000	**R '000**	R '000
2 Revenue				
Effective interest rate interest income on	**4 661 760**	8 439 600	**2 025 999**	2 936 654
Cash and cash equivalents	**394 615**	238 163	**385 248**	207 437
Loans and receivables	**4 226 183**	7 988 986	**1 615 888**	2 722 621
Financial guarantees (notional interest received)	**40 962**	212 451	**24 863**	6 596
Other revenue	**173 370**	213 825	**137 712**	119 685
Fees (Guarantee, Arranging and Commitment)	**49 234**	116 180	**13 576**	22 040
Foreign exchange optimisation profit	**124 136**	97 645	**124 136**	97 645
Per income statement	**4 835 130**	8 653 425	**2 163 711**	3 056 339
Less: Notional interest received	**(40 962)**	(212 451)	**(24 863)**	(6 596)
Per the statement of cash flows	**4 794 168**	8 440 974	**2 138 848**	3 049 743

Accounting policies:

Revenue consists primarily of the interest income, guarantee fees, arranging fees and commitment fees.

Interest income

Interest income is recognised using the effective interest method for all interest-bearing financial instruments. In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

Fees

Fee income includes guarantee, arranging and commitment fees. The fees are recognised over the period for which the services are rendered, in accordance with the substance of the relevant agreements.

for the year ended 30 June	Note	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
3 Finance costs					
Debt – inter-company	24	**758 989**	1 382 820	**718 597**	1 168 362
Finance charges (arranging and commitment fees)		**354 862**	332 240	**25 192**	19 439
Debt – external		**1 676 821**	2 582 019	**103 200**	260 751
Bank overdraft		**41 589**	23 050	**41 589**	23 050
		2 832 261	4 320 129	**888 578**	1 471 602
Modification loss		**–**	762 305	**–**	–
Amortisation of loan costs		**50 227**	25 391	**–**	–
Expected credit loss adjustment on guarantees		**53 094**	52 332	**–**	–
Notional interest		**9 458**	3 334	**–**	–
Per income statement		**2 945 040**	5 163 491	**888 578**	1 471 602
Total finance expenses before non-cash movements		**2 832 261**	4 320 129	**888 578**	1 471 602
Less: interest accrued on debt		**210 600**	(119 792)	**34 898**	(49 728)
Less: accrued finance charges		**(57 546)**	(59 181)	**–**	–
Per statement of cash flows		**2 985 315**	4 141 156	**923 476**	1 421 874

Accounting policies:

Finance expenses are recognised in the income statement in the period they were incurred. Finance costs on debt are recognised using the effective interest rate method.

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
4 Translation (losses)/gains				
Arising from				
Other receivables	**32**	(960)	**–**	–
Foreign currency loans	**(1 037 193)**	661 370	**(915 561)**	626 962
Other financial instruments	**35 729**	135 410	**(60 431)**	129 521
	(1 001 432)	795 820	**(975 992)**	756 483

Differences arising on the translation of monetary assets and liabilities from one currency into the functional currency of the group and company at a different exchange rate.

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
5 Financial instruments gains/(losses)				
Net gain/ (loss) on derivative instruments				
Foreign exchange zero cost collars	**4 027 774**	(4 297 755)	**–**	–
Crude oil put options	**(1 544 928)**	(153 089)	**–**	–
Crude oil zero cost collars	**(1 871 600)**	(157 400)	**–**	–
Crude oil swaps	**(1 267 239)**	(159 628)	**–**	–
Ethane swaps	**680 253**	(732 257)	**–**	–
Foreign exchange contracts	**1 171 594**	(669 899)	**1 194 364**	(575 300)
	1 195 858	(6 170 028)	**1 194 364**	(575 300)

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
6 Credit impairment losses raised/(released)				
Net expected credit loss IFRS 9				
Long-term loans to Sasol group companies	**225 208**	(1 472 283)	**(2 957)**	30 687
Short-term loans to Sasol group companies	**67 927**	11 848	**(12 803)**	29 735
Other receivables with Sasol group companies	**–**	–	**36**	–
	293 135	(1 460 435)	**(15 724)**	60 422

The increase in credit impairment losses is mainly due to the weakening of certain counter-party credit ratings. Refer note 11 and note 27.

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
7 Other operating expenses				
Depreciation and amortisation	**–**	339	**–**	–
Audit remuneration	**2 339**	1 260	**986**	646
Professional fees	**1 367**	3 967	**1 367**	3 261
Other expenses	**41 055**	42 880	**23 200**	24 389
	44 761	48 446	**25 553**	28 296

for the year ended 30 June	Note	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
8 Taxation					
South African normal tax		**403 577**	487 677	**403 577**	487 677
current year		**403 577**	487 677	**403 577**	487 677
prior years		**–**	–	**–**	–
Foreign tax		**5 517**	2 509	**–**	–
current year		**5 517**	2 509	**–**	–
Income tax		**409 094**	490 186	**403 577**	487 677
Deferred tax – South Africa	15	**342 411**	(996 389)	**8 012**	(650)
current year		**342 411**	(996 389)	**8 012**	(650)
prior years		**–**	–	**–**	–
		751 505	(506 203)	**411 589**	487 027

for the year ended 30 June	Group 2021 %	Group 2020 %	Company 2021 %	Company 2020 %
Reconciliation of effective tax rate				
The table below shows the difference between the South African enacted tax rate (28%) compared to the effective tax rate in the income statement. Total income tax expense differs from the amount computed by applying the South African normal tax rate to profit before tax. The reasons for these differences are:				
South African normal tax rate	**28,0**	28,0	**28,0**	28,0
Decrease in rate of tax due to				
prior year adjustments	**(0,1)**	(0,6)	**–**	–
other adjustments	**–**	(0,1)	**–**	–
expected credit loss on loans and receivables*	**–**	(0,1)	**(0,3)**	–
Increase in rate of tax due to				
expected credit loss on loans and receivables*	**2,8**	79,9	**–**	1,0
Effective tax rate	**30,7**	107,1	**27,7**	29,0

* Expected credit loss released/raised on capital portion of inter-company loans not taxable/tax deductible.

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
9 Cash and cash equivalents				
Cash	**20 465 472**	23 252 617	**12 389 113**	12 055 797
Bank overdraft	**–**	(503 085)	**–**	(503 085)
Per the statement of cash flows	**20 465 472**	22 749 532	**12 389 113**	11 552 712
Cash on hand and in bank	**8 303 982**	9 327 372	**227 623**	(310 108)
Short-term deposits	**12 161 490**	13 422 160	**12 161 490**	11 862 820
	20 465 472	22 749 532	**12 389 113**	11 552 712

Fair value of cash and cash equivalent

The carrying amount of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments. This is considered a level 1 fair value measurement.

Accounting policies:
Cash and cash equivalents are stated at amortised cost which is deemed to be fair value.

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
10 Financial assets				
Foreign exchange contracts	**77 714**	417 365	**77 714**	416 096
Crude oil put options	**45 966**	113 327	**–**	–
Foreign exchange zero cost collars	**1 149 226**	–	**–**	–
Ethane swaps	**155 527**	103 845	**–**	–
Short-term derivative financial instruments	**1 428 433**	634 537	**77 714**	416 096

Short-term financial assets include the revaluation of in-the-money derivative instruments, refer note 28.

Fair value of derivative financial instruments

The fair value of derivative instruments was based upon market valuations. This is considered to be a level 2 fair value measurement in terms of the IFRS 13 fair value hierarchy.

Accounting policies:

The group and company classifies and measures its financial assets into the following categories:

- financial assets at amortised cost; and
- financial assets at fair value through profit or loss.

The classification is dependent on the business model for which the financial asset is held. Management determines the classification of its financial assets at the time of the initial recognition and re-evaluates such designation at least at each reporting date to assess if the business model has changed.

Financial assets are recognised on transaction date when the group and company becomes a party to the contracts and thus obtains rights to receive economic benefits and are derecognised when these rights expire or are transferred.

Financial assets are stated initially on transaction date at fair value including transaction costs. Loans and receivables are considered for impairment under the expected credit loss model. Refer to note 28 for detail on the impairment recognised.

The fair values of financial assets are based on quoted market prices or amounts derived using a discounted cash flow model.

Premiums or discounts arising from the difference between the fair value of a financial asset and the amount receivable at maturity date are charged to the income statement based on the effective interest method.

Expected credit loss

An assessment is performed at each reporting date to determine the expected credit loss on the financial assets that are measured at amortised cost. The assessment takes into account indications of a debtor or group of debtors experiencing significant financial difficulty, default or delinquency of payments, the probability of a debtor entering bankruptcy, or other forward looking observable data indicating a measurable decrease in estimated future cash flows, such as economic conditions that correlate with defaults.

Expected credit loss is calculated as a function of probability of default, loss given default and exposure at default. The entity allocates probability of default based on the external and internal information. The major portion of the financial assets at amortised cost consist of externally rated customers and the group and company use the average of Moody's, Fitch and S&P Corporate and Sovereign probability of defaults, depending on whether the customer or holder of the financial asset is corporate or government related. Credit enhancement is only taken into account if it is integral to the asset. Other financial assets expected credit loss is measuresd over 12 months when the credit risk is low and over lifetime where the credit risk has increased.

When a subsequent event causes the impairment loss to decrease, the impairment loss is reversed in the income statement. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery.

Modification

The group and company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The group and company assess whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset, significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the group and company derecognise the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The group and company also assess whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the group and company compare the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The group and company recalculate the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

11 Loans to/deposits by Sasol group companies

During the year the group and company in the ordinary course of business, granted long- and short-term loans to fellow subsidiaries in the Sasol Group. Terms and conditions are determined on an arm's length basis (Refer note 24).

Long-term loans provided by the company to Sasol group companies bear interest at rates linked to JIBAR which are set per the loan agreements. The interest rates charged ranged between 5,35% - 7,25% (2020: 6,39% - 9,53%). Long-term loans provided by the company's subsidiary to Sasol group companies bear interest at market related rates that range between 2,25% - 10,53% (2020: 3,91% - 11,68%). During the year Sasol Chemicals (USA) LLC and Sasol Investment Company (Pty) Ltd made partial repayments of R38.5 billion ($2.7 billion) and R15.7 billion ($1.1 billion) respectively to the company's subsidiary. The term of the loans provided by the company range from 2 years to 8 years, while loans provided by the company's subsidiary range from 4 years to 12 years.

Short-term loans provided by the company to Sasol group companies bear interest based on the average daily bank rate. The interest rates charged ranged between 6,18% - 7,99% (2020: 6,18% - 7,99%). There were no short term loans advancements by the company to its subsidiary in the current year, an amount USD300 million was advanced in the previous year. Interest was charged at market related rates and ranged between 0,06% - 0,13% (2020: 0,13% - 1,68%). Short-term loans provided by the company's subsidiary to Sasol group companies bear interest at market related rates. The market related rates ranged between 4,09% - 4,17% for US dollar deposits, and Euro 0.43%-0.49%. There were no short-term loans provided by the company's subsidiary to Sasol group companies in the previous year.

	Group		Company	
	2021	2020	**2021**	2020
for the year ended 30 June	**R '000**	R '000	**R '000**	R '000
Long-term loans to Sasol group companies	**46 757 271**	111 095 955	**9 901 290**	13 978 610
Intercompany long-term receivables	**51 738 522**	136 888 588	**14 039 268**	20 779 029
Expected credit loss on long-term receivables	**(550 418)**	(836 702)	**(57 699)**	(60 657)
Short-term portion of long-term receivables	**(4 430 833)**	(24 955 931)	**(4 080 279)**	(6 739 762)
Short-term loans to Sasol group companies	**10 079 709**	31 530 838	**12 365 036**	18 497 526
Intercompany short-term receivables	**6 088 394**	6 594 015	**8 306 571**	11 792 380
Expected credit loss on short-term receivables	**(439 518)**	(19 108)	**(21 814)**	(34 616)
Short-term portion of long-term receivables	**4 430 833**	24 955 931	**4 080 279**	6 739 762
	56 836 980	142 626 793	**22 266 326**	32 476 136

During the year the company in the ordinary course of business, received long- and short-term loans/deposits from its holding company, its subsidiary, fellow subsidiaries, Sasol group associates, Sasol group special purpose entities and Sasol group joint ventures. Terms and conditions are determined on an arm's length basis (Refer note 24).

Deposits from Sasol group companies to the company bear interest based on the average daily bank rate. The interest rates ranged between 3,46% - 4,02% (2020: 3,72% - 7,16%). Deposits from Sasol Group companies to the company's subsidiary bear interest at market related rates. The market related rates ranged between 0,06% - 0,13% (2020: 0,13% - 1,80%) for US dollar deposits, There were no Canadian deposits in the current year and the market rates for Canadian dollar for the prior year were 0,22% - 1,31%, Australian dollar 0,00% - 1,65% (2020: 0,20% - 1,01%), Pound sterling 0,01% - 0,06% (2020: 0,07% - 0,54%) and South African Rand 3,46% - 3.79% (2020: 3,79% - 6,74%).

During the year the company's subsidiary repaid R714 million (US$50 million) to a fellow subsidiary. The loan bears interest at LIBOR + 1 % and is repayable February 2023.

	Group		Company	
	2021	2020	**2021**	2020
for the year ended 30 June	**R '000**	R '000	**R '000**	R '000
Deposits by Sasol group companies	**33 123 564**	44 478 807	**19 171 992**	25 157 919
Loan from Sasol group company	**1 641 637**	2 858 790	**–**	–
	34 765 201	47 337 597	**19 171 992**	25 157 919

Fair value

The carrying value approximates fair value, due to market related interest rates being charged on these loans. The long-term and short-term loans to/deposits by Sasol group companies and the long-term loan from Sasol group company have been classified as a level 3 for fair value hierarchy purposes.

Impairment

Long-term loans and receivables are considered for impairment under the expected credit loss model. Refer to note 28 for details on the impairment recognised.

Exposure to credit risk

The carrying value represents the maximum credit exposure.

for the year ended 30 June	Group Stage 1 R'000	Stage 3 R'000	Total IFRS 9 provision* R'000	Company Total IFRS 9 provision** (Stage 1) R'000
Expected credit loss reconciliation of long-term and short-term loans to Sasol group companies				
2021				
Balance at beginning of year	**421 174**	**434 636**	**855 810**	**95 273**
Net impairments raised/(released)	**229 859**	**63 276**	**293 135**	**(15 760)**
ECL on new exposures raised	**9 673**	**–**	**9 673**	**–**
Subsequent changes in ECL	**220 186**	**63 276**	**283 462**	**(15 760)**
Exchange and other movements	**(77 830)**	**(81 179)**	**(159 009)**	**–**
Balance at end of year	**573 203**	**416 733**	**989 936**	**79 513**
2020				
Balance at beginning of year	1 813 914	202 711	2 016 625	34 851
Net impairments raised/(released)	(1 628 134)	167 699	(1 460 435)	60 422
ECL on new exposures raised	13 339	49 642	62 981	24 116
Subsequent changes in ECL	(1 641 473)	118 057	(1 523 416)	36 306
Exchange and other movements	235 394	64 226	299 620	–
Balance at end of year	421 174	434 636	855 810	95 273

* There were no stage 2 exposures in the current and previous years.
** All the exposures at company level were classified as stage 1.

The increase in credit impairment losses is mainly due to the weakening of certain counter-party credit ratings during the current year. The reduction in credit impairment losses in the prior year relating to the group were mainly due to the renegotiation of the inter-company loan with Sasol Chemicals (USA) LLC. The new contractual terms substantially affected the risk profile and credit risk of the receivable, resulting in the derecognition of the original loan. The new loan was assessed as having a lower probability of default, hence the decrease in the expected credit loss.

for the year ended 30 June	Note	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
12 Other receivables and prepaid expenses					
Long-term receivable*		**696 150**	696 150	**696 150**	696 150
Related party receivables	24	**2 446**	15 858	**84 180**	11 270
Other receivables		**146 604**	81 353	**38 870**	30 580
		845 200	793 361	**819 200**	738 000
Prepaid expenses		**238 561**	374 115	**1 168**	1 182
Value added tax		**134**	230	**–**	–
		1 083 895	1 167 706	**820 368**	739 182
Maturity profile					
Within one year		**220 225**	183 428	**124 218**	43 032
Two to five years		**863 670**	984 278	**696 150**	696 150
		1 083 895	1 167 706	**820 368**	739 182

* The long-term receivable relates to the SARS suspension of payment as detailed in note 13.

Fair value of related party and other receivables

The carrying amount approximates fair value because of the short period to maturity of these instruments. This is considered a level 3 fair value measurement.

Exposure to credit risk

The carrying value represents the maximum credit exposure.

Collateral

The group and company hold no collateral over other receivables which can be sold or repledged to a third party.

Accounting policies:
Related party and other receivables are considered for impairment under the expected credit loss model. Other receivables are written off when there is no reasonable prospect that the customer will pay. There were no impairments recognised.

		Group		Company	
		2021	2020	**2021**	2020
for the year ended 30 June	Note	**R '000**	R '000	**R '000**	R '000
13 Tax receivable/(payable)					
Net amounts receivable at beginning of year		**(186 638)**	(42 219)	**(4 127)**	(25 339)
Interest (receivable)/payable		**(2 642)**	(595)	**218**	(595)
Income tax per income statement	8	**409 094**	490 186	**403 577**	487 677
Translation of foreign entity		**41 288**	(19 178)	**–**	–
		261 102	428 194	**399 668**	461 743
Net tax receivable/(payable) per statement of financial position		**231 661**	186 638	**(34 495)**	4 127
tax payable		**(34 495)**	–	**(34 495)**	–
tax receivable		**266 156**	186 638	**–**	4 127
Per the statement of cash flows		**492 763**	614 832	**365 173**	465 870
Comprising					
Normal tax					
South Africa		**487 247**	608 353	**365 173**	465 870
Foreign		**5 517**	6 479	**–**	–
		492 764	614 832	**365 173**	465 870

Contingent liability

Following a request by SARS for information on Sasol Financing International Plc (SFI) which performs an off-shore treasury function for Sasol, SARS proceeded with an audit over a number of tax years. This audit culminated in the issuance of a final audit letter on 16 February 2018. Consequently, revised assessments were issued by SARS in respect of the 2002 to 2012 tax years. Sasol objected to these revised assessments. The dispute relates to the place of effective management of SFI.

After the submission of Sasol's objection to the disputed assessments and following requests for further information by SARS at the end of 2018, SARS rejected Sasol's objection. On 17 April 2019, Sasol appealed the decision to the Tax Court in terms of the relevant provisions of the Tax Administration Act. The parties have agreed to suspend the litigation in the Tax Court pending the outcome of the legal review application.

In addition to the objection to the revised assessments, Sasol has also launched a judicial review application against the SARS decision to register SFI as a South African taxpayer. The Tax Court does not have jurisdiction to determine the first ground of Sasol's objection, namely that the disputed assessments constitute unlawful, substantially unreasonable and procedurally unfair administrative action. Accordingly, a further review application has been filed in the High Court.

In respect of this review application the Parties are in dispute about the non-disclosure by SARS of documentation and the necessary interlocutory processes to resolve this dispute are ongoing. Sasol's application to compel SARS to disclose additional documents was heard on 19 February 2020 and judgement was delivered on 14 July 2020, which was materially found in SFI's favour thereby ordering SARS to disclose specific additional documents which SARS submitted on 28 July 2020.

All pleadings were exchanged relating to the 1st judicial review and a court hearing date is 13 April 2022. Further pleadings are being exchanged relating to the 2nd judicial review after which a court hearing date will be set. A contingent liability of R2,58 billion (2020 – R2,5 billion) (including interest and penalties) is reported in respect of this matter as at 30 June 2021.

Areas of judgement
The group and company are involved in tax litigation and tax disputes with tax authorities in the normal course of business. A detailed assessment is performed regularly on each matter and a provision is recognised where appropriate. Although the outcome of these claims and disputes cannot be predicted with certainty, Sasol believes that open engagement and transparency will enable appropriate resolution thereof.

Payments relating to taxes other than income tax give rise to an asset applying the IFRS definition of an asset. These assets have been recognised as other financial assets.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised. The provision of deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities.

Accounting policies:

The income tax charge is determined based on net income before tax for the year and includes current tax, deferred tax and interest withholding tax.

Deferred tax is provided for using the liability method, on all temporary differences between the carrying amount of assets and liabilities for accounting purposes and the amounts used for tax purposes and on any tax losses using enacted or substantively enacted tax rates at the reporting date that are expected to apply when the asset is realised or liability settled. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised.
The provision of deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when the related income taxes are levied by the same taxation authority, there is a legally enforceable right to offset and there is an intention to settle the balances on a net basis.

Interest withholding tax is payable at rates ranging between 5% and 15.6% on interest received from certain countries outside of South Africa. This tax is collected by the company and paid to the tax authorities on behalf of the group and company. On recognition of the interest received, the interest withholding tax is recognised as part of the current tax charge in the Income statement in the period in which the interest is received.

	Group		Company	
	2021	2020	**2021**	2020
for the year ended 30 June	**R '000**	R '000	**R '000**	R '000

14 Investment in subsidiaries

Reflected as non-current assets				
Investments at cost				
Balance at the beginning of the year	**–**	–	**5 875 634**	5 875 634
Balance at end of year	**–**	–	**5 875 634**	5 875 634

Interest in significant operating subsidiaries

The company's interest in the aggregate profits and losses of subsidiaries amounts to a profit of R342 million (2020 - loss of R1 172 million).

The following table presents each of the company’s significant subsidiaries (including direct and indirect holdings), the nature of activities, the percentage of shares of each subsidiary owned and the country of incorporation at 30 June.

			Company			
			% of equity owned		**Investment at cost**	
			2021	2020	**2021**	2020
Name	Country of incorporation	Nature of activities	**%**	%	**R '000**	R '000
Significant operating subsidiaries						
Direct						
Sasol Financing International Limited	Republic of South Africa	Treasury management	**99,9**	99,9	**422 088**	422 088
Sasol Financing International Limited*	Isle of Man	Treasury management	**100**	100	**5 453 546**	5 453 546
Indirect						
Sasol Financing International Limited	Republic of South Africa	Treasury management	**0,1**	0,1	**–**	–

* The subsidiary is registered in the Isle of Man and was dormant as at 30 June 2021.

for the year ended 30 June	Note	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
15 Deferred tax asset/(liability)					
Reconciliation					
Balance at beginning of year		**1 190 874**	74 975	**8 127**	7 477
Current year charge		**(342 411)**	996 389	**(8 012)**	650
per the income statement	8	**(342 411)**	996 389	**(8 012)**	650
Translation of foreign entity		**(183 965)**	119 510	**–**	–
Balance at end of year		**664 498**	1 190 874	**115**	8 127
Comprising					
Deferred tax assets		**727 849**	1 295 709	**442**	8 541
Deferred tax liabilities		**(63 351)**	(104 835)	**(327)**	(414)
		664 498	1 190 874	**115**	8 127

Deferred tax assets and liabilities are determined based on the tax status and rates of the company.

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
Deferred tax is attributable to the following temporary differences				
Net deferred tax assets:				
Financial liabilities	**456 760**	1 006 923	**442**	8 541
Expected credit loss on loans and receivables	**35 145**	32 899	**–**	–
Calculated tax losses	**215 868**	16 912	**–**	–
Foreign tax credits	**5 110**	7 156	**–**	–
External debt	**13 033**	228 027	**–**	–
Deferred income	**1 933**	3 792	**–**	–
	727 849	1 295 709	**442**	8 541
Net deferred tax liabilities:				
Other receivable	**(63 351)**	(104 835)	**(327)**	(414)
Financial assets	**–**	–	**–**	–
	(63 351)	(104 835)	**(327)**	(414)

Deferred tax assets have been recognised for the carry forward amount of unused tax losses relating to the group and company's operations where, among other things, taxation losses can be carried forward indefinitely and there is evidence that it is probable that sufficient taxable profits will be available in the future to utilise all tax losses carried forward.

Deferred tax assets are not recognised for carry forward of unused tax losses when it cannot be demonstrated that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised.

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
Calculated tax losses				
(before applying the applicable tax rate)				
Available for offset against future taxable income	**770 970**	60 398	**–**	–
Utilised against the deferred tax balance	**(770 970)**	(60 398)	**–**	–
	–	–	**–**	–

A portion of the estimated tax losses available may be subject to various statutory limitations as to its usage.

for the year ended 30 June	Group and Company 2021 R '000	2020 R '000
16 Share capital		
Issued share capital (as per statement of changes in equity)	**422 088**	422 088

	Group and Company Number of shares 2021	2020
Authorised		
Ordinary no par value shares	**10 000**	10 000
Issued – no par value shares		
Ordinary shares in issue at beginning and end of year	**202**	202

The capital of the group and company are managed by its ultimate holding company, Sasol Limited, by means of an approved group funding policy, which determines each group entity's required rate of return.

Accounting policies:
Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs.

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
17 Dividends paid				
Special dividend	**535 295**	–	**535 295**	–

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
18 Financial liabilities				
Derivative instruments	**2 387 928**	3 270 807	**22 201**	6 249
Foreign exchange contracts	**42 100**	6 249	**22 201**	6 249
Crude oil put options	**45 966**	–	**–**	–
Crude oil zero cost collars	**1 125 435**	173 831	**–**	–
Foreign exchange zero cost collars	**1 174 427**	2 860 613	**–**	–
Ethane swaps	**–**	230 114	**–**	–
Non-derivative instruments	**263 556**	296 240	**1 579**	30 503
Balance at beginning of year	**296 240**	381 790	**30 503**	30 999
Financial guarantees recognised	**7 917**	3 334	**–**	–
Add: expected credit loss adjustment on guarantee liabilities	**53 094**	52 332	**–**	–
Less: amortisation of financial guarantees	**(40 962)**	(212 452)	**(24 863)**	(6 596)
Less: translation (gains)/losses	**(4 076)**	6 069	**(4 061)**	6 100
Translation of foreign entity	**(48 657)**	65 167	**–**	–
	2 651 484	3 567 047	**23 780**	36 752

Derivative instruments are all short-term in nature and include the revaluation of out-of-the-money derivative instruments, refer to note 28.

Fair value of derivative financial instruments

The fair value of derivative instruments was based upon market valuations. This is considered to be a level 2 fair value measurement in terms of the IFRS 13 fair value hierarchy.

	Group		Company	
	2021	2020	**2021**	2020
	R '000	R '000	**R '000**	R '000
Fair value of financial guarantees	**263 556**	296 240	**1 579**	30 503

Fair value of financial guarantees

Initial fair value is calculated by reference to either the premium received or the expected loss model where three factors are considered: The notional amount of the guarantee, the probability of default and the loss given default. A premium of the weighted average cost of capital is then applied to determine the minimum level of return required.

Subsequent to initial recognition, financial guarantees are measured at the higher of the:

- amount initially recognised less cumulative adjustments relating to amortisation; and
- expected credit loss.

	2021		2020	
	Maximum exposure	**Liability included in statement of financial position**	Maximum exposure	Liability included in statement of financial position
for the year ended 30 June	**R '000**	**R '000**	R '000	R '000
Sasol Financing Limited				
Financial guarantees	**497 689**	**1 579**	3 707 018	30 503
Gemini HDPE LLC[1]	**–**	**–**	3 209 329	28 731
FirstRand Bank Limited[2]	**497 689**	**1 579**	497 689	1 772
Performance guarantees	**835 777**	**–**	2 147 430	–
Boardwalk Louisiana Midstream LLC[3]	**824 269**	**–**	2 135 922	–
Eskom Holdings SOC Ltd[4]	**11 508**	**–**	11 508	–
Total guarantees	**1 333 466**	**1 579**	5 854 448	30 503

1 Unconditional and irrevocable guarantee of the tolling obligations of Sasol Chemicals North America LLC in favour of Gemini HDPE LLC. Sasol Chemicals North America LLC discharged all its obligations under the tolling agreement thus the guarantee came to an end.
2 Guarantees issued to FirstRand Bank Limited, to facilitate the issuance of a guarantee by FirstRand Bank Limited on behalf of Sasol Mining (Pty) Ltd in respect of the mine rehabilitation obligation of Sasol Mining (Pty) Ltd to the Department of Mineral Resources.
3 Guarantee issued in favour of Boardwalk Louisiana Midstream LLC enabling Sasol Chemicals (USA) LLC to satisfy its obligations under the Ethane Storage Agreement and and the Ethylene Storage Agreement.
4 Guarantee issued in favour of Eskom for contestable works relating to integration of Oxygen Train 17 into Eskom's network.

for the year ended 30 June	2021 Maximum exposure R '000	2021 Liability included in statement of financial position R '000	2020 Maximum exposure R '000	2020 Liability included in statement of financial position R '000
Sasol Financing International Limited				
Financial guarantees	**3 117 068**	**260 562**	3 971 946	265 737
Exxon Mobil Corporation - slack wax obligations[1]	**71 376**	**1 570**	86 630	260
UniCredit S.p.A[2]	**176 569**	**8 194**	253 405	1 278
Various oil suppliers[3]	**1 427 510**	**31 405**	1 732 600	5 172
Intesa Sanpaolo S.p.A.[4]	**812 410**	**17 872**	934 190	2 789
ABSA Bank Limited - Political Risk Insurance[5]	**562 096**	**156 455**	751 546	195 226
ABSA Bank Limited, International Finance Corporation and Société de Promotion et de Participation pour la Coopération Économique S.A.- Corporate Guarantee[6]	**67 107**	**45 066**	213 575	61 012
Performance guarantees	**2 202 962**	**–**	3 087 178	–
Companhia Mocambicana De Hidrocarbonetos S.A and International Finance Corporation (GSA 1)[7]	**168 546**	**–**	286 093	–
Sasol Petroleum Temane Limitada (GSA 1)[7]	**393 279**	**–**	667 550	–
Companhia Mocambicana De Hidrocarbonetos S.A and International Finance Corporation (GSA 2)[7]	**37 929**	**–**	64 367	–
Sasol Petroleum Temane Limitada (GSA 2)[7]	**88 477**	**–**	150 189	–
Obsidian Energy Limited[8]	**10 578**	**–**	15 562	–
Sasol Gas (Pty) Ltd (GSA 1)[7]	**131 088**	**–**	222 517	–
Sasol Gas (Pty) Ltd (GSA 2)[7]	**29 492**	**–**	50 063	–
Central Termica De Ressano Garcia S.A (GSA 3)[9]	**23 126**	**–**	28 182	–
Huntsman International Trading Deutschland GmbH[10]	**1 320 447**	**–**	1 602 655	–
Total guarantees	**5 320 030**	**260 562**	7 059 124	265 737
Sasol Financing Group	**6 653 496**	**262 141**	12 913 572	296 240

1 Guarantees issued in respect of working capital liabilities and purchases made by fellow subsidiaries.
2 Guarantee issued for obligations generated by the credit line.
3 Guarantee issued for the obligations arising from the purchase of crude oil.
4 Guarantee issued for the obligations arising from the credit facilities granted.
5 Political Risk Insurance guarantee - over the debt of Central Termica De Ressano Garcia S.A.
6 Corporate guarantee - over the debt of Central Termica De Ressano Garcia S.A. The guarantee was subsquently cancelled on 2 July 2021 when the debt servce reserve agreement (DSRA) was fully subscribed.
7 Guarantees provided in terms of the gas sales agreement between Sasol Petroleum Temane Limitada and Sasol Gas (Pty) Ltd.
8 Guarantee for indemnity, with regards to an office sub-lease agreement.
9 Guarantees provided in terms of the gas sales agreement between Sasol Petroleum Temane Limitada and Central Termica De Ressano Garcia S.A.
10 Guarantee issued for breach of representations and warranties or indemnities or the non-compete covenant under the Share and Interest Purchase Agreement.

Accounting policies:

Financial liabilities are recognised on the transaction date when the group and company become a party to a contract and thus has a contractual obligation and are derecognised when these contractual obligations are discharged, cancelled or expired.

Financial liabilities are stated initially on the transaction date at fair value including transaction costs. Subsequently, they are stated at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented when the group and company have a current legal enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

	Group		Company	
	2021	2020	2021	2020
for the year ended 30 June	R '000	R '000	R '000	R '000
19 External debt				
Interest bearing				
Long-term debt	**19 302 246**	71 785 559	**2 176 000**	2 176 000
Short-term portion of long-term debt	**2 142 051**	18 518 264	**14 830**	21 262
Short-term debt	**–**	4 278 466	**–**	4 278 466
	21 444 297	94 582 289	**2 190 830**	6 475 728
Analysis of debt				
At amortised cost				
Unsecured debt	**21 482 753**	94 685 461	**2 190 830**	6 475 728
Unamortised loan costs	**(38 456)**	(103 172)	**–**	–
	21 444 297	94 582 289	**2 190 830**	6 475 728
Reconciliation				
Balance at beginning of year	**94 582 289**	64 420 195	**6 475 728**	957 582
Loans raised	**–**	40 469 535	**–**	6 426 000
Loans repaid	**(60 975 082)**	(26 783 464)	**(4 250 000)**	(953 010)
Modification loss*	**–**	762 305	**–**	–
Accrued interest paid	**(325 629)**	(210 403)	**(49 728)**	(4 572)
Gain on derecognition of financial liability*	**(698 233)**	–	**–**	–
Interest accrued	**110 020**	325 629	**14 830**	49 728
Amortisation of loan costs	**50 227**	25 391	**–**	–
Translation of foreign entity	**(11 299 295)**	15 573 101	**–**	–
Balance at end of year	**21 444 297**	94 582 289	**2 190 830**	6 475 728
Maturity profile				
Within one year	**2 142 048**	22 796 730	**14 830**	4 299 728
Two to five years	**19 302 249**	71 785 559	**2 176 000**	2 176 000
	21 444 297	94 582 289	**2 190 830**	6 475 728

* The prior year modification loss relates to the loan covenant amendments. Refer below. During the current year, the Mizuho Bank term loan and a significant portion of the RCF were repaid, resulting in a gain on derecognition of financial liability.

Financial Covenants

For the year ended 30 June 2020 lenders agreed to waive Sasol's Net Debt : Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) covenant, and for the period ended 31 December 2020 lenders agreed to increase the maximum Net Debt : EBITDA covenant to 4,0 times, whereafter the covenant reverted to the prior level of 3,0 times. Sasol did not breach the covenant as at 30 June 2021. These amendments were subject to certain conditions that remained in place until a certificate was issued certifying compliance with the Net Debt : EBITDA covenant, which occurred on 2 March 2021. Consistent with these conditions Sasol committed to use proceeds from disposals and debt issuance to prepay, and in some instances proportionally cancel, the Revolving Credit Facility until the facility amount was reduced to R40,6 billion, (US$2,845 billion).

Borrowing powers

The Memorandum of Incorporation does not limit the borrowing powers of the company.

	Terms of repayment	Security	Currency	Interest rate at 30 June 2021	2021 R '000	2020 R '000
Unsecured debt						
US Bond	On maturity (14 November 2022)	n/a	USD	**Fixed 4,50%**	**14 320 509**	17 352 117
Revolving credit facility	RCF (23 November 2024)	n/a	USD	**Variable 2,92%**	**896 190**	26 543 007
Revolving credit facility	RCF (23 November 2024)	n/a	USD	**Variable 1,93%**	**–**	13 203 959
Revolving credit facility	RCF (23 November 2024)	n/a	USD	**Variable 1,91%**	**–**	8 248 452
Revolving credit facility	RCF (23 November 2024)	n/a	USD	**Variable 1,78%**	**429 780**	7 816 841
Revolving credit facility	RCF (23 November 2024)	n/a	USD	**Variable 1,96%**	**–**	5 726 943
Revolving credit facility	RCF (23 November 2024)	n/a	USD	**Variable 1,91%**	**3 606 988**	4 399 629
Revolving credit facility	RCF (23 November 2024)	n/a	USD	**Variable 1,78%**	**–**	2 170 189
Mizuho Bank term loan	On maturity (20 November 2021)	n/a	USD	**Variable 3,26%**	**–**	2 645 424
Domestic Medium Term Note (DMTN)	On maturity (12 August 2022)	n/a	ZAR	**Variable 7,10%**	**2 190 830**	2 197 262
First Rand Bank	On maturity (Overnight)	n/a	ZAR	**Variable 6,50%**	**–**	1 761 932
Nedcor Bank	On maturity (Overnight)	n/a	ZAR	**Variable 7,30%**	**–**	1 509 882
ABSA	On maturity (Overnight)	n/a	ZAR	**Variable 5,50%**	**–**	1 006 652
Total unsecured debt					**21 444 297**	94 582 289

30 June 2021	Expiry date	Currency	Contract amount Thousand	Total Rand equivalent R'000	Utilised facilities R'000	Available facilities R'000
Banking facilities and debt arrangements						
Group treasury facilities						
Commercial paper (uncommitted)	None	Rand	**8 000 000**	**8 000 000**	**2 176 000**	**5 824 000**
Commercial banking facilities	Evergreen	Rand	**8 500 000**	**8 500 000**	**–**	**8 500 000**
Revolving credit facility	November 2024*	US dollar	**3 367 000**	**48 064 000**	**7 737 104**	**40 326 896**
Debt arrangements						
US Dollar Bond	November 2022	US dollar	**1 000 000**	**14 275 100**	**14 275 100**	**–**

* The term of the RCF was extended for a further two years until November 2024, with availability reducing to US$3 367 million from November 2022 until November 2023 and US$2 845 million until November 2024.

Both Sasol Financing International Limited and Sasol Financing USA LLC are parties to the RCF. At 30 June 2021 Sasol Financing International had drawn R4,9 billion (US$345 million) from the RCF.

Accounting policies:

Debt, which constitutes a financial liability, includes short-term and long-term debt. Debt is initially recognised at fair value, net of transaction costs incurred and is subsequently stated at amortised cost. Debt is classified as short-term unless the borrowing entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Debt is derecognised when the obligation in the contract is discharged, cancelled or has expired. Premiums or discounts arising from the difference between the fair value of debt raised and the amount repayable at maturity date are charged to the income statement as finance expenses based on the effective interest method.

An exchange between the company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss.

for the year ended 30 June	Note	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
20 Other payables					
Related party payables	24	**232 605**	181 489	**224 946**	167 141
Other payables*		**652 220**	1 649 733	**13 024**	1 063
		884 825	1 831 222	**237 970**	168 204

* Other payables in the group include payables of R585 million (2020: R1 581 million) relating to derivatives that matured out of the money.

Fair value of trade and other payables

The carrying value approximates fair value because of the short period to settlement of these obligations. This is considered a level 3 fair value measurement.

Accounting policies:
Other payables are initially recognised at fair value and subsequently stated at amortised cost.

for the year ended 30 June	Note	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
21 Cash generated by operating activities					
Cash flow from operations	22	**1 095 846**	(6 199 212)	**1 104 144**	(471 204)
Decrease in working capital	23	**58 695 217**	6 896 174	**3 667 353**	5 083 692
		59 791 063	696 962	**4 771 497**	4 612 488

for the year ended 30 June	Note	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
22 Cash flow from operations					
Profit/(loss) before tax		**2 444 853**	(472 285)	**1 483 676**	1 677 202
Adjusted for					
Expected credit loss on loans and receivables	6	**293 135**	(1 460 435)	**(15 724)**	60 422
depreciation and amortisation		**–**	339	**–**	–
interest accrued on tax receivable		**(2 899)**	(595)	**(39)**	(595)
interest payable on tax payable		**257**	–	**257**	–
finance income	2	**(4 791 269)**	(8 440 974)	**(2 138 809)**	(3 049 743)
finance expenses	3	**2 985 315**	4 141 156	**923 476**	1 421 874
interest accrued on debt	19	**(215 609)**	115 226	**(34 898)**	45 156
gain on derecognition of financial liability	19	**(698 233)**	–	**–**	–
modification loss	19	**–**	762 305	**–**	–
accrued finance charges	3	**(57 546)**	(59 181)	**–**	–
notional interest received	2	**(40 962)**	(212 451)	**(24 863)**	(6 596)
notional interest paid	3	**9 458**	3 334	**–**	–
expected credit loss adjustment on guarantee liabilities	3	**53 094**	52 332	**–**	–
translation (gains)/losses on guarantee liabilities		**(4 076)**	6 069	**(4 061)**	6 100
amortisation of loan costs	3	**50 227**	25 391	**–**	–
translation effect of foreign currency loans		**1 036 808**	(659 431)	**915 169**	(625 024)
translation effect of foreign currency cash		**33 641**	–	**–**	–
other non-cash movements		**(348)**	(12)	**(40)**	–
		1 095 846	(6 199 212)	**1 104 144**	(471 204)

	Group		Company	
	2021	2020	**2021**	2020
	R '000	R '000	**R '000**	R '000
23 Decrease/(increase) in working capital				
Increase in other receivables				
Per the statement of financial position	**(51 839)**	(18 479)	**(81 200)**	(24 253)
Expected credit loss - income statement	**–**	–	**(36)**	–
Translation of foreign entity	**18 276**	12 213	**–**	–
	(33 563)	(6 266)	**(81 236)**	(24 253)
Decrease/(increase) in other assets and prepaid expenses				
Per the statement of financial position	**135 650**	(105 789)	**14**	(179)
Translation of foreign entity	**(60 183)**	65 817	**–**	–
	75 467	(39 972)	**14**	(179)
(Decrease)/increase in other payables				
Per the statement of financial position	**(946 397)**	911 848	**69 766**	(310 820)
Accrued finance charges	**57 546**	59 181	**–**	–
Translation of foreign entity	**1 157 489**	(698 815)	**–**	–
	268 638	272 214	**69 766**	(310 820)
(Increase)/decrease in financial assets				
Per the statement of financial position	**(793 896)**	2 821	**338 382**	(375 679)
Translation of foreign entity	**(130 986)**	88 798	**–**	–
	(924 882)	91 619	**338 382**	(375 679)
Increase/(decrease) in financial liabilities				
Per the statement of financial position	**(915 563)**	2 687 803	**(12 971)**	(32 669)
Notional interest paid	**(9 458)**	(3 334)	**–**	–
Notional interest received	**40 962**	212 451	**24 863**	6 596
Expected credit loss adjustment on guarantee liabilities	**(53 094)**	(52 332)	**–**	–
Translation (gains)/losses on guarantee liabilities	**4 076**	(6 069)	**4 061**	(6 100)
Translation of foreign entity	**641 650**	(426 139)	**–**	–
	(291 427)	2 412 380	**15 953**	(32 173)
Decrease/(Increase) in loans to Sasol group companies				
Per the statement of financial position	**85 789 813**	(28 628 356)	**10 209 810**	(1 307 462)
Expected credit loss - income statement	**(293 135)**	1 460 435	**15 760**	(60 422)
Translation effect of foreign currency loans	**(1 039 473)**	528 224	**(915 169)**	625 024
Translation of foreign entity	**(15 850 466)**	20 357 663	**–**	–
	68 606 739	(6 282 034)	**9 310 401**	(742 860)
Increase in loans and deposits by Sasol group companies				
Per the statement of financial position	**(12 572 396)**	14 087 349	**(5 985 927)**	6 569 656
Translation effect of foreign currency loans	**2 665**	131 207	**–**	–
Translation of foreign entity	**3 563 976**	(3 770 323)	**–**	–
	(9 005 755)	10 448 233	**(5 985 927)**	6 569 656
Decrease in working capital	**58 695 217**	6 896 174	**3 667 353**	5 083 692

24 Related party transactions

During the year the group and company, in the ordinary course of business, entered into various treasury related transactions with its holding company, fellow subsidiaries, subsidiaries, special purpose entities, joint operations and joint ventures. The effect of these transactions is included in the financial performance and results of the group and company. Terms and conditions are determined on an arm's length basis. Amounts owing to / by related parties are disclosed in the respective notes to the financial statements for those statement of financial position items.

Material related party transactions

The following table shows the material transactions that are included in the financial statements.

	Group		Company	
	2021	2020	**2021**	2020
for the year ended 30 June	**R '000**	R '000	**R '000**	R '000
Services rendered by related parties included in operating expenses				
fellow subsidiaries				
Sasol South Africa Limited	**31 245**	33 064	**15 556**	16 610
Other income statement items from related parties				
Finance expenses				
holding company				
Sasol Limited	**397**	7 423	**–**	–
fellow subsidiaries	**756 354**	1 367 656	**716 359**	1 160 621
Sasol South Africa Limited	**366 990**	666 979	**366 943**	666 515
Sasol Oil (Pty) Ltd	**82 582**	140 765	**82 582**	140 765
Sasol Mining (Pty) Ltd	**97 564**	169 499	**97 564**	169 499
Sasol Gas (Pty) Ltd	**133 051**	124 625	**133 051**	124 625
Sasol Technology (Pty) Ltd	**632**	1 128	**632**	1 128
Sasol Middle East and India (Pty) Ltd	**592**	3 709	**88**	3 428
Sasol Investment Company (Pty) Ltd	**7 860**	9 775	**6 784**	100
Sasol Holdings USA (Pty) Ltd	**463**	744	**–**	–
Sasol New Energy Holdings (Pty) Ltd	**2 648**	4 239	**28**	4 239
Sasol Holdings Asia Pacific (Pty) Ltd	**152**	3 230	**132**	1 107
Sasol Acrylates (Pty) Ltd	**–**	21 362	**–**	21 362
Sasol Africa (Pty) Ltd	**5 077**	11 747	**2 218**	836
Sasol Mining Holdings (Pty) Ltd	**23 254**	26 273	**23 254**	26 273
Sasol Petroleum Temane Limitada	**2 905**	31 507	**–**	–
Sasol Petroleum Mozambique Limitada	**11**	168	**–**	–
Sasol International Services Ltd	**35**	5 534	**–**	–
Attan AG	**2**	23	**–**	–
Sasol Petroleum International Holdings Limited	**15**	183	**–**	–
Sasol Chemicals Pacific Ltd	**221**	2 142	**–**	–
Wesco China Limited	**89**	228	**–**	–
Sasol International Insurance DAC	**28 597**	74 373	**–**	–
Sasol USA Corporation	**1 303**	6 273	**–**	–
Sasol Financing (USA) LLC	**860**	46 402	**–**	–
Sasol UK Limited	**221**	2 940	**–**	–
Inter Chem Terminal FZCO	**105**	1 242	**–**	–
Sasol Middle East FZCO	**100**	2 518	**–**	–
Sasol Gabon S.A.	**942**	9 075	**–**	–
Other*	**83**	973	**3 083**	744
joint venture				
Sasol Dyno Nobel (Pty) Ltd	**1 899**	2 468	**1 899**	2 468
special purpose entities				
The Sasol Inzalo Foundation	**339**	5 273	**339**	5 273
	758 989	1 382 820	**718 597**	1 168 362

* Other comprise of balances less than R1 million in current and prior year.

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
Finance income				
holding company				
Sasol Limited	**–**	94 412	**–**	94 412
fellow subsidiaries	**4 128 870**	7 796 514	**1 624 593**	2 603 167
Sasol South Africa Limited	**1 447 109**	2 222 891	**1 442 412**	2 217 568
Sasol Chemicals (USA) LLC	**1 565 438**	3 480 107	**5 284**	11 267
Sasol Mining (Pty) Ltd	**105 915**	155 957	**105 915**	155 957
Sasol Oil (Pty) Ltd	**18 020**	36 295	**17 728**	36 295
Sasol Investment Company (Pty) Ltd	**892 839**	1 781 010	**45 541**	147 618
Sasol Acrylates (Pty) Ltd	**–**	28 930	**–**	28 930
Sasol Chemicals North America LLC	**–**	2 946	**4 310**	2 946
Sasol Italy S.p.A	**37 950**	36 551	**–**	–
Sasol International Services Ltd	**15 286**	10 253	**–**	–
Sasol (China) Chemical Co. Ltd	**17 408**	35 766	**–**	–
Sasol Petroleum Mozambique Limitada	**20**	794	**–**	–
Sasol Petroleum Temane Limitada	**1 451**	1 725	**–**	–
Sasol Middle East and India (Pty) Ltd	**521**	2 297	**521**	2 270
Other*	**26 913**	992	**2 882**	316
joint ventures / operations	**142 301**	213 391	**–**	–
Central Termica de Ressano Garcia S.A.	**142 301**	211 789	**–**	–
Sasol Wilmar Alcohol Industries (Lianyungang) Co Ltd	**–**	1 602	**–**	–
subsidiary				
Sasol Financing International Limited	**–**	–	**4 833**	46 488
	4 271 171	8 104 317	**1 629 426**	2 744 067

* Other comprise of balances less than R1 million.

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
Amounts reflected as assets				
Long-term loans to Sasol group companies				
fellow subsidiaries	**51 738 522**	135 215 404	**14 039 268**	20 779 029
Sasol Chemicals (USA) LLC	**17 436 649**	66 803 621	**–**	–
Sasol South Africa Limited	**13 013 702**	15 821 215	**13 013 702**	15 821 215
Sasol Mining (Pty) Ltd	**1 025 566**	1 625 566	**1 025 566**	1 625 566
Sasol Oil (Pty) Ltd	**–**	200 000	**–**	200 000
Sasol Acrylates (Pty) Ltd	**–**	247 200	**–**	247 200
Sasol Investment Company (Pty) Ltd	**18 451 951**	48 001 982	**–**	2 885 048
Sasol Italy S.p.A	**1 529 263**	1 758 470	**–**	–
Sasol (China) Chemical Co. Ltd	**281 391**	757 350	**–**	–
joint operation				
Central Termica de Ressano Garcia S.A.*	**–**	1 673 184	**–**	–
	51 738 522	136 888 588	**14 039 268**	20 779 029
Expected credit loss	**(550 418)**	(836 702)	**(57 699)**	(60 657)
	51 188 104	136 051 886	**13 981 569**	20 718 372
Short-term portion of long-term receivables				
fellow subsidiaries	**(4 430 833)**	(24 955 931)	**(4 080 279)**	(6 739 762)
Sasol South Africa Limited	**(3 054 713)**	(2 972 313)	**(3 054 713)**	(2 972 313)
Sasol Mining (Pty) Ltd	**(1 025 566)**	(600 000)	**(1 025 566)**	(600 000)
Sasol Oil (Pty) Ltd	**–**	(200 000)	**–**	(200 000)
Sasol Acrylates (Pty) Ltd	**–**	(82 400)	**–**	(82 400)
Sasol Investment Company (Pty) Ltd	**(341 546)**	(21 085 488)	**–**	(2 885 049)
Sasol Italy S.P.A	**(5 982)**	(6 863)	**–**	–
Sasol (China) Chemical Co. Ltd	**(3 026)**	(8 867)	**–**	–
	46 757 271	111 095 955	**9 901 290**	13 978 610

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
Short-term loans to Sasol group companies				
fellow subsidiaries	**4 591 192**	6 594 015	**4 023 794**	6 594 015
Sasol South Africa Limited	**3 994 079**	6 518 261	**3 994 079**	6 518 261
Sasol Italy S.p.A	**155 900**	–	**–**	–
Sasol Oil (Pty) Ltd	**407 114**	–	**–**	–
Sasol Middle East and India (Pty) Ltd	**29 040**	64 830	**29 040**	64 830
Sasol Holdings Asia Pacific (Pty) Ltd	**675**	10 924	**675**	10 924
Sasol Financing (USA) LLC	**4 384**	–	**–**	–
joint operation	**1 497 201**	–	**–**	–
Central Termica de Ressano Garcia S.A.*	**1 497 201**	–	**–**	–
subsidiaries				
Sasol Financing International Limited	**–**	–	**4 282 777**	5 198 364
	6 088 393	6 594 015	**8 306 571**	11 792 379
Expected credit loss	**(439 518)**	(19 108)	**(21 814)**	(34 616)
Short-term portion of long-term receivables	**4 430 833**	24 955 931	**4 080 279**	6 739 762
	10 079 708	31 530 838	**12 365 036**	18 497 525

* Reclassified to short-term at 30 June 2021.

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
Other receivables				
fellow subsidiaries	**2 446**	15 858	**2 445**	11 270
Sasol Italy S.p.A	**–**	4 372	**–**	–
Sasol Chemicals (USA) LLC	**2 432**	11 267	**2 432**	11 267
Other*	**14**	219	**13**	3
subsidiary				
Sasol Financing International Limited	**–**	–	**81 771**	–
	2 446	15 858	**84 216**	11 270
Expected credit loss	**–**	–	**(36)**	–
	2 446	15 858	**84 180**	11 270

* Other comprise of balances less than R1 million.

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
Amounts reflected as liabilities				
Long-term loan from Sasol group company				
fellow subsidiaries				
Sasol International Insurance DAC	**1 641 637**	2 858 790	**–**	–

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
Deposits by Sasol group companies				
holding company				
Sasol Limited	**1 362 680**	5 755 023	**672 712**	5 425 437
fellow subsidiaries	**31 674 554**	38 682 114	**18 412 949**	19 690 812
Sasol South Africa Limited	**13 562 144**	10 489 469	**13 443 161**	10 425 933
Sasol Oil (Pty) Ltd	**2 380 534**	5 807 548	**2 380 534**	5 807 548
Sasol Mining (Pty) Ltd	**2 421 864**	1 914 360	**2 421 864**	1 914 360
Sasol Middle East and India (Pty) Ltd	**272 271**	56 158	**–**	3 344
Sasol Investment Company (Pty) Ltd	**1 288 463**	1 595 059	**52 621**	8 500
Sasol Holdings USA (Pty) Ltd	**13 511**	13 048	**13 511**	13 048
Sasol Holdings Asia Pacific (Pty) Ltd	**114 215**	19 667	**–**	–
Sasol Mining Holdings (Pty) Ltd	**28 256**	1 081 693	**28 256**	1 081 693
Sasol Acrylates (Pty) Ltd	**–**	436 386	**–**	436 386
Sasol Africa (Pty) Ltd	**468 357**	710 833	**73 002**	–
Sasol Performance Chemicals GmbH	**3 562 798**	2 952 463	**–**	–
Sasol Petroleum Temane Limitada	**2 207 669**	2 710 115	**–**	–
Sasol Wax International AG	**1 889 511**	1 744 570	**–**	–
Sasol Financing (USA) LLC	**–**	3 434 581	**–**	–
Sasol International Services Limited	**339 711**	342 246	**–**	–
Sasol USA Corporation	**402 419**	522 662	**–**	–
Sasol UK Limited	**854 469**	661 665	**–**	–
Sasol Petroleum Mozambique Limitada	**8 149**	26 377	**–**	–
Sasol Gabon S.A	**912 846**	779 711	**–**	–
Sasol Chemie GmbH & Co. KG	**746**	857	**–**	–
Sasol Chemicals Pacific Limited	**145 771**	731 166	**–**	–
Sasol European Holdings Limited	**140 676**	147 856	**–**	–
Inter Chem Terminal FZCO	**51 866**	114 823	**–**	–
Sasol Petroleum International Holdings Limited	**12 575**	16 485	**–**	–
Wesco China Limited	**88 091**	202 121	**–**	–
Attan AG	**–**	2 094	**–**	–
Sasol Chemical Holdings GmbH & Co KG	**416**	236	**–**	–
Sasol Holdings (Netherlands) BV	**51 416**	59 123	**–**	–
Sasol Middle East FZCO	**70 009**	552 673	**–**	–
Sasol Chemicals North America LLC	**344 490**	1 508 601	**–**	–
Sasol Australasia (Pty) Ltd	**1 821**	2 244	**–**	–
Sasol Petroleum Australia Ltd	**14 539**	19 285	**–**	–
Sasol Petroleum Mozambique Exploration Limitada	**19 972**	24 790	**–**	–
Other*	**4 979**	1 149	**–**	–
joint venture				
Sasol Dyno Nobel (Pty) Ltd	**80 000**	15 000	**80 000**	15 000
special purpose entities				
The Sasol Inzalo Foundation	**6 330**	26 670	**6 330**	26 670
	33 123 564	44 478 807	**19 171 991**	25 157 919

* Other comprise of balances less than R1 million in the current and prior year.

for the year ended 30 June	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
Other payables				
fellow subsidiaries	**226 413**	167 923	**224 934**	167 118
Sasol South Africa Limited	**226 413**	114 290	**224 934**	113 485
Sasol Mining (Pty) Ltd	**–**	33 958	**–**	33 958
Sasol Middle East and India (Pty) Ltd	**–**	10 897	**–**	10 897
Sasol Chemicals North America LLC	**–**	8 778	**–**	8 778
joint venture				
Sasol Dyno Nobel (Pty) Ltd	**8**	2	**8**	2
special purpose entities				
The Sasol Inzalo Foundation	**4**	21	**4**	21
	226 425	167 946	**224 946**	167 141
Deferred income				
fellow subsidiaries	**3 522**	5 245	**–**	–
Sasol Gas (Pty) Ltd	**2 659**	4 080	**–**	–
Sasol Petroleum Temane Limitada	**863**	1 165	**–**	–
joint operations				
Central Termica de Ressano Garcia S.A.	**2 658**	8 298	**–**	–
	6 180	13 543	**–**	–
	232 605	181 489	**224 946**	167 141

for the year ended 30 June	Remuneration[1] R '000	Gains on exercise/vesting of share options, share appreciation rights and long-term incentives[2] R '000	Total R '000
2021			
Sasol Financing Limited			
Directors – other services			
Ms B Baijnath[3]	7 814	696	**8 510**
Mr BV Griffith[3]	16 542	885	**17 427**
Mr FC Meyer[3]	7 941	706	**8 647**
Mr VD Kahla[3]	15 366	1 326	**16 692**
Total directors remuneration	47 663	3 613	**51 276**
Prescribed officer			
Mr P Victor*	19 199	2 243	**21 442**
Prescribed officer remuneration	19 199	2 243	**21 442**
2020			
Sasol Financing Limited			
Directors – other services			
Ms B Baijnath	4 030	501	**4 531**
Mr BV Griffith[4]	5 569	811	**6 380**
Mr FR Grobler[5]	14 085	725	**14 810**
Mr FC Meyer	3 730	643	**4 373**
Mr VD Kahla	7 454	789	**8 243**
Total directors remuneration	34 868	3 469	**38 337**
Prescribed officer			
Mr P Victor*	7 834	1 143	**8 977**
Prescribed officer remuneration	7 834	1 143	**8 977**

* Chief Financial Officer of Sasol Limited, thus regarded as prescribed officer.

1 Remuneration includes salary plus short term incentives.

2 Long-term incentives (LTIs) for the 2021 financial year represent the number of units x corporate performance target achieved (2021) x average share price for June 2021. Long-term incentives (LTIs) for the 2020 financial year represent the number of units x corporate performance target achieved (2020) x closing share price on 12 August 2020.

3 Permanent employee within the Sasol Group, hence full remuneration is disclosed..

4 Appointed to the board with effect from 1 November 2019.

5 Resigned from the board with effect from 1 November 2019.

All directors and the prescribed officer are permanent employees within the Sasol Group, hence full remuneration is disclosed.

Key management personnel comprises the board of directors and the executive committee of the company. The remuneration of the board of directors have been disclosed separately and has been excluded from key management compensation.

Amounts due to and from related parties are included in the respective notes to the financial statements for those statement of financial position items.

Included in the above amounts are a number of transactions with related parties which are individually insignificant.

25 Subsequent events

Sasol Financing International Limited provided a corporate guarantee on behalf of Central Termica De Ressano Garcia S.A. (CTRG) to external lenders being ABSA Bank Limited, IFC and Propaco8, as it relates to the Debt Service Agreement (DSRA) entered into by CTRG and the lenders. At 30 June 2021, the financial guarantee liability amounted to R45 065 587 (US$3 157 180). On 2 July 2021 the amounts due to the lenders under the DSRA were settled and the financial guarantee liability reduced to Rnil (US$nil).

26 Ultimate holding company

The ultimate holding company of Sasol Financing Limited is Sasol Limited, incorporated and domiciled in South Africa.

27 Going concern

Introduction

In determining the appropriate basis of preparation of the annual financial statements, the Directors are required to consider whether the Sasol Financing Group (Group) and Sasol Financing Limited (Company) can continue in operational existence for the foreseeable future.

Financial performance during the year

The financial performance of the Group and Company reflects a profit for the year of R1 696 million (2020: R34 million) and R1 072 million (2020: R1 190 million), respectively. The increased profitability in the current year is mainly attributable to a decrease in finance costs and gains on hedging activities compared to losses on hedging activities in the previous year. These hedging activities are performed on behalf of the Sasol Limited Group.

Solvency and Liquidity

Solvency

The asset base of the Group and Company comprises mainly cash and cash equivalents, financial assets and loans to Sasol group companies. At 30 June 2021 the Group's and Company's assets indicate that their fair values, after accounting for expected credit losses, exceed the fair values of liabilities.

As such, the Board is of the view that given the headroom in the fair value of the assets over the fair value of the liabilities (including contingent liabilities), the Group and Company is solvent as at 30 June 2021 and at the date of this report.

Liquidity management

At 30 June 2021, the Group and Company had cash and cash equivalents of R20 465 million (30 June 2020: R23 253 million) and R12 389 million (30 June 2020: R12 058 million), respectively. The Group and Company also had available facilities of R54,7 billion (30 June 2020: R10,5 billion). Increased cash generation, through delivery of the Sasol Group's self-help measures and asset disposals contributed to balance sheet deleveraging and complying with debt covenant levels at 30 June 2021.

At 30 June 2021, the Sasol Group balance sheet saw an improvement in the gearing at 61,5% (30 June 2020: 117%) and Net debt: EBITDA of 1,5 times (30 June 2020: 4,3 times) (based on the Revolving Credit Facility covenant definition),well below the re-instated June 2021 covenant level of 3,0 times. The Sasol Group is targeting Net debt: EBITDA to remain within our covenant levels in the foreseeable future. The Sasol Group will achieve this through cash generated from operations as well as proceeds from the accelerated asset divestment programmes.

Conclusion

The events and conditions described above indicate considerable improvement in the liquidity position of the Group and Company as well as the Sasol Group at 30 June 2021 compared to 30 June 2020.

Based on the above, the Directors are therefore of the opinion that the going concern assumption is appropriate in the preparation of the consolidated and separate financial statements.

28 Financial risk management and financial instruments

Financial instruments overview

The following table summarises the company's classification of financial instruments.

		Group			Company		
		Carrying value			Carrying value		
	Note	At fair value through profit and loss R'000	Amortised cost R'000	Fair value R'000	At fair value through profit and loss R'000	Amortised cost R'000	Fair value R'000
2021							
Financial assets							
Loans to Sasol group companies**	11	**–**	**56 836 980**	**56 836 980**	**–**	**22 266 326**	**22 266 326**
Other receivables*	12	**–**	**845 200**	**845 200**	**–**	**819 200**	**819 200**
Financial assets	10	**1 428 433**	**–**	**1 428 433**	**77 714**	**–**	**77 714**
Cash and cash equivalents*	9	**–**	**20 465 472**	**20 465 472**	**–**	**12 389 113**	**12 389 113**
Financial liabilities							
Listed external debt (Bonds issued)+	19	**–**	**16 511 336**	**16 883 792**	**–**	**2 190 830**	**2 180 439**
Unlisted external debt+	19	**–**	**4 932 961**	**4 932 961**	**–**	**–**	**–**
Loans and deposits by Sasol group companies**	11	**–**	**34 765 201**	**34 765 201**	**–**	**19 171 992**	**19 171 992**
Financial liabilities	18	**2 387 928**	**263 556**	**2 651 484**	**22 201**	**1 579**	**23 780**
Other payables*	20	**–**	**884 825**	**884 825**	**–**	**237 970**	**237 970**

		Group			Company		
		Carrying value			Carrying value		
	Note	At fair value through profit and loss R'000	Amortised cost R'000	Fair value R'000	At fair value through profit and loss R'000	Amortised cost R'000	Fair value R'000
2020							
Financial assets							
Loans to Sasol group companies**	11	–	142 626 793	142 626 793	–	32 476 136	32 476 136
Other receivables*	12	–	793 361	793 361	–	738 000	738 000
Financial assets	10	634 537	–	634 537	416 096	–	416 096
Cash and cash equivalents*	9	–	23 252 617	23 252 617	–	12 055 797	12 055 797
Financial liabilities							
Listed external debt (Bonds issued)+	19	–	19 549 379	17 765 882	–	2 197 262	2 197 262
Unlisted external debt+	19	–	75 032 910	75 032 910	–	4 278 466	4 278 466
Loans and deposits by Sasol group companies**	11	–	47 337 597	47 337 597	–	25 157 919	25 157 919
Financial liabilities	18	3 270 807	296 240	3 567 047	6 249	30 503	36 752
Other payables*	20	–	1 831 222	1 831 222	–	168 204	168 204
Bank overdraft	9	–	503 085	503 085	–	503 085	503 085

* The fair value of these instruments approximates carrying value due to their short-term nature.
** The fair value of these instruments approximates carrying value due to market related interest rates being charged on these loans.
+ Includes unamortised loan costs.

28.1 Financial risk management

The Sasol group is exposed in varying degrees to a number of financial instrument related risks. The Group Executive Committee (GEC) has the overall responsibility for the establishment and oversight of the group's risk management framework. The GEC established the risk and safety, health and environment committee, which is responsible for providing the board with the assurance that significant business risks are systematically identified, assessed and reduced to acceptable levels. A comprehensive risk management process has been developed to continuously monitor and control these risks. Based on the risk management process Sasol refined its hedging policy and the Board appointed a subcommittee, the Audit Committee that meets regularly to review and, if appropriate, approve the implementation of hedging strategies for the effective management of financial market related risks. The Sasol group has a central treasury function that manages the financial risks relating to the group's operations. Sasol Financing is integrated in these risk management processes.

Financing risk

Financing risk refers to the risk that financing of the Sasol group's capital requirements and refinancing of existing borrowings could become more difficult or more costly in the future. This risk can be decreased by achieving the targeted gearing ratio, ensuring that maturity dates are evenly distributed over time, and that total short-term borrowings do not exceed liquidity levels. The group and company's goals for long-term borrowings include an average time to maturity of at least 2 years, and an even spread of maturities.

Credit rating

Moody's Investors Service (Moody's) on 5 March 2020 revised Sasol's credit rating from Baa3, negative to Ba1 stable and on 31 March 2020 further revised it to Ba2 and placed the company under review for a downgrade on the back of oil price volatility and the impact of the COVID-19 pandemic on the global economy. On 15 October 2020 Moody's concluded the review by confirming Sasol's Ba2 credit rating with the outlook changing from ratings under review for downgrade to negative. Sasol's A1.za national issuer scale rating was also confirmed.

Risk profile

Risk management and measurement relating to each of these risks is discussed under the headings below (subcategorised into credit risk, liquidity risk, and market risk) which entails an analysis of the types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the statement of financial position. The Sasol group's objective in using derivative instruments is for hedging purposes to reduce the uncertainty over future cash flows arising from foreign currency, interest rate and commodity price risk exposures.

Credit risk

Credit risk, or the risk of financial loss due to counterparties not meeting their contractual obligations.

How we manage the risk

The risk is managed by the application of credit approvals, limits and monitoring procedures. Where appropriate, the group and company obtain collateral to mitigate risk. Counterparty credit limits are in place and are reviewed and approved continuously. The central treasury function provides credit risk management for the company-wide exposure in respect of a diversified company of banks and other financial institutions. These are evaluated regularly for financial robustness especially in the current global economic environment. Management has evaluated treasury counterparty risk and does not expect any treasury counterparties to fail in meeting their obligations. The credit risk or the risk of financial loss due to intergroup companies not meeting their obligations, is managed at a group level.

For all financial assets measured at amortised cost, the company calculates the expected credit loss based on contractual payment terms of the asset. The contractual payment terms for receivables vary from 30 days to 10 years. The exposure to credit risk is influenced by the individual characteristics, the industry and geographical area of the counterparty with whom we have transacted. Financial assets at amortised cost are carefully monitored and reviewed on a regular basis for expected credit loss and impairment based on our credit risk policy.

Expected credit loss is calculated as a function of probability of default, loss given default and exposure at default. The group and company allocate probability of default based on the external and internal information. The major portion of the financial assets at amortised cost consist of externally rated customers and the group and company use the average of Moody's, Fitch and S&P Corporate and Sovereign probability of defaults, depending on whether the customer or holder of the financial asset is corporate or government related. For customers or debtors that are not rated by the rating agency, the group and company allocate internal credit ratings and default rates taking into account forward looking information, based on the, debtors profile and financial status. Loss given default is based on the Basel model. Until 2019, the group and company used a 45% LGD for unsecured financial assets and 35% for secured financial assets. Basel II, however, requires that LGD parameters reflect economic downturn conditions, meaning that entities' credit exposures need to reflect the losses entities would expect to incur if all defaults occur during the downturn part of an economic cycle. Based on the current economic downturn the group and company, therefore, applied the Board of Governors of the Federal Reserve System's formula for deriving downturn LGD to be used for 2021 and 2020, namely 50% for unsecured financial assets and 40% for secured financial assets. Credit enhancement is only taken into account if it is integral to the asset. The expected credit loss is measured over 12 months when the credit risk is low and over lifetime where the credit risk has increased.

Our exposure to and assessment of the risk

Approximately 58% (2020 - 55%) of the group's turnover and 100% (2020 – 100%) of the company's turnover is generated from revenue within South Africa, while about 42% (2020 - 45%) of the group's and nil% (2020 - nil%) of the company's revenue is generated outside South Africa.

Detail of allowances for credit losses:

	Group		
	Life time R'000	12 months R'000	Expected credit loss R'000
2021			
Inter-company long-term receivables	**–**	**550 418**	**550 418**
Inter-company short-term receivables	**416 733**	**22 785**	**439 518**
	416 733	**573 203**	**989 936**

	Life time R'000	12 months R'000	Expected credit loss R'000
2020			
Inter-company long-term receivables	434 636	402 066	836 702
Inter-company short-term receivables	–	19 108	19 108
	434 636	421 174	855 810

The expected credit losses relating to cash and cash equivalents are immaterial.

	Company		
	Life time R'000	12 months R'000	Expected credit loss R'000
2021			
Inter-company long-term receivables	**–**	**57 699**	**57 699**
Inter-company short-term receivables	**–**	**21 814**	**21 814**
	–	**79 513**	**79 513**

	Life time R'000	12 months R'000	Expected credit loss R'000
2020			
Inter-company long-term receivables	–	60 657	60 657
Inter-company short-term receivables	–	34 616	34 616
	–	95 273	95 273

Overview of the credit risk profile of financial assets measured at amortised cost is as follows:

	Group		Company	
	2021 %	2020 %	**2021 %**	2020 %
AAA to A-	**22,0**	6,1	**–**	–
BBB to B-	**77,0**	87,3	**100,0**	100,0
CCC+ and - below	**1,0**	6,5	**–**	–

Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its obligations as they become due.

The COVID-19 pandemic together with the oil price volatility during the first half of the year continued to impact the Sasol Group's operations and results. The lower oil price environment also impacted negatively on chemical prices across most of the Sasol Group's sales regions and products. The Sasol Group experienced a notable gross margin recovery in the second half of the financial year, supported by the combined impact of higher Brent crude oil and chemicals prices, offset by a stronger and/US dollar exchange and further underpinned by a strong cost, working capital and capital expenditure performance, despite the continued impacts of the COVID-19 pandemic and adverse weather events in North America and South Africa..

How we manage the risk

The group and company manage liquidity risk by effectively managing the pooled business unit cash investments and borrowing requirements. Currently the group and company are maintaining a positive cash position. The group and company meet their financing requirements through a mixture of cash generated from its operations and, short- and long-term borrowings. Adequate banking facilities and reserve borrowing capacities are maintained.

Increased cash generation, through delivery of Sasol's self-help measures and asset disposals contributed to balance sheet de-leveraging and meeting of re-instated debt covenant levels at 30 June 2021. To manage cash generated from operations management enhanced its hedging programmes aimed to protect margins at several of its operations and exceeded its targets in respect of its US$2 billion cash conservation programme.The company currently has access to sufficient undrawn borrowing facilities. The next material maturity is the $1 billion bond due in November 2022.

Management believes that the company currently has sufficient liquidity to withstand the market volatility in the short-term. Refer to note 27.

Our exposure to and assessment of the risk

The maturity profile of the contractual cash flows of financial instruments at 30 June were as follows:

		Group			
	Note	Contractual cash flows* R '000	Within one year R '000	One to five years R '000	More than five years R '000
2021					
Financial assets					
Non-derivative instruments					
Loans to Sasol group companies	11	**66 723 533**	**11 344 499**	**15 905 899**	**39 473 135**
Other receivables	12	**845 200**	**845 200**	**–**	**–**
Cash and cash equivalents	9	**20 465 472**	**20 465 472**	**–**	**–**
		88 034 205	**32 655 171**	**15 905 899**	**39 473 135**
Derivative instruments					
Foreign exchange contracts**	10	**6 104 677**	**6 104 677**	**–**	**–**
Crude oil options		**45 966**	**45 966**	**–**	**–**
Foreign exchange zero cost collars	10	**1 149 226**	**1 149 226**	**–**	**–**
Ethane swaps	10	**155 527**	**155 527**	**–**	**–**
		95 489 601	**40 110 567**	**15 905 899**	**39 473 135**
Financial liabilities					
Non-derivative instruments					
External debt***	19	**(22 611 548)**	**(2 837 812)**	**(19 773 736)**	**–**
Loans and deposits by Sasol group companies	11	**(39 884 455)**	**(38 207 100)**	**(1 677 355)**	**–**
Other payables	20	**(884 825)**	**(884 825)**	**–**	**–**
		(63 380 828)	**(41 929 737)**	**(21 451 091)**	**–**
Financial guarantees[1]	18	**(6 653 496)**	**(6 653 496)**	**–**	**–**
Derivative instruments					
Foreign exchange contracts	18	**(6 069 057)**	**(6 069 057)**	**–**	**–**
Crude oil put options	18	**(45 966)**	**(45 966)**	**–**	**–**
Crude oil zero cost collars	18	**(1 125 435)**	**(1 125 435)**	**–**	**–**
Foreign exchange zero cost collars	18	**(1 174 427)**	**(1 174 427)**	**–**	**–**
		(78 449 209)	**(56 998 118)**	**(21 451 091)**	**–**

* Contractual cash flows include interest payments. Where contractual cash flows on maturity are not fixed, the amount disclosed in the maturity analysis is determined by reference to the conditions at year-end (i.e. spot rates and forward curves, where applicable).

** The amount payable or receivable has been based on the estimated forward exchange rates at the settlement date. Forward exchange contracts are settled on a gross basis, while all other derivatives are net settled. For gross settled derivatives, the cash outflow has been included in financial liabilities, while the cash inflow is included in financial assets.

*** The amounts due in one to five years relate to the repayment of the bond, the revolving credit facility and the domestic medium term notes.

1 Issued financial guarantees contracts are all repayable on demand, however the likelihood of default is considered remote. Refer to note 18.

Available facilities at 30 June 2021 amounted to R55 billion, which is sufficient to fund the short fall gap in the foreseeable future.

	Note	Group Contractual cash flows* R '000	 Within one year R '000	 One to five years R '000	 More than five years R '000
2020					
Financial assets					
Non-derivative instruments					
Loans to Sasol group companies	11	179 292 773	33 296 450	21 537 085	124 459 238
Other receivables	12	793 361	793 361	–	–
Cash and cash equivalents	9	23 252 617	23 252 617	–	–
		203 338 751	57 342 428	21 537 085	124 459 238
Derivative instruments					
Foreign exchange contracts**	10	7 986 786	7 986 786	–	–
Crude oil options	10	113 327	113 327	–	–
Ethane swaps	10	103 845	103 845	–	–
		211 542 709	65 546 386	21 537 085	124 459 238
Financial liabilities					
Non-derivative instruments					
External debt***	19	(101 453 638)	(24 850 200)	(76 603 438)	–
Loans and deposits by Sasol group companies	11	(47 337 597)	(47 337 597)	–	–
Other payables	20	(1 831 222)	(1 831 222)	–	–
Bank overdraft	9	(503 085)	(503 085)	–	–
		(151 125 542)	(74 522 104)	(76 603 438)	–
Financial guarantees[1]	18	(12 913 572)	(12 913 572)	–	–
Derivative instruments					
Foreign exchange contracts	18	(3 683 038)	(3 683 038)	–	–
Crude oil zero cost collars	18	(173 831)	(173 831)	–	–
Ethane swaps	18	(230 114)	(230 114)	–	–
Foreign exchange zero cost collars	18	(2 860 613)	(2 860 613)	–	–
		(170 986 710)	(94 383 272)	(76 603 438)	–

* Contractual cash flows include interest payments. Where contractual cash flows on maturity are not fixed, the amount disclosed in the maturity analysis is determined by reference to the conditions at year-end (i.e. spot rates and forward curves, where applicable).

** The amount payable or receivable has been based on the estimated forward exchange rates at the settlement date. Forward exchange contracts are settled on a gross basis, while all other derivatives are net settled. For gross settled derivatives, the cash outflow has been included in financial liabilities, while the cash inflow is included in financial assets.

*** The amounts due in one to five years relate to the repayment of the bond, the revolving credit facility and the domestic medium term notes.

1 Issued financial guarantees contracts are all repayable on demand, however the likelihood of default is considered remote. Refer to note 18.

	Note	Company Contractual cash flows* R '000	Within one year R '000	One to five years R '000	More than five years R '000
2021					
Financial assets					
Non-derivative instruments					
Loans to Sasol group companies	11	**25 971 492**	**13 709 070**	**12 262 422**	**–**
Other receivables	12	**819 200**	**819 200**	**–**	**–**
Cash and cash equivalents	9	**12 389 113**	**12 389 113**	**–**	**–**
		39 179 805	**26 917 383**	**12 262 422**	**–**
Derivative instruments					
Foreign exchange contracts**	10	**4 410 345**	**4 410 345**	**–**	**–**
		43 590 150	**31 327 728**	**12 262 422**	**–**
Financial liabilities					
Non-derivative instruments					
External debt***	19	**(2 311 542)**	**(108 256)**	**(2 203 286)**	**–**
Loans and deposits by Sasol group companies	11	**(19 942 706)**	**(19 942 706)**	**–**	**–**
Other payables	20	**(237 970)**	**(237 970)**	**–**	**–**
Bank overdraft	9	**–**	**–**	**–**	**–**
		(22 492 218)	**(20 288 932)**	**(2 203 286)**	**–**
Financial guarantees[1]	18	**1 343 826**	**1 343 826**	**–**	**–**
Derivative instruments					
Foreign exchange contracts**	18	**(4 354 832)**	**(4 354 832)**	**–**	**–**
		(25 503 224)	**(23 299 938)**	**(2 203 286)**	**–**

* Contractual cash flows include interest payments. Where contractual cash flows on maturity are not fixed, the amount disclosed in the maturity analysis is determined by reference to the conditions at year-end (i.e. spot rates and forward curves, where applicable).

** Where a derivative is linked to an index, the amount payable or receivable has been based on the estimated forward exchange rates at the settlement date. Forward exchange contracts are settled on a gross basis, while all other derivatives are net settled. For gross settled derivatives, the cash outflow has been included in financial liabilities, while the cash inflow is included in financial assets.

*** The amounts due in one to five years relate to the repayment of the domestic medium term notes.

1 Issued financial guarantees contracts are all repayable on demand, however the likelihood of default is considered remote. Refer to note 18.

	Note	Company			
		Contractual cash flows*	Within one year	One to five years	More than five years
		R '000	R '000	R '000	R '000
2020					
Financial assets					
Non-derivative instruments					
Loans to Sasol group companies	11	36 057 510	19 692 601	14 648 189	1 716 720
Other receivables	12	738 000	738 000	–	–
Cash and cash equivalents	9	12 055 797	12 055 797	–	–
		48 851 307	32 486 398	14 648 189	1 716 720
Derivative instruments					
Foreign exchange contracts**	10	6 039 201	6 039 201	–	–
		54 890 508	38 525 599	14 648 189	1 716 720
Financial liabilities					
Non-derivative instruments					
Loans and deposits by Sasol group companies	11	(25 157 919)	(25 157 919)	–	–
External debt***	19	(6 740 310)	(4 405 392)	(2 334 918)	–
Other payables	20	(168 204)	(168 204)	–	–
Bank overdraft	9	(503 085)	(503 085)	–	–
		(32 569 518)	(30 234 600)	(2 334 918)	–
Financial guarantees[1]	18	(5 854 448)	(5 854 448)	–	–
Derivative instruments					
Foreign exchange contracts**	18	(5 629 354)	(5 629 354)	–	–
		(44 053 320)	(41 718 402)	(2 334 918)	–

* Contractual cash flows include interest payments. Where contractual cash flows on maturity are not fixed, the amount disclosed in the maturity analysis is determined by reference to the conditions at year-end (i.e. spot rates and forward curves, where applicable).

** Where a derivative is linked to an index, the amount payable or receivable has been based on the estimated forward exchange rates at the settlement date. Forward exchange contracts are settled on a gross basis, while all other derivatives are net settled. For gross settled derivatives, the cash outflow has been included in financial liabilities, while the cash inflow is included in financial assets.

*** The amounts due in one to five years relate to the repayment of the domestic medium term notes.

1 Issued financial guarantees contracts are all repayable on demand, however the likelihood of default is considered remote. Refer to note 18.

Market risk

Market risk is the risk arising from possible market price movements and their impact on the future cash flows of the business. The market price movements that the group and company are exposed to, include foreign currency exchange rates, commodity prices and interest rates. The Sasol group has developed policies aimed at managing the volatility inherent in these exposures which are discussed in the risks below.

Foreign currency risk

Foreign currency risk is a risk that earnings and cash flows will be affected due to changes in exchange rates. The group and company are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities.

How we manage the risk

The Audit Committee sets broad guidelines in terms of tenor and hedge cover ratios specifically to assess future currency exposure and large forward cover amounts for long periods into the future, which have the potential to materially affect our financial position. These guidelines and our hedging policy are reviewed from time to time. This hedging strategy enables us to better predict cash flows and thus manage our working capital and debt more effectively. Foreign currency risks are managed through the Sasol group's hedging policy and financing policies that direct the selective use of various derivatives.

Our exposure to and assessment of the risk

Zero-cost collars

In line with the implemented risk mitigation strategy, the Sasol group hedges a significant portion of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 12 months. The group uses zero-cost collars to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Foreign exchange contracts

Foreign exchange contracts (FECs) are utilised throughout the group to hedge the risk of currency depreciation on committed and highly probable forecast transactions. Transactions hedged with FECs include capital and goods purchases (imports) and sales (exports). Other transactions hedged include certain intercompany loans which expose the group and company to foreign currency risk.

A number of FECs were entered into during the year and classified as held for trading. FECs are also utilised in the group in cash flow hedge relationships. FECs taken out to hedge exposure to fluctuations in the rand/US$ exchange rate were held over a total notional amount of USD300 million and EUR100 million at 30 June 2021 (2020 – EUR100 million).

The following significant exchange rates were applied during the year:

	Average rate		Closing rate	
	2021 Rand	2020 Rand	2021 Rand	2020 Rand
Rand/Euro	18,38	17,34	16,93	19,46
Rand/US dollar	15,40	15,69	14,28	17,33

The exposure of the group's and company's financial assets and liabilities to currency risk is as follows:

	Group			
	2021		2020	
	Euro R '000	US dollar R '000	Euro R '000	US dollar R '000
Cash	1 887 095	103 438	1 459 548	101 444
Net exposure on assets	1 887 095	103 438	1 459 548	101 444
Net exposure on liabilities	–	–	–	–
Exposure on external balances	1 887 095	103 438	1 459 548	101 444
Net exposure on balances between group companies	(4 171 975)	4 181 770	(3 240 834)	5 099 410
Foreign exchange contracts	1 714 389	(4 354 669)	1 946 323	(5 629 330)
Total net exposure	(570 491)	(69 461)	165 037	(428 476)

	Company			
	2021		2020	
	Euro R '000	US dollar R '000	Euro R '000	US dollar R '000
Cash	119 922	103 438	15 582	101 444
Net exposure on assets	119 922	103 438	15 582	101 444
Net exposure on liabilities	–	–	–	–
Exposure on external balances	119 922	103 438	15 582	101 444
Net exposure on balances between group companies	(119 922)	4 181 770	(15 582)	5 099 410
Foreign exchange contracts	163	(4 354 669)	7	(5 629 330)
Total net exposure	163	(69 461)	7	(428 476)

Sensitivity analysis

The following sensitivity analysis is provided to show the foreign currency exposure of the group and company at the end of the reporting period. This analysis is prepared based on the statement of financial position balances that exist at year end, for which there is currency risk. The expected effect on the income statement and equity is calculated based on the net balance sheet exposure at the end of the reporting period, after taking into account forward exchange contracts which exist at that point in time. The effect on equity is calculated as the effect on profit and loss. This sensitivity represents the exposure of the group and company at a point in time, based only on recognised balances for which currency risk has been identified.

A 10 percent strengthening of the rand on the group/company's exposure to foreign currency risk at 30 June would have decreased/(increased) either the equity or the income statement by the amounts below before the effect of tax. This analysis assumes that all other variables, in particular interest rates, remain constant and has been performed on the same basis for 2020.

	Group				Company			
	2021		2020		**2021**		2020	
	Equity R '000	**Income Statement R '000**	Equity R '000	Income statement R '000	**Equity R '000**	**Income Statement R '000**	Equity R '000	Income statement R '000
Euro	**57 049**	**57 049**	(16 504)	(16 504)	**16**	**16**	(1)	(1)
US dollar	**6 946**	**6 946**	42 848	42 848	**6 946**	**6 946**	42 848	42 848

A 10 percent weakening in the rand against the above currencies at 30 June would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Foreign exchange contracts

All forward exchange contracts are supported by underlying commitments or transactions.

	Group			
	Contract foreign currency amount thousand	**Contract amount – rand equivalent R '000**	**Average rate of exchange (calculated)**	**Accumulated fair value (losses)/ gains R '000**
2021				
Transactions including commitments which have been contracted for				
Derivative instruments – fair value through profit and loss				
Financial assets				
Euro	**100 000**	**1 714 389**	**17,14**	**19 731**
US dollar	**16 840**	**222 097**	**13,19**	**(129 175)**
Financial liabilities				
US dollar	**283 160**	**4 132 572**	**14,59**	**73 825**
2020				
Transactions including commitments which have been contracted for				
Derivative instruments – fair value through profit and loss				
Financial liabilities				
Euro	100 000	1 946 316	19,46	73
US dollar	268 807	5 094 761	18,95	416 035
Financial assets				
Euro	–	–	–	–
US dollar	31 193	534 570	17,14	(6 212)

	Company			
	Contract foreign currency amount	Contract amount – rand equivalent	Average rate of exchange (calculated)	Accumulated fair value (losses)/ gains
	thousand	R '000		R '000
2021				
Transactions including commitments which have been contracted for				
Derivative instruments – fair value through profit and loss				
Financial assets				
US dollar	**16 840**	**222 097**	**13,19**	**(129 175)**
Financial liabilities				
US dollar	**283 160**	**4 132 572**	**14,59**	**73 825**
2020				
Transactions including commitments which have been contracted for				
Derivative instruments – fair value through profit and loss				
Financial liabilities				
US dollar	268 807	5 094 761	18,95	416 035
Financial assets				
US dollar	31 193	524 570	17,14	(6 212)

Interest rate risk

Interest rate risk is the risk that the value of short term investments and financial activities will change as a result of fluctuations in the interest rates.

Fluctuations in interest rates impact on the value of short-term investments and financing activities, giving rise to interest rate risk. Exposure to interest rate risk is particularly with reference to changes in South African, European and US interest rates.

How we manage the risk

The debt of the group and company is structured on a combination of fixed and floating rates. The benefits of fixing or capping interest rates on the group and company's various financing activities are considered on a case-by-case and project-by-project basis, taking the specific and overall risk profile into consideration.

In respect of financial assets, the group and company's policy is to invest cash at floating rates of interest and cash reserves are to be maintained in short-term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Our exposure to and assessment of the risk

The group and company have exposure to the US dollar London Interbank Overnight Rate (LIBOR) through various instruments, including intercompany loans and revolving credit facilities.

Furthermore, the Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks tasked globally by financial market participants. This review seeks to replace existing IBORs with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Revenue Bank ("SARB") has indicated their intention to move away from Johannesburg Interbank Average Rate (JIBAR) and to create an alternative reference rate for South Africa. This reform is at various stages globally, a suitable alternative for South Africa is only expected to be announced in a few years' time. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the group and company. Management is monitoring developments in this reform.

Developments in respect of the proposed reform of the US dollar LIBOR and JIBAR and the impact thereof on our LIBOR and JIBAR linked debt facilities are actively monitored. Changes to the interest rate benchmark will be considered in conjunction with the surrounding facts and circumstances at the time and appropriate changes and resetting of rates with counterparties will be negotiated and agreed.

At the reporting date, the interest rate profile of the group and company's interest-bearing financial instruments was:

	Group Carrying value		Company Carrying value	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Variable rate instruments				
Financial assets	**77 302 452**	166 735 220	**34 655 439**	44 627 206
Financial liabilities	**(39 698 162)**	(125 070 854)	**(21 362 822)**	(32 136 732)
	37 604 290	41 664 366	**13 292 617**	12 490 474
Fixed rate instruments				
Financial assets	**–**	–	**–**	–
Financial liabilities	**(14 320 506)**	(17 352 117)	**–**	–
	(14 320 506)	(17 352 117)	**–**	–
Interest profile (variable: fixed rate as a percentage of total financial assets)	**100:0**	100:0	**100:0**	100:0
Interest profile (variable: fixed rate as a percentage of total financial liabilities)	**73:27**	88:12	**100:0**	100:0

Cash flow sensitivity for variable rate instruments

Financial instruments affected by interest rate risk include borrowings, deposits and derivative financial instruments. A change of one percent in the prevailing interest rate in that region at the reporting date would have increased /(decreased) the statement of comprehensive income by the amounts shown below before the effect of tax. The sensitivity analysis has been prepared on the basis that all other variables, in particular foreign currency rates, remain constant and has been performed on the same basis for 2020.

	Group		Company	
	Income statement - 1% increase	Income statement - 1% decrease	Income statement - 1% increase	Income statement - 1% decrease
	R '000	R '000	R '000	R '000
30 June 2021	**376 043**	**(376 043)**	**132 926**	**(132 926)**
30 June 2020	416 644	(416 644)	124 905	(124 905)

Commodity price risk

Commodity price risk is the risk of fluctuations in our earnings as a result of fluctuation in the price of commodities.

How we manage the risk

The company's subsidiary, on behalf of the Group, makes use of derivative instruments, including options and commodity swaps as a means of mitigating price movements and timing risks on crude oil purchases and sales, ethane purchases and export coal sales. The company's subsidiary entered into hedging contracts which provide downside protection against decreases in the ethane price, Brent crude oil price and export coal price.

Our exposure to and assessment of the risk

Refer to summary of derivatives for further detail.

Summary of our derivatives

In the normal course of business, Sasol Financing International Limited, a subsidiary of the company, entered into various derivative transactions to mitigate the Sasol group's exposure to the Rand/US dollar exchange rates, oil price, ethane price and coal price. Derivative financial instruments are entered into over foreign exchange and commodity exposures. Derivative instruments used by the Sasol group in hedging activities include swaps, options, forwards and other similar types of instruments based on foreign exchange rates and the prices of commodities.

Statement of comprehensive income impact	Group		Company	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Financial instruments				
Net (loss)/gain on derivative instruments				
Foreign exchange contracts	**1 171 598**	(669 899)	**1 194 364**	(575 300)
Foreign exchange zero cost collars	**4 027 774**	(4 297 755)	**–**	–
Crude oil put options	**(1 871 600)**	(153 089)	**–**	–
Crude oil zero cost collars	**(1 544 928)**	(157 400)	**–**	–
Crude oil swaps	**(1 267 239)**	(159 628)	**–**	–
Ethane swaps	**680 253**	(732 257)	**–**	–
	1 195 858	(6 170 028)	**1 194 364**	(575 300)

Statement of financial position impact	Group		Company	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Financial instrument				
Derivative financial assets				
Foreign exchange contracts	**77 714**	417 365	**77 714**	416 096
Foreign exchange zero cost collars	**1 149 231**	–	**–**	–
Crude oil put options	**45 966**	113 327	**–**	–
Ethane swaps	**155 527**	103 845	**–**	–
	1 428 438	634 537	**77 714**	416 096
Derivative financial liabilities				
Ethane swaps	**–**	(230 114)	**–**	–
Foreign exchange contracts	**(42 100)**	(6 249)	**(22 201)**	(6 249)
Crude oil put options	**(45 966)**	–	**–**	–
Crude oil zero cost collars	**(1 125 435)**	(173 831)	**–**	–
Foreign exchange zero cost collars	**(1 174 427)**	(2 860 613)	**–**	–
	(2 387 928)	(3 270 807)	**(22 201)**	(6 249)

In addition to foreign exchange contracts utilised in normal operating activities, the following derivatives were entered into to mitigate the risks associated with the crude oil price, the Rand/USD exchange rate and the ethane price.

		2021	2020
Rand/US dollar currency – Zero-cost collar instruments			
US$ exposure - open positions	US$'000	**8 200 000**	10 095 000
Open positions	US$'000	**2 800 000**	5 370 000
Settled	US$'000	**5 400 000**	4 725 000
Annual average floor	R/US$	**14,5**	14,8
Annual average cap	R/US$	**17,5**	17,8
Gains /losses) recognised in the income statement	R'000	**4 027 774**	(4 297 755)
Asset included in the statement of financial position	R'000	**1 149 231**	–
Liability included in the statement of financial position	R'000	**(1 174 427)**	(2 860 613)
Ethane – Swap options			
Number of barrels	million	**30,2**	38,9
Open positions	million	**4,0**	21,5
Settled	million	**26,2**	17,4
Average ethane swap price (open positions)	US$ c/gal	**23,0**	20,0
Gains/(losses) recognised in the income statement	R'000	**680 253**	(732 257)
Asset included in the statement of financial position	R'000	**155 527**	103 845
Liability included in the statement of financial position	R'000	**–**	(230 114)
Brent crude oil – Put options			
Premium paid	US$'000	**108 000**	17 350
Number of barrels	million	**32,5**	6,5
Open positions-purchased	million	**10,0**	5,5
Open positions-sold	million	**(10,0)**	–
Settled	million	**32,5**	1,0
Average Brent crude oil price floor, net of costs (open positions)	US$/bbl	**–**	34,49
Losses recognised in the income statement	R'000	**(1 871 600)**	(153 089)
Asset included in the statement of financial position	R'000	**45 966**	113 327
Liability included in the statement of financial position	R'000	**(45 966)**	–
Brent crude oil – Swap options			
Number of barrels - settled during year	million	**18,0**	5,0
Average Brent crude oil swap price (open positions)	US$/ton	**67,24**	31,40
Losses recognised in the income statement	R'000	**(1 267 239)**	(159 628)
Brent crude oil – Zero cost collar instruments			
Number of barrels - open positions	million	**29,1**	3,1
Average Brent crude oil price floor, net of costs (open positions)	US$/bbl	**60,09**	31,79
Average Brent crude oil price cap, net of costs (open positions)	US$/bbl	**71,97**	39,88
Losses recognised in the income statement	R'000	**(1 544 928)**	(157 400)
Liabillty included in the statement of financial position	R'000	**(1 125 435)**	(173 831)

Sensitivity analysis

The fair value of significant derivatives held for trading is impacted by a number of market observable variables at valuation date. The sensitivities provided below reflect the impact on fair value as a result of movements in the significant input variables utilised for valuation purposes:

		Volatility		Ethane price		Brent crude oil price		Rand/US$	
30 June 2021		**+2%**	**-2%**	**+USD 2/c/g**	**-USD 2/c/g**	**+USD 2/bbl**	**-USD 2/bbl**	**+R1/USD***	**-R1/USD***
Crude oil put options	R'000					**(385 313)**	**385 313**		
Ethane swap options	R'000			**14 388**	**(14 388)**				
Foreign exchange zero cost collars	R'000	**85 685**	**(85 685)**					**(1 701 593)**	**1 701 593**
Crude oil zero cost collars	R'000	**(29 170)**	**29 170**			**(381 688)**	**381 688**		

		Volatility		Ethane price		Brent crude oil price		Rand/US$	
30 June 2020		+2%	-2%	+USD 2/c/g	-USD 2/c/g	+USD 2/bbl	-USD 2/bbl	+R1/USD	-R1/USD
Crude oil put options	R'000					(45 496)	54 597		
Ethane swap options	R'000			328 975	(328 975)				
Foreign exchange zero cost collars	R'000	(196 227)	209 418					(2 503 988)	2 171 691
Crude oil zero cost collars	R'000	(11 662)	14 372			(80 794)	71 534		

* A weakening of the Rand/US$ spot exchange rate of R0,44 will likely result in the spot price falling within the corridor of the cap and floor rates of the zero-cost collars. No gain or loss will be made if these derivatives are settled at a spot price between the cap and floor. The exchange rate would have to weaken by at least R0,44/US$, up to the cap of R17,77, before losses are incurred on the derivatives.

28.2 Fair value

Various valuation techniques and assumptions are utilised for the purpose of calculating fair value.

The company does not hold any financial instruments traded in an active market except for the listed long-term debt. Fair value is determined using valuation techniques as outlined below. Where possible, inputs are based on quoted prices and other market determined variables.

Fair value hierarchy

The following table is provided representing the assets and liabilities measured at fair value at reporting date, or for which fair value is disclosed at reporting date.

The calculation of fair value requires various inputs into the valuation methodologies used.

The source of the inputs used affects the reliability and accuracy of the valuations. Significant inputs have been classified into the hierarchical levels in line with IFRS 13, as shown below.

There have been no transfers between levels in the current year. Transfers between levels are considered to have occurred at the date of the event or change in circumstances.

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices that are observable for the asset or liability (directly or indirectly).

Level 3 Inputs for the asset or liability that are unobservable.

Financial instrument	Group: Fair value 30 June 2021	Group: Fair value 30 June 2020	Company: Fair value 30 June 2021	Company: Fair value 30 June 2020	Valuation method	Significant inputs	Fair value hierarchy of inputs
Financial assets							
Loans to Sasol group companies	**56 836 980**	142 626 793	**22 266 326**	32 476 136	Discounted cash flow	Market related interest rates	Level 3**
Other receivables (excl pre-payments)	**845 200**	793 361	**819 200**	738 000	Discounted cash flow	Market related interest rates	Level 3*
Cash and cash equivalents	**20 465 472**	23 252 617	**12 389 113**	12 055 797	***	***	Level 1
Financial assets (derivatives)	**1 428 433**	634 537	**77 714**	416 096	Forward rate interpolator model, appropriate currency specific discount curve, discounted expected cash flows, numerical approximation	Forward exchange contracted rates, market foreign exchange rates, forward contract rates, market commodity prices, coal prices, crude oil prices, ethane prices	Level 2
Financial liabilities							
Listed external debt[1]	**(16 883 792)**	(17 765 882)	**(2 180 439)**	(2 197 262)	Fair valued at quoted market price	Quoted market price for the instrument	Level 1
Unlisted external debt[2]	**(4 932 961)**	(75 032 910)	**–**	(4 278 466)	Discounted cash flow	Market related interest rates	Level 3**
Loans and deposits by Sasol group companies	**(34 765 201)**	(47 337 597)	**(19 171 992)**	(25 157 919)	Discounted cash flow	Market related interest rates	Level 3**
Bank overdraft	**–**	(503 085)	**–**	(503 085)	Discounted cash flow	Market related interest rates	Level 3*
Other payables (excluding tax and VAT payable)	**(884 825)**	(1 831 222)	**(237 970)**	(168 204)	Discounted cash flow	Market related interest rates	Level 3*
Financial liabilities - guarantees[3]	**(263 556)**	(296 240)	**(1 579)**	(30 503)	Expected loss model	Probability of default, WACC and loss given default	Level 3
Financial liabilities - derivative	**(2 387 928)**	(3 270 807)	**(22 201)**	(6 249)	Forward rate interpolator model, appropriate currency specific discount curve, discounted expected cash flows, numerical approximation	Forward exchange contracted rates, market foreign exchange rates, forward contract rates, market commodity prices, coal prices, crude oil prices	Level 2

* The fair value of these instruments approximates their carrying value, due to their short-term nature.

** The fair value of these instruments approximates their carrying value, due to market related interest rates being charged on these loans.

*** The carrying value of cash is considered to reflect its fair value.

1 The fair value of listed debt is based on the quoted market price for the bond.

2 The fair value of unlisted debt is based on the current rates available for debt with the same maturity profile and with similar cash flows. Market related rates ranging between 1,43% and 3,26% (2020: 1,42% and 3,44%) were used to discount estimated cash flows based on the underlying currency of the debt.

3 Initial fair value is calculated by reference to either the premium received or the expected loss model where three factors are considered: The notional amount of the guarantee, the probability of default and the loss given default. A premium of the weighted average cost of capital is then applied to determine the minimum level of return required. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount initially recognised less cumulative adjustments relating to amortisation; and expected credit loss.

Accounting policies:

Derivative financial instruments and hedging activities

The group is exposed to market risks from changes in interest rates, foreign exchange rates and commodity prices. The group uses derivative instruments to hedge its exposure to these risks.

All derivative financial instruments are initially recognised at fair value and are subsequently stated at fair value at the reporting date. Attributable transaction costs are recognised in the income statement when incurred. Resulting gains or losses on derivative instruments, excluding designated and effective hedging instruments, are recognised in the income statement.

To the extent that a derivative instrument has a maturity period of longer than one year, the fair value of these instruments will be reflected as a non-current asset or liability.

Economic hedges

When derivative instruments, including forward exchange contracts, are entered into as fair value hedges, no hedge accounting is applied. All gains and losses on fair value hedges are recognised in the income statement.

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