sasol

SASOL FINANCING USA LLC

ANNUAL FINANCIAL STATEMENTS

30 June 2021

PLANET

PEOPLE

PROFIT

Purpose

Innovating for a better world

Sasol Financing USA LLC

Annual financial statements for the year ended 30 June 2022

Contents

Report of Independent Auditors

To the Management of Sasol Financing USA LLC

Opinion

We have audited the accompanying financial statements of Sasol Financing USA LLC (the "Company"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 20 to the financial statements, the Company has significant transactions with affiliates of Sasol Limited, the ultimate parent company. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern for at least, but not limited to, twelve months from the end of the reporting period, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Houston, Texas
October 31, 2022

Income Statement

for the year ended 30 June

	Note	2022 US$ '000	2021 US$ '000
Revenue	3	**368 907**	315 727
Finance income costs	4	**(298 928)**	(265 079)
Other income/(expense), net		**76 201**	(790)
Translation gains	5	**10**	10
Financial instrument gain	6	**75 695**	1 101
Expected credit losses raised	7	**1 162**	(462)
Other operating expenses	8	**(666)**	(1 439)
Profit before tax		**146 180**	49 858
Taxation	9	**–**	–
Profit for the year		**146 180**	49 858

Statement of comprehensive income

for the year ended 30 June

	2022 US$ '000	2021 US$ '000
Profit for the year	**146 180**	49 858
Other comprehensive income		
Items that can be subsequently reclassified to the income statement		
Transfer to Income Statement	**57 990**	56 618
Tax	**(13 338)**	(13 482)
Effect of cash flow hedges*	**44 652**	45 136
Total comprehensive gain for the year	**190 832**	94 994

* The effect of cash flow hedges relate to the interest rate swaps – refer to note 23.

Statement of financial position

at 30 June

	Note	2022 US$ '000	2021 US$ '000
Assets			
Non-current assets			
Long-term loans to Sasol group companies	10	**6 281 091**	6 592 525
Cash	11	**1 664**	531
Other receivables	12	**–**	13 335
Current assets		**1 664**	13 866
Total assets		**6 282 755**	6 606 391
Equity and liabilities			
Equity			
Member's equity		**1 037 605**	846 773
Long-term financial liabilities	13	**–**	103 047
Long-term debt	14	**5 010 043**	5 374 976
Non-current liabilities		**5 010 043**	5 478 023
Short-term financial liabilities	13	**–**	44 258
Short-term debt	15	**222 639**	222 731
Other payables	16	**12 468**	14 606
Current liabilities		**235 107**	281 595
Total equity and liabilities		**6 282 755**	6 606 391

Statement of changes in equity

for the year ended 30 June

	Member's capital	Cash flow Hedge reserve	Retained Losses	**Member's equity/ (deficit)**
	US$ '000	US$ '000	US$ '000	**US$ '000**
Balance at 30 June 2020	917 029	(89 788)	(117 462)	**709 779**
Contributions from member	42 000	–	–	**42 000**
Net loss and comprehensive loss for the year	–	45 136	49 858	**94 994**
Income for the year	–	–	49 858	**49 858**
other comprehensive income for the year	–	45 136	–	**45 136**
Balance at 30 June 2021	959 029	(44 652)	(67 604)	**846 773**
Total comprehensive income for the year	–	44 652	146 180	**190 832**
Income for the year	–		146 180	**146 180**
Other comprehensive income for the year	–	44 652		**44 652**
Balance at 30 June 2022	959 029	-	78 576	**1 037 605**

Statement of cash flows

for the year ended 30 June

	Note	2022 US$ '000	2021 US$ '000
Cash generated/(utilized) in operating activities	17	**431 632**	(506 996)
Contributions from member		-	42 000
Proceeds from short-term debt	15	-	307
Proceeds from long-term debt	14	-	1 688 832
Repayment of short-term debt	15	-	(1 002 291)
Repayment of long-term debt	14	**(430 499)**	(242 954)
Cash generated by financing activities		**(430 499)**	485 894
(Decrease)/increase in cash and cash equivalents		**1 133**	(21 102)
Cash and cash equivalents at the beginning of year		**531**	21 633
Cash and cash equivalents at the end of the year	11	**1 664**	531

Notes to the financial statements

1 Statement of compliance

The 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 financial statements were approved for issue by the directors on 31 October 2022 and are signed on its behalf by:

Nina Stofberg

Director.

Nature of business

Sasol Financing USA LLC (SFUSA or Company), a wholly owned subsidiary of Sasol (USA) Corporation, was formed as a limited liability company, domiciled in Delaware and incorporated in the United States of America. The principal place of business is 12120 Wickchester Lane, Houston, Texas, 77079. SFUSA is responsible for financing arrangements as well as general financing and treasury matters in respect of Sasol Limited's operations in the United States of America.

Basis of preparation of financial results

The 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 financial results are presented in US Dollar, which is Sasol Financing USA LLC functional and presentation currency, rounded to the nearest thousand.

The financial statements are prepared on the going concern basis. Refer to note 2.

IBOR reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The company's exposure to IBORs arise from the US Dollar-denominated term loan and revolving credit facilities which reference the variable 3-month US dollar London Interbank Overnight Rate (LIBOR). On 29 September 2021 the Financial Conduct Authority (FCA) confirmed that it expects that the 3-month US dollar settings will continue to be published based on the current 'panel bank' LIBOR methodology, and on a representative basis, until end-June 2023.

As a result, the contractual arrangements relating to the term loan and revolving credit facilities were amended to replace the US dollar LIBOR with the Secured Overnight Financing Rate (SOFR) effective 15 March 2022. The transition also entailed the addition of a fixed credit adjustment spread to the SOFR and new fallback clauses. The fixed credit adjustment spread is based on the rate published by Bloomberg Index Services Limited following the FCA's Cessation Announcement on 5 March 2021.

The company has applied the relief of 'Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' (IBOR reform Phase 2) to these contract amendments. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR). Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

The company entered into seven interest rate swaps in July 2019 to hedge its exposure to the variable USD LIBOR. A portion of the interest rate swaps were designated as hedging instruments in a cash flow hedge. Effective 15 March 2022, two of the swaps were transitioned to SOFR on the same basis as for the above debt instruments. The company applied the reliefs provided by LIBOR reform Phase 2 that allow the company's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. For the remaining swaps, the Phase 1 amendments allowed hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform. Hedge ineffectiveness arising from the impacts of the reform was immaterial and has been fully recognised in profit or loss.

In June 2022, all of the interest rate swaps were terminated. Refer to note 23. As at 30 June 2022 the company has no remaining exposure to LIBOR.

Accounting policies

The accounting policies applied in the preparation of these financial statements are in terms of IFRS and are consistent with those applied in the financial statements for the period ended 30 June 2022.

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 Company from 1 July 2023, will be applied retrospectively and are not expected to significantly impact the Company.

2 Going concern

In determining the appropriate basis of preparation of the annual financial statements, Management is required to consider whether Sasol Financing USA LLC can continue in operational existence for the foreseeable future.

The company generated a profit and positive cash flows for the year ended 30 June 2022. The Company is a wholly owned subsidiary of Sasol Limited. The Company manages liquidity risk by making use of a central treasury function. The central treasury function with Sasol Limited manages pooled business unit cash investments as well as borrowing requirements for the Company. The ability of the Company to meet its obligations as they become due is dependent on continued financial support from Sasol Limited. The Company has access to additional funding due to its participation in a revolving credit facility with Sasol Financing International (SFI) and Sasol Financing Limited (SFIL), the lending entities of Sasol Limited. Total available funds from this revolving facility as of 30 June 2022 were US$2,8 billion. Funding is available upon request and approval from SFI or SFIL.

All debt of the Company is guaranteed by Sasol Limited.

Management is of the opinion that the going concern assumption is appropriate in the preparation of the financial statements of the Company.

for the year ended 30 June	Note	2022 US$ '000	2021 US$ '000
3 Revenue			
Guarantee fee income – inter-company	20	**25 905**	27 969
Interest income on loans and receivables	20	**343 002**	287 758
		368 907	315 727

Accounting policies:

Revenue consists primarily of the interest income and guarantee fee 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.

Fee income includes guarantee 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	2022 UD$ '000	2021 US$ '000
4 Finance costs			
Guarantee fee expense – inter-company	20	**25 905**	27 971
Interest Expense – inter-company	20	**610**	1 254
Finance charges (arranging and commitment fees)		**613**	633
Debt – external		**264 895**	227 271
		292 023	257 129
Amortisation of loan costs		**6 905**	7 950
		298 928	265 079

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	2022 US$ '000	2021 US$ '000
5 Translation gains/(losses)		
Arising from		
Other payables	**10**	10

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

for the year ended 30 June	Note	2022 US$ '000	2021 US$ '000
6 Financial instrument gains			
Gain on derivative instruments			
Interest rate swap*	23	**75 695**	1 101

* Relates to gain on early termination of interest rate swaps now not designated in a hedging relationship as well as the impact of unwinding all of our hedging relationships on 30 April 2022. The cumulative gain on the hedging instrument should be recognized/recycled through profit and loss if the forecast transaction (remaining future interest rate payments are made on variable US$ debt) are no longer probable. Given the shortfall of expected future variable US$ debt in Group forecast, the cash flow hedge reserve is recognized / recycled to the profit and loss fully in FY22 – refer to note 23.

for the year ended 30 June	2022 US$ '000	2021 US$ '000
7 Expected credit losses (raised)/released		
Net expected credit losses raised		
loans to Sasol group companies	**1 162**	(473)
related party receivables	**-**	11
	1 162	(462)

Refer to note 23 for details on the impairment recognised.

for the year ended 30 June	2022 US$ '000	2021 US$ '000
8 Other operating expenses		
Professional fees	**158**	544
Management fees	**508**	828
Other expenses	**-**	67
	666	1 439

for the year ended 30 June	2022 UD$ '000	2021 US$ '000

9 Taxation

The Company is a single member limited liability company and was structured as a disregarded entity for federal, state and local income tax purposes. Therefore, no provision for income taxes is made in the Company's financial statements. The income of the Company is included in the income tax return of its taxable owner, Sasol (USA) Corporation (SUSAC). There is no tax-sharing arrangement with SUSAC and the Company is not severally liable for the current and deferred income taxes of its taxable owner.

10 Loans to Sasol group companies

During the year the Company in the ordinary course of business, granted loans to fellow subsidiaries in the Sasol group.

Long-term loans to Sasol group companies bear interest at variable (Libor + margin) and fixed rates. These rates ranged between 2,77% - 6,72%. The term of the loans are 10 years.

for the year ended 30 June	Note	2022 US$ '000	2021 UD$ '000
Long-term loans to Sasol group companies		**6 281 091**	6 592 525
Intercompany long-term receivables	20	**6 297 780**	6 610 373
Expected credit loss on long-term receivables		**(16 689)**	(17 848)
		6 281 091	6 592 525

Impairment

Long-term loans and receivables are considered for impairment under the expected credit loss model. Refer to note 23 for detail on the impairment recognised.

Exposure to credit risk

The carrying value represents the maxi

mum credit exposure.

for the year ended 30 June	Stage 1 US$'000	Total expected credit loss US$'000
Expected credit loss reconciliation of long- and short-term loans to Sasol group companies		
2022		
Balance at beginning of year	**17 849**	**17 849**
Net impairments raised	**(1 162)**	**(1 162)**
ECL on financial assets recognised	**-**	**-**
ECL on financial assets derecognised	**-**	**-**
Changes in risk parameters	**(1 162)**	**(1 649)**
Balance at end of year	**16 687**	**16 687**

for the year ended 30 June	Stage 1 US$'000	Total expected credit loss US$'000
Expected credit loss reconciliation of long- and short-term loans to Sasol group companies		
2021		
Balance at beginning of year	**17 849**	**17 376**
Net impairments raised	**473**	**473**
ECL on financial assets recognised	**2 219**	**2 219**
ECL on financial assets derecognised	**(97)**	**(97)**
Changes in risk parameters	**(1 649)**	**(1 649)**
Balance at end of year	**17 849**	**17 849**

for the year ended 30 June	2022 US$ '000	2021 US$ '000
11 Cash		
Cash	**1 664**	531
Per the statement of cash flows	**1 664**	531
Cash		
Cash on hand and in bank	**1 664**	531
	1 664	531

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

for the year ended 30 June	Note	2022 US$ '000	2021 US$ '000
12 Other receivables			
Related party receivables	20	**-**	13 338
Expected credit loss on related party receivable		**-**	(3)
		-	13 335

Exposure to credit risk

The carrying value represents the maximum credit exposure.

Collateral

The Company holds no collateral over other receivables which can be sold or repledged to a third party.

Accounting policies:

Other receivables are considered for impairment under the expected credit loss model. Refer to note 23 for detail on the impairment recognised. Other receivables are written off when there is no reasonable prospect that the customer will pay.

for the year ended 30 June	Note	2022 US$ '000	2021 US$ '000

13 Financial liabilities

Derivative instruments		
Interest rate swap	-	147 305
Arising on short-term and long-term financial instruments	-	147 305

In June 2022, all of the interest rate swaps were terminated. Refer to note 23.

Accounting policies:

Financial liabilities are recognised on the transaction date when the Company becomes 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. All derivative financial instruments are initially recognised at fair value and are subsequently stated at fair value at the reporting date. Refer to note 23.

Financial assets and liabilities are offset, and the net amount presented when the Company has 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.

for the year ended 30 June	2022 US$ '000	2021 US$ '000

14 Long-term debt

Total long-term debt (all Interest bearing)	**5 232 682**	**5 597 400**
Short-term portion	(222 639)	(222 424)
	5 010 043	5 374 976
Analysis of debt		
At amortised cost		
Unsecured debt	**5 254 765**	5 625 476
Unamortised loan costs	**(22 083)**	(28 076)
	5 232 682	5 597 400
Reconciliation		
Balance at beginning of year	**5 597 400**	4 086 926
Loans raised*		1 688 832
Loans repaid	**(430 500)**	(242 954)
Interest accrued	**58 878**	58 960
Amortisation of loan costs	**6 905**	5 636
Balance at end of year	**5 232 682**	5 597 400
Maturity profile		
Within one year	**222 639**	222 424
Two to five years	**3 413 253**	3 129 631
More than five years	**1 596 790**	2 245 345
	5 232 682	5 597 400
Fair value of debt		
Fair value of debt (before unamortised loan costs)	**6 301 312**	5 845 890

* Loans raised in 2021 relate mainly to the US$1,5 billion bonds issued in March 2021.

Long-term debt bear interest at variable (Libor + margin) and fixed rates. These rates ranged between 1,72% - 6,5%. The terms of the loans range between 5-10 years (2021: 5.5-10 years).

Financial Covenants

There are financial covenants at a Sasol Limited level for the total external debt of the Company. There were no events of default during the current year. Sasol Limited is in compliance with its debt covenants, none of which are expected to represent material restrictions on funding or investment policies in the foreseeable future.

Guarantee

The total external debt is fully and unconditionally guaranteed by Sasol Limited.

	Terms of repayment	Security	Currency	Interest rate at 30 June 2022	2022 US$ '000	2021 US$ '000
Unsecured debt						
US Bond	On maturity (27 March 2024)	n/a	US Dollar	**Fixed 5,88%**	**1 523 010**	1 523 010
US Bond	On maturity (27 September 2028)	n/a	US Dollar	**Fixed 6,50%**	**762 729**	762 729
US Bond	On maturity (18 September 2026)	n/a	US Dollar	**Fixed 4.38%**	**658 215**	658 215
US Bond	On maturity (18 March 2031)	n/a	US Dollar	**Fixed 5,50%**	**863 506**	863 506
Term loan	On maturity (6 June 2024)	n/a	US Dollar	**Variable 2,12%**	**1 297 179**	1 467 881
Revolving credit facility	On maturity (6 June 2024)	n/a	US Dollar	**Variable 1,72%**	**150 125**	150 125
Group Revolving credit facility	On maturity (23 November 2024)	n/a	US Dollar	**Variable 1,75%**	**-**	200 019
Total unsecured debt					**5 254 764**	5 625 476

30 June 2021	Expiry date	Currency	Contract amount US$ '000	Utilised facilities US$ '000	Available facilities US$ '000
Debt arrangements					
US Dollar Bond	March 2024	US dollar	**1 500 000**	**1 500 000**	**–**
US Dollar Bond	September 2028	US dollar	**750 000**	**750 000**	**–**
US Dollar Bond	September 2026	US dollar	**650 000**	**650 000**	**–**
US Dollar Bond	March 2031	US dollar	**850 000**	**850 000**	**–**
Term loan	June 2024	US dollar	**1 450 000**	**1 450 000**	**–**
Revolving credit facility	June 2024	US dollar	**150 000**	**150 000**	**–**
Group Revolving credit facility	November 2024	US dollar	**200 000**	**200 000**	**–**

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 Company 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 statement of comprehensive income as finance expenses based on the effective interest method.

for the year ended 30 June	Note	2022 US$ '000	2021 US$ '000
15 Short-term debt			
Intercompany loans	20	**-**	307
Short-term portion of long-term debt	14	**222 639**	222 424
		222 639	222 731
Analysis of short-term debt			
Reconciliation			
Balance at beginning of year		**-**	999 978
Loans raised		**-**	-
Debt modification costs capitalised		**-**	-
Loan repaid*		**-**	(1 002 291)
Modification loss		**-**	-
Amortisation of loan costs		**-**	2 313
Interest accrued		**-**	-
Balance at end of year		**-**	-

* In December 2019 a US$1 billion syndicated loan facility was secured to fund Sasol Chemicals (USA) LLC's capital requirements for the Lake Charles Chemical Project (LCCP) and its on-going operations. The syndicated loan was settled in December 2020.

	2022	2021

for the year ended 30 June	Note	US$ '000	US$ '000
16 Other payables			
Related party payables	20	**12 468**	14 606

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

for the year ended 30 June	Note	2022 US$ '000	2021 US$ '000
17 Cash utilised in operating activities			
Cash flow from operations	18	**(209 357)**	(213 000)
Increase in working capital		**640 989**	(293 996)
		431 632	(506 996)

for the year ended 30 June	Note	2022 US$ '000	2021 US$ '000
18 Cash flow from operations			
Profit before tax		**146 180**	49 858
Adjusted for			
expected credit loss on loans and receivables	7	**(1 159)**	462
interest accrued on loans and receivables		**(343 002)**	(287 702)
guarantee fee income accrued		**-**	(27 969)
interest accrued on debt		**58 570**	58 960
guarantee fee expense accrued		**12 468**	13 686
amortisation of loan costs		**6 904**	7 950
movement in financial assets/ liabilities		**(89 318)**	(28 245)
		(209 357)	(213 000)

	2022 US$ '000	2021 US$ '000
19 Increase in working capital		
Decrease/(Increase) in other receivables		
Per the statement of financial position	**13 335**	41 309
Non-cash portion	**(13 335)**	(41 320)
Expected credit loss	**-**	11
	-	-
Decrease in other payables		
Per the statement of financial position	**(2 137)**	(64)
Non-cash portion	**(12 469)**	(13 686)
	(14 606)	(13 750)
Increase in loans to Sasol group companies		
Per the statement of financial position	**311 434**	(623 281)
Interest accrued on loans	**343 002**	287 702
Guarantee fee income accrued	**-**	55 807
Expected credit loss	**1 159**	(473)
	655 594	(280 246)
Increase in working capital	**640 989**	(293 996)

20 Related party transactions

During the year the Company, in the ordinary course of business, entered into various treasury related transactions with its holding company and fellow subsidiaries of the Sasol group. The effect of these transactions is included in the financial performance and results of the 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.

for the year ended 30 June	**2022 US$ '000**	2021 US$ '000
Other income statement items from related parties		
Finance expenses		
ultimate holding company		
Sasol Limited	**25 905**	27 971
fellow subsidiaries		
Sasol Financing International Limited	**610**	1 254
	26 515	29 225

for the year ended 30 June	**2022 US$ '000**	2021 US$ '000
Finance income		
fellow subsidiaries		
Sasol Chemicals (USA) LLC	**343 002**	315 671
Sasol Financing International Limited	**-**	56
	343 002	315 727

for the year ended 30 June	**2022 US$ '000**	2021 US$ '000
Management fees		
fellow subsidiaries		
Sasol Investment Company (Pty) Ltd	**508**	828
	508	828

for the year ended 30 June	**2022 US$ '000**	2021 US$ '000
Amounts reflected as assets		
Long -term loans to Sasol group companies (before ECL)		
fellow subsidiaries		
Sasol Chemicals (USA) LLC	**6 297 780**	6 610 373
	6 297 780	6 610 373

for the year ended 30 June	**2022 US$ '000**	2021 US$ '000
Other receivables		
fellow subsidiaries		
Sasol (USA) Corporation	**-**	13 338
	-	13 338

for the year ended 30 June	2022 US$ '000	2021 US$ '000
Amounts reflected as liabilities		
Loans and deposits by Sasol group companies		
fellow subsidiaries		
Sasol Financial Limited	-	307

for the year ended 30 June	2022 US$ '000	2021 US$ '000
Other payables		
ultimate holding company		
Sasol Limited	**12 468**	13 686
fellow subsidiaries		
Sasol South Africa Limited	-	510
Sasol Investment Company (Pty) Ltd	-	410
	12 468	14 606

Key management personnel are compensated by other entities in the Sasol group. The Company does not incur any expenses for the services provided

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.

21 Subsequent events

There were no events subsequent to 30 June 2022 requiring disclosure.

22 Ultimate holding company

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

23 Financial risk management and financial instruments

Financial instruments overview

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

	Note	Carrying value			
		Designated hedging instrument at fair value	Amortised cost	Fair value	
		US$'000	US$'000	US$'000	
2022					
Financial assets					
Loans to Sasol group companies	1	–	6 297 780	6 297 780	
Cash and cash equivalents	1	–	1 664	1 664	*
Financial liabilities					
Listed long-term (Bonds issued) +	1	–	3 807 460	3 807 406	
Unlisted long-term debt+	1	–	1 436 417	1 436 417	
Other payables	1	–	12 468	12 468	*

	N	Carrying value		
		Designated hedging instrument at fair value	Amortised cost	Fair value
		US$'000	US$'000	US$'000
2021				
Financial assets				
Loans to Sasol group companies	1	–	6 592 525	6 592 525
Other receivables*	1	–	13 335	13 335
Cash and cash equivalents	1	–	531	531
Financial liabilities				
Listed long-term (Bonds issued) +	1	–	3 787 415	3 787 415
Unlisted long-term+	1	–	1 809 985	1 809 985
Short-term debt+	1	–	307	307
Long- and short-term financial liabilities	1	147 305	–	147 305
Other payables	1	–	14 606	14 606

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

+ Includes unamortised loan costs.

The Company classifies all its financial instruments at amortised cost except for long- and short-term financial assets and liabilities which are designated hedging instruments at fair value. The company has none of these instruments remaining.

The Company is exposed in varying degrees to a number of financial instrument related risks. Management has the overall responsibility for the establishment and oversight of the Company's risk management framework. Management are 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.

Financing risk

Financing risk refers to the risk that financing of the net debt requirements for the US operations 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 Company's target for long-term borrowings include an average time to maturity of at least 2 years, and an even spread of maturities.

23.1 Financial risk management

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.

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. 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 Company 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 Company uses 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 Company allocates 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. As a result of the continued economic downturn following the COVID-19 pandemic and aggravated by the Russian/Ukrainian conflict, the group applied the Board of Governors of the Federal Reserve System's formula to derive a downturn LGD to be used for 2022 and 2021, 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. Trade receivables expected credit loss is calculated over lifetime. Other financial assets expected credit loss is measured over 12 months when the credit risk is low and over lifetime where the credit risk has increased significantly. The group considers credit risk to have increased significantly when the customer's credit rating has been downgraded to a lower grade (e.g. A grade to B grade). The group considers customers to be in default when the receivable is more than 30 days overdue or the customer has failed to honour a repayment arrangement.

Detail of allowances for credit losses:

	12 -month ECL No significant increase in credit risk since initial recognition 2022 US$'000	12-month ECL No significant increase in credit risk since initial recognition 2021 US$'000
Long-term loans to Sasol group companies	**16 689**	17 848
Other receivables	**–**	3
	16 689	17 851

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

	2022 %	2021 %
BBB to B-	**100,0**	100,0

Liquidity risk

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

How we manage the risk

The Company manages liquidity risk by making use of a central treasury function to manage borrowing requirements. The Company meets its financing requirements through short- and long-term borrowings. The Company is in compliance with all the financial covenants per its loan agreements, none of which is expected to present a material restriction on funding or its investment policy in the near future.

Our exposure to and assessment of the risk

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

	N	Contractual cash flows* US$ '000	Within one year US$ '000	One to five years US$ '000	More than five years US$ '000
2022					
Financial assets					
Non-derivative instruments					
Loans to Sasol group companies	1	**8 800 856**	**536 000**	**822 000**	**7 442 856**
Cash and cash equivalents	1	**1 664**	**1 664**	**–**	**–**
		8 802 520	**537 664**	**822 000**	**7 442 856**
Financial liabilities					
Non-derivative instruments					
Long-term debt**	1	**(6 301 312)**	**(416 947)**	**(4 032 083)**	**(1 861 283)**
Short-term debt	1	**–**	**–**	**–**	**–**
Other payables	1	**(12 468)**	**(12 468)**	**–**	**–**
		(6 313 780)	**(429 415)**	**(4 032 083)**	**(1 861 293)**
Derivative instruments					
Interest rate swap		**–**	**–**	**–**	**–**
		(6 313 780)	**(429 415)**	**(4 032 083**	**(1 861 293)**

* 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).

** Includes short-term portion of long-term debt. The amounts due in one to five years relate to the repayment of the bond, term loan and the revolving credit facility.

	Note	Contractual cash flows* US$ '000	Within one year US$ '000	One to five years US$ '000	More than five years US$ '000
2021					
Financial assets					
Non-derivative instruments					
Loans to Sasol group companies	10	9 734 488	165 000	–	8 084 488
Other receivables	12	13 335	13 335	–	–
Cash and cash equivalents	11	531	531	–	–
		9 748 333	178 845	–	8 084 488
Financial liabilities					
Non-derivative instruments					
Long-term debt**	14	(6 721 841)	(417 143)	(3 681 432)	(2 623 265)
Short-term debt	15	(307)	(307)	–	–
Other payables	16	(14 606)	(14 606)	–	–
		(6 736 754)	(432 056)	(3 681 432)	(2 623 265)
Derivative instruments					
Interest rate swap		(154 604)	(46 353)	(108 252)	-
		(6 891 358)	(478 409)	(3 789 684)	(2 623 265)

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

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 Company is exposed to, include interest rates. The Company has developed policies aimed at managing the volatility inherent in these exposures which are discussed in the risks below.

Interest rate risk

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 US interest rates.

How we manage the risk

Our debt is comprised of different instrument notes, which by their nature either bear interest at a floating or a fixed rate. We monitor the ratio of floating and fixed interest in our loan portfolio and manage this ratio, by electing to incur either bank loans, bearing a floating interest rate, or bonds, which bear a fixed interest rate.

In respect of financial assets, the 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

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments:

	Carrying value	
	2022	2021
	US$ '000	US$ '000
Variable rate instruments		
Financial assets (before expected credit losses)	2 402 078	2 402 819
Financial liabilities	(1 442 011)	(58 577)
	960 067	2 344 242
Fixed rate instruments		
Financial assets (before expected credit losses)	4 255 702	4 208 086
Financial liabilities	(3 790 671)	(5 538 823)
	465 031	(1 330 737
Interest profile (variable: fixed rate as a percentage of total financial assets)	36:64	36:64
Interest profile (variable: fixed rate as a percentage of total financial liabilities)*	28:72	1:99

*The increase in variable exposure is due to the termination of the USD1,7 billion interest rate swap which previously converted a portion of the group's variable debt to fixed debt.

Cash flow sensitivity for variable rate instruments

Financial instruments affected by interest rate risk include borrowings, loans to Sasol group companies and cash and cash equivalents. A change of one percent in the prevailing interest rate in that region at the reporting date would have increased /(decreased) the income statement by the amounts shown below before the effect of tax. The sensitivity analysis has been prepared on the basis that all other variables remain constant and has been performed on the same basis for 2020. The sensitivity has been calculated including consideration of the effect of existing interest rate swap derivative instruments.

	2022	2021
	US$ '000	US$ '000
Income statement – 1% increase*	-	23 442

* A decrease of 1% in interest rates will not have an effect on the income statement as it is not considered reasonably possible that the repo interest rates will decrease below 0%.

The Company had exposure to the US dollar London Interbank Overnight Rate (LIBOR) through various instruments, including term loan and revolving credit facility. The Company has entered into the interest rate swap to convert a portion of the group's exposure to the variable LIBOR to a fixed rate. A portion of the interest rate swaps were designated as the hedging instrument in a cash flow hedge. Hedge effectiveness was determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. A regression analysis method is employed for assessing the effectiveness of each designated hedging relationship.

Possible sources of hedge ineffectiveness include:

- Differences in critical terms between the interest rate swaps and interest payments, including future payment date mismatches;
- A significant change in the credit risk of either party to the hedging relationship during the period of the hedge; and
- The effects of the forthcoming IBOR reform, because changes might take effect at a different time and have a different impact on the hedged item (the floating-rate debt) and the hedging instrument (the interest rate swap used to hedge the debt).

Effective 15 March 2022, the term loan and revolving credit facilities as well as two of the swaps were transitioned to the Secured Overnight Financing Rate (SOFR). The transition also entailed the addition of a fixed credit adjustment spread to the SOFR and new fallback clauses. The fixed credit adjustment spread is based on the rate published by Bloomberg Index Services Limited following the FCA's Cessation Announcement on 5 March 2021. The group qualified for and has applied the reliefs provided by IBOR reform Phase 2 that allowed the company's hedging relationships to continue. For the remaining swaps, the Phase 1 amendments allowed hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

Throughout 2022, the company has continued to make significant progress in repaying variable USD debt, to the extent that the forecasted future interest payments over the remaining term of the interest rate swap are largely no longer probable. Hedge accounting was discontinued prospectively from 30 April 2022 and the balance of the hedge reserve was reclassified to profit as a financial instrument gain in other expenses/income. The information in the table below is applicable to the period from 1 July 2021 to 30 April 2022.

		2022	2021
Carrying value included in short and long-term financial liabilities	US$'000	-	147 305
Fair value gain recognised in other comprehensive income	US$'000	(99 729)	(58 618)
Fair value gain recognised in financial instrument gains	US$'000	(55 922)	(1 101)
Balance of hedge reserve – continuing hedge relationships	US$'000	-	(38 976)
Balance of hedge reserve – discontinued hedge relationships*	US$'000	-	(5 675)
Nominal amount	US$'000	-	1 751 408
Expiry		-	December 2026
Average fixed rate	%	2.82	2.82
Hedge ratio		1:1	1:1
Fair value gain of continuing hedging instruments used as the basis for recognising hedge ineffectiveness	US$'000	(99 729)	(25 922)
Fair value gain on hedged item used as the basis for recognizing hedge recognizing ineffectiveness	US$'000	(100 790)	(30 886)

* Includes an amount of $60 448 247 reclassified from the cash flow hedge reserve to profit or loss upon termination of the interest rate swap.

Summary of our derivatives

In the normal course of business, the Company, enters into various derivative transactions to mitigate the exposure to interest rates. Derivative instruments used by the Company in hedging activities include interests rate swaps.

Income Statement impact

	2022 US$ '000	2021 US$ '000
Financial instruments		
Net gain on derivative instruments		
Interest rate swap	19 772	1 101

Statement of financial position impact

	2022 US$ '000	2021 US$ '000
Financial instrument		
Derivative financial liabilities		
Interest rate swap	-	147 305

23.2 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	**Fair value 30 June 2022**	Fair value 30 June 2021	Valuation method	Significant inputs	Fair value hierarchy of inputs
Financial assets					
Loans to Sasol group companies	**6 279 929**	6 592 525	Discounted cash flow	Market related interest rates	Level 3**
Other receivables	**-**	13 335	Discounted cash flow	Market related interest rates	Level 3*
Cash	**1 664**	531	***	***	Level 1
Financial liabilities					
Listed long-term debt	**3 807 460**	4 027 875	Quoted market price for the same instrument	Quoted market price for the instrument	Level 1
Unlisted long-term debt	**1 436 417**	1 818 015	Discounted cash flow	Market related interest rates.	Level 3
Short-term debt	**-**	307	Discounted cash flow	Market related interest rates.	Level 3
Other payables	**12 468**	14 606	Discounted cash flow	Market related interest rates.	Level 3*
Financial liabilities - derivative	**-**	147 305	Discounted net cash flows, using a swap curve to infer the future floating cash flows	US$ Overnight Indexed Swap (OIS) curve	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.

Accounting policies:

Derivative financial instruments and hedging activities

The Company is exposed to market risks from changes in interest rates. The Company 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.

Hedge Accounting

The Company continues to apply the hedge accounting requirements of IAS 39 'Financial Instruments: Recognition and Measurement'.

Where a derivative instrument is designated as a cash flow hedge of an asset, liability or highly probable forecast transaction that could affect the income statement, the effective part of any gain or loss arising on the derivative instrument is recognised as other comprehensive income and is classified as a cash flow hedge accounting reserve until the underlying transaction occurs. The ineffective part of any gain or loss is recognised in the income statement. If the hedging instrument no longer meets the criteria for cash flow hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

If the forecast transaction results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is transferred from the cash flow hedge accounting reserve to the underlying asset or liability on the transaction date. If the forecast transaction is no longer expected to occur, then the cumulative balance in other comprehensive income is recognised immediately in the income statement as reclassification adjustments. Other cash flow hedge gains or losses are recognised in the income statement at the same time as the hedged transaction occurs.

www.sasol.com