PUBLICATION STATUS NOTICE

Sasol Limited - Financial-Statement Reality Assessment

Document: Principal Investigative Dossier

Publication status: Public Edition - Right of Reply Pending

Evidence cut-off: 8 August 2026

Publication date: 9 August 2026

Aperture Research Works has offered Sasol Limited an opportunity to respond to the material matters addressed in this assessment. That response period remains open at the time of publication. No adverse inference is drawn from the absence of a response at this stage.

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Human publication decision: Released as a transparently qualified public research edition while the right-of-reply window remains open.

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Sasol Limited Financial-Statement Reality Assessment

Document code: PID | Version 2.6 | Publication Candidate - Human Approval Recorded; External Review Gates Outstanding

Reality before reliance. Verification before interpretation.
No conclusion stronger than the available evidence.

DOCUMENT CONTROL

Public brand	Aperture Research Works
Matter	Sasol Limited - Financial-Statement Reality Assessment
Document	Principal Investigative Dossier
Document code	PID
Internal reference	ARW-SAS-FIN-2026-001
Version	2.6
Governing master	PHW Research AI v10.6
Operating mode	Independent Public-Source Case Study - Not a Client Engagement
Relevant period	FY2023-FY2025, H1 FY2026, current status through 9 August 2026
Research period	Public-source investigation and consolidation through 9 August 2026
Evidence cut-off	9 August 2026
Source-freeze date	9 August 2026
Report date	9 August 2026
Publication status	Publication Candidate - Human Approval Recorded; External Review Gates Outstanding
Preparer	Aperture Research Works, human-directed research system
Lead reviewer	Paul Hattingh - publication requested; final approval status recorded below
Independent financial specialist review	Not Completed
Legal review	Not Completed
Right of reply	Request prepared; response not yet received
Confidentiality	Controlled professional research edition
Permitted use	Research, decision support and publication only within stated reliance and review limits
Distribution restrictions	Public release should await completion of the stated right-of-reply and legal-review gates where 10.6 makes them material
Revision history	v2.6 publication-candidate rebuild: direct source IDs, corrected pagination, updated FDM/CCP and publication controls
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CONTENTS

1. EXECUTIVE DECISION SUMMARY

Sasol's FY2025 consolidated financial statements received an unqualified audit opinion. Separately, management concluded that internal control over financial reporting was ineffective at 30 June 2025, and KPMG expressed an adverse opinion on ICFR effectiveness. These are different assurance conclusions and should not be conflated.

Source control: [S01; S02] - see Source and Evidence Register for proposition-specific locators.

Six FY2025 material weaknesses were disclosed. The most decision-relevant concern is not that Sasol's public statements have been proven false. It is that important financial assertions remain exposed to control and estimation risk, especially revenue recognition and impairment inputs.

Source control: [S02] - see Source and Evidence Register for proposition-specific locators.

2. CONTROL CHRONOLOGY

2.1 FY2024

Sasol disclosed four material weaknesses. The consignment-stock revenue-control failure within Sasol Oil caused non-elimination of interdivisional sales and a material audit adjustment. The overstatement was corrected before the FY2024 consolidated financial statements were issued.

Source control: [S03] - see Source and Evidence Register for proposition-specific locators.

2.2 FY2025

Three prior weaknesses remained not fully resolved: group scoping/risk assessment, ICFR resources/precision/evidence, and revenue-recognition controls. The revenue weakness expanded across South African revenue processes. Three additional weaknesses were identified: Southern African impairment-input controls, South African ITGCs, and an Italian ERP implementation. A prior Chemicals Eurasia ITGC weakness was closed.

Source control: [S02] - see Source and Evidence Register for proposition-specific locators.

Management disclosed remediation including revised risk-assessment principles, SOX resourcing and training, a system solution for cash-flow/allocation approvals in Southern African impairment models, stronger ITGCs and improved ERP governance. A weakness is not considered remediated until controls have operated for a sufficient period and testing shows effectiveness.

Source control: [S02] - see Source and Evidence Register for proposition-specific locators.

3. REVENUE AND RECEIVABLES

FY2025 turnover was R249.096 billion, down from R275.111 billion. Trade receivables rose from R28.313 billion to R30.370 billion.

Source control: [S01] - see Source and Evidence Register for proposition-specific locators.

The simple closing-receivables/turnover proxy rose from 10.3% to 12.2%. A simple DSO proxy rose from 37.6 to 44.5 days. This is not a formal DSO calculation because public data do not provide all credit-sales and average-receivables inputs.

Source control: [S01] - see Source and Evidence Register for proposition-specific locators.

The pattern is a legitimate anomaly, but it is not proof of aggressive revenue recognition. Transaction-level cut-off, ageing, credit notes and subsequent cash receipts would be required for that conclusion.

Source control: [S01; S02] - see Source and Evidence Register for proposition-specific locators.

4. EXPECTED CREDIT LOSSES

Aggregate trade ECL fell to R238 million, but credit-impaired trade ECL rose to R145 million and other-receivable ECL rose to R663 million. The evidence therefore does not support a simple conclusion that credit quality improved or that the allowance is understated.

Source control: [S01] - see Source and Evidence Register for proposition-specific locators.

5. INVENTORY

Inventory rose to R41.793 billion despite falling turnover. More inventory was carried at net realisable value while the current-year NRV write-down expense was lower. The pattern can be reconciled because prior write-downs remain in closing stock, but product-level ageing and subsequent-sale testing would be required for deeper reliance.

Source control: [S01] - see Source and Evidence Register for proposition-specific locators.

6. CASH CONVERSION

Cash generated by operating activities declined from R64.637 billion in FY2023 to R52.321 billion in FY2024 and R47.803 billion in FY2025, a two-year decline of approximately 26.0%.

Source control: [S01] - see Source and Evidence Register for proposition-specific locators.

FY2025 working-capital release was supported mainly by trade payables; inventory and receivables absorbed cash. H1 FY2026 reversed direction, with working capital absorbing cash.

Source control: [S01; S04] - see Source and Evidence Register for proposition-specific locators.

FY2025 free cash flow was R12.558 billion. The R4.3 billion Transnet settlement equals approximately 34.2% of that headline amount. An arithmetic subtraction gives R8.258 billion, but this must not be labelled audited normalised free cash flow because it does not capture all tax, accrual and classification interactions.

Source control: [S01; S07] - see Source and Evidence Register for proposition-specific locators.

7. IMPAIRMENTS

Secunda liquid fuels remained fully impaired at FY2025 and H1 FY2026. At FY2025, a 10% higher Brent assumption increased recoverable amount by approximately R26.0 billion, a R1 weaker rand by approximately R17.2 billion, and 1% higher long-term Secunda production by approximately R1.285 billion. WACC was 14.5%.

Source control: [S01] - see Source and Evidence Register for proposition-specific locators.

At H1 FY2026 the disclosed sensitivities remained material: approximately R26.0 billion for a 10% Brent increase, R15.5 billion for a R1 weaker rand, and approximately R1.3 billion for 1% higher long-term production. WACC was 12.7%.

Source control: [S04; S06] - see Source and Evidence Register for proposition-specific locators.

The magnitude of these sensitivities, together with the FY2025 impairment-input material weakness, is the strongest reason to require independent specialist recalculation before high-reliance valuation use.

Source control: [S01; S02; S04] - see Source and Evidence Register for proposition-specific locators.

8. ENVIRONMENTAL PROVISIONS

Long-term environmental provisions were R14.112 billion. A one-percentage-point lower discount rate would increase the recognised long-term provision by approximately R2.432 billion, while a one-point increase would reduce it by approximately R1.991 billion.

Source control: [S01] - see Source and Evidence Register for proposition-specific locators.

KPMG identified environmental provisions as a key or critical audit matter and used specialist procedures. This supports the seriousness of the estimate while also showing that it received enhanced audit attention.

Source control: [S01; S02] - see Source and Evidence Register for proposition-specific locators.

9. TAX

Net deferred tax assets were R35.803 billion. Calculated tax losses before tax-rate application were R331.602 billion, of which R120.332 billion was not recognised as a deferred tax asset.

Source control: [S01] - see Source and Evidence Register for proposition-specific locators.

The public evidence shows that Sasol reversed a deferred-tax asset relating to Italy losses when future taxable income was no longer considered sufficiently probable. This is relevant counter-evidence against a blanket theory that Sasol mechanically recognises all potential tax benefits.

Source control: [S01] - see Source and Evidence Register for proposition-specific locators.

A R3.0 billion contingent liability remained in the Sasol Financing International/SARS dispute. The substantive Tax Court process remained in abeyance pending the related review litigation and appeal process.

Source control: [S01; S02] - see Source and Evidence Register for proposition-specific locators.

10. DEBT AND LIQUIDITY

At FY2025, Sasol's debt maturity profile included material U.S. dollar bonds and loans extending through 2031. Net debt excluding leases was US$3.7 billion, above Sasol's US$3 billion dividend-policy threshold.

Source control: [S01; S07] - see Source and Evidence Register for proposition-specific locators.

In April 2026 Sasol issued US$750 million of 8.75% senior unsecured notes due 2033 and later accepted US$333.797 million of 2029 notes in a tender. This demonstrates capital-market access and maturity management, but it does not by itself prove net deleveraging.

Source control: [S10; S11] - see Source and Evidence Register for proposition-specific locators.

S&P affirmed Sasol's BB+/B ratings in October 2025 but changed the outlook to negative, citing expected constrained EBITDA from weak oil and chemicals pricing. This is independent counter-evidence against treating the balance-sheet recovery as complete.

Source control: [S09] - see Source and Evidence Register for proposition-specific locators.

11. LEGAL AND CONTINGENT MATTERS

The Transnet disputes were settled and closed for the FY2025 record, with R4.3 billion net cash received.

Source control: [S01; S02; S07] - see Source and Evidence Register for proposition-specific locators.

The Sasol Gas competition-price referral remained unresolved in the FY2025 public record and could expose the business to fines or other sanctions if adversely determined. This is a contingent regulatory risk, not a finding that prohibited pricing occurred.

Source control: [S01; S02] - see Source and Evidence Register for proposition-specific locators.

Environmental obligations beyond recognised provisions may become material as facts, laws, timing and remediation requirements change.

Source control: [S01] - see Source and Evidence Register for proposition-specific locators.

12. GUIDANCE CREDIBILITY

FY2025 actuals were mixed versus guidance. Net debt and oil breakeven were within target and capital expenditure was below the target range, while net working capital was above target and several operational metrics were below initial or final targets.

Source control: [S05; S07] - see Source and Evidence Register for proposition-specific locators.

FY2026 business metrics published on 21 July 2026 were stronger: Secunda achieved its highest annual output in five years and production and sales metrics were within or above guidance, while year-end net working capital was higher than guidance.

Source control: [S08] - see Source and Evidence Register for proposition-specific locators.

This evidence supports an operational-recovery conclusion more strongly than a completed financial-turnaround conclusion.

Source control: [S08; S09] - see Source and Evidence Register for proposition-specific locators.

13. COMPETING HYPOTHESES

H1 - The statements are materially reliable despite weak controls

Strong support: unqualified audit opinion, no disclosed FY2025 material misstatement arising from the material weaknesses, extensive disclosure and remediation.

Source control: [S01; S02] - see Source and Evidence Register for proposition-specific locators.

H2 - Headline recovery overstates recurring economics

Strong support: three-year decline in operating cash, material Transnet contribution, working-capital effects, H1 FY2026 weaker cash conversion and recurring impairments.

Source control: [S01; S04; S07] - see Source and Evidence Register for proposition-specific locators.

H3 - A material misstatement remains undetected

Plausible in principle because material weaknesses create that risk, but no reviewed public evidence establishes such a misstatement.

Source control: [S01; S02] - see Source and Evidence Register for proposition-specific locators.

H4 - The principal risk is future valuation error rather than proven historical fraud

Currently the strongest risk hypothesis because impairments, environmental provisions, deferred tax and derivatives depend on forward-looking assumptions.

Source control: [S01; S02; S04] - see Source and Evidence Register for proposition-specific locators.

H5 - A durable turnaround is underway

Emerging. FY2026 operations and capital-market access support it, but audited FY2026 cash, debt, impairment and control evidence were not yet available at the evidence cut-off.

Source control: [S08; S10; S11] - see Source and Evidence Register for proposition-specific locators.

14. FINAL FINDING

Conclusion classification: Strongly Supported. Sasol's FY2025 financial statements are suitable for conditional reliance. The audit opinion is clean, but the control system was ineffective and several high-sensitivity estimates require explicit reliance limitations.

Source control: [S01; S02] - see Source and Evidence Register for proposition-specific locators.

No public evidence reviewed establishes fraud, deliberate earnings manipulation or a required FY2025 restatement.

Source control: [S01; S02; S03; S04] - see Source and Evidence Register for proposition-specific locators.

High-value reliance on impairment, deferred tax, environmental provision, Level 3 valuation or audit-control conclusions should remain Specialist Review Required.

Source control: [S01; S02; S04] - see Source and Evidence Register for proposition-specific locators.

15. RESEARCH TERMINATION AND PUBLICATION CONTROL

All reasonably obtainable public-source lines identified by this investigation have been pursued to the current public-source termination gate. A publication-stage current-status check on 9 August 2026 identified no new controlling Sasol financial filing that displaced the frozen record. Sasol's FY2026 full financial results remained scheduled for 1 September 2026.

Source control: [S08] - see Source and Evidence Register for proposition-specific locators.

The remaining material limitations are independent financial specialist review, legal review where publication risk requires it, and completion of the right-of-reply process. Those controls are not represented as completed.

Source control: [S01; S02] - see Source and Evidence Register for proposition-specific locators.

PUBLICATION STATUS

Publication Candidate. Paul Hattingh has instructed that the package be prepared for publication. External publication should not be represented as having completed legal review or right of reply until those steps have actually occurred. A separate right-of-reply request has been prepared for Sasol.