



**STEINHOFF**  
INTERNATIONAL HOLDINGS N.V.

# ANNUAL REPORT

## 2020



# AUDITED RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The year 2020 brought new challenges to businesses and communities across the globe. Against this backdrop, we kept our focus on addressing past issues and maintaining stability across the operations and to the Group, while also protecting our people and managing as best as possible the significant impacts of COVID-19.

Without question, the financial year ended 30 September 2020 was another year of progress, during which we built on the achievements of prior periods.

In the 2020 Reporting Period we were able to focus primarily on finding a solution to the litigation faced by entities within the Group. The multiplicity and complexity of the legal claims has made this the most demanding of tasks.

The Group's objective throughout has been to achieve a comprehensive global litigation settlement and, as detailed throughout the Annual Report, major progress towards a solution was made.

As we review the past year, it is clear that much has been achieved.

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## INTRODUCTION

# MESSAGE FROM THE MANAGEMENT BOARD

Dear Stakeholders,

The year 2020 brought new challenges to businesses and communities across the globe. Against this backdrop, we kept our focus on addressing past issues and maintaining stability across the operations and to the Group, while also protecting our people and managing as best as possible the significant impacts of COVID-19.

Without question, the financial year ended 30 September 2020 was another year of progress, during which we built on the achievements of prior periods.

The final months of the previous financial year marked the successful completion of step one of our three-step strategy, with the implementation of the Group debt restructuring. In the 2020 Reporting Period we were therefore able to focus primarily on step two, finding a solution to the litigation faced by entities within the Group. The multiplicity and complexity of the legal claims has made this the most demanding of tasks.

The Group's objective throughout has been to achieve a comprehensive global litigation settlement and, as detailed below, major progress towards a solution was made.

More tough challenges lie ahead as we strive to complete step two, focus on step three and reduce the Group's debts. As we review the past year, it is clear that much has been achieved.



## FINANCIAL PERFORMANCE

Steinhoff is a global holding company with investments in the retail sector. These underlying businesses operate a number of strong local brands and are well diversified by geography and business line.

While COVID-19 constraints affected the performance of all our businesses during the Reporting Period, the extent of the impact varied according to their geographic exposure, business mix and the severity, and duration of lock down restrictions at a local level. Post-lock-down performance also showed a similar degree of variance.

Individual businesses, such as Pepkor Africa and Pepco Group, with their everyday value focus, continued to perform robustly, others, such as Mattress Firm and Fantastic Furniture (part of the Greenlit Brands Group) reported strong trade as restrictions moderated and consumers invested in their homes.

Despite the many challenges we faced in the 2020 financial year, including mandatory store closures related to COVID-19, the Group reported a resilient performance. Total revenue from continuing operations for the year ended 30 September 2020 decreased marginally by 2% to €7.9 billion (2019: €8.1 billion), with strong individual contributions from Greenlit Brands (+9%), Pepco Group (+3%) and Pepkor Africa (+4% in local currency), with all increasing revenue in local currency despite experiencing lengthy periods of lock-down.

Every effort is being made to limit advisor costs, the result of which was that the costs of the various restructuring and legal processes, while still significant at €58 million, were substantially lower than those of the prior period (€158 million). If the Litigation Settlement Proposal is successfully implemented during 2021, we expect the total costs to be further reduced after the 2021 financial year.

Further information on the performance of the Group's individual operating businesses is contained in the accompanying Operational Review.

## MANAGEMENT BOARD PRIORITIES IN THE YEAR

The Management Board was focused on five priorities during the Reporting Period:

### Operational improvements

Working closely with the operational boards and management teams, over the past three years the Management Board has helped to identify, support and facilitate a range of business improvement initiatives in individual operating businesses. Management teams were strengthened, to fund operational requirements new debt was introduced at operational level, the strategic focus was reviewed, and improved governance measures adopted. The results from these in the period prior to COVID-19 were encouraging, with all underlying businesses performing well or ahead of the previous year. The strength of the bounce back in performance as lock downs were lifted also points to the enduring impact of these initiatives.

### Financial Reporting

The Group has been engaged in a comprehensive effort to update and regularise its financial reporting since the discovery of the accounting irregularities in December 2017. Further progress was achieved in the 2020 financial year. During the Reporting Period, regular monthly financial reporting to lenders was initiated; Steinhoff Investment Holdings Limited's financial reporting was brought back up to date allowing the suspension of trading imposed on its preference shares to be lifted; Steinhoff N.V. filed its financial reports with mainly COVID-19 accounting for the delays rather than legacy issues as in previous years; and, overall, a number of quality financial reports were produced.

We do note, however, that legacy issues continue to necessitate the use of significant judgment in the preparation of the financial statements. At the same time management is making good progress in reducing the level of uncertainty as reflected in the current financial statements.

### Improved Governance

The Remediation Plan, which was developed to address the causes of past governance failings, was fully implemented during

the Reporting Period and the necessary improvements to governance, policies, internal systems and controls are now embedded across the Group.

The management teams within the various businesses remained stable and focused on their specific responsibilities throughout the year. We thank them once again for their loyalty, dedication and commitment.

### COVID-19 Response

The onset of the COVID-19 pandemic was a major shock to the global economy and its impact was felt during and subsequent to the Reporting Period. In mid-March 2020 the operational management teams, together with the Management Board, acted swiftly to implement definitive COVID-19 response strategies relevant to each business and operating jurisdictions with the focus on introducing COVID-secure operating procedures to protect staff and customers, strengthening liquidity and commencing the necessary planning for a safe re-opening for those businesses unable to trade during lockdown.

The Group's performance through the COVID-19-impacted period has been resilient, with the recovery in post lock down trade and its operational cash position being stronger than expected.

However, as we entered the new financial year, uncertainty increased as governments around the world responded to a second wave of outbreaks with new lock down restrictions. These restrictions have been less onerous than the initial lock-downs, and the lessons learnt in the first wave have been applied in the second to mitigate the impact on the businesses.

Further detail on the Group's operational response to COVID-19 is set out in the Financial & Business Review.

### Litigation Settlement

Finding a solution to the Group's litigation challenges is the second step in management's three-point plan. The task has, at times, been almost impossibly challenging, complicated by the many different claims and the large number of individual parties involved, and by the impact of COVID-19 and exchange rates movements which decreased

the value of the Group's assets that had to be considered in calculating a settlement proposal. However, thanks to the commitment from all concerned to finding an acceptable solution, resolution of these challenges is potentially now in sight.

In July 2020, in the culmination of 12 months of intensive effort, the Group announced the terms of a proposed settlement of the outstanding litigation. Subsequent to the period end the South African Reserve Bank granted their approval and the required lender approvals were eventually secured through an English Law CVA process. With the required approvals in place, the legal processes for implementation were launched in February 2021.

## OUTLOOK

Looking back on 2020, it was by any standards, an eventful and challenging year.

In trading terms, it was a year of three distinct segments – a period of good operational progress until March, followed by the shock of COVID-19 and the related restrictions, and then a strong bounce back through the final quarter. We can be pleased by the strength of our response to this global crisis and the resilience of our performance.

Steinhoff N.V.'s retail business investments remain geographically well diversified and their focus on providing everyday products at affordable prices, through a stable of strong local brands, has stood them in good stead through this crisis.

However, uncertainty has once again increased in the period since the Reporting Date. Despite this, trading has remained robust with healthy liquidity at operating level. While the Group has continued to demonstrate its resilience, we remain cautious about the trading outlook until such time as the pandemic has been brought under control. Whatever 2021 brings in this respect, the health and well-being of our colleagues and customers will remain our top priority.

Our determination to drive forward our recovery was maintained, despite the external challenges, and we have been rewarded with some significant further progress towards our goals.

We have previously summarised the Group's future pathway as a three-step process:

Step 1	Step 2	Step 3
Creditors arrangement (CVAs implemented on 13 August 2019)	Manage litigation risk (investigate possible solutions and implement)	Restructure Group with a view to reduce debt and financing costs

Settlement of legacy litigation is a critical priority for the Steinhoff Group. Implementation of these processes is an important step forward, giving participating claimants the opportunity to approve the proposals and open the pathway to realise some value from their claims. A successful approval would also offer the Steinhoff Group, and all its stakeholders, the chance to move ahead and address the remaining challenges. We encourage claimants to engage with the process and back the proposals. We look forward to receiving their support.

As we look ahead, we are clear that the best way for us to protect value for stakeholders is to address step three – reduce our debt and financing costs. This will be our clear focus in the period ahead. The ongoing asset realisations and restructures are already in support of this step three. During the year our total staff headcount reduced from c. 110 000 to c. 90 000 as we exited a number of businesses. To the extent that we realise assets, the headcount is expected to decrease further.

## APPRECIATION

In what has been another demanding year, we owe our thanks to many organisations, teams and individuals for their support and hard work.

We are particularly proud of the way the businesses and staff have responded to the COVID-19 crisis and thank all colleagues for their unwavering support through an exceptionally testing period.

We are also sincerely grateful for the continuing support of all of our stakeholders, including our financial creditors, shareholders, and the Supervisory Board.

**Louis du Preez**  
Chief executive officer

**Theodore de Klerk**  
Chief financial officer

26 February 2021

## INTRODUCTION

# MESSAGE FROM THE SUPERVISORY BOARD

Dear Stakeholder,

As we review the Supervisory Board's governance and oversight of the Group for the Reporting Period, we do so against a backdrop of its continued effort to recover from the events of December 2017 but also in the context of the extraordinary circumstances of a global pandemic which is affecting all of our lives.

As a Supervisory Board, we have been addressing the legacy issues by first progressing the investigation into the accounting irregularities and the related financial reporting effort, and strengthening governance and controls across the Group, while also providing support to the Management Board, and an appropriate degree of oversight of its activities, as it has implemented the restructuring plan.

During this period, we focused closely on each of these tasks, further stabilising the Group, revising risk controls and co-operating with regulators. A detailed account of the Group's progress with its restructure can be found in the Financial and Business Review.

The Group's operational response to the COVID-19 challenge is covered in detail elsewhere in this Annual Report. As a Supervisory Board we have been focused on ensuring that the unique circumstances of the pandemic and, in particular the impact of specific restrictions on our operations and employees, do not compromise the Group's ability to continue to implement the range of essential improvements to governance, controls and reporting. The scope of measures taken to protect the health and wellbeing of colleagues was also an important component of our discussions with the Management Board throughout the year.





## ACHIEVEMENTS

In what was another extremely busy and testing time, we can identify five significant achievements over the Reporting Period.

First, the appointment of Mazars Netherlands as the Group's new independent external auditor in November 2019, a critical step in allowing the Group to progress its financial reporting.

Second, the publication of the 2019 Annual Report which followed an extraordinary, and appropriate, level of scrutiny and diligence by both the finance and audit teams. Despite the delay in reporting, mainly as a result of COVID-19-related challenges, the published report was completed at a high standard and contained a significant amount of additional relevant information. The half-year report and quarterly trading updates have been published at a similar standard.

Third, full implementation of the Remediation Plan which had been developed to address past failings, with a particular focus on improvements to governance, processes and procedures, and to embed higher standards across the Group. The Supervisory Board has reviewed the implementation of the Remediation Plan on a regular basis to assess progress, and to ensure it continued to evolve and remain appropriate for the risks we face as a business. I am pleased to report that this project has been implemented successfully and is now part of normal operating procedure.

Fourth, having implemented the Group's financial restructuring plan in August 2019 the Management Board has continued to support and, where necessary, restructure, many of the Group's retail business investments and dispose of non-core assets.

Fifth, and finally, resolving the legal claims arising from the legacy accounting issues was, and remains, a clear priority for both the Supervisory Board and the Management Board. As a Supervisory Board, we have remained close to the ongoing discussions and fully support the Litigation Settlement Proposal and the initiation of the requisite legal processes to implement it.

## GOVERNANCE & LEADERSHIP

I was designated Chairperson of the Supervisory Board in May 2020 and I am grateful for Peter Wakkie's ongoing support as Deputy Chairperson.

The Supervisory Board continued to oversee the operations of the Management Board. In Louis du Preez, CEO, Theodore de Klerk, CFO, and their executives we have a strong and capable management team. The broad range of diverse experience and skills currently at the disposal of the Supervisory Board are all highly relevant to the challenges faced by the Group.

The litigation working group continued to work towards a resolution of claims against the Group, as detailed above, and continues to evaluate potential claims the Group may have against third parties. As detailed in the 2019 Annual Report, Steinhoff N.V. is fully co-operating with the various prosecution authorities and regulators in South Africa and other jurisdictions as they continue their investigations into individuals and entities implicated in relation to the past events. The Supervisory Board is eager that those responsible for past failings are brought to book and, while we have a full appreciation of the complexity of the historic events that took place at Steinhoff N.V., we are concerned at the slow pace of progress being made in this regard.

## AGM

At the last AGM, held virtually on 28 August 2020, six of the nine resolutions put to shareholders were approved and we thank the shareholders that participated and voted.

Regrettably three resolutions were not passed, namely:

- The 2019 Financial Statements were not adopted,
- The advisory vote in respect of the remuneration report was not passed, and
- The proposal to amend the remuneration policy applicable to Managing Directors was voted down.

In respect of the Group's Financial Statements, the Board recognises that these have been subject to an unusual level of uncertainty and complexity in the period since the discovery of the legacy accounting issues in December 2017. The executive team is working hard to resolve these uncertainties and their impact on the financial statements and the Supervisory Board is pleased to note that although the audit report is still qualified, there has been a reduction in the uncertainties noted for the 2020 Reporting Period.

In terms of the remuneration report and policy, the Supervisory Board has taken the feedback received constructively. The Board is firmly of the view that in the current situation where the Company remains in a precarious position, faced with significant litigation challenges and engaged in an elevated level of corporate and regulatory activity, standard remuneration rules and policies are not effective. As detailed in the Remuneration Report, the Company intends to submit a fully revised remuneration policy (including an equity-based LTI plan) to the General Meeting for approval, once the three-step strategy has been completed and the Company's situation has normalised, but, at this stage, due to the many complexities, the current remuneration strategy (including a cash-settled scheme) remains more appropriate.

## OUTLOOK

The hard work underway since December 2017 on a wide variety of projects is ongoing. As a Supervisory Board, we are determined that we will operate within a strong governance and control framework that is truly fit for the future.

As a Board we fully recognise the importance of finding a solution to the Group's litigation challenges and we are encouraged by the progress made with the implementation of the Litigation Settlement Proposal and by the potential thereafter to focus on the final phase of our three-step key management focus, addressing the debt and financing costs. However, we would also like to highlight the success of the Group's endeavours to stabilise the business, the determined effort to clean up each of the businesses and appoint strong and capable leadership teams, and the strength



of the operational performance amidst a global pandemic. Each of these would be an area of significant achievement in itself but in combination they demonstrate real progress, and we are committed to delivering further improvements across the Group in the year ahead.

## APPRECIATION

It has been an honour to serve alongside such extraordinary colleagues as we have across our operating businesses. They have shown an ability to overcome the most demanding hurdles and when confronted with the challenges of the COVID-19 pandemic, demonstrated a dogged determination to continue serving their customers despite all the restrictions. We would like to recognise their superb performance and to thank our customers for their continued support.

We would also like to thank the financial creditors and their advisors with whom we have been able to build a constructive and collaborative working relationship. To our shareholders, thank you for your continued support.

Finally, I should like to thank my fellow Supervisory Board directors, the Management Board directors and the executive team who have all continued to demonstrate an exceptional level of commitment to providing Steinhoff N.V. with the stability, governance and controls it needs to address its legacy issues and progress its recovery journey.

**Moira Moses**  
*Chairperson*

26 February 2021

## INTRODUCTION

# TIMELINE OF KEY EVENTS

For more detail please refer to the **Financial and Business Review**.

## 2019

### OCTOBER

#### 1 OCTOBER 2019

Disposal of ABRA concluded.

### NOVEMBER

#### 8 NOVEMBER 2019

The Group announced that it was considering and evaluating a range of strategic options for the Pepco Group, including a potential IPO.

#### 12 NOVEMBER 2019

At an Extraordinary General Meeting held in Amsterdam, the resolution to appoint Mazars Accountants N.V. as the Company's statutory audit firm for the financial year ended 30 September 2019 was duly approved.

#### 15 NOVEMBER 2019

Agreement to sell the Blue Group, the owner of Bensons for Beds, Harveys Furniture and upholstery & bedding manufacturers Relyon, Steinhoff UK Beds and Formation Furniture to Alteri Investors, subject to Regulatory approval.

### NOVEMBER

#### 18 NOVEMBER 2019

Greenlit Brands announced the divestment of its General Merchandise division. The brands being disposed of included Best & Less, Harris Scarfe, Postie (NZ) and Debenhams Australia. This transaction was completed in early December 2019.

#### 25 NOVEMBER 2019

The disposal of 75% of Unitrans.

### DECEMBER

#### 19 DECEMBER 2019

The disposal of the remaining 25% of Unitrans in a B-BBEE transaction.

# 2020

## JANUARY

### 24 JANUARY 2020

Sale of equity holding in US manufacturer, Sherwood Bedding.

## FEBRUARY

### 27 FEBRUARY 2020

Announcement of unaudited trading update for the three-month period ended 31 December 2019.

## MARCH

### 10 MARCH 2020

Pepkor Africa raised R1 billion in an issue of three-and five-year bonds.

### 20 MARCH 2020

First COVID-19 update released to the market.

## MAY

### 18 MAY 2020

Heather Sonn stepped down as chairperson and from the Supervisory Board.

### 22 MAY 2020

Moira Moses designated as new chairperson of the Supervisory Board.

### 29 MAY 2020

Published the audited 2019 Annual Financial Statements of Steinhoff Investment Holdings Limited.

# 2020

## JUNE

### 23 JUNE 2020

Pepkor Africa issued 172.5 million shares at R11.00 per share, reducing Steinhoff N.V.'s shareholding to 68%.

### 30 JUNE 2020

Published the 2019 Annual Report, including the 2019 Consolidated Financial Statements.

## JULY

### 8 JULY 2020

Announced the sale of Conforama France, subject to regulatory approvals.

### 13 JULY 2020

Concluded the sale of Conforama Switzerland, subject to regulatory approvals.

### 27 JULY 2020

Announced details of the Litigation Settlement Proposal.

### 30 JULY 2020

Published the unaudited 2020 Half-year Results for the six-month period ended 31 March 2020.

The Group stated that it was considering and evaluating a range of strategic options for Fantastic Furniture, part of the Greenlit Brands Group, including a potential IPO.

### 31 JULY 2020

Conforama Switzerland disposal concluded.

## AUGUST

### 4 AUGUST 2020

Pepkor Africa announced the entering into a sale and purchase agreement for the disposal of the entire share capital of its wholly owned subsidiary The Building Company.

### 28 AUGUST 2020

Released the unaudited trading update for the nine-month period ended 30 June 2020.

Annual General Meeting held virtually and voting results published.

## SEPTEMBER

### 3 SEPTEMBER 2020

Unaudited and unreviewed Interim Results for the six months ended 31 March 2020 released by Steinhoff Investment Holdings Limited.

### 23 SEPTEMBER 2020

Conforama France disposal concluded. Deconsolidated on 30 September 2020.

# 2021

## OCTOBER

### 2 OCTOBER 2020

Published the audited 2016 and 2017 Annual Financial Statements of Steinhoff Investment Holdings Limited.

### 20 OCTOBER 2020

Steinhoff N.V and SIHPL, jointly, receive a public censure and a fine of R13.5 million from the JSE in respect of alleged disclosure irregularities that occurred prior to December 2017.

### 30 OCTOBER 2020

Published the audited 2018 Annual Financial Statements of Steinhoff Investment Holdings Limited.

## NOVEMBER

### 4 NOVEMBER 2020

Update on Lender Consent Request in respect of Litigation Settlement Proposal and proposed launch of English law Scheme of Arrangement.

### 25 NOVEMBER 2020

SARB approval received for the Litigation Settlement Proposal.

## DECEMBER

### 15 DECEMBER 2020

Resolutions put to relevant classes of creditors at SEAG English law scheme meetings approved by requisite majorities.

### 18 DECEMBER 2020

Published the audited 2020 Annual Financial Statements of Steinhoff Investment Holdings Limited.

Concluded a framework agreement to sell various African properties to Pepkor Africa.

## JANUARY

### 18 JANUARY 2021

Suspension lifted and trading in Steinhoff Investment Holdings Limited preference shares resumed on the JSE.

## FEBRUARY

### 5 FEBRUARY 2021

High Court of England grants order sanctioning the SEAG CPU schemes.

### 15 FEBRUARY 2021

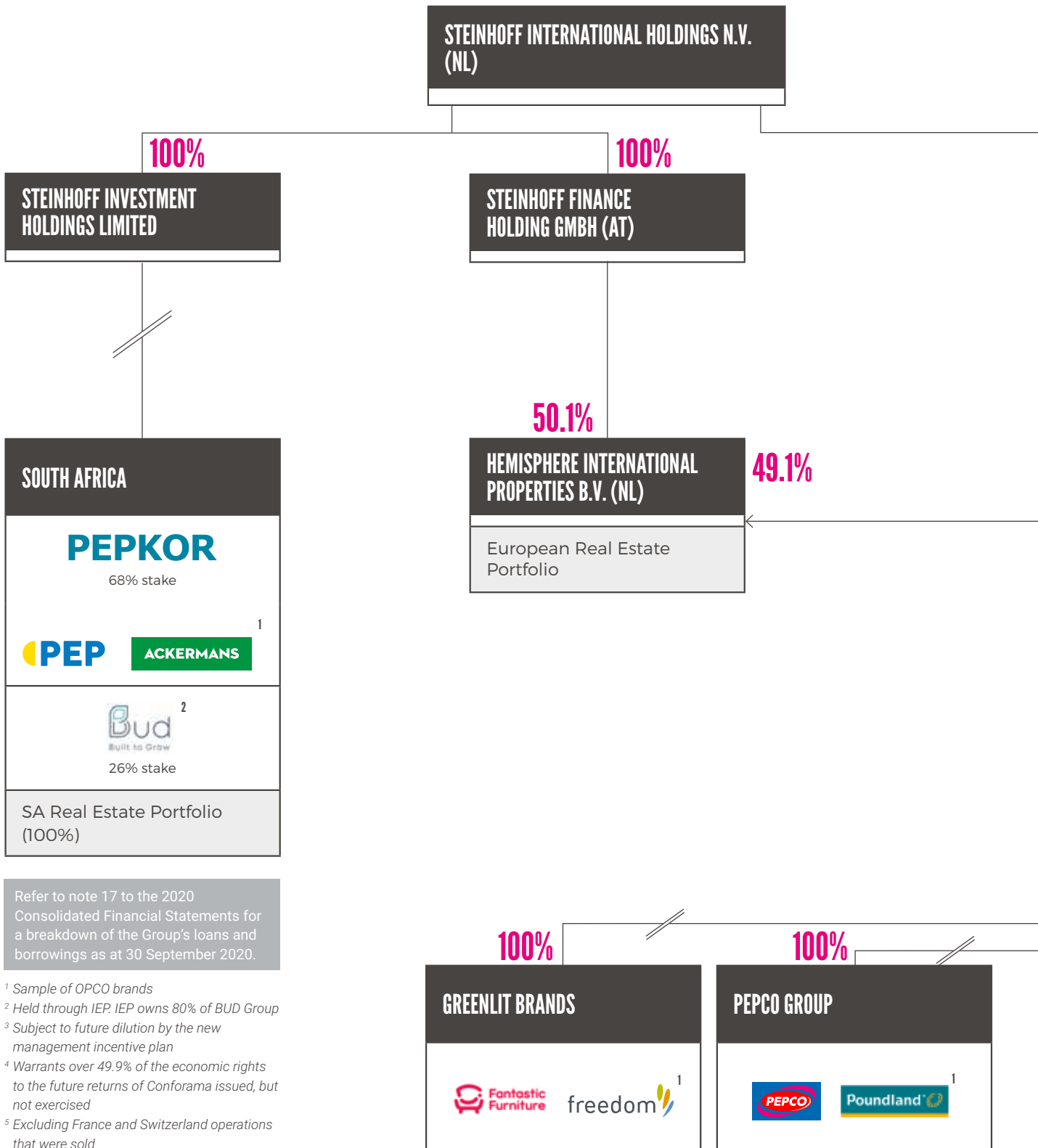
Launched the Litigation Settlement Proposal.

### 26 FEBRUARY 2021

Published the 2020 Annual Report, including the 2020 Consolidated Financial Statements.

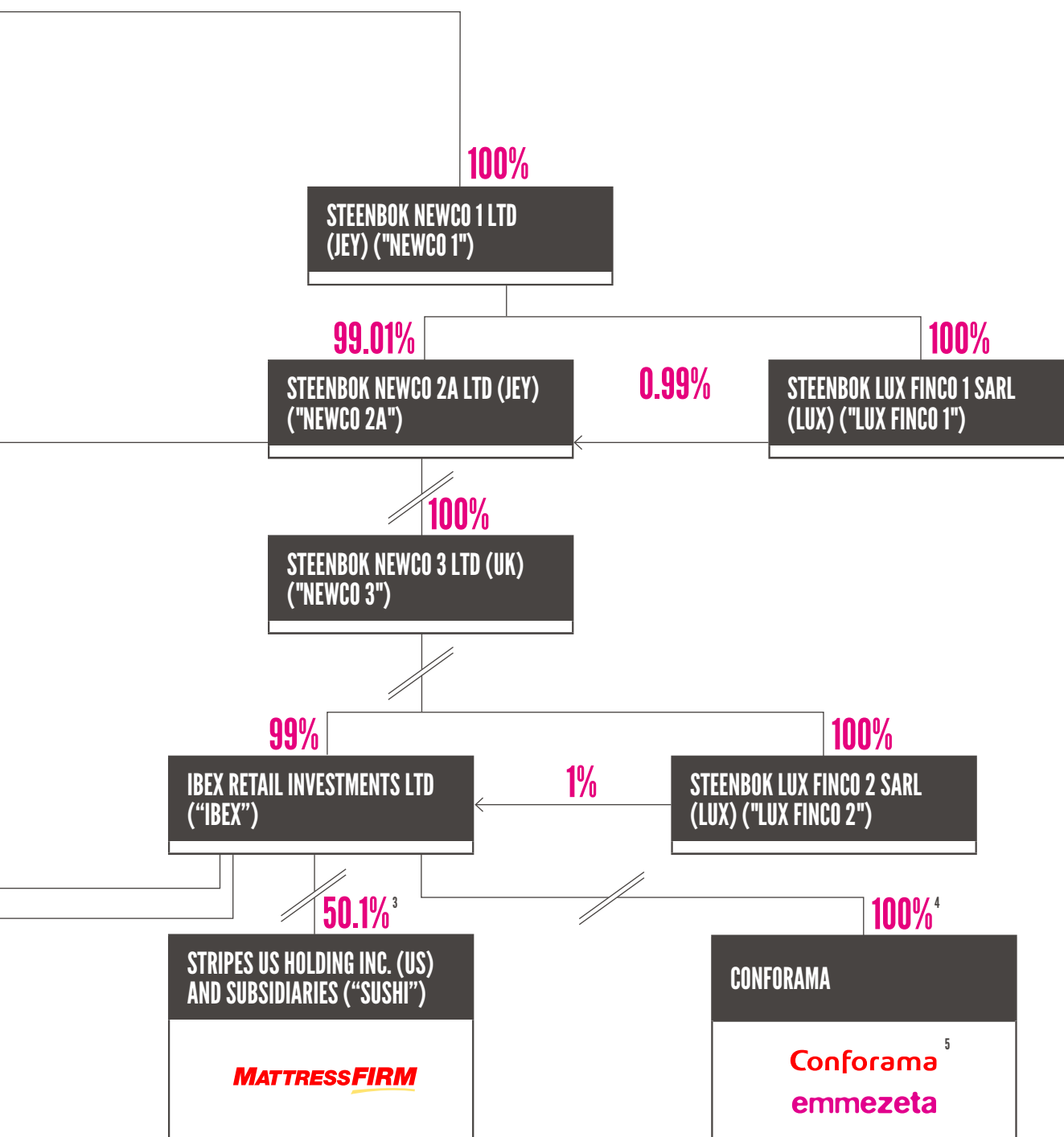
Release of unaudited trading update for the three-month period ended 31 December 2020.

# SUMMARISED GROUP STRUCTURE AS AT 30 SEPTEMBER 2020



Refer to note 17 to the 2020 Consolidated Financial Statements for a breakdown of the Group's loans and borrowings as at 30 September 2020.

<sup>1</sup> Sample of OPCO brands  
<sup>2</sup> Held through IEP. IEP owns 80% of BUD Group  
<sup>3</sup> Subject to future dilution by the new management incentive plan  
<sup>4</sup> Warrants over 49.9% of the economic rights to the future returns of Conforama issued, but not exercised  
<sup>5</sup> Excluding France and Switzerland operations that were sold







# PART I

## REPORT OF THE MANAGEMENT BOARD

# FINANCIAL AND BUSINESS REVIEW

## INTRODUCTION

Steinhoff N.V. is a public limited liability company incorporated under the laws of the Netherlands and is registered with the Trade Register in the Netherlands under number 63570173, with tax residency in South Africa. The Company has a primary listing on the FSE with a secondary listing on the JSE.

Steinhoff N.V. is primarily a global holding company with current investments in retail businesses in Africa, Australasia, Europe, the United Kingdom and the United States of America. Each of these operations procures product direct from a wide range of suppliers for onward sales through an extensive retail footprint. As such, the Group does not make material direct investments into new product research and development.

This Financial and Business Review covers the financial year from 1 October 2019 to 30 September 2020 and addresses the material events subsequent to 30 September 2020 up to the date of this Annual Report.

## OVERVIEW

In line with the strategy of longer-term value preservation for stakeholders, the Group continues to be engaged in a complex restructuring and recovery process that encompasses all aspects of its business and had a significant impact on its reported results for the year. During the Reporting Period, the Management Board focused on continued operational improvements within the Group's businesses; the introduction of monthly operational reporting to the Group's financial creditors; further improvements to governance at all levels; finalising and releasing the audited financial results for 2019; and dealing with the impact of the global COVID-19 pandemic. In parallel, the Group continued to dispose of non-core businesses and attempted to find a

solution to its ongoing litigation challenges through the global Litigation Settlement Proposal. Further details are provided throughout this Annual Report.

Stakeholders have been kept informed by regular announcements released through formal stock exchange channels. All announcements can be found on the Steinhoff N.V. website:

[www.steinhoffinternational.com/sens.php](http://www.steinhoffinternational.com/sens.php).

## CURRENT TRADING PERFORMANCE

The underlying businesses operate a number of strong local brands and are well diversified by geography and business line. While COVID-19 constraints affected the performance of all businesses during the year, the extent of the impact varied according to their geographic exposure, business mix, and severity and duration of lock down restrictions at a local level. Individual businesses, such as Pepkor Africa and Pepco Group, with their everyday value focus, continued to perform robustly, while others, such as Mattress Firm and Fantastic Furniture (part of the Greenlit Brands Group) reported strong trade as restrictions moderated and consumers invested in their homes.

Despite the many challenges faced in the 2020 financial year, including the restrictions on trade as a result of COVID-19 and a weakening ZAR/EUR exchange rate, the Group reported a resilient performance overall. Total revenue from continuing operations for the year ended

30 September 2020 decreased marginally by 2% to €7.9 billion (2019: €8.1 billion), with strong contributions from Pepco Group (+3%) and Greenlit Brands (+9%). Pepkor Africa delivered a 4% growth in local currency, however exchange rate movements meant this translated into a decrease of 8% in the reporting currency.

The accompanying Operational Review deals with the performance in more detail.

## REPORTABLE SEGMENT INFORMATION

In compliance with IFRS, the Group reports on five continuing business segments. One segment from the prior year has been discontinued as detailed in note 1 to the 2020 Consolidated Financial Statements and resulting in the restatement of the comparative figures. This presentation is aligned with how the Management Board views the business and with historical operational reports.

## PRESENTATION OF DISCONTINUED OPERATIONS

Intercompany transactions and balances between continuing and discontinued operations are eliminated within both continuing and discontinued operations. The intercompany eliminations are added back as reconciling items for segmental and operational reporting as this more closely reflects the trading conditions within each segment.

## CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements requires management to make judgements and estimates that affect the application of accounting policies and the reported values of assets, liabilities, income and expenses. Actual results may differ from these estimates. Judgements have been made after taking into account all currently available information, but these could change if additional relevant information comes to light. Critical accounting estimates are those that involve complex or subjective judgements or assessments. The details of such judgements and estimates are included as part of the "Basis of Preparation" of the 2020 Consolidated Financial Statements, and readers should take note of the following items:

### Judgements

1. Going concern assumption
2. Consolidation decisions
3. Recoverability of financial and other assets
4. Recognition and derecognition of liabilities
5. Recognition and measurement of provisions
6. Correct classification and completeness of contingent liabilities
7. Correct classification of disposal groups and non-current assets held-for-sale
8. Correct classification and completeness of liabilities and events occurring after the Reporting Period

### Estimates

1. Estimation of uncertain tax positions
2. Estimation of future taxable profits in support of recognition of deferred tax assets
3. Estimations of inputs into discounted cash flow models relating to the impairment of goodwill
4. Estimations of inputs into discounted cash flow models relating to the impairment of intangible assets
5. Estimation of the useful life of intangible assets
6. Estimation of the recoverable amount and fair value of properties
7. Estimation of the useful life and residual values of buildings
8. Estimation of the fair value less cost of disposal for non-current assets held-for-sale of disposal groups
9. Estimation of the provision to be raised for the Litigation Settlement Proposal
10. Estimation of the fair value of identifiable assets and liabilities impacting the measurement of goodwill in a business combination
11. Estimation of vesting conditions relating to share-based payments
12. Estimation in determining the lease terms and discount rates applicable to lease agreements

## NET DEBT AND CASH FLOW

The net debt for the Group at the Reporting Date, at €9 461 million (2019: €9 575 million), calculated as total debt (€11 444 million) less cash and cash equivalents (€1 983 million), remains high.

The OpCos have all raised their own external debt and do not rely on the Group for funding. At operational level the total debt decreased significantly from €2 183 million to €1 573 million over the Reporting Period as positive cash flow and resulting debt repayments exceeded the interest and fee accruals.

Total Group debt, however, increased further from €9 187 million to €9 871 million as the interest accrued exceeded the amount of debt repaid.

For further details please refer to note 17 to the 2020 Consolidated Financial Statements.

The cash generated by operations was €1 171 million for the Reporting Period (2019: utilised €152 million). Ordinary and preference dividends of €20 million (2019: €27 million) were paid to shareholders, the Group did not receive any dividends from investments (2019: €37 million), and net interest and tax of €344 million was paid (2019: €376 million). This resulted in a cash inflow from operations of €807 million (2019: outflow of €518 million).

The cash flows due to investing activities were as follows:

- (i) €31 million net capital proceeds;
- (ii) Net proceeds from disposals of businesses of €543 million (Conforama €314 million; Unitrans €181 million; Sherwood €44 million; Greenlit Brands €19 million; Blue Group (€13 million); Abra (€2 million)); and
- (iii) Net proceeds from the disposal of investments in equity accounted companies of €20 million (Cofel SAS €19 million).

In the 2019 Reporting Period, the cash flows due to investing activities were:

- (i) €158 million net capital expenditure;
- (ii) Proceeds from the disposal of kika-Leiner of €397 million; and
- (iii) Proceeds from the disposals of investments in equity accounted companies of €564 million (KAP €293 million; POCO €271 million).

## GEOGRAPHIC CONTEXT AND IMPACT OF FOREIGN CURRENCIES

The Group earned c. 83% (2019 restated: 87%) of its revenue from continuing operations outside of the eurozone area. The Group's assets are spread around the globe and the non-Euro assets are subject to various currency fluctuations including changes in the value of the South African rand, the Australian dollar, the US dollar, the UK pound sterling, the Swiss franc and the Polish zloty.

## NON-OPERATIONAL EXPENSES

The Group has identified a number of non-operational expenses which are material due to the significance of their nature and/or amount. These expenses are not included in the segmental results and are listed separately in note 4.2 to the 2020 Consolidated Financial Statements to provide a better understanding of the financial performance of the Group. The more material items are as follows:

### Advisory fees

As a consequence of the restructuring activities, it has been necessary for Steinhoff N.V. to engage a wide range of professional advisors to assist it with its investigative, legal, financial and regulatory requirements as it continues its efforts to stabilise and restructure the Group. In addition, the Group is required to pay the advisor costs of each of the respective creditor groupings. The scale and complexity of this task has meant that the aggregate advisor costs for the Reporting Period, while reduced substantially compared with the prior year, have once again been significant. The principal advisor relationships included:

- Legal advisors in various jurisdictions, with United Kingdom, the Netherlands, Austria, Germany and South Africa being the most material;
- Financial restructuring and corporate advisory functions that support the Group on discussions and engagements with its creditors;
- Advisors on liquidity management and operational measures;
- Forensic investigators; and
- Regulatory and taxation advisors.

Advisory fees for the Reporting Period amounted to €58 million (2019: €158 million), as disclosed in note 4.2.8 of the 2020 Consolidated Financial Statements. These fees included €5 million (2019: €16 million) relating to the forensic investigation and technical accounting support, €11 million (2019: €67 million) relating to creditor advisor fees and €42 million (2019: €75 million) for Group advisor fees.

Legal advisory fees are expected to remain significant in the period ahead as we attempt to resolve and deal with outstanding litigation and seek redress against former executives and related parties.

### Litigation Settlement Proposal raised

A provision of €943 million has been raised as explained below and detailed in note 24.3 to the 2020 Consolidated Financial Statements.

### Impairments

The total impairment of intangibles for the Reporting Period amounted to €306 million (2019: €113 million). The impairments were mainly recognised in Pepkor Africa and Pepco Group and were driven by challenging trading and economic conditions created by the COVID-19 pandemic crisis and the related effect on the economic outlook, which resulted in lower than previously anticipated projected cash flows. Please refer to note 8 to the 2020 Consolidated Financial Statements for further information.

## FINANCE COSTS

The total finance costs for the Reporting Period increased marginally to €1 191 million (2019 restated: €1 080 million).

Within the OpCos total finance costs increased from €255 million in the prior year to €268 million in the current year as additional interest raised on leases in terms of IFRS 16 (€133 million) was offset by the reduced average debt levels.

The finance costs relating to Group debt increased from €825 million to €923 million. The increase is due to a full year of higher interest rates applied on higher average debt levels, partially mitigated by transaction fees in relation to the Lock-Up Agreement that were included in the 2019 total.

For further details please refer to note 5 and note 17 to the 2020 Consolidated Financial Statements.

## TAX

Tax remains an area of focus for management as the tax impact of the accounting irregularities are complex. Significant work has been done in collating information, completing entity stand-alone financial statements, filing of tax returns and constructive progress made with the tax authorities in various jurisdictions.

## RELATED PARTY AND INTRAGROUP TRANSACTIONS

During the Reporting Period, related party relationships existed between certain shareholders, subsidiaries, joint-venture companies and associate companies within the Group, and its company directors and Group key management personnel.

All known material intragroup transactions are eliminated on consolidation.

## GOVERNANCE AND LEADERSHIP

There were no changes to the Management Board during the 2020 Reporting Period.

With regard to the Supervisory Board, Heather Sonn, the previous Chair, resigned from her position on 18 May 2020 and was succeeded by Moira Moses on 22 May 2020.

We thank Heather for her strong and calm leadership in what has been an exceptionally difficult period for the Group.

## SUSTAINABILITY (ESG) AND CORPORATE SOCIAL INVESTMENTS (CSI)

As a global holding company with investments in retail businesses, good corporate citizenship, including a focus on sustainability and CSI activities, is important to the Group. Responsibility for implementation is devolved primarily to each independent operating subsidiary, where action can be carried out directly ensuring it has the most impact. Areas of focus include sourcing, energy consumption, waste, the development and well-being of our people and the role the businesses play in their wider communities. Steinhoff uses its influence, as appropriate, to ensure that each operation takes these aspects properly into account and is able to show consistent attention to and progress towards these objectives.

## CORPORATE ACTIVITY DURING THE PREVIOUS REPORTING PERIODS

A significant amount of corporate activity has taken place since the discovery of the accounting irregularities in December 2017, including asset disposals and debt restructuring activities. Further details are disclosed in the 2017, 2018 and 2019 Annual Reports.

## CORPORATE ACTIVITY DURING THE 2020 REPORTING PERIOD

### Properties – Africa

The Group commenced a process, post March 2019, to dispose of the remaining property portfolio within the property division in Africa. Management considered various disposal options in order to optimise the balance sheet and unlock value for shareholders. The portfolio consists of retail outlets, offices, warehouses, dealerships, truck shops, vacant land and residential properties, and includes properties tenanted by the Group and third parties. At 30 September 2019 and 30 September 2020 the Africa property portfolio met the criteria to be classified as held-for-sale. The disposal process remains ongoing.

### ABRA

On 18 September 2019 it was resolved to sell the Group's shareholding in ABRA. The transaction was concluded in October 2019. At 30 September 2019 ABRA met the criteria to be classified as held-for-sale.

### Pepco Group

On 8 November 2019, the Group announced that it was considering and evaluating a range of strategic options for the Pepco Group, including a potential public listing. During the course of 2020 further announcements confirmed that the intention remained, but that the likely timing had inevitably been impacted by the COVID-19 pandemic.

On 25 January 2021 Steinhoff N.V. announced that the evaluation process had resumed, with a range of strategic options under consideration. The process remains in its early stages and no definitive decision has been taken with respect to any specific course of action or timing at this point.

### Blue Group

On 15 November 2019 the Group announced that, in line with its strategy of simplifying its portfolio and deleveraging its balance sheet, it had reached agreement to sell the Blue Group Hold Co Ltd, the owner of Bensons for Beds, Harveys Furniture and upholstery & bedding manufacturers Relyon, Steinhoff UK Beds and Formation Furniture. The sale was finalised on 26 February 2020 and as at 30 September 2020 the Blue Group was disposed of in full.

### Greenlit Brands

On 18 November 2019 Greenlit Brands announced that it had reached agreement to divest its General Merchandise division, including the Best & Less, Harris Scarfe, Postie (NZ) and Debenhams Australia brands. Disposal of the General Merchandise business has enabled Greenlit Brands to concentrate on its core household goods brands, which enjoy strong positions in the Australian and New Zealand markets. The transaction was completed in early December 2019. Greenlit Brands remains a wholly owned subsidiary of Steinhoff International Holdings N.V. At 30 September 2019 the Greenlit Brands General Merchandise division met the criteria to be classified as held-for-sale.

### Unitrans – Automotive

On 27 November 2019 the Group announced the financial closing of the sale of the 74.9% stake, effective 25 November 2019, and that agreement had been reached to sell the remaining 25.1% to a Broad-Based Black Economic Empowerment investment group. This second transaction had an effective date of 19 December 2019.

### Sherwood Bedding

In line with the strategy mentioned above, the Group's shareholding in Sherwood Bedding, a leading manufacturer in the US private label/original equipment manufacturer bedding market, was sold in January 2020. Sherwood Bedding operates four manufacturing facilities in the United States of America. At 30 September 2019 Sherwood Bedding met the criteria to be classified as held-for-sale.

### Hemisphere

Hemisphere, the Group's major European property-owning subsidiary, remains committed to a sale of the Hemisphere properties and the directors continue to believe that the held-for-sale classification remains appropriate for these assets. Further details are disclosed in note 17.6 to the 2020 Consolidated Financial Statements.

### Pepkor Africa

As part of Pepkor Africa's stated ambition to reduce gearing and the cost of funding while diversifying its sources of funding, on 10 March 2020 Pepkor Africa successfully raised R1 billion in three and five-year bonds issued under its R10 billion domestic medium-term note programme at favourable interest rates. The proceeds from the bond issue were used to settle the majority of the R1.5 billion bridge funding facility that was repayable in 2020. Pepkor Africa's credit rating was affirmed by Moody's Investors Services on 6 April 2020.

On 23 June 2020, Pepkor Africa announced a non-pre-emptive placement of up to 172.5 million ordinary shares in the authorised but unissued share capital of Pepkor Africa to certain institutional investors, representing up to 4.95% of Pepkor Africa's existing issued ordinary shares. The placement was a precautionary measure to strengthen Pepkor Africa's financial flexibility and liquidity position in the light of the continuing COVID-19 pandemic and resulting macroeconomic pressure. In addition to other cash-saving initiatives already undertaken by Pepkor Africa, the placement further increased the resilience of its balance sheet, and enhanced its liquidity profile, strengthening its financial position should a more negative macroeconomic scenario materialise. On 24 June 2020 Pepkor Africa announced the successful implementation of this bookbuild, having placed the full 172.5 million shares at R11.00 per share, representing a discount of 6%, and raising R1.9 billion. Steinhoff N.V. did not participate in this transaction, reducing its effective shareholding in Pepkor Africa from 71% to 68%.



The Pepkor Africa Group entered into a sale and purchase agreement for the disposal of the entire issued share capital of The Building Company for a total purchase price, including permitted leakages, of ZAR1.2 billion. Completion of the transaction is subject to the fulfilment of certain conditions precedent and is expected to be concluded during the first half of the 2021 Reporting Period.

### Conforama France

Conforama France SA (“Conforama France”), the Group’s French retail subsidiary, had been in turnaround since 2019. In its 2019 Annual Report Steinhoff N.V. confirmed that, following the COVID-19 outbreak in early 2020, the position of Conforama France was uncertain and that the Group had been unable to secure the state-guaranteed loan, for which it was eligible, to support the business through this difficult period. At that point the Group also confirmed that Conforama France was exploring near term options, including a potential sale of the business. Subsequently, on 8 July 2020, the Group announced the disposal of Conforama France and 18 properties to Mobilux Sàrl (“Mobilux”), for €70 million. Following the disposal, Conforama France received €500 million of new financing in a combination of state-guaranteed loans and funding from Mobilux. The disposal agreement was a major milestone in the Group’s restructuring effort. The disposal secured the future of Conforama France, released the Group from its liabilities in respect of that business and allowed Steinhoff N.V. to exit from the French market. Steinhoff N.V. believes that the sale of the business was in the best interests of all stakeholders. The transaction closed at the end of September 2020.

### Conforama Switzerland

In a separate transaction, on 13 July 2020 Conforama concluded an agreement to dispose of Conforama Suisse SA. The disposal proceeds were used to reduce debt at Conforama. The sale was subject to regulatory approvals and closed on 31 July 2020.

### Conforama Iberia, Italy and Balkans

During the Reporting Period the Group decided to dispose of its remaining investments in the Conforama businesses and has embarked on a process to identify potential buyers. These businesses met the criteria to be classified as held-for-sale on 30 September 2020.

### Greenlit Brands

In line with its strategy of longer-term value preservation for all stakeholders, the Group continues to explore and evaluate a range of strategic options for its subsidiary businesses. These options included a potential public listing of the Fantastic Group, Australia’s leading, value-focused furniture and bedding retailer, which is part of Greenlit Brands, the Group’s Australasian business. Subsequent to the Reporting Date, all decisions relating to the IPO process were postponed until the 2021 Reporting Period when it is expected that COVID-19-related uncertainty will be reduced, making it easier for investors to assess growth prospects for the business. No definitive decision has been taken with respect to any specific course of action or timing at this point.

## CORPORATE ACTIVITY AFTER THE REPORTING DATE

### Legal provision

The participation rights and/or loan proceedings litigation with Seifert relating to the Conforama Group are part of ongoing lawsuits and are still subject to uncertainty. On the basis of information available and actions taken to date, management concluded that a liability should be attributed to Seifert from the date of termination. A payment of €147 million was made by the Group for Seifert’s interest in December 2016, which was based on an independent valuation of an interest of 23.6%. During November 2020 the parties entered into negotiations wherein an additional settlement amount of €100 million was discussed. A settlement was not finalised as the parties could not reach agreement with respect to certain contractual terms. Considering these negotiations management decided to raise a settlement provision. It is viewed as an Adjusting Event for the 2020 Reporting Period and an additional amount of €85 million was raised as a provision in the 2020 Reporting Period on an AIH level, representing the best estimate for settlement of the claim.

### Reduction of share capital

Effective as of 3 November 2020 the issued share capital of the Company was reduced to 4 269 609 051 Ordinary Shares of €0.01 each, following the cancellation of 40 118 093 Ordinary Shares of €0.01 each.

The resolution to reduce the capital of the Company by cancelling 40 118 093 Ordinary Shares, that were held by the Company (the “Cancelled Shares” and the cancellation of these Cancelled Shares, the “Capital Reduction”) was adopted by the General Meeting on 28 August 2020. The Company deposited the resolution to cancel the Cancelled Shares with the Dutch Trade Register and announced the Capital Reduction in a daily nationally distributed newspaper on 2 September 2020. As from the date of the announcement the statutory waiting period of two months for creditors to oppose the Capital Reduction commenced. On 4 November 2020, the Court of Amsterdam confirmed that no creditors had opposed to the Capital Reduction during this period. Therefore, the resolution took effect after two months having passed since the announcement had been made. The Capital Reduction was aimed at optimising the Company’s equity structure.

### Iberian properties

During February 2021, Conforama Espana S.A and Conforama Portugal (“Conforama Iberia”) entered into a binding offer for a sale and lease back for a consideration of €107 million, with certain conditions precedent. On completion of those conditions precedent, the real estate properties will be transferred. The main terms of the corresponding lease contract of each property are already agreed and contain clauses and commitments which are in the ordinary course of business.

### Properties – Africa

As explained above, the Group is engaged in a process to dispose of the remaining properties in the African property portfolio. A number of these properties are used by Pepkor Africa’s operating entities as distribution centres, with one property being used as a corporate head office and one property being used as a call centre. From a Group strategic perspective, it made sense to sell these properties to Pepkor Africa. In December 2020 the Company entered into inter alia a framework agreement with two wholly-owned subsidiaries of Pepkor Africa. The aggregate purchase consideration will be settled by Pepkor Africa issuing, in aggregate, 70 000 000 (seventy million) new Pepkor Africa shares to the Steinhoff subsidiaries. This transaction is subject to a number of standard terms and conditions.



## GROUP DEBT RESTRUCTURE

The Group completed a substantial and complex debt restructuring process during the prior financial year. The financial restructuring of the Group became effective on 13 August 2019, when the SEAG and SFHG CVAs were successfully implemented. Under the terms of the CVAs, the existing debt instruments in SEAG and SFHG were reissued with effect from 13 August 2019, with a common maturity date of 31 December 2021. No cash interest is payable in this period, as interest will accrue and is only payable when the debt matures, providing the Group with a period in which it can concentrate on reducing debt and restoring value. On 14 December 2018, being the CVA approval date, the lenders agreed to start implementing the restructuring plan once certain conditions precedent had been fulfilled. From that date interest accrued at the newly agreed interest rates.

As part of the Litigation Settlement Proposal and related lender consent requests, the Group proposed that the financial creditors extend the common maturity date. An interim extension of 12 months to 31 December 2022 has been approved by the lenders, subject to the initiation of the Proposed Litigation Settlement and simple majority lender consent. If the Proposed Litigation Settlement is successful, the due date of the debt will be extended to 30 June 2023 with an option for a further six month extension subject to a simple majority approval by the lenders.

## FORENSIC INVESTIGATION

PwC was requested to undertake further phases of investigative work in respect of certain issues identified which, although they are not deemed to be material to the Company's financial statements, may be significant for other reasons, including recovery proceedings, and which therefore required further investigation, conclusion and resolution.

## REMEDIATION PLAN

In 2018 the Management Board developed and began to implement a Remediation Plan designed to address the causes of the previous governance failures. The Remediation Plan addressed all the potential areas of

weakness that had been identified, together with their regulatory consequences. It also identified outstanding tasks, those responsible for their execution and the timeline for delivery.

The Remediation Plan was endorsed by the Supervisory Board, which ultimately oversaw its implementation. Work on the implementation of the Remediation Plan was completed by the Reporting Date and the necessary improvements to governance, internal systems and controls are now embedded throughout the Group's businesses. For further details of the Remediation Plan, please refer to the Risk Report.

## LITIGATION

Litigation remains a significant outstanding challenge for the Group. It has been a major focus for management in the period since implementation of the financial restructuring in August 2019. In parallel with these various court processes, the Management Board, assisted by a litigation working group and the Group's legal advisors, continued to work towards a resolution of outstanding claims against the Group throughout the period.

Please refer to the contingent liabilities and other litigation detailed in note 24.3 to the 2020 Consolidated Financial Statements for further details.

The Group is also evaluating potential claims it may have against third parties, and recoveries against implicated entities and individuals are being initiated where appropriate. Proceedings against members of the former management team were instituted as a first step in this process. Subsequently, claims were initiated against Top Global, an entity linked to the Talgarth Group, and Mayfair Speculators, a company linked to Mr Markus Jooste.

## LITIGATION SETTLEMENT PROPOSAL

On 27 July 2020, the Group released a detailed update on its efforts to resolve the ongoing complex legal claims and litigation proceedings, including details of a proposed settlement in respect of these claims. The Group has formulated proposed settlement amounts for various claimant groups in light of the characteristics of, and risks affecting, their claims, the Group's ability to continue trading and to maximise the asset values

available to it, and the likely outcomes for claimants if the Group was unable to do so and liquidation ensued. The proposed settlement terms also have regard to the adverse impact of the COVID-19 pandemic on the value of the Group's underlying businesses and the effect of currency movements. The Group's settlement proposal is made on the basis that it does not represent an admission of any liability in respect of any of the various claims made against any member of the Group or any directors, officers, employees or advisors, past or present. For more information, please refer to note 24.3 to the 2020 Consolidated Financial Statements or the various announcements which can be found at <https://www.steinhoffinternational.com/settlement-litigation-claims.php>.

In this regard a provision of €943 million has been raised as detailed in note 24.3 to the 2020 Consolidated Financial Statements. In addition, as this proposal had not yet been agreed to by any party, the claims are still being disclosed as contingent liabilities.

The Litigation Settlement Proposal required the approval of Steinhoff N.V.'s financial creditors. A consent request was launched on 9 October 2020 to obtain the formal support of the financial creditors to the terms and proposed implementation of the settlement. During November the Company announced that it had received overwhelming support from the financial creditors and that Steinhoff had obtained the requisite consent from its creditors in respect of all relevant financial instruments, with the exception of the "(SEAG) Contingent Payment Undertaking". Two financial creditors voted against the consent request where "all-lender support" was required. Steinhoff N.V. then pursued an English law scheme of arrangement in order to obtain the necessary approvals. The scheme meetings took place on 15 December 2020 in London and the required lender consent was obtained. The High Court of England sanctioned the terms of the SEAG CPU Scheme on 5 February 2021. In addition, Steinhoff N.V. required approval from the South African Reserve Bank ("Finsurv"). The Company applied to the Finsurv for consent to the cross-border payments to be made as part of the Proposed Settlement and received approval on 25 November 2020, valid for 12 months.

Steinhoff N.V. announced on 15 February 2021 that it was beginning the implementation of its global settlement and had resolved to commence a Dutch SoP, which the Court approved, to implement its proposal to settle certain multi-jurisdictional legacy litigation and various claims against the Steinhoff Group including those against the former Steinhoff Group South African holding company, SIHPL. In parallel, the board of SIHPL has resolved to commence a S155 Scheme also as part of the implementation of the Steinhoff Group global settlement.

## INTERNAL GROUP RESTRUCTURE

The Group owns a number of valuable businesses, most of which were held under a common holding structure comprising mostly of UK and Austrian companies. The holding structure had however become complex and unwieldy, since it comprised both of companies which pre-date the 2019 CVA restructuring, and some which were inserted as part of the CVAs to provide security to the Steinhoff Group's external lenders, the Lux Finco 1 lenders and the Lux Finco 2 lenders (together the "CVA Creditors") and to facilitate the restructuring.

As the CVA restructuring has now been completed the Group is in the process of divesting various interests in some of its valuable assets, in order to generate cash to repay the CVA Creditors, and is also seeking to wind up surplus companies which are no longer required.

To facilitate the disposal of assets, repatriation of cash and the eventual wind up of surplus companies, the Group and its advisors reviewed the corporate structure and found a number of inefficiencies which needed to be addressed over time.

The Group's valuable assets are held far down the corporate structure, whilst the financing provided by the CVA Creditors debt are held at a higher level in the corporate structure. Moving any disposal proceeds through the structure to the CVA creditors could have taken a number of months and, in the previous structure may have resulted in cash being trapped in specific Subsidiaries.

To address these issues and to facilitate smooth payments to the CVA Creditors, the

Group undertook a project which broadly involved simplifying the Group structure by liquidating companies no longer required and restructuring the remaining companies more efficiently, all in order to reduce operating costs and streamline the Group going forward. Some of the steps in this project were completed before the end of the financial year, being 30 September 2020, while other will be ongoing as part of normal business operations.

## REGULATORY ENGAGEMENT AND LISTING

The Company remains in contact with the Company's principal stock-market regulators regarding its listings: the AFM in the Netherlands, the FSE and the Federal Financial Supervisory Authority of Germany (Bundesanstalt für Finanzdienstleistungsaufsicht) and the JSE and the Financial Sector Conduct Authority (FSCA) in South Africa.

Steinhoff N.V. is co-operating with the various prosecution authorities and regulators in South Africa and other jurisdictions as they continue their investigations into individuals and entities implicated in relation to the events uncovered in December 2017. The South African authorities approached PwC and engaged them to perform additional expert forensic work to assist in the criminal investigation. Steinhoff N.V. supported this initiative and is contributing funds to cover a substantial portion of the costs, due to the size and complexity of the investigation required. Steinhoff N.V.'s role is limited to co-operation and providing a portion of funding for the project. The funding is provided on an at arms-length basis, with Steinhoff N.V. having no ongoing involvement in the investigation, the extent thereof and report-back process. The total costs contribution commitment from Steinhoff N.V. was €1.6 million (ZAR30 million) (plus VAT) and the Group has honoured the agreement to date, and intends to continue doing so going forward.

On 20 October 2020 the JSE issued Steinhoff N.V. and SIHPL, jointly, with a public censure and a fine of R13.5 million in respect of alleged disclosure irregularities that occurred prior to December 2017.

On 3 September 2020 under docket number E 1-2020 the FSE imposed a fine of €121 000, which included €111 000 in fines and €10 000 in fees for the administrative proceeding, for late submission of the Company's Annual Report for the financial year ending 30 September 2019.

On 21 October 2020 under docket number E 6-2020 the FSE imposed a fine of €19 800, which included €17 800 in fines and €2 000 in fees for the administrative proceeding, for late submission of the Company's Half-year Report for the six-month period ending 31 March 2020.

Both fines were settled in January 2021.

The Group remains committed to co-operating and maintaining open communication lines, with all regulators and this approach forms an integral part of the Group's Remediation Plan.

## SHAREHOLDER MEETINGS

A virtual annual meeting of shareholders was held on 28 August 2020. At this meeting six of the nine resolutions proposed were approved as detailed in the Corporate Governance Report.

## COVID-19

The COVID-19 pandemic has had a material impact on the Group's retail businesses, most notably from mid-March 2020 when lockdowns were initiated in Europe and South Africa. These measures resulted in the partial or full closure of many of our general merchandise stores, or restrictions on trading hours, and the closure of our offices.

In mid-March management acted swiftly to implement a definitive COVID-19 response strategy. Initially, this focused on ensuring employee and customer safety, securing liquidity and preserving and maximising the Group's cash position. Thereafter, attention turned to the actions necessary to return to a more normal trading position, particularly with regard to enhanced online trading (where regulations allowed), securing seasonal inventory, and to positioning the businesses to take advantage of the longer term opportunities resulting from the changed competitive environment.

Throughout this period, the safety of our employees and customers has been paramount. Significant operational changes have been made in our stores and offices including PPE provision where relevant for colleagues and customers, the installation of Perspex screens at till points, introduction of sanitisation stations, adoption of rigorous social distancing practices and encouraging payment by card. All of this has been achieved while adhering strictly to country specific government regulations and has required clear communication to our customers. By the end of June almost all stores had reopened.

While trading has been better than expected since reopening, as stores benefited from pent-up demand and a focus on home furnishings, the sustainability of this demand is uncertain. The Group's main trading subsidiaries, with their more resilient and defensive discount and value offering, are, however, confident that they are well positioned to gain market share in the post-COVID-19 'new economy'.

The global COVID-19 picture remains a dynamic situation. Subsequent to the Reporting Period many countries in Europe tightened restrictions or reimposed lock downs which impacted on store operations and trading hours.

While the Group is confident that the actions it has taken, and continues to take, to address the impacts of COVID-19 are appropriate and timely, the situation remains fast moving and uncertain as evidenced by the further restrictions implemented subsequent to the end of the Reporting Period. These developments and the mitigating actions are being kept under constant review.

## GOING CONCERN

In determining the appropriate basis of preparation of the 2020 Consolidated Financial Statements, the Management Board is required to consider whether the Group and Company can continue in operational existence for the foreseeable future.

At the time of signing these financial statements, the Board has a reasonable expectation that the Group has sufficient resources to continue in operation for the foreseeable future, which is not less than

twelve months from the date of authorisation of these 2020 Consolidated Financial Statements.

In doing so the Board has considered the impact of the provision for the global Litigation Settlement Proposal, the extension of the maturity date of the debt, and reasonable downside sensitivities including assessing the impacts of the COVID-19 global pandemic on the going concern position.

The Management Board draws shareholders' attention to the following critical assumptions that are key in arriving at the forecast cash flows, namely:

### Litigation and Regulation

Various entities within the Group, are subject to multiple legal claims and regulatory investigations. Steinhoff N.V. and SIHPL have received several shareholder and vendor claims and notices of regulatory investigation. These legal proceedings and regulatory investigations have been initiated subsequent to the December 2017 events. The Management Board, assisted by the Litigation Working Group, and in consultation with the Group's legal advisors, continue to assess the merits of, and responses to, these claims, and provide feedback to the relevant regulatory bodies. Several initial defences have already been filed by the Group, in these legal proceedings.

On 27 July 2020, the Group announced the terms of a proposed settlement to conclude the ongoing and disputed legal claims and pending litigation proceedings arising from the legacy accounting issues first announced in December 2017. On 15 February 2021 the Group initiated the legal processes required to implement this global settlement.

As part of the global Litigation Settlement Proposal, the Management Board has made the following key assumptions:

- That it is more likely than not that the global Litigation Settlement Proposal will be successful and for this reason the Litigation Settlement Proposal provision of €943 million has been raised in the results of the Group, representing management's best estimate of the outflow of resources required to settle the legal claims of all market purchase claimants and contractual

claims included the Litigation Settlement Proposal. For further detail of these claims, refer to note 24.3 Contingent assets and liabilities and other litigation.;

- As announced on 5 February 2021, following careful consideration of the options, the boards of Steinhoff N.V. have concluded that Steinhoff N.V. will seek a Dutch SoP to assist with the implementation of the global Litigation Settlement Proposal. On 15 February 2021, the Amsterdam District Court approved Steinhoff N.V.'s application for the opening of a Dutch SoP in respect of Steinhoff N.V. The appointed administrators, as part of the Dutch SoP process, do not gain control of Steinhoff N.V. during this process and the Management Board retains control over its underlying investments throughout the process. The Dutch SoP process will not directly affect any of the other entities in the Group nor any of its operating businesses;
- As announced on 5 February 2021 the English High Court delivered judgment in the Steinhoff N.V. scheme of arrangement proceedings granting the sanction order in the terms sought by Steinhoff N.V. As part of the implementation steps, it is expected that the Group's creditors will provide consent to an interim term extension for the maturity date of outstanding debt from December 2021 to December 2022 (12 months' interim extension), as only a simple majority creditor's vote is required. The majority of the Group's creditors have already expressed their support in this regard. A further term extension could be granted, initially to 30 June 2023, with a further 6 months extension to 31 December 2023, subject to the successful implementation of the global Litigation Settlement Proposal. No cash interest is payable during this period, as interest will accrue and is only payable when the debt matures, providing the Group with a period in which it can concentrate on reducing debt and restoring value. Management is confident that both extension options will be granted and the necessary consents obtained.

The Group and the Company's cash flow forecasts are adjusted for:

- the impact of the Litigation Settlement Proposal as initially announced on 27 July 2020 and updated on 16 February 2021 by Steinhoff N.V. and detailed in note 24.3 of these 2020 Consolidated Financial Statements; and
- the impact of the interim term extension option of the debt maturity date from 31 December 2021 to 31 December 2022.

### COVID-19

Operational management are continuing to take an active approach, implementing a range of mitigating strategies to protect profitability and cashflow. While the Group is confident that these actions to address the impacts of COVID-19 are appropriate and timely, the situation remains fast moving and uncertain and these are being kept under constant review.

Based on the Group's cash flow forecasts and financial projections, alongside assessment of a robust set of plausible but aggressive downside stress test scenarios, the Management Board is satisfied that the Group will be able to operate within the levels of its facilities and resources for the foreseeable future.

### Conclusion

While there are still a number of processes that have to be followed and hurdles that need to be crossed in this extremely challenging and complex Litigation Settlement Proposal, the Management Board believes that as a result of the progress that has been made to date in obtaining the necessary related creditor and other regulatory and legal approvals, combined with the Management Board's assessment that the offer is in the best interest of all stakeholders, that it is more likely than not that the global Litigation Settlement Proposal will succeed and the required regulatory approvals will be obtained, and therefore the Group and the Company remains a going concern for the 12 month period following the date of issue of these 2020 Consolidated Financial Statements.

In determining the appropriate basis of preparation of these 2020 Consolidated

Financial Statements, the Management Board is required to consider whether the Group can continue in operational existence for the foreseeable future. The Management Board draws attention to the following facts (in the 2020 Consolidated Financial Statements):

- At 30 September 2020, the Group's current assets exceed its current liabilities;
- At 30 September 2020, the Group's total liabilities exceed its total assets and there is uncertainty regarding the Group's ultimate ability to settle its long-term debts;
- Until the Litigation Settlement Proposal is accepted by all parties and becomes effective, uncertainty regarding the success thereof and the impact on going concern will remain;
- Even though the boards embarked on the Dutch SoP, this does not impact the liquidity of the Group and the boards still plan to recover the assets and settle the debt in the normal course of business. The Dutch SoP procedure will not directly affect any of the operating businesses in the Steinhoff Group; and
- that the matters as discussed above, therefore cast significant doubt upon the Company and Group's ability to continue as a going concern beyond the foreseeable future.

The Management Board has adopted the going concern basis in preparing these 2020 Consolidated Financial Statements. Furthermore, the Group and Company's cash flow forecast indicate that both the Group and the Company can, based on certain critical assumptions, continue in operational existence for the foreseeable future, namely for 12 months after the date of authorisation.

Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position including the response to COVID-19, is set out throughout the Management Board report.

## THE COMPANY'S DIVIDENDS ON ORDINARY SHARES

Given the Group's ongoing liquidity constraints, the negative reserves and the non-adoption of the 2019 Annual Financial Statements, the Management Board, with the approval of the Supervisory Board, has resolved not to propose dividends on the Ordinary Shares until further notice. On the Reporting Date and at the date of publication of this report, the Ordinary Shares remain listed and traded on the FSE and the JSE.

## PREFERENCE SHARES AND DIVIDENDS

### Suspension of the Steinhoff Investment Holdings Limited preference shares on the JSE

Steinhoff Investment Holdings Limited ("SINVH") is a wholly owned subsidiary of the Company and is the issuer of variable rate, cumulative, non-redeemable, non-participating preference shares with a capital value of ZAR1.5 billion. These preference shares are listed on the JSE and are included as non-controlling interest: preference share capital.

Following the events of December 2017, SINVH was unable to publish its Consolidated Financial Statements for the year ended 30 September 2017 by the requisite date, namely 28 February 2018. The listing of the preference shares was therefore suspended by the JSE effective 1 March 2018. The consolidated and separate annual financial statements for the year ended 30 September 2019 were released on 29 May 2020, ahead of the release of the delayed annual financial statements for the earlier years, in order to give the market the most recent financial information as soon as possible. The 2020 unreviewed and unaudited interim financial statements for the six months to 31 March 2020 were released on 3 September 2020. The annual financial statements for 2016 and 2017 were released on 2 October 2020 while the 2018 annual financial statements were released on 30 November 2020 bringing the financial reporting back up to date for the first time since the events of December 2017.

The annual financial statements for 2020 were released on 18 December 2020 and it is Steinhoff Investments intention that regular



reporting will continue within the prescribed reporting timeframes.

On 15 January 2021 SIHNV announced that the JSE had agreed to lift the suspension and subsequently, trading of the preference shares was resumed with effect from Monday, 18 January 2021.

### Preference share dividends – SIN VH

On 21 February 2020, the board of SIN VH declared a gross dividend of 416.90753 South African cents per SIN VH preference share, paid on Monday, 30 March 2020.

On 24 August 2020, the board of SIN VH declared a gross dividend of 356.78425 South African cents per SIN VH preference share, paid on Monday, 21 September 2020.

On 27 January 2021, the board of SIN VH declared a gross dividend of 292.42295 South African cents per SIN VH preference share, to be paid on Monday, 26 April 2021.

The SIN VH preference shares dividends are payable in South African Rand and are subject to local dividend withholding tax of 20%.

### EVENTS AFTER THE REPORTING DATE

Aside from progress with the Litigation Settlement Proposal and the corporate activity, as set out above, no other material events have occurred after the Reporting Date.

### 2020 SEPARATE FINANCIAL STATEMENTS RELATING TO STEINHOFF INTERNATIONAL HOLDINGS N.V.

The Company's financial statements, reflecting the Company as a separate global holding company, are included after the 2020 Consolidated Financial Statements.

During the Reporting Period, the Company recognised additional financial liabilities of €619 million relating to the remeasurement of the Contingent Payment Undertakings (2019: recognized €1 916 million), impaired investment in subsidiary companies by €454 million (2019: €9 million) and raised a provision for the Litigation Settlement Proposal of €400 million (2019: nil). In addition, during the prior year the Company derecognised its

commitment to financial liabilities arising from guarantees related to its subsidiary company pre-CVA debt totalling €6 392 million. For further information refer to notes 2.2, 5.1 and 9.2 to the 2020 Separate Financial Statements.

### EXTERNAL AUDIT

The 2020 Consolidated Financial Statements have been audited by the external auditor, Mazars and their opinion is set out in the 2020 Consolidated Financial Statements. As was the case for the previous years, the external auditor has given a 'disclaimer of opinion'.

Given the specific circumstances of the Company, in preparing the 2020 accounts the Management Board was once again faced with material uncertainties, which have been described in the notes on Critical Accounting Estimates and Judgments set out in the Basis of Preparation of the 2020 Consolidated Financial Statements.

The International Standard on Auditing 705 (REVISED) establishes three types of modified opinions, namely, a qualified opinion, an adverse opinion, and a disclaimer of opinion.

Under these International Auditing Standards the auditor shall disclaim an opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to base its opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive, or the auditor shall disclaim an opinion when, in extremely rare circumstances involving multiple uncertainties, the auditor concludes that, notwithstanding it having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements.

These material uncertainties resulted in a 'disclaimer of opinion' from Mazars for the 2020 Consolidated Financial Statements. In its auditor's report Mazars details its reasons for arriving at this conclusion.

The uncertainties listed and explained in the Audit Opinion are as follows:

1. Material uncertainty related to going concern
2. Material uncertainty with respect to litigation
3. Audit evidence of Conforama (2019)
4. Audit evidence of the foreign currency translation reserve

Mazars has also included the following emphasis of matters:

1. Control conclusions on certain entities
2. Contingent payment undertakings (CPU) valuation in the separate financial statements
3. Uncertain tax positions

### APPRECIATION

The Group made significant progress during the year, as detailed above, and that required a tremendous effort by all involved. The number of full-time equivalent employees at the year-end amounted to 91 519.

We would like to take this opportunity to thank senior management and employees of all the Group's operating businesses for their leadership and loyalty, for persevering, preserving and even growing value for the Group under extremely challenging circumstances during 2020.

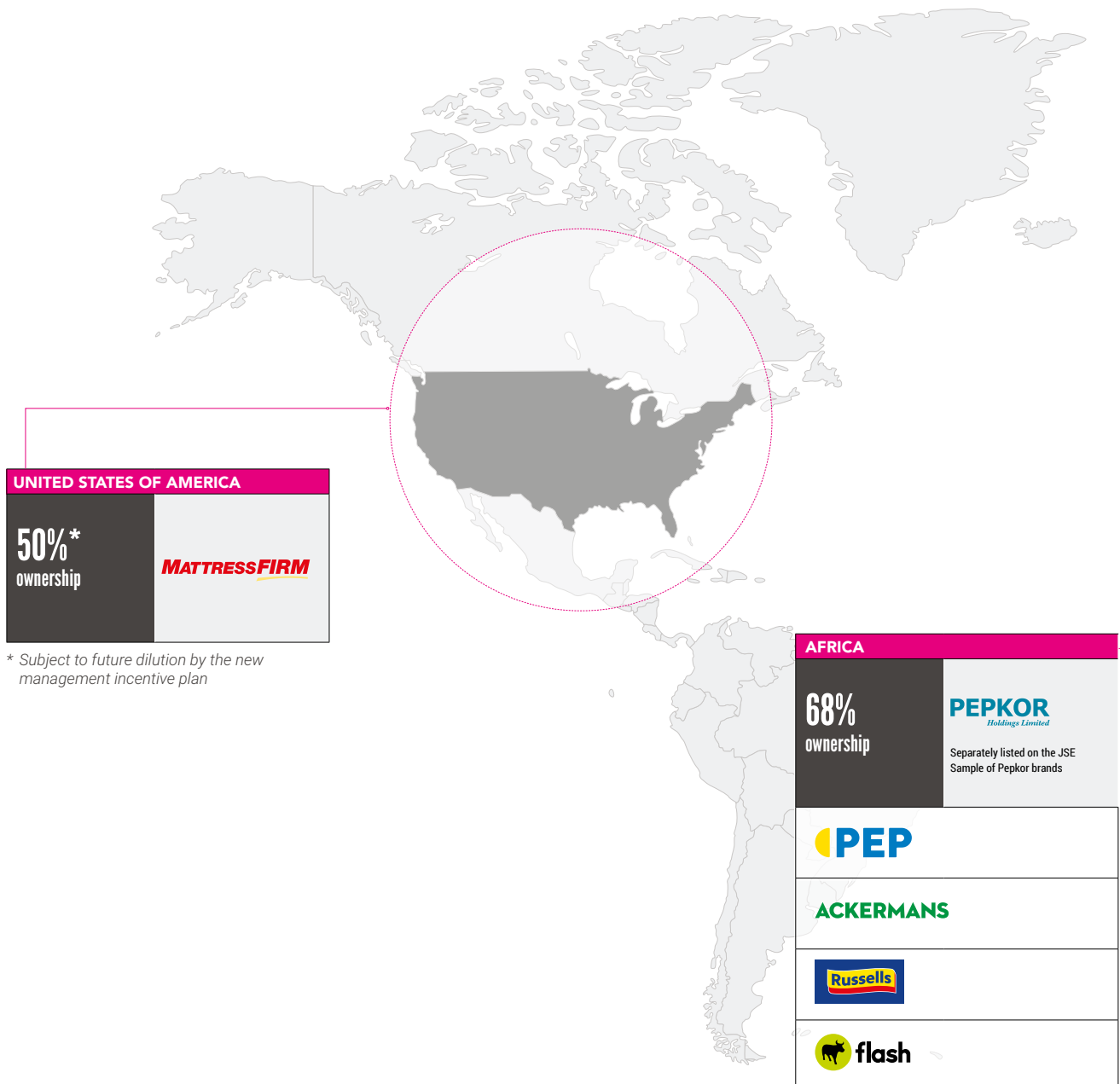
We would also like to thank all members of the Supervisory Board, who have provided guidance and support.

Finally, to all employees at the various central offices of the Group, we express our most sincere thanks to them for their relentless hard work and determination to help us overcome the many challenges we faced during the past three years.

# STEINHOFF TODAY ...



... is a **global holding company** with investments in retail businesses







# OPERATIONAL REVIEW

## FOR THE YEAR ENDED 30 SEPTEMBER 2020

### INTRODUCTION

Despite the operational and economic challenges faced during the Reporting Period, including the COVID-19-related trading restrictions which began during March 2020 and a weakening of exchange rates against the Euro, the Group reported a resilient performance. Revenue, from continuing operations, for the Reporting Period reduced by only 2% to €7 899 million (2019: €8 069 million – restated for discontinued operations), a creditable outcome in challenging circumstances.

The Group adopted IFRS 16 using the modified retrospective approach, therefore the comparative information for 2019 has not been restated and is reported under IAS17: Leases and IFRS4: Determining Whether an Arrangement Contains a Lease.

On a pro forma basis, excluding the IFRS 16 adjustments to the 2020 results, EBITDA from continuing operations decreased by 21% to €578 million (2019: €733 million), reflecting the impact of lost sales initially during March 2020 and continuing thereafter to various degrees throughout the Reporting Period. The reported EBITDA, from continuing operations, increased by 44% to €1 055 million for the year as the adoption of IFRS 16 resulted in a reduction of rental or lease expenses and an increase in depreciation and amortisation, and finance charges.

Similarly, on a pro forma basis operating profit before capital items ("EBIT") decreased by 29% to €403 million (2019: €565 million). Reported EBIT, from continuing operations, decreased by 16% to €474 million.

Management within the various businesses continued to focus on operational improvements, cash flow and liquidity, expense management and profitability for the majority of the first half. Following the outbreak of the COVID-19 pandemic the focus then moved to employee and customer safety, and liquidity and working capital management. Recently the focus has reverted back to supply-side management and working collaboratively with key suppliers to ensure that the stores are appropriately stocked. The general merchandise businesses in Europe and Africa continued to expand their footprints significantly during the year.

Further simplification of the portfolio has been a key objective to the Group. Significant progress was made during the Reporting Period with the disposals of the Blue Group (UK household goods), Greenlit Brands' general merchandise division, the Unitrans automotive business, ABRA, Sherwood, Conforama Switzerland and Conforama France all being completed. In addition, The Building Company, part of Pepkor Africa, and the rest of Conforama have also been classified as discontinued. The results for those businesses are presented as discontinued operations and are excluded from this operations review.

REVENUE FROM CONTINUING OPERATIONS (€M)	2020	2019	% change	Constant currency %
Pepco Group	3 506	3 420	3	
Pepkor Africa (separately listed)	3 500	3 801	(8)	4
Greenlit Brands – household goods	715	658	9	12
All other	178	187	(5)	
Corporate and treasury services	-	3		
<b>Total Group revenue from continuing operations</b>	<b>7 899</b>	<b>8 069</b>	<b>(2)</b>	

EBITDA FROM CONTINUING OPERATIONS (€M) (AS REPORTED)	2020	2019	% change
Pepco Group	411	326	26
Pepkor Africa (separately listed)	558	480	16
Greenlit Brands – household goods	110	21	>100
All other	23	(8)	>100
Corporate and treasury services	(47)	(86)	45
<b>Total segmental EBITDA from continuing operations</b>	<b>1 055</b>	<b>733</b>	<b>44</b>

EBITDA FROM CONTINUING OPERATIONS (€M) (PRO FORMA*)	2020	2019	% change
Pepco Group	199	326	(39)
Pepkor Africa (separately listed)	369	480	(23)
Greenlit Brands – household goods	48	21	>100
All other	9	(8)	>100
Corporate and treasury services	(47)	(86)	45
<b>Total segmental EBITDA from continuing operations</b>	<b>578</b>	<b>733</b>	<b>(21)</b>

\* Pro forma impact of IFRS 16 on EBITDA and EBIT

OPERATING PROFIT/(LOSS) ADJUSTED FOR MATERIAL NON-OPERATIONAL ITEMS ("EBIT") FROM CONTINUING OPERATIONS (€M) (AS REPORTED)	2020	2019	% change
Pepco Group	112	259	(57)
Pepkor Africa (separately listed)	361	405	(11)
Greenlit Brands – household goods	42	(2)	>100
All other	6	(13)	>100
Corporate and treasury services	(47)	(84)	44
<b>Total segmental EBIT from continuing operations</b>	<b>474</b>	<b>565</b>	<b>(16)</b>

OPERATING PROFIT/(LOSS) ADJUSTED FOR MATERIAL NON-OPERATIONAL ITEMS ("EBIT") FROM CONTINUING OPERATIONS (€M) (PRO FORMA*)	2020	2019	% change
Pepco Group	107	259	(59)
Pepkor Africa (separately listed)	299	405	(26)
Greenlit Brands – household goods	36	(2)	>100
All other	8	(13)	>100
Corporate and treasury services	(47)	(84)	44
<b>Total segmental EBIT from continuing operations</b>	<b>403</b>	<b>565</b>	<b>(29)</b>

\* Pro forma impact of IFRS 16 on EBITDA and EBIT

In the reported results the comparative information has not been restated. It has been reported under the previous IAS 17 and IFRIC 4. To provide a more meaningful comparison pro forma financial information for the current year has been provided, removing the effect of IFRS 16, to reflect comparisons with the IAS 17 basis used in prior years.

The pro forma financial information, which is the responsibility of the Group's directors, has been presented for illustrative purposes only and is consistent with the prior reporting year. Therefore, because of its nature, the pro forma financial information may not fairly present the Group's financial position, results of operations or cashflows. The pro forma financial information has not been reviewed or reported on by the Group's external auditors.

## PEPCO GROUP

Pepco Group is a fast-growing pan-European discount variety retailer, trading from over 3 200 stores in 16 territories across Europe. Pepco Group owns the PEPCO and Dealz brands in Europe and the Poundland brand in the United Kingdom ("UK") and has a clear vision to become the pre-eminent discount variety retailer in Europe.

Further information regarding Pepco Group can be found online at [www.pepcogroup.eu](http://www.pepcogroup.eu).

PEPCO GROUP (€M)	2020 Reported	2020 Pro forma	2019	% change reported	% change pro forma
Total revenue	3 506	3 506	3 420	3	
PEPCO (central and eastern Europe)	1 732	1 732	1 627	6	
Poundland (including Dealz)	1 774	1 774	1 793	(1)	
EBITDA	411	199	326	26	(39)
Operating profit	112	107	259	(57)	(59)

Pepco Group continued to report growth, with revenue increasing 3%, driven by continued space expansion in PEPCO & Dealz brands, offset by COVID-19 impacted negative like-for-like ("LFL") with a significantly reduced store trading footprint, particularly in Central Europe, and customer footfall. Prior to the outbreak of COVID-19 revenues were growing year-on-year by 14% including positive LFL performance of +5%.

Against the backdrop of COVID-19 the Pepco Group maintained its store expansion programme for both the PEPCO and Dealz brands, ending the 2020 Reporting Period trading from 3 021 stores, an increase of 12%, having opened 327 net new stores in the last 12 months. PEPCO opened 298 new stores in the Reporting Period with new stores opened in all of its current territories, including its first stores in Italy – the first PEPCO store in Western Europe which traded ahead of expectations.

In addition, PEPCO and Poundland continued to enhance and develop its customer offer, delivering improvements across the estate but that also led to upsizing or relocating a further 82 stores to better accommodate the improved proposition.

Reflecting the profile of the impact of COVID-19 on revenue, pro forma EBITDA for the period to February 2020 grew 18% year-on-year. However, pro forma EBITDA for the full Reporting Period was 39% lower than in the prior year (reported 26% higher due to impact of IFRS16),

Benefitting from proactive working capital management, the Pepco Group balance sheet at the Reporting Date remains strong with segmental net debt of €294 million, representing 1.5x COVID-19 impacted FY20 EBITDA.

Poundland continued to progress its strategy to reduce operating costs, particularly store rent where a further 76 stores were renegotiated successfully in the period with rent reductions continuing to be ahead of the 25% expectation, while enhancing the customer proposition. The 2020 Reporting Period also saw the successful introduction of an expanded multi-price offer in the three core categories of grocery, household, and health and beauty, and the successful trial of a chilled and frozen offer in 10 stores that was subsequently expanded to 89 stores. The results of each of these developments were encouraging with the Group seeking

to accelerating the roll out of its new chilled and frozen offer in the current financial year enabled by the acquisition of Fultons Frozen Foods in October 2020 which provides significant category experience and capability.

Reflecting the improving economics of Dealz stores, its disciplined store roll-out continued with 43 stores opened in total, increasing the portfolio to 96, with 12 stores opening in Spain and 31 in Poland.

Delivering its long-term growth ambition demands continued investment in high quality infrastructure. In the Reporting Period, PEPCO's new distribution centre in Hungary completed its construction and facilitation and is fully operational serving 7 countries. While delayed due to the impact of COVID-19, the implementation of Oracle as the group's ERP system was, until that point, progressing positively and now has a revised timetable for delivery in which we anticipate the first module implementation in Poundland and Dealz in early 2021.

## PEPKOR AFRICA

Pepkor Africa has the largest retail store footprint in southern Africa, with more than 5 000 stores operating across 10 African countries. The majority of its retail brands operate in the discount and value segment of the market.

For more information visit: [www.pepkor.co.za](http://www.pepkor.co.za).

PEPKOR AFRICA (€M)	2020 Reported	2020 Pro forma	2019	% change reported	% change pro forma
Total revenue	3 500	3 500	3 801	(8)	
EBITDA	558	369	480	16	(23)
Operating profit	361	299	405	(11)	(26)

The Pepkor Africa Group achieved an exceptional performance during the Reporting Period as COVID-19 and the resultant lockdown protocols exacerbated an already weak consumer retail market. Despite having lost approximately €275 million (R5.0 billion) in revenue through COVID-19 trading restrictions, the group managed to achieve positive revenue growth of 4%, in constant currency, for the year which is an outstanding result.

The Pepkor Africa Group's defensive discount and value positioning has been an advantage during the tough economic conditions. Consumer focus on less discretionary and more affordable products and services resulted in substantial market share gains in both clothing, footwear and homeware (CFH), in addition to cellular product categories.

Pepkor's strong corporate culture and execution ability ensured a swift response to the COVID-19 crisis with stores and the supply chain reacting very quickly to the challenging environment. The group's extensive store footprint appealed to customers who chose to shop in more convenient locations closer to home.

Pepkor applied a conservative approach in areas such as capital allocation and expenditure as uncertainty surrounding the longer-term impact of the COVID-19 pandemic remained.

The positive trading performance since the reopening of stores resulted in unprecedented levels of cash generation. This contributed to the group making substantial progress to enhance the efficiency and flexibility of its balance sheet by reducing net debt by €380 million (R6.9 billion).

The clothing and general merchandise segment reported an increase in revenue in constant currency of 1.4% to R45.6 billion for the year. This includes revenue growth of 12.1% during the fourth quarter, recovering from a 15.9% decline reported during the third quarter.

Operating profit in this segment decreased by 15.6% in constant currency to R5.2 billion, impacted by lost sales and increased provision levels. Retail store expansion slowed during the second half of the year with the segment's store base expanding by 93 stores (net) to 4 375 stores.

PEP and Ackermans reported strong trading levels following the reopening of stores in May 2020. While the strong trading performance benefited from pent-up demand and additional social grant payments, the compelling customer value propositions of PEP and Ackermans are expected to continue to resonate with customers in search of value and affordability.

PEP and Ackermans, in aggregate, reported an increase in sales of 2.6% in constant currency with a decrease in like-for-like sales of 0.5% for the Reporting Period. Retail space expanded by 2.5% year-on-year. PEP and Ackermans opened 145 new stores during the year, with openings slowing down during the second half.

The Speciality division reported mixed results across its retail brands with weaker demand for adult footwear and more discretionary apparel. Strong trading followed the relaxation of lockdown measures and reopening of stores.

The Speciality business reported a decrease in sales of 3.6% in constant currency with like-for-like sales decreasing by 4.6% for the year. The division closed 35 stores as some brands consolidated, reducing the total store base to 829 stores.

The furniture, appliances and electronics segment reported revenue growth for the year of 1.4% in constant currency to R9.5 billion. Merchandise sales for the year decreased by 0.4%, with a decrease of 1.6% in like-for-like sales. An operating loss of R301 million was reported, impacted by increased credit book provisions.

The FinTech segment reported revenue growth of 20.4% in constant currency to R8.6 billion for the year. Operating profit decreased by 5.8% to R455 million and was impacted by higher provision levels in the Capfin unsecured lending business. The Flash business achieved strong growth as virtual turnover increased by 25.7% for the year. The trader business in the informal market now includes 194 000 traders.

Capfin reduced the number of active accounts from 333 000 at 31 March 2020 to 219 000 at the Reporting Date as it reduced credit extension. Good collections on the Capfin credit book and conservative credit granting resulted in the gross Capfin credit book reducing to R1.9 billion at 30 September 2020 from R2.6 billion at 31 March 2020. The credit book provision level was increased to 26% from 15% in the prior year.

## GREENLIT BRANDS

Greenlit Brands is an integrated retailer and manufacturer of household goods, with retail stores throughout Australia and New Zealand.

For further information regarding Greenlit Brands refer to: [www.greenlitbrands.com.au](http://www.greenlitbrands.com.au).

GREENLIT BRANDS (€M) HOUSEHOLD GOODS	2020 Reported	2020 Pro forma	2019	% change reported	% change pro forma
Total revenue	715	715	658	9	
EBITDA	110	48	21	>100	>100
Operating profit/(loss)	42	36	(2)	>100	>100

Overall revenue was up 9% (12% in constant currency) driven primarily by consumer spending shifting from travel/entertainment to home improvement. Fantastic Furniture continued to enjoy exceptionally strong trading, with like-for-like sales growth strengthening across the third and fourth quarters to deliver an increase of 26% for the full year. Online trading for the Greenlit Brands group, driven in part by COVID-19-related lockdowns, was up 50.1% on the prior year, delivering 22.6% of gross sales and providing a strong foundation for continued trade during any potential further COVID-19 interruptions.

Consumer sentiment was impacted by COVID-19 in late March 2020, with precipitous sales drops experienced in the portfolio brands operating in higher market segments and higher ticket categories. All brands, with the exception

of Fantastic Furniture, endured a period of store closures of four to five weeks around April 2020. Encouragingly, consumer demand rebounded strongly in May 2020 and this momentum carried through the balance of the year despite closure of all group stores in the state of Victoria across July to December 2020.

Overall pro forma EBITDA increased significantly to €48 million (reported €110 million; 2019: €21 million) while pro forma operating profit rose to €36 million (reported: €42 million; 2019: €2 million loss). A softening in the Australian dollar during the early stages of the Reporting Period placed pressure on margins, somewhat offset via retail price reviews, however a recovery in the rate and pressure on competitor supply chains has seen the margin improve over the balance of the year.

Order system implementation issues had a negative impact on revenue during the first half of the year, however these issues were resolved during the second half.

Subsequent to the Reporting Date, the Greenlit Brands group decided not to proceed with an Initial Public Offering ("IPO") of Fantastic Furniture. Despite the track record of market share and sales growth, and positive feedback received from investors as to the quality of the business and the management team, all decisions related to the IPO process were postponed until the 2021 Reporting Period when it is expected that investors will be less cautious about the market dynamic beyond the forecast period. No definitive decision has been taken with respect to any specific course of action or timing at this point.

## ALL OTHER

LIPO (€M)	2020 Reported	2020 Pro forma	2019	% change reported	% change pro forma
Total revenue	171	171	167	2	
EBITDA	20	6	3	>100	100
Operating profit	1	3	-	>100	>100

SOURCING AND LOGISTICS (€M)	2020 Reported	2020 Pro forma	2019	% change reported	% change pro forma
Total revenue	7	7	20	(65)	
EBITDA	3	3	(11)	>100	>100
Operating profit/(loss)	5	5	(13)	>100	>100

### LIPO

In a competitive Swiss market, the furniture retailer LIPO reported a turnover increase of 2% to €171 million (2019: €167 million) despite the COVID-19 lockdown from 17 March 2020. When measured in constant currency against the Swiss franc, LIPO's total revenue decreased by 2%. Strong sales post COVID-19 restriction assisted LIPO to achieve a profitable result for the year and good cash flow generation. LIPO expanded its store network from 21 to 23 stores

in Switzerland. eCommerce turnover more than doubled compared to the previous year to 7% of total turnover.

The business produced €6 million pro forma EBITDA (reported €20 million; 2019: €3 million) and €3 million pro forma operating profit (reported €1 million; 2019: €nil).

For further information regarding LIPO refer to: [www.lipo.ch](http://www.lipo.ch).

### Sourcing and logistics

The businesses that have been retained consist of a small number of selected sourcing and logistics businesses.



## STEINHOFF CORPORATE AND TREASURY SERVICES

Segmental information for corporate and treasury services excludes certain one-off or exceptional items (largely consisting of advisory fees and impairments) that are described in note 4 of the 2020 Consolidated Financial Statements.

CORPORATE AND TREASURY SERVICES (€M)	2020	2019	% change
Total operating gain/(loss)	(47)	(84)	44
Head office costs	(20)	(55)	64
Audit fees	(9)	(13)	31
Forex gains/(losses)	(18)	(16)	(13)

### Head office costs

This total includes costs such as salaries; running costs including rent, travel and consultancy fees. In the current Reporting Period, the total has been reduced by €13 million relating to reversals arising from the clean-up of various underlying accounting records.

### Audit fees

The scope of external audit services increased significantly during 2018 and 2019 Reporting

Periods. In terms of accounting principles, these expenses can only be recognised once incurred. As the 2017 and 2018 Annual Reports were only finalised in May and June 2019 respectively, certain audit fees relating to these Annual Reports were included within the 2019 Reporting Period. Similarly, the audit of the 2019 Annual Results only commenced after the conclusion of the 2019 financial year and those audit fees were expensed in the 2020 Reporting Period.

### Forex gains/(losses)

The group operates in a number of different currencies and as such, intragroup loans between group companies are often denominated in a currency different to the functional currency of the entity granting or receiving the loan. These intragroup loans result in foreign exchange profits or losses on revaluation to spot rate at reporting dates.

## MATTRESS FIRM – EQUITY ACCOUNTED

Mattress Firm is the leading speciality bed retailer in the United States, with its 2 419 retail stores nationwide making it the largest bed retail footprint in the country. [www.mattressfirm.com](http://www.mattressfirm.com).

Mattress Firm is considered to be an associated company and as such is equity accounted, and not consolidated, into results of Steinhoff N.V. The operating information below is shown at 100% for the full year. It is provided for information purposes only. For 2019 the US GAAP results approximated IFRS. Following the adoption of IFRS 16 the 2020 IFRS results no longer do so. An additional column has been inserted into the table below to provide information in this regard. For further details refer to note 11.6 to the 2020 Consolidated Financial Statements.

MATTRESS FIRM (€M)	2020 Reported under IFRS	2020 Under US GAAP	2019 Reported under IFRS	% change
Total revenue	2 976	2 976	2 686	11
Revenue excluded (equity accounted)	(2 976)		(2 347)	
Revenue included in segmental results	–		339	
Operating EBITDA	367	197	119	>100
One-off Chapter 11 restructuring costs			(121)	
EBITDA	367	197	(2)	
Operating profit/(loss)	97	146	(63)	>100

Despite a 5% reduction in the store base year-on-year and store closures due to COVID-19 as explained below, revenue increased by 11% for the year under review (constant currency 10%). Encouragingly, like-for-like sales increased by 13% in the current year after increasing by 7% in the prior year. In addition, store productivity and product margins continued to improve.

eCommerce sales grew 133% year-on-year and contributed 8% of the total sales for the year.

Profitability represented a significant improvement compared to the prior period, with EBITDA increasing significantly as the business continued to trade ahead of budget.

Towards the end of March 2020, a number of stores closed due to the COVID-19-related restrictions. Management implemented a range of actions to collectively reduce expenses and preserve liquidity. With effect from early May 2020 the stores were allowed to re-open, and as at the end of June 2020 90% of all stores were open. Revenue since the lock-down has been better than expected and the resulting cash position at Mattress Firm remains strong.

Subsequent to the Reporting Period, in November 2020, Mattress Firm successfully raised USD550 million in new debt. As part of

the process both Moody's and S&P issued new ratings for Mattress Firm. The proceeds raised, together with USD184 million balance sheet cash were used to repay the existing USD465 million term loan and the USD192 million HoldCo payment-in-kind (PIK) loan, leaving Mattress Firm in a strong operational position.

## STORE NETWORK DEVELOPMENT

CONTINUING OPERATIONS		30 Sept 2019	STORE		30 Sept 2020	Closing retail m <sup>2</sup> ('000)	
			Openings	Closings			
<b>PEPCO GROUP</b>		2 694	345	(18)	3 021	1 754	
Pepco	Poland, Romania, Czech, Hungary, Slovakia, Croatia, Lithuania, Slovenia, Bulgaria, Latvia, Estonia, Italy	1 804	298	(2)	2 100	877	
Poundland and Dealz (including PEP&CO standalone stores)	United Kingdom, Republic of Ireland, Spain, Poland	890	47	(16)	921	877	
<b>PEPKOR AFRICA</b>		5 415	230	(271)	5 254	2 042	
PEP	Southern Africa	2 327	83	(26)	2 384	844	
Ackermans	Southern Africa	806	62	(7)	861	498	
PEP Africa	Rest of Africa	313	11	(23)	301	114	
Speciality	Southern Africa	949	28	(148)	829	196	
Furniture and appliances	Southern Africa	761	44	(54)	751	313	
Appliances and electronics	Southern Africa	139	2	(13)	128	77	
Building materials <sup>1</sup>	Southern Africa	120					
<b>CONFORAMA<sup>1</sup></b>		340					
	France	236					
	Iberia	50					
	Switzerland	22					
	Italy	19					
	Croatia	10					
	Serbia	3					
<b>OTHER</b>		21	3	(1)	23	75	
LIPO	Switzerland	21	3	(1)	23	75	
<b>GREENLIT BRANDS</b>		317	2	(6)	313	377	
Fantastic	Australia	167	2	(3)	166	181	
Snooze	Australia	88	–	(3)	85	76	
Freedom	Australia and New Zealand	62	–	–	62	120	
<b>TOTAL CONTINUING OPERATIONS</b>		<b>8 787</b>	<b>580</b>	<b>(296)</b>	<b>8 611</b>	<b>4 248</b>	
<b>MATERIAL ASSOCIATE</b>							
<b>MATTRESS FIRM</b>		United States of America	2 534	10	(125)	2 419	1 206

<sup>1</sup> Classified as discontinued during the Reporting Period

# LIST OF BRANCHES

The table below lists all branches of the Company as well as of all Subsidiaries whose results were consolidated during the Reporting Period.

BRANCH	PLACE OF BRANCH	COUNTRY OF BRANCH	REGISTER OF BRANCH
<b>GROUP: SISL</b>			
Steinhoff International Sourcing and Trading Ltd.	Hong Kong	China (Hong Kong)	2461089
Steinhoff International Sourcing Ltd.	Hong Kong	China (Hong Kong)	644662
Steinhoff International Trading Services Ltd.	Hong Kong	China (Hong Kong)	2463978
Steinhoff International Investment HK Ltd	Hong Kong	China (Hong Kong)	2584507
Steinhoff International Sourcing Ltd – India RO	Gurgaon	India	F04370
Steinhoff International Sourcing Ltd – Indonesia RO	Jakarta	Indonesia	28/1/IUP3A-T/P-4/Nas/2017
Steinhoff International Sourcing Ltd – Pakistan RO	Karachi	Pakistan	03.078.508.3-011.000
Steinhoff International Sourcing Ltd – Vietnam RO	Ho Chi Minh City	Vietnam	79-02944-01
Steinhoff International Sourcing (Shenzhen) Ltd.	Shenzhen	China	914403000589890340
Steinhoff International Sourcing (Shanghai) Ltd.	Shanghai	China	91310000MA1GBH5W31
Steinhoff International Sourcing India Private Limited	Gurgaon	India	U74999HR2019FTC081761
<b>GROUP: STEINHOFF UK</b>			
Steinhoff Europe AG	Cheltenham	UK	BR020565
Steinhoff Finance Holding GmbH	Cheltenham	UK	BR020564
Steenbok Newco 5 Limited	London	UK	BR021702
Steenbok Newco 1 Limited	London	UK	BR021700
Steenbok Newco 10 Sarl	London	UK	BR022038
Steenbok Newco 2A Limited	London	UK	BR021701
Ibex Retail Investments Limited	London	UK	BR021703
Retail Holdings Sarl*	Zug	Switzerland	CHE-110.261.548
<b>GROUP: CONFORAMA</b>			
Divisov (Conforama Suisse)	Mechnov 33 – 25726 Divisov	Czech Republic	VAT no: CZ68421776
<b>GROUP: PEPKO</b>			
Fully Sun China Limited – Bangladesh	Bangladesh	Bangladesh	TIN- 4404-3933-6667
Fully Sun China Limited – Taiwan	Taiwan	Taiwan	Reg no 53665194
Isle of Man	Isle of Man	UK (Isle of Man)	Tax reference No: C145894-73
Ireland	Ireland	UK (Ireland)	Tax reference: 9798866A

\* NOTE: there is one Swiss branch for legal purposes which has two "legs" for tax purposes (the IP branch and the Finance branch). The IP branch was effectively liquidated before 30 September 2020.

ORIGIN ENTITY	COUNTRY OF ORIGIN ENTITY	VALID FOR FY2019	VALID FOR FY2020
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Investment HK Ltd	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	N
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff Europe AG	Austria	Y	Y
Steinhoff Finance Holding GmbH	Austria	Y	Y
Steenbok Newco 5 Limited	Jersey	Y	Y
Steenbok Newco 1 Limited	Jersey	Y	Y
Steenbok Newco 10 Sarl	Luxembourg	Y	Y
Steenbok Newco 2A Limited	Jersey	Y	Y
Ibex Retail Investments Limited	Jersey	Y	Y
Retail Holdings Sarl	Luxembourg	Y	Y
Conforama Suisse	Switzerland	Y	N
Fully Sun China Limited (HK)	China (Hong Kong)	Y	Y
Fully Sun China Limited (HK)	China (Hong Kong)	Y	Y
Poundland Limited	UK	Y	Y
Poundland Limited	UK	Y	Y

September 2019. The Finance branch was effectively liquidated on 25 March 2020. The deregistration of the Swiss branch is currently pending.

# RISK MANAGEMENT

The Management Board manages the risk associated with the Group's activities in consultation with the operational management teams and reports to the Audit and Risk Committee and the Supervisory Board.

## INTRODUCTION

The Management Board has established a clear risk management framework with well-defined accountabilities to counter risks at Group Services and OpCo level. The implementation of the framework enables the Management Board to identify and analyse risks associated with the strategy and the activities of the Group. This organisational structure and distribution of accountabilities places the responsibility for the processes of risk review and risk mitigation with the operational subsidiaries' management, who owns the risk. Risks are identified, monitored and mitigated on an ongoing basis.

## RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT

An overview of the risk management and internal control environment during the Reporting Period is set out below.

### Internal control

The Group draws on global standard ISO 31000 – Risk management and the DCGC to formulate its risk management policy and framework, and to facilitate the timely identification, measurement, analysis, evaluation and treatment of risk.

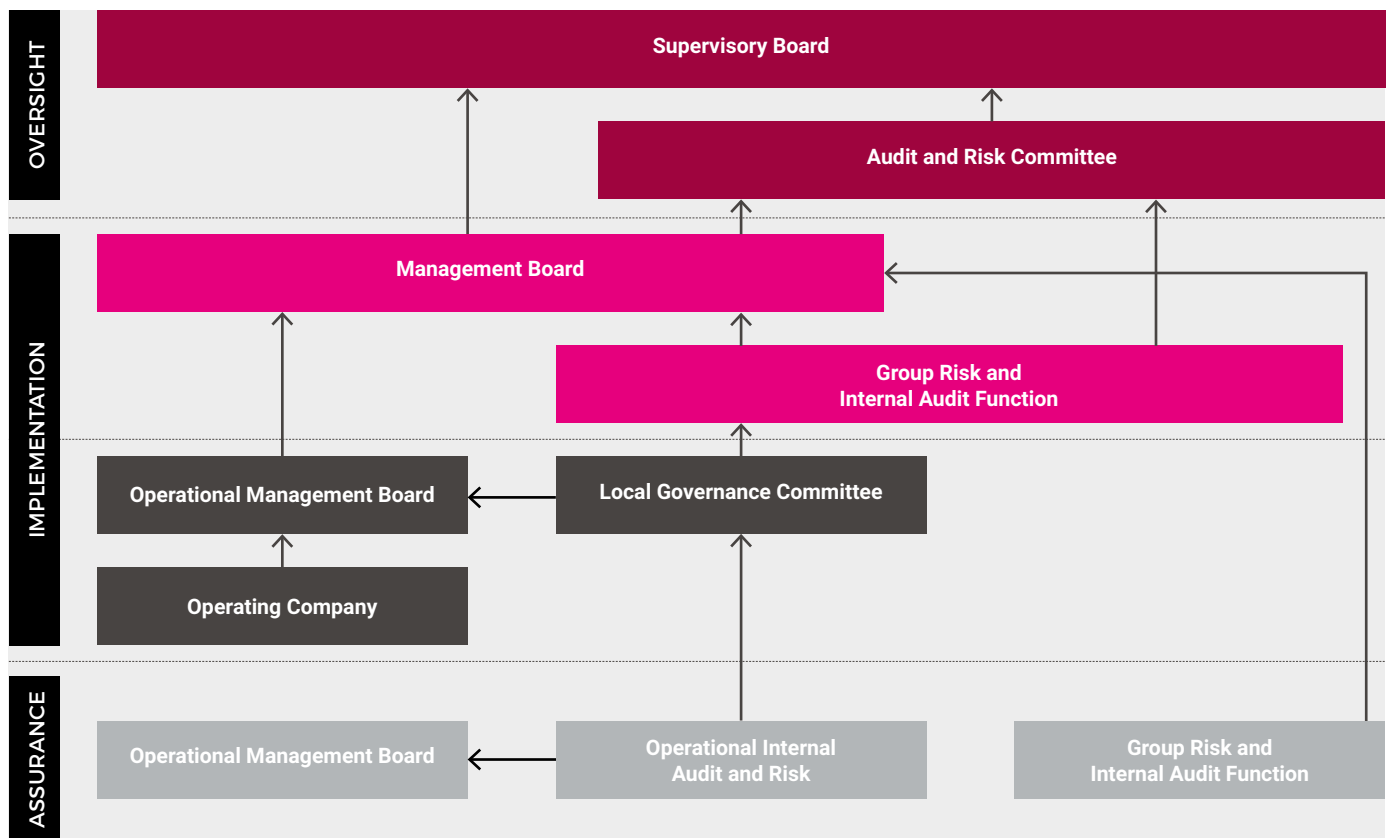
Risk management and control systems established by the risk management framework have been designed to allow each OpCo to own, identify, evaluate and treat risk appropriately, and to ensure effective risk control mechanisms are implemented to mitigate residual risk exposure. The risk management and control systems are reviewed, assessed and monitored by the Management Board with the assistance of the Group Risk function. Each of the OpCos is required to apply risk management and control systems. These systems include a risk register detailing, quantifying, classifying, prioritising risks and action plans for mitigation.

The Group risk management and control systems allow each OpCo to set its own risk tolerances through analyses and adherence to Group operational and financial objectives. The risk management objective is to ensure that uncertainties are responsibly managed with consideration of stakeholder interests and to ensure that risks are optimally addressed.

Quarterly reports are presented to the Audit and Risk Committee after due consideration by the Management Board during which follow-up measures are considered and reviewed.

### Risk management framework of responsibility

The Audit and Risk Committee, which reports to the Supervisory Board, oversees among other aspects, the Management Board's activities with respect to the operation of the Group's risk management and control systems. The risk management framework of responsibility for the Reporting Period is presented on the following page.



**Risk appetite and risk tolerance**

Risk appetite is the level of risk that the Company is prepared to take in pursuit of its strategic objectives. Risk appetites differ between OpCos based on their specific lines of business, sector, culture and objectives. Operational management, with guidance from the Group, is responsible for assessing its own risk appetite and tolerance as part of the Group’s risk management methodology. The Group’s risk appetite varies per objective area and type of risk including but not limited to Strategic, Financial and IT risk.

**Risk management assurance**

Operational management is responsible for managing risk and ensuring effective internal control systems are in place. Group Risk facilitates and supports the Management Board in the design and execution of internal risk management and control systems. It also supports the Management Board by providing assurance on risk management and internal control practices throughout the OpCos.

Internal audit provides independent assurance and operates under the responsibility of operational management to examine, evaluate, report and make recommendations.

The operational internal audit functions report these evaluations and recommendations to operational management and Group Risk. The Group Risk function reports to the Management Board and the Audit and Risk Committee on this information received from the operational internal audit functions. The adequacy and effectiveness of the risk management and internal control systems are included in the internal audit reporting.

The Group Risk and Internal Audit function provides independent assurance and operates under the responsibility of the Management Board to examine, evaluate, report and make recommendations. The Group Risk and Internal Audit function reports to the Management Board and the Audit and Risk Committee on evaluations and recommendations relating to Group Services. The adequacy and effectiveness of risk management and internal control systems in respect of Group Services are included in the internal audit reporting.

The restructured Group Risk function and the implementation of the Remediation Plan were key focus areas to improve the Group’s risk management processes.

No major failings in the internal risk management and control systems were

brought to the attention of the Management Board during the Reporting Period.

The Management Board is constantly striving to improve the internal risk and control systems. Any improvements or changes to these systems are discussed with the Audit and Risk Committee and the Supervisory Board.

**PRINCIPAL RISKS**

The Management Board has identified the following principal risks during the Reporting Period. These risks applicable to our business strategy should not be regarded as exhaustive and evolve due to internal and external factors. There may be additional risks of which the Management Board is currently unaware.

Most of the principal risks have remained unchanged from the previous reporting period. The principal risks associated with the COVID-19 pandemic and the “directors and officers insurance cover” have been included during the Reporting Period. The risk rating of the principal risks, except for “historical regulatory compliance” previously assessed as high, have remained unchanged from the previous reporting period.

<b>1</b>	<b>LITIGATION</b>
<b>RISK RATING: High</b>	
<p>The uncertainty relating to legal actions brought against the Group, arising from combined claims, is high and results in material financial exposure.</p> <p>The multiplicity of legal actions, including class actions, that have been filed by, and on behalf of, individual and institutional investors in several jurisdictions, adds additional complexity to this risk.</p>	
<p><b>HOW WE ARE MITIGATING THE RISK</b></p> <p>The litigation working group oversees and provides guidance to the Management Board on litigation matters.</p> <p>The litigation working group monitors any claims brought against the Group to consider defence strategies, and identify and pursue recoveries against entities and individuals where appropriate.</p> <p>The litigation working group together with the Group's legal advisors assesses the merits of claims and is closely involved in the process of negotiating a settlement.</p> <p>All outstanding legal matters are closely monitored by the Management Board, the Audit and Risk Committee and the Supervisory Board.</p> <p>Specialist legal advisors have been engaged to assist with Directors and Officers insurance issues.</p> <p>Outbound claims have been instituted and more are being considered.</p> <p>In July 2020 the Group announced the terms of a proposed global settlement of the outstanding litigation.</p>	
<b>2</b>	<b>FINANCIAL STABILITY</b>
<b>RISK RATING: High</b>	
<p>Going concern remains a material risk to the Company. This risk emanates from litigation to the extent that the Company has to pay out claims and the repayment of the restructured debt in December 2021.</p>	
<p><b>HOW WE ARE MITIGATING THE RISK</b></p> <p>The disposal process of identified non-core/non-performing assets to reduce debt and support liquidity is continued.</p> <p>With the assistance of our advisors, we developed restructuring plans and engaged with financial creditors in this regard.</p> <p>The implementation of the CVAs in terms of which the financial indebtedness of SEAG and SFHG was restructured effective as of 13 August 2019, with a maturity date of 31 December 2021.</p> <p>The contemplated extension of the maturity date of the restructured debt of up to 24 months, as part of the Litigation Settlement Proposal.</p> <p>The current IPO processes in respect of certain operational businesses further mitigates the risk of not being able to service the restructured debt.</p> <p>The operating entities obtained independent finance facilities, eliminating the need for financial support by the Company.</p> <p>Detailed financial reporting on operational results to financial creditors on a quarterly basis and the introduction of cash management procedures.</p> <p>Repayment of debt at Pepkor Africa level.</p> <p>Additional funding for Mattress Firm was obtained by agreeing to a Chapter 11 process and a scheme of arrangement, and a dilution in ownership. The recovery process has been extremely successful and Mattress Firm has refinanced its debt to replace an onerous interest rate.</p> <p>Conforama France and Switzerland have been disposed of. These transactions have been concluded in the 2020 Reporting Period.</p> <p>Continuous engagement with all stakeholders, including providing market information in the form of quarterly updates.</p> <p>The appointment of two Supervisory Directors with considerable relevant experience and skills after consultation with the financial creditors as part of the restructuring in the 2019 Reporting Period.</p> <p>Ongoing investigations including a further PwC forensic investigation as well as the instituting of outbound claims against former directors and associated entities.</p> <p>Publication of the 2019 Consolidated Financial Statements and the 2020 Half-Year Results of the Company.</p>	



3	DIRECTORS AND OFFICERS INSURANCE COVER
<b>RISK RATING: High</b>	
<p>The directors and officers insurance landscape has changed drastically as a result of the COVID-19 pandemic. The risk of not being able to obtain sufficient insurance coverage results in the inability to attract or retain suitable Supervisory Board and Management Board members. All levels of directors and officers insurance now includes an insolvency exclusion.</p>	
<p><b>HOW WE ARE MITIGATING THE RISK</b></p> <p>Albeit significantly reduced, D&amp;O cover has been placed for the period 31 October 2020 to 30 October 2021.</p> <p>Specialist directors and officers insurance advisors and legal experts have been appointed to advise the Company in this regard.</p> <p>Efforts are continuing to pursue additional insurance coverage.</p> <p>Contingency cover for defence costs for the Supervisory Board and Management Board members has been placed.</p>	

4	TAX RISKS
4.1	TAX RISKS RELATING TO HISTORICAL TRANSACTIONS
<b>RISK RATING: High</b>	
<p>Due to, inter alia, the restatement of the 2016 and 2017 Consolidated Financial Statements, various historical transactions in multiple jurisdictions are being investigated by various regulators and revenue authorities.</p> <p>Although the investigations are being managed on a continuous basis, the outcome thereof remains uncertain and could lead to material cash outflows. In certain jurisdictions, backlogs exist with respect to the completion and audit of financial statements which will delay the outcome of the investigations by revenue authorities. The impact of potential tax adjustments, fines, penalties and/or refunds is therefore unknown.</p>	
<p><b>HOW WE ARE MITIGATING THE RISK</b></p> <p>Central Group monitoring and reporting of tax matters have been implemented and continue, which includes close involvement of the CFO and the Head of Steinhoff Tax.</p> <p>Appropriate provisions are created for potential tax liabilities.</p> <p>Appropriate tax specialists are made use of in the relevant jurisdictions to advise on positions in such jurisdictions.</p>	

4.2	SOUTH AFRICAN CONTROLLED FOREIGN COMPANY RISK DUE TO STEINHOFF NV BEING SA TAX RESIDENT
<b>RISK RATING: High</b>	
<p>Due to Steinhoff N.V. being the ultimate holding company of the Group, South African Controlled Foreign Company ("CFC") legislation is applicable to all international transactions effected in the Group.</p> <p>The Steinhoff N.V. tax team must be made aware of all relevant/ material transactions in order to identify and mitigate CFC risks.</p>	
<p><b>HOW WE ARE MITIGATING THE RISK</b></p> <p>Timely involvement of the Steinhoff N.V. Tax team/South African tax advisors to monitor and manage transactions in other jurisdictions.</p>	

4.3	TAX RISK AS A RESULT OF TRANSFER PRICING
<b>RISK RATING: High</b>	
<p><b>As a multi-national group, there are a number of cross-border related party transactions in place throughout the Group's business.</b></p> <p>Due to international focus on cross-border transactions, the Group faces potential risks from a transfer pricing perspective. If a tax authority concludes that the transactions under review are not at arm's length, the Group's tax liability may increase. Due to the bilateral nature of transfer pricing, there is a constant need to harmonise and balance transfer pricing arrangements across jurisdictions, to ensure an equitable position for both jurisdictions involved. Furthermore, the Group may incur significant legal expenses and may have to devote substantial time to addressing queries from and audits by revenue authorities.</p>	
<p><b>HOW WE ARE MITIGATING THE RISK</b></p> <p>Transfer pricing considerations are taken into account in all transactions planned as well as monitored on an ongoing basis.</p> <p>A transfer pricing specialist has been appointed as part of the Steinhoff N.V. Tax team and is available to provide guidance to OpCos in all jurisdictions where required.</p>	
4.4	ONGOING TAX COMPLIANCE
<b>RISK RATING: High</b>	
<p><b>Due to a backlog in audited and signed off financial statements in certain jurisdictions, tax compliance in those jurisdictions is not up to date.</b></p>	
<p><b>HOW WE ARE MITIGATING THE RISK</b></p> <p>Regular communication with the tax authorities to limit unexpected events, such as tax audits or assessments.</p>	
4.5	TAX RISK RELATING TO COMPLEXITY IN TAX MATTERS DUE TO THE MULTIPLICITY OF JURISDICTIONS
<b>RISK RATING: Medium</b>	
<p><b>The large number of jurisdictions in which the Group operates creates complexity with regard to ongoing tax compliance. In-depth jurisdictional tax knowledge is required to ensure ongoing compliance.</b></p>	
<p><b>HOW WE ARE MITIGATING THE RISK</b></p> <p>Engagement of suitable in-country tax specialists or advisors to advise on the appropriate position for each jurisdiction.</p>	

5	COVID-19
<b>RISK RATING: Medium</b>	
<p><b>The Group faces a risk in respect of potential prolonged lockdowns resulting in store closures and ensuing reduced in-store sales.</b></p>	
<p><b>HOW WE ARE MITIGATING THE RISK</b></p> <p>Continuous Management Board interaction with the OpCo management teams.</p> <p>Rigorous focus on the end-to-end supply chain process.</p> <p>Focus on liquidity and preservation of cash resulting in the build-up of adequate cash reserves.</p> <p>Strong trade and financial results post national lockdowns.</p> <p>Sourcing of alternative financing and renegotiating supplier credit terms.</p> <p>Effective health and safety protocols were instituted to protect employees and customers.</p> <p>Pertinence of business continuity plans.</p> <p>Improving and readiness for online selling platform demands.</p> <p>Reprioritising strategic objectives.</p> <p>IT vulnerability is closely monitored.</p> <p>Counter measures to discount market flooding and the impact on retail product lines.</p> <p>Re-engineering of sales mix aligned with consumer purchasing habits.</p> <p>Considering forex cover options due to volatile currency markets.</p> <p>Interacting with Governments to ensure that subsidies and relief aid are utilised.</p>	

<b>6</b>	<b>HISTORICAL REGULATORY COMPLIANCE</b>
<b>RISK RATING: Medium</b>	
<p><b>Certain Group Companies were not compliant with corporate laws and regulations due to the late publication of annual financial statements as a result delays caused by the events of December 2017. The risk of failure to comply with corporate laws and regulations extends across several jurisdictions and could result in liability, including, but not limited to, mandatory shutdowns, damages, criminal prosecutions, monetary fines and penalties, injunctive actions and loss of trade agreements and contracts.</b></p>	
<p><b>HOW WE ARE MITIGATING THE RISK</b></p> <p>This is a key focus of the Finance functions across the Group in conjunction with the external statutory auditors.</p> <p>Our Finance functions engage with the external auditors on an on-going basis to expeditiously complete the 2017, 2018 and 2019 separate annual financial statements and significant progress has been made in this regard.</p> <p>Steinhoff Investment Holdings Limited has published annual financial statements for all outstanding periods, including timeous publication of the company's annual financial statements for the financial year ending 30 September 2020. The Johannesburg Stock Exchange has accordingly resumed trade of the company's previously suspended preference shares with effect from 18 January 2021.</p> <p>The Group is regularly engaging with relevant regulators.</p> <p>External legal specialists have been engaged to provide regulatory support where required.</p> <p>Ensuring compliance with local laws and regulations by all OpCos remains a priority.</p> <p>Going forward, Risk Management and Internal Audit will remain key focus areas of both the Management Board, the Audit and Risk Committee and the Supervisory Board.</p>	

<b>7</b>	<b>TALENT MANAGEMENT AND RETENTION</b>
<b>RISK RATING: Medium</b>	
<p><b>A contributing factor to the Group's future success is dependent on its ability to retain and attract skilled and qualified human capital.</b></p> <p>The loss of key individuals could result in short term instability.</p>	
<p><b>HOW WE ARE MITIGATING THE RISK</b></p> <p>The Human Resources and Remuneration Committee is actively involved in remuneration and employee retention measures.</p> <p>OpCos endeavour to retain employees with the required skills in order to execute their strategy. Group Services continues to focus on retaining staff with critical skills required to implement the Corporate Scorecard and the Company's strategy during the current extraordinary circumstances.</p> <p>The restructuring of Group Services staff both in Germany, United Kingdom and South Africa has been completed.</p> <p>All of the Human Resources policies have been redrafted and approved.</p> <p>Long and short term incentive schemes have been implemented.</p> <p>An emergency succession plan has been approved by the Management Board.</p>	

If any one or more of the principal risks as presented in the table above materialise, there could be a significant adverse impact on the future existence of the Group.

## PRINCIPAL RISK COMPARISON TO THE PRIOR YEAR

During the previous financial year, the principal risks of “brand” and “commercial sustainability of OpCos” were reported. These are no longer considered principal risks as at the Reporting Date. The Remediation Plan has been fully implemented, which included review and redesign of policies and procedures, improved Supervisory Board and Management Board processes including structure and responsibilities of sub-committees, induction of new board members, appropriate record keeping and minutes, improved meeting agendas and content of board packs, and reemphasis of our core values: transparency, fairness, honesty, integrity and good corporate citizenship. To enhance the commercial sustainability of the OpCos non-core and/or non-performing businesses have mostly been disposed of as part of the Company’s restructuring strategy. The OpCos obtained independent finance facilities, eliminating the need for financial support by the Company. The OpCos are performing optimally with sales targets exceeding the revised budgets following the COVID-19 pandemic during the Reporting Period. The majority of OpCos is currently in a positive cash flow position.

## PRINCIPAL RISKS POST YEAR-END

At the date of this Annual Report, the Group finalised the directors and officers insurance cover for the 2021 financial year and the risk rating has subsequently been reduced to “medium”.

Steinhoff N.V. and other Group Companies are continuing to not meet reporting deadlines for Annual Financial Statements and for company returns submissions to regulators this is because of delays caused by the events of December 2017. The risk rating has subsequent to the Reporting Period been re-rated from a “medium” to a “high” risk.

The new strain of the coronavirus has resulted in Governments having to take strict measures. The unpredictability of Governmental actions

in the various geographies in which the Group operate differ and as a result has an adverse impact on the COVID-19 risk. The risk rating has also subsequent to the Reporting Period been re-rated from a “medium” to a “high” risk.

The Group has previously proposed a global settlement of litigation. As proposed, Suspension of Payment (“SoP”) proceedings have commenced in the Netherlands in respect of the Company and two administrators have been appointed and SIHPL has issued its notice of availability of its proposal in terms of section 155 of the South African Companies Act.

A conditional agreement has been reached with Deloitte in order to secure both their support for and additional contribution towards the settlement. A conditional agreement has been reached with Conservatorium to the extent that Conservatorium shall withdraw their opposition to the form of Dutch proceedings. Both the S155 scheme and the Dutch SoP are ongoing and shall be implemented in accordance with our public announcements and timelines available on the Steinhoff Settlement website.

The settlement is conditional on both schemes being implemented.

## PRINCIPAL RISKS: OPCOS

The principal risks identified by operational management for reporting, evaluation and consideration by the Management Board include the following non-exhaustive list of risks and are not ranked in a critical order of significance:

- (i) COVID-19-related operational and business risks;
- (ii) Adverse economic cycles and trends;
- (iii) Supply chain failures;
- (iv) Adverse supplier credit facilities/terms;
- (v) Competition;
- (vi) Talent management and retention;
- (vii) Regulatory compliance, including health and safety;
- (viii) Failure to meet customer needs;
- (ix) Reputation and brand association with Steinhoff;
- (x) Fraud and ethics violations; and

- (xi) Technology infrastructure failure and cyber security.

In order to assess the risks of each of the OpCos, it is important to understand that these businesses operate in different markets across multiple jurisdictions, cultures and geographies.

## FINANCIAL RISK MANAGEMENT

The main financial risks to which the Group is exposed include, but are not limited to, capital risk, liquidity risk, market risk (including interest rate risk and currency risk) and credit risk. Financial risks are controlled at operational level with guidance from the Management Board to ensure optimal risk mitigation.

The Group’s central treasury function reports to the CFO and coordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the Group. These risks include liquidity risk and market risk. The treasury function is responsible for considering and managing the Group’s day-to-day financial market risks by adopting strategies within the guidelines set by the Management Board.

Where relevant, selected derivative and non-derivative hedging instruments are used to hedge risks. Hedging instruments are used to cover risks that affect the Group’s cash flows and are not used for trading or speculative purposes. The Group’s financial instruments are listed in the 2020 Consolidated Financial Statements. The Group did not speculate using derivatives or other financial instruments during the Reporting Period.

### Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group's objectives when managing capital are to provide an adequate return to shareholders, to appropriately gear the business, to safeguard the ability of the Group to continue as a going concern and to take advantage of opportunities that are expected to provide an adequate return to stakeholders.

In order to optimise the capital structure, the Group may adjust cost of capital, dividends paid to shareholders or sell assets to reduce debt.

### Liquidity risk management

Liquidity risk is the risk that the Group may suffer financial loss through liquid funds not being available or that excessive finance costs must be paid to obtain funds to meet payment requirements. The ultimate responsibility for liquidity risk rests with the Management Board. The Group manages liquidity risk through forecasting and monitoring cash flow requirements on a daily basis, and by maintaining sufficient undrawn facilities.

The Group's central treasury function arranges the investment of net cash reserves on the financial markets, mainly in short-term instruments linked to variable interest rates.

### Currency volatility risk management

Currency risk is the possibility that the Group may suffer financial loss as a consequence of the depreciation in the measurement currency relative to the foreign currency prior to payment of a commitment in that foreign currency or the measurement currency strengthening prior to receiving payment in that foreign currency. Risks from foreign currencies for trading purposes are hedged to the extent that they influence the Group's cash flows.

The Group uses forward exchange contracts (FECs) in particular, together with other hedging instruments such as swaps and options, to manage transactional currency risks. Specific translation risks are managed through the selective use of options and hedge positions. These hedges are tested for hedge effectiveness on a regular basis. When risks and rewards of ownership transfer to the Group, a basis adjustment will be made against the assets. There were no adjustments against the cost of assets during the Reporting Period.

### Interest rate risk management

Interest rate risk is the probability that the Group may suffer financial loss due to adverse movements in interest rates. The Group is exposed to interest rate risks mainly in South Africa and Europe.

On 14 December 2018, being the CVAs approval date, the lenders agreed to start implementing the restructuring plan once certain conditions precedent had been fulfilled. From this date interest accrued at the newly agreed interest rates as stipulated in the finance documents, which resulted in a substantial modification of the old debt instruments. PIK interest on these facilities accrued from 14 December 2018 at a fixed rate of 10% on all SFHG debt, and a fixed rate of 7.875% to 10.25% on all SEAG debt, compounded semi-annually. The implementation of the CVAs have enabled the Group to focus on improved interest rate management. As the majority of the Group's borrowings are at a fixed interest rate the cash flow risk is limited.

The Group is sensitive to movements in the EURIBOR, JIBAR, SA prime rates and LIBOR, which are the primary interest rates to which the Group is exposed.

### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss for the Group. Given the diverse nature of the Group's operations, it does not have significant concentration of credit risk in respect of trade receivables, because exposure is spread over a large number of customers. The trade and other receivables, other than derivative financial assets, are denominated in the functional currency of the various Subsidiaries. The total exposure to credit risk is therefore limited to the carrying value of the receivables.

In addition, the Group does not consider there to be any significant concentration of credit risk which has not been adequately provided for at the year-end.

### CODE OF CONDUCT COMPLIANCE

The Management Board is responsible for ensuring that adequate frameworks and control systems are in place at OpCos to detect fraud and irregularities. The responsibility to detect and prevent fraud remains with management at an operational level. This is emphasized through continuous sensitisation of operational internal audit functions as well as inclusion of such focus in internal audit processes. The operational internal audit function reports fraud and ethics violations to operational management. These reports are escalated to the Management Board and to the Audit and Risk Committee. Such reports include associated remedial actions.

The Management Board has resolved that the Group operates in an open and transparent manner with a view to ensure that information is provided to all stakeholders within the legal parameters.

The Company has adopted a Code of Conduct that sets out general policies and guidance as to how all its temporary and permanent employees, officers, and directors (including the Managing Directors and Supervisory Directors) should conduct business. The Management Board encourages conduct of business that is in keeping with the Company's core values of transparency, fairness, honesty, integrity and good corporate citizenship. The compliance principles included in the Code of Conduct relate to how the Company's employees are to deal with health, safety and environmental issues, non-discrimination and non-harassment, confidentiality, intellectual property, usage of IT, personal information, conflicts of interest, declaration of business interests and potential conflicts of interest, insider trading, fraud, corruption and bribery, preventing money laundering and the financing of terrorism, record keeping and legal guidance.

In view of the decentralised business model of the Group, these compliance principles are implemented at OpCo level by operational management. The Management Board has recommended that management of each OpCo endorse those principles and incorporate the same in its own company policies and guidelines. Although these compliance

principles are therefore a matter of operational responsibility, the application thereof is monitored by the Management Board at Group level by means of attendance at the local governance committee meetings as members and/or invitees. The Management Board and the Group Risk function have insight into the pack content which is submitted at these meetings which would deal with instances of non-compliance with the Company's and/or OpCo's codes of conduct. Based on this it appears that there were no incidences of substantial non-compliance to the codes of conduct during the Reporting Period

Furthermore, the Group has a whistle-blower policy, which establishes the procedure for handling reportable concerns of suspected criminal or unethical conduct by, or within, the Group. The scope of this policy extends not only to concerns involving Managing Directors, Supervisory Directors, officers and employees, but also to matters involving shareholders, consultants, vendors, contractors, outside agencies and/or any other parties in a business relationship with the Group.

Compliance reports are reviewed by the Group Risk function and reported to the Management Board and the Audit and Risk Committee on a quarterly basis. During the Reporting Period the Group Risk function also reported to the Governance, Social and Ethics Committee until that committee was merged into the Audit and Risk Committee on 25 June 2020. The Company has detailed policies in place governing ownership of, and transactions in, securities by Managing Directors, Supervisory Directors, closely associated persons and employees. The Code of Conduct, the whistle-blower policy and the policy on inside information, managers' transactions and insider lists are all available on the Company's website [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

## RISK FINANCING – INSURANCE PROGRAMME

Risk appetite and tolerance levels drive the risk retention which is based on the Group's risk profile and loss history. Predictable risks have been retained within the OpCos, or within the captive facility(ies) where economical to do so. The Management Board reviews and considers unpredictable risks identified by operational management, and defensive strategies are adopted where appropriate. Internal and external factors are monitored to identify current and emerging risks. Quarterly reporting to the Audit and Risk Committee continues.

The Group pursues a strategy of mitigating its insurable risks through a combination of self-insurance and commercial insurance coverage. The objective pursued is to ensure that the Group is always protected against significant and/or catastrophic losses while keeping the cost of risk at optimal efficient levels through a prudent combination of retention and risk transfer to the insurance markets. During the Reporting Period certain of the OpCos were self-insured through a cell-captive facility. The Group takes measures to assess and monitor the financial strength and creditworthiness of the commercial insurers from which it purchases insurance.

The Group's Directors and Officers liability insurance coverage is fully sourced from the international insurance market. The ongoing challenge remains to secure adequate limits and to manage the claims put to the market following the events of December 2017. The risk of obtaining sufficient cover is further discussed in the Principal Risks section.

## REMEDIATION PLAN

The Remediation Plan, that was developed by the Management Board during the 2018 Reporting Period, was fully implemented by the end of the Reporting Period. During the Reporting Period the Group Risk function provided updates to the Management Board on a monthly basis. The Supervisory Board oversaw the overall implementation of the Remediation Plan and received quarterly updates from both the Management Board and the Audit and Risk Committee.

Work during the Reporting Period was concentrated on the continuous improvements to policies and procedures, both at the Company and OpCos.

The Remediation Plan was sub-divided into sections based on the issues to be addressed. A brief overview of the remedial action taken in each area during the Reporting Period is provided below:

### Governance and control

The CCRO continues to strengthen the Group Risk function. The Remediation and Best Practice Committee, consisting of all heads of department at Group Services and the Company Secretary met monthly during the Reporting Period to evaluate the progress made with the implementation of the Remediation Plan and reported same to the Management Board.

### Policies and procedures

Updating of all Group policies and procedures was a key focus throughout the Reporting Period. The review and redesign of these Group policies and procedures were finalised during the Reporting Period. Special emphasis was placed on conflicts of interest, related party transactions, supplier management and abnormal transactions by the Group.

### Actions emanating from the Forensic Report

As previously reported, further investigations were conducted by PwC, dealing with specific matters identified, and that in the view of the Forensic Investigation Committee warranted further examination. These matters included the investigation of potential claims against third parties and entities.

### Regulatory and legal matters

The Company is continuing to cooperate and liaise with all relevant regulatory bodies and enforcement agencies.



# MANAGEMENT BOARD STATEMENTS

The Management Board has prepared this Annual Report in accordance with IFRS as adopted by the EU and additional Dutch disclosure requirements for annual reports.

## RESPONSIBILITY STATEMENTS

As required pursuant to section 5:25c paragraph 2(c) of the Dutch Financial Supervision Act, each of the Managing Directors hereby confirms that as far as each of them is aware:

- (i) subject to the judgements and estimates set out in the basis of preparation, the 2020 Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the enterprises jointly included in the consolidation; and
- (ii) the Annual Report gives a true and fair view of the position as at the Reporting Date, state of affairs during the Reporting Period of the Company and of the enterprises connected with it whose data are included in the 2020 Consolidated Financial Statements and the Annual Report describes the substantial risks with which the Company is being confronted.

## IN-CONTROL STATEMENT

The Management Board is responsible for the establishment and adequate functioning of a system of governance, risk management and internal controls in the Company. Consequently, the Management Board has implemented a range of processes and procedures designed to improve control by the Management Board over the Company's operations. These processes and procedures include measures regarding the general risk monitoring and management, and the control environment and specific guidelines

on governance, including a code of conduct and a whistle-blower policy.

These processes and procedures are aimed at providing the Management Board with a reasonable level of assurance that the significant risks of the Company and the Group have been identified and managed, and that the Company meets its operational and financial objectives in compliance with applicable laws and regulations.

The Group Risk and Internal Audit function assesses the design and the operation of the internal risk management, governance and control systems and reports (i) any flaws in the effectiveness of the internal risk management, governance and control systems, (ii) any findings and observations with a material impact on the risk profile of the Company and its affiliated enterprise, and (iii) any failings in the follow-up of recommendations made by the Group Risk and Internal Audit function and the Internal Audit functions of the OpCos. In doing so, these functions provide assurance to the Management Board and the Supervisory Board that these systems are adequate and effective.

The Management Board has worked at continuing to improve the processes and procedures regarding financial reporting by means of:

- (i) clear target setting and monitoring together with the reset of roles and responsibilities within the finance teams globally;
- (ii) proper archiving and securing of company data, enhanced by information sharing and centralisation of information;

(iii) implementation of the consolidation system for global consolidation;

(iv) implementation of new accounting systems for transactional processing in the UK as well as system improvements in local processing of holding entities onto a system previously done manually and without proper segregation; and

(v) implementation of software to manage the preparation of financial statements, which aligns with regulatory requirements set by South African regulators;

and it is of the opinion that:

- (i) the Annual Report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- (ii) the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies; and
- (iii) the Annual Report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of this Annual Report.

The Management Board draws specific attention to the going concern statement included in the Basis of Preparation section of the 2020 Consolidated Financial Statements in which a number of assumptions and uncertainties have been detailed. Based on these assumptions and uncertainties, the financial reporting is prepared on a going

concern basis. The Management Board has discussed the above opinion and conclusions with the Audit and Risk Committee and the Supervisory Board.

## NON-FINANCIAL STATEMENT

In view of the accounting irregularities, which were uncovered in December 2017 and the consequences thereof for the Group, the Company's primary objective continues to revolve around achieving longer-term value preservation for the Company and its affiliated enterprise.

The Company aims to achieve this financial objective as well as its non-financial objectives by means of the decentralised business model of the Group, which allows for a tailor-made governance on an operational level complemented by the Management Board exercising its rights at operational level where appropriate and maintaining regular contact with local management. The decentralised business model includes sourcing where each operating entity is responsible for the supply chain applicable to its market and customers. For an overview of the Group's decentralised operational model, reference is made to the Operational Review in this Annual Report.

During the Reporting Period the Group has adopted a number of policies relating to environmental, social, employee-related matters, respect for human rights, and fighting corruption and bribery. The Company's Code of Conduct provides a framework for the aforementioned subjects and the employees, officers and directors of the Company are expected to safeguard the values embodied therein. The Management Board has recommended that management of each operational company in the Group endorse those compliance principles and incorporate the same in its own company policies and guidelines. In view of the markets the Group operates in, and the types of products and services it delivers, the risks associated with these subjects are appropriately addressed given the varying risk profiles of each operating entity. For further information concerning the Code of Conduct, reference is made to the section Code of Conduct Compliance in the Risk Report. For the principal risks which are important to the Group, reference is made to the Risk Report.

## Diversity

On 30 August 2018, the Supervisory Board adopted a diversity policy. The policy identifies the following objectives to further improve the diversity within the Supervisory Board and the Management Board:

- (i) qualifications and previous experience, particularly in the fields required to ensure balanced boards, shall be key considerations for nominations to both the Supervisory Board and the Management Board;
- (ii) with respect to nationality, subject to and taking into account the South African Reserve Bank requirement that the Company be managed from South Africa, the Supervisory Board shall strive to nominate Managing Directors from the regions where the Group Companies operate, and that no nationality should count for more than 75% of the Managing Directors;
- (iii) further with respect to nationality, the Supervisory Board shall strive to nominate Supervisory Directors from the regions where the Group Companies operate, and that no nationality should count for more than 75% of the Supervisory Directors;
- (iv) with respect to gender, the Supervisory Board shall strive for a composition of both the Supervisory Board and the Management Board of not less than 30% male and not less than 30% female; and
- (v) with respect to age, the Supervisory Board shall strive to ensure an appropriate age diversity within the Supervisory Board and the Management Board,

it being understood that, in the selection of a candidate on the basis of the above criteria, the rules and generally accepted principles of non-discrimination (on grounds such as ethnic origin, race, disability or sexual orientation) will be taken into account.

Both Managing Directors who held office during the Reporting Period were male and to the extent applicable Managing Directors appointed have been nominated based on the above criteria, taking into account the qualifications required in view of the challenges faced by the Group. Within the context of the nomination and appointment

of Managing Directors, the Supervisory Board selects candidates based on such qualifications and regardless of gender which is in accordance with the above diversity policy. Due to the resignations of three Managing Directors during the 2019 Reporting Period, on the Reporting Date both remaining Managing Directors had South African nationality (100%) and lived in South Africa. If and when selecting and nominating candidates for the Management Board, the Supervisory Board will take the diversity policy into consideration to safeguard a balanced apportionment of the seats of the Management Board, including objective (ii) above.

On the Reporting Date, three out of seven Supervisory Directors were female (43%) and four out of seven Supervisory Directors were male (57%). Four out of seven Supervisory Directors had South African nationality (58%) and lived in South Africa, one out of seven Supervisory Directors had Dutch nationality (14%) and lived in the Netherlands, one out of seven Supervisory Directors had British nationality (14%) and lived in the United Kingdom, and one out of seven Supervisory Directors had United States nationality (14%) and lived in the United States of America. Hugo Nelson, who lives in South Africa and has both South African and Maltese nationality, is counted as having South African nationality for this purpose. If and when selecting and nominating candidates for the Supervisory Board, the profile of the Supervisory Board and the diversity policy will be taken into consideration.

The diversity policy and the profile of the Supervisory Board can be viewed on the Company's website

[www.steinhoffinternational.com](http://www.steinhoffinternational.com).

## Black Economic Empowerment

Steinhoff supports the aims of the Broad-Based Black Economic Empowerment legislation in South Africa and focuses on enhancing the South African operating companies' compliance with the relevant laws and scorecards. To this end, on 19 December 2019, Steinhoff's South African subsidiary, Steinhoff Africa sold 25.1% of its stake in Unitrans automotive business to a Broad-Based Black Economic Empowerment investment group.



## Social responsibility and sustainability

During the Reporting Period, the Company supported the following two causes.

### Extended Family

Steinhoff has been the key financial partner of the Steinhoff Extended Family programme since its official inception in March 2003 when Steinhoff partnered with Abraham Kriel Bambanani (AKB) to provide essential services to orphaned children affected by severe trauma, HIV/Aids and who are not housed in a formal institution like an orphanage. To reach more children and have a greater impact Steinhoff and AKB introduced the Steinhoff Extended Family home-based care programme. It started with an initial group of fifteen children, who are called beneficiaries, which gradually expanded to approximately 469 beneficiaries in 2019/2020. Steinhoff's financial contribution is the primary funds used for the programme. The aim of Steinhoff's involvement in this initiative is to provide children who are affected by HIV/Aids and severe trauma with protection from harm, which involves the provision of shelter, physical care, which includes providing food, appropriate clothing, sanitation and healthcare as well as emotional care, including, where necessary, therapeutic intervention, and development, which includes schooling, recreation, discovery and development of talent. Beneficiaries are included in the programme on a 'needs only' basis, and the recipients are mostly individuals from child-headed families where the parents have passed away due to HIV/Aids or where the child was removed from an abusive environment by a court judgement. In some instances, they live with another family member or grandparent as part of an already extended family where resources are severely under pressure. Some of the caregivers who work in the programme today to assist with the care of the beneficiaries, especially the smaller children, graduated from the programme themselves. The services rendered to these beneficiaries through the partnership include the following:

- Provision of food. Daily meals consist of meat, a starch and two vegetables, two fruits and bread. This is provided to each beneficiary 365 days a year.
- Enrolment of the children into school, including properly equipping each child to attend their classes.

- Attention to health issues, bereavement counselling, facilitation with proper registrations with government departments and applications for grants to further support the family.
- Regular visits to their homes by the caregivers.
- Where relevant, younger children are enrolled in school after-care programmes, where they eat, get help with homework and participate in life skill classes.

In addition, with the help of Steinhoff, Abraham Kriel runs a training facility that provides a limited number of learnerships for the Abraham Kriel graduates or their family members to equip the individual with a skill i.e. building and plastering, tiling and painting, assistant chef etc. which they can use to earn an income and break the poverty circle.

The Steinhoff commitment gave Abraham Kriel a level of financial sustainability that allowed for long-term planning to ensure that a real impact could be made. It also allowed for the promise that children could be given the gift to grow and develop so that their dreams have a chance of becoming a reality. Unlike a one-off charity donation, the Steinhoff Extended Family programme is an example of a long-term investment where time and trust are key to its success. This partnership and its extended investment give the programme the time it requires to accomplish what is necessary, especially for raising children.

- It takes time for children to recover from malnutrition to a state of health.
- It takes time to recover from the loss of a parent and regain hope.
- It takes time for children to grow up and become productive members of society.
- It takes time to develop self-confidence and the life skills of an adult.

The financial contribution from Steinhoff for the 2020 Reporting Period amounts to ZAR6.3 million.

### Knysna Initiative for Learning and Teaching

Recognising the need for improved access to quality education in South Africa, Steinhoff had a desire to contribute to the advancement of learning and teaching in under-resourced schools. Steinhoff partnered with Knysna Initiative for Learning and Teaching (KILT) in April 2017 to provide support to certain under-resourced and non-fee-paying schools in the Knysna municipal area by way of sponsorship in the form of providing funding for specific needs which include funding for:

- equipment and learning material;
- teacher development;
- additional teachers in order to reduce class sizes;
- the repair of school infrastructure with specific focus on ablution facilities; and
- the establishment of after school study clubs and psycho-social and remedial programmes for both primary and secondary school learners.

KILT has become a mainstay of support to the 17 government schools, the teachers and the 12 000 learners in greater Knysna.

Since 2017, KILT has implemented the following programmes that include:

- 52 teacher posts funded by KILT reducing teacher/learner ratios;
- 42 funded key auxiliary positions including safety patrol;
- 136 specialists (including 22 volunteers) who deliver:
  - Psycho-social programmes;
  - Remedial and reading support;
  - Vocational counselling for learners;
  - Study clubs;
  - Maths and science support;
  - Scholarship programme;
  - Teacher and Leadership development;
  - E-learning and ICT Support; and
- Partnerships with key NGO service providers.

The COVID-19 pandemic affected these programmes and plans. It is unknown how long this significant disruption will continue, nor the full impact it will have on the schools, teachers and community. In the era of COVID-19, KILT, using government educational guidelines and directives, skilled and experienced KILT project professionals collaborated across their own projects to bring the best expertise and responses to the unknown world of Corona Virus, Lockdown, economic disaster and the closure of schools – demonstrating KILT’s ability to be agile and to respond appropriately, including through the development of target group-specific programmes.

KILT provided additional psycho-social support for KILT families, teachers and learners to address the increased stress placed on the community, and it provided academic resource support in the form of tablets and remote tutoring for individuals and schools that have reached out for assistance during the lockdown. Further KILT was instrumental in securing food parcels, working closely with the Knysna Municipality, Rotary Knysna, and Knysna NGOs, thanks to welcome and significant funding. It also provided some 25 000 masks to learners, teachers and staff as well as soup kitchen beneficiaries.

To facilitate school return during COVID-19 KILT developed several projects, including an augmentation of its 17 participating schools with PPEs, hygiene products and systems. They also installed isolation pods – 9 in total – at over-crowded schools as part of the safer schools’ initiative. These are permanent and well-built structures that can be used for a variety of purposes if no longer required for isolation or sick bay purposes.

It also provided COVID-19 Health and Safety monitoring and support, ongoing additional psycho-social support for teachers, families and the community, offering on-site counselling and support for staff and management who are back at school as well as food gardens at 6 schools with additional human and other resources and 130 000 chicken meals a month since May 2020 – at schools and 30 registered soup kitchens.

With the experience of COVID-19 contingencies under their belt, all but two of

the original 2020 KILT projects recommenced during the return-to-school phasing-in – with some innovative and newly adopted strategies. Some of these approaches, although designed for COVID-19 will be adopted into the new year as a better, more efficient and smarter way of delivery. Amidst the great uncertainty and fluidity of 2020, KILT has seen some remarkable outcomes within their current and existing 2020 projects. The Afterschool Study club was fully embraced again with a 75% attendance of the pre-COVID-19 context. This year, a first, KILT have assisted ALL the potential Bachelor Degree Grade 12s (75) to apply for university in time as well as fund those learners’ application fees where they could not.

With few exceptions, KILT’s approach of whole-school systemic support remains sound and is in fact, more important than ever. Most of their projects focus on teacher/management/staff capacity-building, in order to deliver on teaching and learning. Their school staff and educators need this support more than ever to recover the teaching of the children in a safe and secure environment that is conducive to learning. KILT runs certain key learner support programmes but for the most part, they support and develop leaders and educators in their vocation so that THEY enjoy their work, participate in school life, see a bright future in a healthy school environment that can sustain the enrichment of their children’s education and shape their futures.

The financial contribution from Steinhoff for the 2020 Reporting Period amounts to ZAR16 million. The sponsorship with KILT amounts up to ZAR15 million in donation per calendar year for a period of five years starting from 2017.

## PROVISION IN THE ARTICLES REGARDING THE ALLOCATION OF PROFITS

Articles 35.1 through 35.3 of the Articles stipulate:

“35.1 Distribution of profit shall be made after adoption of the annual accounts if permissible under the laws of the Netherlands given the contents of the annual accounts.

35.2 The Management Board may, with the approval of the Supervisory Board, resolve that the profit realised during a financial year will

fully or partially be appropriated to increase and/or form reserves.

35.3 The allocation of profit remaining after application of article 35.2 shall be determined by the General Meeting, provided that such resolution to allocate the remaining profits can only be adopted on a proposal of the Management Board, with the approval of the Supervisory Board. The Management Board shall make, with the approval of the Supervisory Board, a proposal for that purpose with due observance of the provisions of articles 35.4 and 35.5. A proposal to allocate profit shall be dealt with as a separate agenda item at the General Meeting.”

### The Management Board

26 February 2021

**L.J. (Louis) du Preez**  
Chief Executive Officer

**T.L. (Theodore) de Klerk**  
Chief Financial Officer

# PART II

## CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE REPORT

Corporate governance in Steinhoff N.V. involves the set of relationships that have been established between the Management Board, the Supervisory Board, shareholders and other stakeholders. Corporate governance also provides the structure through which the Company's objectives are set and the means of attaining those objectives and of monitoring performance are determined.

## INTRODUCTION

This report provides an outline of the corporate governance structure of the Company and covers corporate governance matters relevant to the Company during the Reporting Period. Pursuant to the DCGC, the Management Board and the Supervisory Board are responsible for the corporate governance of the Company.

The Company is a public limited liability company incorporated under the laws of the Netherlands, has its corporate seat in Amsterdam, the Netherlands, and its head office in South Africa. The Company is registered with the Trade Register in the Netherlands under number 63570173 and has its primary listing on the FSE in Germany. It has a secondary listing on the JSE in South Africa.

The Company has a two-tier board structure, consisting of the Management Board and the Supervisory Board. The Management Board and the Supervisory Board are accountable to the General Meeting. The Company's corporate governance structure is based on the Articles, the Regulations of the Management Board, the Regulations of the Supervisory Board and its committees, as well as applicable laws and regulations, including the DCGC. The Articles, the Regulations of the Management Board, the Regulations of the Supervisory Board and its committees, together with the Supervisory Board's rotation schedule and the Supervisory Board profile, can be viewed on the Company's website at [www.steinhoffinternational.com](http://www.steinhoffinternational.com). The full text of the DCGC is available at [www.mccg.nl](http://www.mccg.nl).

## DUTCH SOP

On 15 February 2021 the Company filed an application to the Amsterdam District Court for a Dutch suspension of payments procedure (*surseance van betaling*) ("Dutch SoP") together with the submission of a proposed composition plan (*ontwerp van akkoord*) ("Dutch SoP Scheme Proposal"). The Amsterdam District Court granted the application and opened the Dutch SoP in respect of the Company also on 15 February 2021.

The Amsterdam District Court has appointed two administrators (*bewindvoerders*) and two supervisory judges (*rechters-commissaris*).

The task of the administrators is to, jointly with the Company's management team, administer the Company's affairs. The administrators will fulfil their task through, among other things, periodically reporting on the state of the Company's estate, reporting on the state of the Dutch SoP Scheme Proposal and advising the Company's management team on how to conduct its affairs.

During the Dutch SoP, the Company requires the co-operation, authorisation or support of the administrators for the administration and disposal (*beheer en beschikking*) of assets comprised in its estate (*boedel*). The Company's estate is not bound by obligations the Company enters into without the co-operation, authorisation or support of the administrators, except to the extent those obligations would benefit the Company's estate. The Company cannot take procedural actions in Dutch legal proceedings (insofar

they relate to the Company's estate) without the co-operation, authorisation or support of the administrators.

The tasks and fiduciary duties of the Management Board and the Supervisory Board are in principle not affected by the Dutch SoP. The Management Board continues to be required to conduct the day-to-day management of the Company and the enterprise connected with it. When doing so, the Management Board is required to act in the interest of the Company and its affiliated enterprise, taking into account the interests of all its stakeholders. The Supervisory Board continues to be required to supervise and monitor the actions of the Management Board, to advise the Management Board in connection therewith and, if needed, assist the Management Board in its conduct with external stakeholders.

The next paragraphs 'Management Board' and 'Supervisory Board' should be read with this in mind.

## MANAGEMENT BOARD

The role of the Management Board is to manage the Company and its affiliated enterprise. Pursuant to the DCGC, the Management Board is responsible for the continuity of the Company and focuses on longer-term value creation for the Company, and takes into account all the various stakeholder interests that are relevant in this context. The Supervisory Board monitors the Management Board in this. The Management Board is responsible for identifying and

managing the risks associated with the Company's strategy and activities.

### Duties and powers of the Management Board

The Management Board derives its powers and duties from Dutch law and the Articles. When discharging its duties, the Management Board shall act in accordance with the interests of the Company and its affiliated enterprise, taking into consideration the interests of the Company's stakeholders. The Management Board shall develop a view on longer-term value creation by the Company and its affiliated enterprise and shall formulate a strategy in line with this.

The Management Board is primarily responsible for:

- (i) formulating, communicating and executing the Company's financial strategy;
- (ii) drafting the annual budget of the Company, as well as the implementation thereof;
- (iii) the appointment and dismissal of members of its Committees and Senior Managers;
- (iv) overseeing and ensuring the integrity of the Company's financial statements; and
- (v) the financial reporting of the Company.

The Regulations of the Management Board describe the powers, duties, as well as working methods and the decision-making process of the Management Board. The latest version of the Regulations of the Management Board can be viewed on the Company's website [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

Pursuant to the Regulations of the Management Board, certain significant resolutions of the Management Board are subject to the approval of the Supervisory Board and the General Meeting. These resolutions are detailed in schedules 2 and 3 of the Regulations of Management Board. In February 2020, the Supervisory Board resolved that the settlement of any claims or litigation for an amount of more than €50 million is subject to the approval of the Supervisory Board. The Regulations of the Management Board were revised accordingly.

### Composition, appointment, removal, suspension and other positions of Managing Directors

#### General

Pursuant to the Articles, the Management Board shall consist of at least two Managing Directors, with the number of Managing Directors to be determined by the Supervisory Board. Following a non-binding nomination by the Supervisory Board, with due observation of the provisions under the Articles, the Managing Directors are appointed by the General Meeting. If and when selecting and nominating candidates for the Management Board, the diversity policy is taken into consideration.

Pursuant to the DCGC, a Managing Director is appointed for a maximum period of four years and a Managing Director may be reappointed for a term of not more than four years at a time, which reappointment should be prepared in a timely fashion and take the diversity policy into account. A Managing Director may be suspended or removed by the General Meeting at any time. Suspension or removal shall be made upon a proposal by the Supervisory Board. A Managing Director may also be suspended by the Supervisory Board at any time. A resolution by the General Meeting to remove or suspend a Managing Director not proposed by the Supervisory Board may only be adopted by at least two-thirds majority of the votes cast, provided that such majority represents more than one-third of the Company's issued capital. If the quorum referred to in the preceding full sentence is not met, a second General Meeting as referred to in Section 2:120, paragraph 3 of the DCC cannot be convened. Any suspension may be extended one or more times, but may not last longer than three months in the aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension shall end.

Persons who are (i) a supervisory board member (or non-executive director) of more than two legal persons; and (ii) chairman of the supervisory board of a legal person (or of the management board if management duties are allocated amongst executive and non-executive directors) may not be appointed as a director of a company insofar that company

has not met at least two of the criteria referred to in Section 2:397, paragraphs 1 and 2 of the DCC (which is the case for Steinhoff N.V.). During the Reporting Period, none of the Managing Directors held positions which would constitute a breach of this requirement.

#### Composition of the Management Board

As at the Reporting Date and as at the date of this Annual Report, the Management Board consisted and consists of Louis du Preez and Theodore de Klerk.

Curricula Vitae of both Managing Directors who have held office during the Reporting Period are given below.

#### Louis Jacobus (Louis) du Preez

South African, Male  
(date of birth: 2 May 1969)

BCom, LLB

The Supervisory Board nominated Louis du Preez as Commercial Director and Managing Director on 19 December 2017. He acted in such capacity until his appointment by the General Meeting on 20 April 2018.

Louis du Preez obtained his bachelor's degree from the University of Stellenbosch and went on to qualify as an attorney of the High Court of South Africa in 1997 after completing his articles. He joined Jan S de Villiers and was appointed a partner of the firm in 1998. With the merger of Werksmans Attorneys in 2009, he became a member of the national executive committee of the combined firm and served as such until early 2017. While practising as an attorney, he advised clients on a variety of corporate and commercial matters. He joined the Group as General Counsel in mid-2017. Louis du Preez served as non-executive director of KAP Industrial Holdings Limited from 1 October 2017 until 3 April 2019. He has also served as a non-executive director of Pepkor Holdings Limited since January 2018. He currently continues to serve as a director of several other Group companies, including but not limited to Steinhoff Investment Holdings Limited.

Effective 1 January 2019, the Supervisory Board designated Louis du Preez as CEO.



**Theodore le Roux (Theodore) de Klerk**

South African, Male

(date of birth: 30 October 1969)

(BCom (Hons), CTA, HDip (Tax), CFM)

The Supervisory Board nominated Theodore de Klerk as Operational Director and Managing Director on 28 February 2018. He acted in such capacity until his appointment by the General Meeting on 20 April 2018.

Theodore de Klerk completed his articles with Ernst & Young and worked for four years as a corporate tax consultant. He joined Murray & Roberts as financial director of its marine construction operation and spent five years with Gensec Investment Bank as part of its corporate finance advisory unit, focusing on mergers & acquisitions, capital raisings and related structuring functions. In 2003, he joined Steinhoff as a senior executive with responsibility for corporate advisory services and investor relations. In 2008 he was appointed Chief Executive Officer of SteinBuild, the Group's Southern African building materials division, a position he held until 2015. Theodore de Klerk served as a non-executive director of KAP Industrial Holdings Limited from 1 October 2017 until 3 April 2019. He has also served as a non-executive director of Pepkor Holdings Limited since May 2019. He currently continues to serve as a director of several other Group companies, including but not limited to Steinhoff Investment Holdings Limited.

Effective 1 September 2019, the Supervisory Board designated Theodore de Klerk as CFO.

### **Positions of Managing Directors on boards of listed companies which are considered Affiliated Companies**

As at the date of this Annual Report, both Louis du Preez and Theodore de Klerk are executive directors of SINVH, and non-executive directors of Pepkor Africa.

The main elements of the contracts with the Managing Directors, who were appointed on 20 April 2018, as at the date of their appointment are available on the Company's website [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

### **Management Board meetings, attendance, resolutions, authority to represent and committees**

Pursuant to the Articles, the Management Board shall meet as often as a Managing Director deems necessary. Meetings of the Management Board are in principle called by the Chief Executive Officer or the Company Secretary in consultation with the Chief Executive Officer. With due observance of the Regulations of the Management Board, each Managing Director has the right to request that a meeting of the Management Board be called and/or that an item be placed on the agenda for a Management Board meeting. The Company Secretary shall assist in relation thereto. A Managing Director may be represented at Management Board meetings by another Managing Director holding a proxy in writing.

Pursuant to the Articles, each Managing Director has the right to cast one vote. Under the Regulations of the Management Board, the Managing Directors shall endeavour to achieve that resolutions are, as much as possible, adopted unanimously.

When determining how many votes are cast by Managing Directors or how many Managing Directors are present or represented, no account shall be taken of Managing Directors that are not allowed to take part in the discussions and decision-making by the Management Board pursuant to the laws of the Netherlands, the Articles or the Regulations of the Management Board. Management Board resolutions may at all times be adopted in writing, provided the proposal concerned is submitted to all Managing Directors then in office in respect of whom no conflict of interest exists and none of them objects to this manner of adopting resolutions, evidenced by written statements from all relevant Managing Directors then in office.

The Management Board follows a regular meeting schedule with meetings held approximately every other week.

The Company is represented by the Management Board and each Managing Director also has the individual authority to represent the Company. The Management

Board may appoint officers with general or limited power to represent the Company. Each officer shall be authorised to represent the Company, subject to the restrictions imposed on him or her.

Pursuant to the Articles, the Management Board may, as it deems necessary, establish committees pertaining to the Management Board and the performance of its duties. The Management Board appoints the members of each committee and determines the tasks of each committee and may establish rules regarding its working methods and decision-making process. Such rules shall then be put in writing. The Management Board may, at any time, change the duties and the composition of each committee. The Management Board remains collectively responsible for decisions prepared and/or taken by such committee.

### **Remuneration of Managing Directors**

The General Meeting approved the Remuneration Policy for the Management Board on 1 December 2015. A description of the Remuneration Policy and its implementation during the Reporting Period are included in the Remuneration Report. The Remuneration Policy can be viewed on the Company's website [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

At the AGM 2020 a proposal to amend the Remuneration Policy applicable to Managing Directors to align such current policy with Section 2:135a of the DCC, which became effective on 1 December 2019 to implement the revised EU Shareholders Rights Directive, and taking into account the Company's current circumstances, its challenges and its strategic direction, was tabled as a voting item. The proposal was rejected by the General Meeting. As required by law, a new draft of the Remuneration Policy applicable to Managing Directors will be submitted to the General Meeting in 2021. Upon resubmission to the General Meeting, a description with explanation of how the voting results and views of the General Meeting were taken into account since the last time the Remuneration Policy was submitted for adoption, shall be made available.

## Company Secretary

The Company's Secretary is appointed and replaced by the Management Board, subject to the approval of the Supervisory Board. All Managing Directors, Supervisory Directors and committees have access to the advice and services of the Company Secretary. The Company Secretary sees to it that correct Supervisory Board and Management Board procedures are followed and that the obligations of the Supervisory Board and the Management Board under applicable laws, as well as the Regulations of the Supervisory Board, the Regulations of the Management Board and/or the Articles are complied with. The Company Secretary assists the chairperson of the Supervisory Board and the Chief Executive Officer of the Management Board in the organisation of the affairs of the Supervisory Board and the Management Board, respectively. Until 1 April 2020, Ewoud van Gellicum served as the Company Secretary of Steinhoff International Holdings N.V. During the remainder of the Reporting Period, Sarah Radema acted as the Company Secretary.

## Chief Compliance and Risk Officer

Louis Strydom CA(SA) is the Chief Compliance and Risk Officer of Steinhoff International Holdings N.V. During the Reporting Period he was responsible to lead the implementation of the Remediation Plan. His duties and responsibilities inter alia include internal audit and risk management. He reports directly to the CEO and has a reporting responsibility to the Audit and Risk Committee.

## SUPERVISORY BOARD

### Introduction

The role of the Supervisory Board is to supervise the policies of the Management Board and the general affairs of the Company and the business connected with it, as well as to assist the Management Board by providing advice. In discharging its role, the Supervisory Board shall be guided by the interests of the Company and the business connected with it and shall take into account the relevant interests of the Company's stakeholders.

## Duties and powers of the Supervisory Board

The Supervisory Board established the Regulations of the Supervisory Board, which govern its working methods and decision-making process (including its duties). The latest version of the Regulations of the Supervisory Board can be viewed on the Company's website [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

The supervision of the Management Board by the Supervisory Board includes monitoring:

- (i) the strategy relating to long-term value creation of Company and its affiliated enterprise;
- (ii) the activities of the Management Board regarding the creation of a culture aimed at long-term value creation of the Company and its affiliated enterprise;
- (iii) the Internal Audit function;
- (iv) the effectiveness of the internal risk management and control systems;
- (v) the integrity and quality of the financial reporting process;
- (vi) the information- and communication technology (ICT) systems of the Company and the managing of the risks associated with cybersecurity;
- (vii) the safeguarding of the Management Board's responsibilities and process of providing information to the Supervisory Board;
- (viii) compliance with applicable laws and regulations;
- (ix) the relations with the shareholders;
- (x) the risks associated with the remuneration structure for employees of the Company and its affiliated enterprise;
- (xi) the corporate social responsibility issues that are relevant to the Company; and
- (xii) handling and deciding on reported (potential) conflicts of interests.

There were no transactions which gave rise to conflicts of interest with any Managing Directors or Supervisory Directors reported during the Reporting Period. Reference is made to note 31 (Related-party transactions) of the 2020 Consolidated Financial Statements for a description of any related party transactions.

## Composition, appointment, removal and suspension of Supervisory Directors

Pursuant to the Articles, the Supervisory Board shall consist of at least five Supervisory Directors. Only individuals can be Supervisory Directors. If the number of Supervisory Directors in office is less than five, the authorities of the Supervisory Board and of the remaining Supervisory Directors or Supervisory Director shall continue to apply in full. The Supervisory Board will then forthwith take measures to increase the number of Supervisory Directors. The Supervisory Board shall determine the exact number of Supervisory Directors. Pursuant to the DCGC, a Supervisory Director is appointed for a period of four years and may then be reappointed once for another four-year period. The Supervisory Director may then subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years. In the event of a reappointment after an eight-year period, reasons should be given in the report of the Supervisory Board. In any appointment or reappointment, the profile of the Supervisory Board should be observed.

Supervisory Directors are appointed by the General Meeting. Appointment shall be made upon a non-binding nomination by the Supervisory Board. The Supervisory Board shall take the profile of the Supervisory Board, the Supervisory Board rotation schedule and the diversity policy into consideration when it makes its non-binding nomination. A non-binding nomination shall be included as an item in the notice of the General Meeting at which the appointment shall be considered. At the General Meeting only candidates whose names are stated on the agenda of the meeting can be voted on for appointment as Supervisory Director.

A resolution by the General Meeting to appoint a Supervisory Director not nominated by the Supervisory Board shall be adopted by at least two-thirds majority of the votes cast, if such majority represents more than one-third of the Company's issued capital. A second General Meeting may not be convened.

A resolution by the General Meeting to remove or suspend a Supervisory Director not proposed by the Supervisory Board

shall be adopted by at least two-thirds majority of the votes cast, provided that such majority represents more than one-third of the Company's issued capital. A second General Meeting may not be convened. Any suspension may be extended one or more times but may not last longer than three months in the aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension shall end.

Curricula Vitae of all the Supervisory Directors who have at any time held office during the Reporting Period, are given below.

**H.J. (Heather) Sonn**  
(South African) (Female)  
(date of birth: 20 October 1971)

BA (Political Science), MSc Foreign Service/ International Affairs (international trade and finance, international business, negotiation, southern Africa development matters)

Heather Sonn was appointed as a Supervisory Director of the Company on 30 November 2015, having previously served as an independent non-executive director of Steinhoff Limited since December 2013.

On completion of her studies in 1997, she joined Merrill Lynch New York as an investment banking analyst. She returned to South Africa in 1999 and took up a position with Sanlam Investment Management in Cape Town. Heather Sonn has served as chief executive for Legae Securities, deputy chief executive for WIP Capital, chief executive for The Citizens Movement, is a former director of Strate and was instrumental in building the basis for Barclays' global integrated bank initiative while at Barclays Bank plc. She was an independent non-executive director on the board of Steinhoff Investment Holdings Limited, a board member of Gamiro Investment Group and of Reinsurance Group of America SA.

She also served on the Board of non-profit organisation, GreenCape as a fellow and moderator of the Aspen Institute's Global Leadership Network.

On 14 December 2017, the Supervisory Board designated Heather Sonn as chairperson of the Supervisory Board. Her term in office as Supervisory Director expired on 1 March 2018.

She was appointed by the Supervisory Board to chair the annual General Meeting held on 20 April 2018. Heather Sonn was reappointed to the Supervisory Board by the General Meeting on 20 April 2018 for a period that runs with effect from the conclusion of the AGM on 20 April 2018 until the close of the Company's annual General Meeting to be held in 2022. She also served as chairperson of the Nomination Committee.

On 18 May 2020 Heather Sonn resigned from all functions at the Steinhoff Group, and specifically as the chairperson of both the Company and Steinhoff Investment Holdings Limited.

On the same date the Company published an announcement regarding the resignation of Ms. Sonn, stating that Ms. Sonn is a major shareholder in an investment company called Gamiro Ventures (Pty) Limited ("Gamiro"), which is a controlling shareholder in a company called Blake and Associates Holdings (Pty) Ltd ("Blake"). Blake includes amongst its clients the JD Group, which is owned by Pepkor Africa, a subsidiary of SINVH. Blake is one of a panel of external debt collectors contracted at arm's length by the JD Group and is subject to the same terms and conditions as other service providers. The service relationship between the JD Group and Blake predates both the inclusion of the JD Group as part of the Steinhoff Group and the date on which Gamiro acquired Blake.

In 2017 Gamiro procured an option to acquire an interest in Blake from (a subsidiary of) Geros Financial Services (Pty) Limited ("Geros"). Ms. Sonn served on the board of Blake from 15 May 2017 until 17 January 2018.

In September 2018 Blake bought back its shares from Geros, and Gamiro subsequently acquired a direct interest in Blake.

Information obtained shortly prior to 18 May 2020 suggested that Geros may have been associated with and (indirectly) funded by the Company, which would then make the Geros transaction a related party transaction. Ms. Sonn has informed the Company that she was not aware of this at the time, but if she had been, she would have made the required disclosures.

**M.A. (Maira) Moses**  
(South African) (Female)  
(date of birth: 27 January 1965)

BA

Maira Moses was appointed to the Supervisory Board on 20 April 2018, for a period that runs with effect from the conclusion of the AGM on 20 April 2018 until the close of the Company's annual General Meeting to be held in 2022.

On 22 May 2020, the Supervisory Board designated Maira Moses as chairperson of the Supervisory Board and appointed her as chairperson of the Nomination Committee. She was a member of the Audit and Risk Committee, and Chairperson of the Human Resources and Remuneration Committee until 25 June 2020.

She graduated from the University of the Witwatersrand in 1987 and completed a Management Advancement Programme at the Business School of the University of the Witwatersrand in 1995. She enjoyed a successful career in the motor industry holding the position of Managing Director of Land Rover, Volvo and Jaguar in Southern Africa from 2000 to 2004. Ms. Moses was with Transnet Limited from 2005 – 2012 and held the position of Group Executive, Capital Projects. She has held a number of Non-Executive Board positions including Transnet Limited, Viamax (Pty) Ltd, Afrisam Group and MTN Group Limited. From 2007 to 2015 she served on the Board of the Public Investment Corporation, and from 2009 to 2018 at the Government Employees Pension Fund. She is currently on the Boards of Kansai Plascon Africa Limited and Thusanang Trust, a non-profit organisation focused on child education.

With effect from 29 October 2018, she was appointed as non-executive director of Steinhoff Investment Holdings Limited and is a member of the Audit and Risk Committee of Steinhoff Investment Holdings Limited. On 22 May 2020 Maira was appointed as the Chairperson of Steinhoff Investment Holdings Limited.



**P.N. (Peter) Wakkie**

(Dutch) (Male)

(date of birth: 22 June 1948)

LLM

Peter Wakkie was re-appointed to the Supervisory Board on 30 August 2019, for a period that runs with effect from the conclusion of the AGM on 30 August 2019 until the close of the Company's annual General Meeting to be held in 2021.

He is Deputy Chairman and a member of the Litigation Working Group. He was also chairman of the Governance, Social and Ethics Committee until its merger into the Audit and Risk Committee on 25 June 2020.

He earned a master's degree in law from the University of Utrecht in 1972. He then joined the Dutch law firm De Brauw Blackstone Westbroek specialising in mergers and acquisitions and corporate litigation and served as the firm's Managing Partner from 1997 to 2001. He then became a founding partner of the firm Spinath & Wakkie B.V. in 2010 (renamed Wakkie & Perrick). He served as a Member of the Executive Board of Royal Ahold N.V. from 2003 to 2009 where he also held the position of Chief Corporate Governance Counsel. He was heavily involved in Royal Ahold's restructuring and divestment program and became chief architect of its corporate responsibility strategy. Peter Wakkie has held numerous roles on supervisory boards throughout his career. He is currently chairman of the supervisory board of BCD Holdings N.V. He was deputy chairman of the supervisory board of ABN AMRO Bank N.V. from 2009 to 2015 and chairman of the supervisory board of Wolters Kluwer N.V. until 2017. He also served as the chairman of the supervisory board of TomTom N.V. until April 2019.

**P.D. (Paul) Copley**

(British) (Male)

(date of birth: 4 May 1975)

BA Hons (English Language &amp; Literature), Chartered Accountant (ICAEW), Insolvency Practitioner (JIEB)

Paul Copley was appointed as Supervisory Director on 30 August 2019, for a period that runs with effect from the conclusion of the AGM on 30 August 2019 until the close of the Company's annual General Meeting to be held in 2022.

He is a member of the Audit and Risk Committee, and the Litigation Working Group.

Paul Copley is a UK chartered accountant and licensed insolvency practitioner. He spent 20 years at PwC, working principally in Business Recovery Services, in both formal insolvency and restructuring roles. Most notably, he was appointed Joint Administrator of Lehman Brothers International (Europe), where he worked full-time from 2008 to 2014. Whilst at PwC, Paul was also Joint Receiver of OW Bunker, the world's largest independent marine fuel distributor. Paul left PwC in 2016 to take up the role of CEO of Kaupthing ehf. He currently also serves as the Managing Director of Aldan Management and is Concurrent Administrator of Phones 4U Limited. In October 2019, he reprised his role as Joint Receiver of OW Bunker. Paul further serves on the board of Noble Group Holdings Limited as a non-executive director.

**K.T. (Khanyisile) Kweyama**

(South African) (Female)

(date of birth: 28 November 1964)

MM

Khanyisile Kweyama was appointed to the Supervisory Board on 20 April 2018, for a period that runs with effect from the conclusion of the AGM on 20 April 2018 until the close of the Company's annual General Meeting to be held in 2022.

She is a member of the Human Resources and Remuneration Committee. She was a member of the Governance, Social and Ethics Committee until its merger into the Audit and Risk Committee on 25 June 2020.

Khanyisile Kweyama obtained a Postgraduate Diploma in Management and a Master's degree in Management from the University of Witwatersrand in 1999. She has extensive commercial experience working in a number of international companies. She served as Group Executive of Human Resources & Industrial Relations at Allied Technologies from 2003 to 2008. She served as Group Executive of Global HR, Transformation and Sustainability at Barloworld Ltd from 2008 to 2011. She also served as Executive Head of Human Resources at Anglo American Platinum Limited from 2011 to 2012 and Executive Director of Anglo American Southern Africa Limited from 2012 to 2015. More recently, she served as Chief Executive Officer of Business Unity SA from 2015 to 2017. She has won a number of awards throughout her career. For example, she was selected as the "Most Influential Woman in the Mining, Resources and Extractive Sector" from 2012 to 2015 and was recognised as one of the "100 Most Inspiring Women in Mining" in 2014 and 2015.

She has also been appointed to various offices at national and statutory bodies. She was appointed to the Employment Equity Commission in South Africa from 2008 to 2012 and elected Vice President of the Chamber of Mines in South Africa in 2013 and 2014. She is a member of both the National Planning Commission and Gauteng Eminent Persons Group, and previously also was Chairperson of the Interim Board of the SABC and she served as Chairperson of the board of Passenger Rail Agency of SA (PRASA) from 2018 to 2020.

**Dr. H.A. (Hugo) Nelson**

(South African and Maltese) (Male)

(date of birth: 3 June 1970)

MBChB, MBA (Oxon), CFA

Hugo Nelson was appointed to the Supervisory Board on 20 April 2018, for a period that runs with effect from the conclusion of the AGM on 20 April 2018 until the close of the Company's annual General Meeting to be held in 2022.

He is a member of the Audit and Risk Committee and the Human Resources and Remuneration Committee. On 25 June 2020 Dr Nelson was designated as chairperson of the Human Resources and Remuneration Committee.

He was a medical doctor before earning an MBA from the University of Oxford. He is also a chartered financial analyst. He has a wealth of experience in the South African asset management industry. He joined Coronation Fund Managers Limited in 1999 as part of the investment team, initially as an Equity Analyst, then as Portfolio Manager, responsible for both institutional and retail assets. He served as the Chief Executive Officer at Coronation Fund Managers Limited from November 2007 to January 2013. He has also served as the Chief Executive Officer of Coronation Asset Management Proprietary Ltd, as a Non-Executive Director of Namibia Asset Management Ltd. (from May 2008 to January 2013) and as a Director of Coronation Global Fund Managers (Ireland) Limited. He currently serves as an Independent Non-Executive Director of Coronation Fund Managers Limited, is the founding partner of Fortitudine Vincimus Capital Advisors (Pty) Ltd. He is also a trustee of the DG Murray Trust and a patron of George Whitefield College.

With effect from 30 August 2019, he was appointed as non-executive director of Steinhoff Investment Holdings Limited and is a member of the Audit and Risk Committee of Steinhoff Investment Holdings Limited.

**D.I. (David) Pauker**  
(United States) (Male)  
(date of birth: 21 March 1959)

B.S. (Industrial and Labour Relations)

David Pauker was appointed as Supervisory Director on 30 August 2019, for a period that runs with effect from the conclusion of the AGM on 30 August 2019 until the close of the Company's annual General Meeting to be held in 2023.

He is a member of the Nomination Committee and the Litigation Working Group, and he was appointed as member of the Human Resources and Remuneration Committee on 25 June 2020.

David Pauker earned a bachelors' degree in Industrial and Labour Relations in 1981 and in 1984 he obtained a degree in law from the Columbia Law School. He spent 25 years at Goldin Associates, a turnaround and restructuring advisory firm based in New

York, retiring in 2015 as the firm's Executive Managing Director and practice leader. At Goldin, he was senior advisor to companies and institutional investors and oversaw independent investigations of corporate affairs. He has acted as C-suite officer for many companies undergoing reorganization.

In 2016, he was appointed as Chief Restructuring Officer for Essar Steel Minnesota; the company emerged from bankruptcy and was reorganised as Mesabi Metallics. He has held numerous roles on boards throughout his career and is currently Chairman the Board of the Government Development Bank Debt Recovery Authority of Puerto Rico. He also serves on the boards of Lehman Brothers (post-reorganisation) and the Residential Capital Trust.

**A. (Alexandra) Watson**  
(South African) (Female)  
(date of birth: 13 June 1956)

BCom (Hons) UCT, CA(SA)

Alexandra Watson was appointed to the Supervisory Board on 20 April 2018, for a period that runs with effect from the conclusion of the AGM on 20 April 2018 until the close of the Company's annual General Meeting to be held in 2022.

She is chairperson of the Audit and Risk Committee, and a member of the Nomination Committee. She was a member of the Governance, Social and Ethics Committee until its merger into the Audit and Risk Committee on 25 June 2020.

She served as a Professor in the College of Accounting at the University of Cape Town until March 2018, where her area of expertise was financial reporting and other forms of corporate reporting. She is also a former Chairman of the Accounting Practices Committee (Technical Accounting Committee of the South African Institute of Chartered Accountants) and is currently the Chairman of the South African Financial Reporting Investigations Panel. She has been a non-executive director of Coronation Fund Managers Limited since May 2008 and chair of its audit and risk committee, as well as lead independent non-executive director since October 2017. She is a director of WWF – SA,

and until December 2019 she was a board member and vice-chairman of the Global Reporting Initiative, an Amsterdam-based organisation promoting understanding and communication of sustainability issues.

With effect from 29 October 2018, she was appointed as non-executive director of Steinhoff Investment Holdings Limited, and on 22 May 2020 she was appointed as the Deputy chairperson of the board of the same company. She is also chairperson of the Audit and Risk Committee of Steinhoff Investment Holdings Limited.

### Composition of the Supervisory Board

Following the resignation of Heather Sonn on 18 May 2020 and the designation of Moira Moses as chairperson on 22 May 2020, the Supervisory Board as at the Reporting Date and as at the date of this Annual Report consists of the following seven members: Moira Moses (chairperson), Peter Wakkie (deputy chairman), Paul Copley, Khanyisile Kweyama, Hugo Nelson, David Pauker and Alexandra Watson.

### Supervisory Board meetings, attendance and decision making

Pursuant to the Articles, meetings of the Supervisory Board shall be held as often as a Supervisory Director or the Management Board deems necessary. Under the Regulations of the Supervisory Board, the Supervisory Board shall meet at least four times each financial year. A Supervisory Director may be represented at Supervisory Board meetings by another Supervisory Director holding a proxy in writing. Each Supervisory Director may cast one vote. All resolutions of the Supervisory Board shall be adopted by a simple majority of the votes cast. The Supervisory Board can only adopt valid resolutions in a meeting where the majority of the Supervisory Directors then in office is present or represented.

When determining how many votes are cast by Supervisory Directors or how many Supervisory Directors are present or represented, no account shall be taken of Supervisory Directors that are not allowed to take part in the discussions and decision-making by the Supervisory Board pursuant to the laws of the Netherlands, the Articles or the Regulations of the Supervisory Board.

Supervisory Board resolutions may at all times be adopted in writing, provided the proposal concerned is submitted to all Supervisory Directors then in office in respect of whom no conflict of interest exists and none of them objects to this manner of adopting resolutions, evidenced by written statements from all relevant Supervisory Directors then in office.

### Committees of the Supervisory Board

In compliance with the DCGC, the Supervisory Board has an Audit and Risk Committee, a Human Resources and Remuneration Committee, and a Nomination Committee. The function of the committees is to prepare the decision-making of the Supervisory Board. The Supervisory Board may, as it may deem necessary, establish such other committees pertaining to the Supervisory Board and the performance of its duties. The Supervisory Board appoints the members of each committee, its chairperson and determines the tasks of each committee as well as the rules regarding its working methods and decision-making process. The Supervisory Board may, at any time, change the duties and the composition of each committee. Only Supervisory Directors can be a member of the committees. The Supervisory Board remains collectively responsible for decisions prepared by its committees. The Company Secretary acts as secretary to the Supervisory Board's committees. The Supervisory Board had a further standing committee, namely the Governance, Social and Ethics Committee, which was merged into the Audit and Risk Committee on 25 June 2020, and a voluntary committee, namely the Forensic Investigation Committee.

The Regulations of the Supervisory Board and its standing committees can be viewed on the Company's website [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

#### Audit and Risk Committee

At least one member of the Audit and Risk Committee must have relevant knowledge of financial reporting and the audit of financial statements. The Audit and Risk Committee may not be chaired by the chairman of the Supervisory Board or by a former Managing Director. The Audit and Risk Committee meets at least four times each financial year and meets at least once each financial year with the External Auditor without the Managing Directors being present.

The Audit and Risk Committee undertakes preparatory work for the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the company's financial reporting and the effectiveness of the Company's internal risk management and control systems. In carrying out this duty, the Audit and Risk Committee shall focus, among other things, on monitoring the Management Board with regard to:

- (i) relations with, and compliance with recommendations and observations and follow up of comments of the internal audit department and the External Auditor;

- (ii) the financing of the Company;
- (iii) the application of information and communication technology, including risks related to cybersecurity and information at third parties;
- (iv) the Company's tax and regulatory compliance policies; and
- (v) if designated, the role and functioning of the Chief Financial Officer.

The Supervisory Board established regulations for the Audit and Risk Committee. The regulations describe the powers, duties, as well as working methods and the decision-making process of the Audit and Risk Committee. The most recent version of the regulations of the Audit and Risk Committee can be viewed on the Company's website [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

### Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee may not be chaired by the chairman of the Supervisory Board or by a former Managing Director of the Company. The Human Resources and Remuneration Committee meets at least twice each financial year. The Human Resources and Remuneration Committee has the following main duties:

- (i) to submit a clear and understandable proposal to the Supervisory Board concerning the remuneration policy to be pursued with regard to the Management Board, which policy shall in any event take into consideration the requirements of the Dutch Civil Code, the objectives for the strategy for the implementation of longer-term value creation, scenario analyses, pay ratios, the development of the market price of the Shares (if applicable) and an appropriate ratio between the variable and fixed remuneration components;
- (ii) to submit a clear and understandable proposal to the Supervisory Board concerning the remuneration policy to be pursued with regard to the Supervisory Board, which policy shall in any event take into consideration the requirements of the Dutch Civil Code, the appropriate composition of the Supervisory Board and the

proper fulfilment of duties by Supervisory Directors, the effective performance by the Supervisory Directors of their role, the reflection of the time spent, the risk profile and the responsibilities of the role of Supervisory Directors, the strategic view of options available to the Company in the short and medium term, the external governance environment and the interests of all stakeholders, no dependency on the results of the Company, and no granting of any form of variable remuneration;

- (iii) to draft proposals for consideration by the Supervisory Board for the remuneration of the individual Managing Directors and Senior Managers; and
- (iv) to prepare the remuneration report.

The Supervisory Board established regulations for the Human Resources and Remuneration Committee. The regulations describe the powers, duties, as well as working methods and the decision-making process of the Human Resources and Remuneration Committee. The most recent version of the regulations of the Human Resources and Remuneration Committee can be viewed on the Company's website [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

### Nomination Committee

Pursuant to the regulations of the Nomination Committee, the Nomination Committee meets at least once each financial year. The Nomination Committee has the following main duties:

- (i) to draw up selection criteria and appointment procedures for Supervisory Directors and Managing Directors;
- (ii) to assess periodically the size and composition of the Supervisory Board and the Management Board, and to make proposals for the profile of the Supervisory Board and Supervisory Board Rotation Schedule;
- (iii) to review the Diversity Policy;
- (iv) to assess periodically the functioning of individual Supervisory Directors and individual Managing Directors, and to report its findings to the Supervisory Board;
- (v) to assess periodically the size and composition of each Committee, and to make any recommendations to the Supervisory Board;
- (vi) to draw up a plan for the succession of Managing Directors and Supervisory Directors, taking into account the diversity policy of the Supervisory Board and the profile of the Supervisory Board;

- (vii) to make proposals for appointments and reappointments, taking into account the diversity policy of the Supervisory Board and the profile of the Supervisory Board;

- (viii) to supervise the policy of the Management Board regarding the selection criteria and appointment procedures for the Senior Managers; and

- (ix) to undertake an annual assessment of the functioning of the Nomination Committee, and report findings to the Supervisory Board.

The Supervisory Board established regulations for the Nomination Committee. The regulations describe the powers, duties, as well as working methods and the decision-making process of the Nomination Committee. The most recent version of the regulations of the Nomination Committee can be viewed on the Company's website [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

## Voluntary committees

### Governance, Social and Ethics Committee

The following Supervisory Directors were members of the committee during the Reporting Period: Peter Wakkie (chairman), Alexandra Watson, and Khanyisile Kweyama. A representative of the Social & Ethics Committee of Steinhoff Investment Holdings Limited has a standing invitation to attend meetings of the committee. On 27 February 2020 the Supervisory Board decided to reduce the mandate of the committee and subsequently on 25 June 2020 it was resolved that the Governance, Social and Ethics Committee be merged into the Audit and Risk Committee.

Until 27 February 2020 the Governance, Social and Ethics Committee was responsible for advising the Supervisory Board as well as preparing the decision-making of the Supervisory Board in relation to:

- (i) monitoring the activities of the Group, relating to:
  - (a) social & economic development;
  - (b) good corporate citizenship;
  - (c) the environment, health and public safety;
  - (d) consumer relationships; and
  - (e) labour and employment;
- (ii) monitoring the reporting lines within the Group;

- (iii) receiving and reviewing the whistle-blowing reports;
  - (iv) monitoring the implementation of and compliance with the Code of Conduct;
  - (v) monitoring the Group's corporate social responsibility; and
  - (vi) monitoring ethical behaviour within the Group's supply chain.
- After its mandate was reduced the Governance, Social and Ethics Committee remained responsible for:

- (i) monitoring the activities of the Social & Ethics Committees of Pepkor Africa and SINVH;
- (ii) monitoring the reporting lines within the Group;
- (iii) receiving and reviewing the whistle-blowing reports; and
- (iv) monitoring the implementation of and compliance with the Group's Code of Conduct.

### Forensic Investigation Committee

The voluntary committee engaged with PwC in respect of their forensic investigation. The committee consisted of the following members: Peter Wakkie (chairman), Moira Moses, Alexandra Watson, Paul Copley and Managing Director Louis du Preez.

### Litigation Working Group

The joint working group, established by the Supervisory Board and the Management Board, enables the Supervisory Board to oversee and to provide advice to the Management Board on litigation. The working group consisted of the following members: Louis du Preez, Peter Wakkie, Paul Copley and David Pauker.

### Diversity policy and Dutch gender diversity requirement

In accordance with the Dutch Act on Management and Supervision (*Wet bestuur en toezicht*), the profile of the Supervisory Board states that the Supervisory Board shall strive to ensure that at least 30% of the seats shall be held by men and at least 30% by women. With respect to appointments and nominations, the Company is obliged to take into account, to the extent practicable,

a balanced composition of male and female members of the Management Board and Supervisory Board. The Company remains mindful of its obligations to ensure required gender representation in both the Management Board and the Supervisory Board. Both Managing Directors who held office during the Reporting Period were male. If and when selecting and nominating candidates for the Management Board, the diversity policy is taken into consideration.

On 30 August 2018, the Supervisory Board adopted a diversity policy. The diversity policy and the profile of the Supervisory Board can be viewed on the Company's website [www.steinhoffinternational.com](http://www.steinhoffinternational.com). This diversity policy has formed part of the deliberations of the Supervisory Board within the context of nominating and appointing Managing Directors, taking into account the qualifications

required in view of the challenges faced by the Group.

On the Reporting Date, three out of seven Supervisory Directors were female (43%) and four out of seven Supervisory Directors were male (57%). Four out of seven Supervisory Directors had South African nationality (58%) and lived in South Africa, one out of seven Supervisory Directors had Dutch nationality (14%) and lived in the Netherlands, one out of seven Supervisory Directors had British nationality (14%) and lived in the United Kingdom, and one out of seven Supervisory Directors had United States nationality (14%) and lived in the United States of America. Hugo Nelson, who lives in South Africa and has both South African and Maltese nationality, is counted as having South African nationality for this purpose.



If and when selecting and nominating candidates for the Supervisory Board, the profile of the Supervisory Board and the diversity policy will be taken into consideration.

## GENERAL MEETING

### Amendment of the Articles

The General Meeting may resolve to amend the Articles, provided that such resolution can only be adopted on a proposal by the Management Board, with the approval of the Supervisory Board. When a proposal to amend the Articles is to be made to the General Meeting, the notice convening the General Meeting must state so and a copy of the proposal, including the verbatim text thereof, shall be deposited and kept available at the Company's office for inspection by the shareholders and the other persons with Meeting Rights, until the conclusion of the meeting. From the day of deposit until the day of the meeting, a shareholder or another person with Meeting Rights shall, on application, be provided with a copy of the proposal free of charge. An amendment of the Articles shall be laid down in a notarial deed.

At the AGM 2020 it was resolved to make the following amendments to the Articles:

#### Authorised capital

Pursuant to Dutch law, the authorised capital of the Company may not exceed five times the aggregate nominal value of the issued capital. With a view to the reduction of the Company's capital by cancelling 40 118 093 Ordinary Shares, held by the Company, which was also approved by the General Meeting, the General Meeting resolved to decrease the authorised capital of the Company in order to stay within that limit.

#### Committees of the Supervisory Board

The first sentence of article 25.6 provided that the Company should have an audit and risk committee, a human resources and remuneration committee, and a nomination committee. Best practice provision 2.3.2 of the Dutch Corporate Governance Code provides that, if the Supervisory Board consists of more than four members, it should appoint from among its members an audit committee, a remuneration committee and a selection and appointment committee, but it is not mandatory to reflect such provision in the

articles of association. The General Meeting therefore approved the deletion of the first sentence of article 25.6 and the amendment of the second sentence of that same article.

### General meetings

The Company's shareholders exercise their rights through annual and extraordinary General Meetings, held in the Netherlands and conducted in the English language. The Company is required to convene an annual General Meeting in the Netherlands each year, no later than six months after the end of the Company's financial year, which is 30 September of any calendar year. Additional General Meetings may be convened at any time by the Supervisory Board or the Management Board, without prejudice to the provisions of Dutch law concerning convening General Meetings.

In accordance with the emergency regulation to facilitate shareholders' meetings in the social-distancing environment in connection with the outbreak of COVID-19, which entered into force in April 2020, the Management Board had decided to hold the AGM 2020 by way of virtual means. Shareholders and other persons with Meeting Rights were not able to physically attend the AGM 2020 and could only cast their votes if voting rights accrued by way of electronic means during the virtual AGM 2020 or by granting a proxy. These measures were taken in order to safeguard the health and safety of the participants of the meeting as much as possible.

### Adoption of resolutions

Subject to certain exceptions provided by Dutch law or the Articles, resolutions of the General Meeting are passed by a simple majority of the votes cast without a quorum being required. Management Board resolutions on a major change in the identity or character of the Company or the Group shall be subject to the approval of the General Meeting.

The convening of a General Meeting must be published through an announcement by electronic means. The notice must state the business to be discussed, the time and venue of the meeting, the record date, the manner in which persons entitled to attend the General Meeting may register and exercise their rights, the time by which registration for the meeting

must have occurred as well as the place where meeting documents may be obtained. The notice must be given by at least the number of days prior to the day of the meeting as required by Dutch law, which is currently 42 days.

Shareholders are entitled to propose items for the agenda of the General Meeting provided that they hold at least 3% of the issued share capital or the Shares that they hold represent a market value of at least 3%. Proposals for agenda items for the General Meeting must be submitted at least 60 days prior to the date of the meeting.

Resolutions for approval or authorisation to be passed by the General Meeting shall be explained in writing.

### Voting rights

Each Ordinary Share confers the right to cast one vote at a General Meeting, unless and for as long as Preference Shares are in issue, in which case each Ordinary Share confers the right to cast fifty votes and each Preference Share confers the right to cast one vote at a General Meeting. As at the date of this Annual Report, no Preference Shares are outstanding.

Dutch law prescribes a record date to be set 28 days prior to the date of the General Meeting to determine whether a person may attend and exercise the rights relating to the General meeting. Shareholders registered at that date are entitled to attend and exercise their votes.

### Distributions

Distribution of profit shall be made after adoption of the annual financial statements, subject to compliance with Dutch law and the determination of the allocation of profits by the General Meeting, on recommendation by the Management Board and with the approval of the Supervisory Board. The Management Board may resolve, with the approval of the Supervisory Board, that the profit realised during a financial year may be fully or partially appropriated to increase reserves, with the allocation of profit then remaining to be at the disposal of the General Meeting. Proposals for the distribution of profit are shown on the General Meeting agenda as items for separate consideration.

Dividends on Preference Shares, as and when such Shares are issued, will be paid in accordance with the relevant provisions contained in the Articles.

### Issuance of Shares and Acquisition of own Shares

Under the Articles, and with due observance of Dutch law, Shares may be issued pursuant to a resolution of the General Meeting or of the Management Board, if and insofar the Management Board has been designated for that purpose pursuant to a resolution of the General Meeting for a fixed period (this period may not exceed five years). A resolution by the General Meeting to issue Shares or to designate the Management Board as the body of the Company authorised to issue Shares may only be taken at the proposal of the Management Board, which proposal requires the approval of the Supervisory Board. On such designation, the number of Shares of each class which may be issued must be specified. The designation may be extended, each time for a period not exceeding five years. Unless the designation provides otherwise, it may not be withdrawn. The authority of the General Meeting to issue Shares shall be without prejudice to the authority of the Management Board to determine, with the approval of the Supervisory Board, the percentage of premium per Preference Share. The same applies by analogy to the granting of rights to subscribe for Shares, but does not apply to the issuance of Shares to a person exercising a right to subscribe for Shares previously granted.

Prior to (and in anticipation of) the Company's listing on the FSE, in December 2015, certain authorisations were granted to the Management Board, details of which rights to issue Shares, to grant rights to subscribe for Shares and to limit or exclude pre-emption rights in relation thereto are contained in the prospectus to shareholders dated 19 November 2015 (available on the Company's website at [www.steinhoffinternational.com](http://www.steinhoffinternational.com)).

At the General Meeting held on 14 March 2017, without prejudice to any of the other authorisations previously granted to the Management Board by the General Meeting, as referred to above, the General Meeting granted the Management Board the authority

to issue Ordinary Shares and to grant rights to subscribe for Ordinary Shares:

- i) up to 10% of the total nominal issued share capital of the Company as at 14 March 2017 for all purposes including the granting of stock options, the financing of mergers and acquisitions and the issue of new convertible bonds; plus
- (ii) issue up to an additional 10% of the total nominal issued share capital of the Company as at 14 March 2017 to be used only in connection with or on the occasion of mergers and acquisitions and strategic alliances.

Each of the foregoing authorisations were valid for a period of up to eighteen months from 14 March 2017. If the Share Issue Authorisations were used during this 18-month period, then the Management Board, subject to the approval of the Supervisory Board, could propose to the General Meeting that the authorisations granted be restored back up to the 10% level for each of the approved purposes, as set out above.

The authorities granted by the General Meeting enabled the Company to comply with its obligations to issue Ordinary Shares and grant rights under the Group's various share incentive schemes and afforded the Management Board the flexibility to pursue commercial opportunities such as mergers, acquisitions and strategic partnerships.

The General Meeting on 14 March 2017 also authorised the Management Board, in accordance with Section 2:96a, paragraph 6 of the DCC, to limit or exclude any pre-emption rights in relation to the issue of Ordinary Shares or the granting of rights to subscribe for Ordinary Shares; such authority being limited to the number of Shares authorised under the Share Issue Authorisations and to the 18-month period from 14 March 2017.

In addition, in accordance with Section 2:98, paragraph 4 of the DCC, the General Meeting authorised the Management Board, for a period of eighteen months from 14 March 2017, to acquire fully paid-up Shares in the capital of the Company. Under this authority, Shares could be acquired at the stock exchange or otherwise, at a price per Ordinary

Share between nominal value and 110% of the opening price on the FSE at the date of the acquisition, up to 20% of the issued share capital at the date of acquisition.

This authority, which replaced the authority to acquire Shares previously granted to the Management Board on 1 December 2015, afforded the Management Board the flexibility to repurchase Shares in the Company, to service share options granted or to cover obligations under share-based compensation plans or for other purposes.

No extension or further authorisations to issue or to grant rights to subscribe for Ordinary Shares have since been proposed.

At the AGM 2020 it was resolved to authorise the Management Board to acquire fully paid-up Ordinary Shares from certain Subsidiaries. The authority conferred by this resolution shall expire at the earlier of the conclusion of next year's AGM or the date which falls eighteen months from the date of the AGM 2020. Ordinary Shares may be acquired at the stock exchange or otherwise, at a price for Ordinary Shares between the nominal value and a price equal to the highest price at which Ordinary Shares traded on the FSE or the JSE on the preceding trading day of the relevant acquisition. Ordinary Shares may be acquired from Subsidiaries only and up to a maximum of 121,267,595 Ordinary Shares. Due to the fact that the 2019 Consolidated Financial Statements were not adopted by the General Meeting, the Management Board has to date not been able to act on the basis of the authority granted, because according to Dutch law repurchase of shares is not permitted if more than six months have passed since the end of a certain financial year without the annual financial statements having been adopted.

### DUTCH CORPORATE GOVERNANCE COMPLIANCE

The Company is required to report on its compliance with the DCGC. Pursuant to the DCGC, any deviations from it require explanation in accordance with the DCGC's 'comply or explain' principle. During the Reporting Period, the Company was compliant with the relevant



principles and best practice provisions of the DCGC, with the exception of the following:

**3.4.1 (iv)** This best practice provision provides that the remuneration report should describe the pay ratios within the company and its affiliated enterprise and, if applicable, any changes in these ratios in comparison with the previous financial year.

In deviation from this best practice provision, the Remuneration Report does not contain pay ratios within the whole Group because, due to the sale of a number Group Companies and reorganisation within a number of Group companies during the Reporting Period, no representative reference group could be determined that would allow consistency and comparison in subsequent years and in light of the intended sale of further Group Companies and/or the reorganisation within Group Companies, no representative reference group can be determined that will allow consistency and comparison in subsequent years. The Company shall annually review if pay ratios within the within a wider representative reference group can be described or not. To provide as much transparency as possible, the Remuneration Report contains pay ratios within Group Services.

**4.1.3 (ii)** This best practice provision provides that proposals relating to the appointment of management board and supervisory board members should be dealt with as a separate agenda item of the General Meeting.

In deviation from this best practice provision, the agenda of the AGM 2020 did not include such items, because there were no appointments or re-appointments of Managing Directors or Supervisory Directors that needed to be proposed.

**4.1.3 (iv)** This best practice provision provides that any proposal to pay out dividend should be dealt with as a separate agenda item of the General Meeting.

In deviation from this best practice provision, the agenda of the AGM 2020 did not include such item, because the Company did not realise profits in the financial year ended 30 September 2019. As a consequence thereof, and in accordance with Dutch law, the Articles and the Company's policy on distributions and reserves, no profits could be added to the

reserves of the Company and no distributions of profits could be made to Shareholders.

**4.1.3 (v)** This best practice provision provides that resolutions to approve the management conducted by the management board (discharge of management board members from liability) should be dealt with as a separate agenda item of the General Meeting.

**4.1.3 (vi)** This best practice provision provides that resolutions to approve the supervision exercised by the supervisory board (discharge of supervisory board members from liability) should be dealt with as a separate agenda item of the General Meeting.

In deviation from the two latter best practice provisions, the agenda of the AGM 2020 did not include such items, because given the circumstances the Company has found itself in since the accounting irregularities had been uncovered in December 2017, the Management Board and the Supervisory Board deemed it inappropriate to propose to the General Meeting that discharge be granted to the Managing Directors and the Supervisory Directors.

#### Diversity

On 30 August 2018, the Supervisory Board adopted a diversity policy. The policy identifies the following objectives to further improve the diversity within the Supervisory Board and the Management Board:

- (i) qualifications and previous experience, particularly in the fields required to ensure balanced boards, shall be key considerations for nominations to both the Supervisory Board and the Management Board;
- (ii) with respect to nationality, subject to and taking into account the South African Reserve Bank requirement that the Company be managed from South Africa, the Supervisory Board shall strive to nominate Managing Directors from the regions where the Group Companies operate, and that no nationality should count for more than 75% of the Managing Directors;
- (iii) further with respect to nationality, the Supervisory Board shall strive to nominate Supervisory Directors from the regions where the Group Companies operate, and that no nationality should count for more than 75% of the Supervisory Directors;

(iv) with respect to gender, the Supervisory Board shall strive for a composition of both the Supervisory Board and the Management Board of not less than 30% male and not less than 30% female; and

(v) with respect to age, the Supervisory Board shall strive to ensure an appropriate age diversity within the Supervisory Board and the Management Board,

it being understood that, in the selection of a candidate on the basis of the above criteria, the rules and generally accepted principles of non-discrimination (on grounds such as ethnic origin, race, disability or sexual orientation) will be taken into account.

Both Managing Directors who held office during the Reporting Period were male and to the extent applicable Managing Directors appointed have been nominated based on the above criteria, taking into account the qualifications required in view of the challenges faced by the Group. Within the context of the nomination and appointment of Managing Directors, the Supervisory Board selects candidates based on such qualifications and regardless of gender which is in accordance with the above diversity policy. Due to the resignations of three Managing Directors during the 2019 Reporting Period, on the Reporting Date both remaining Managing Directors had South African nationality (100%) and lived in South Africa. If and when selecting and nominating candidates for the Management Board, the Supervisory Board will take the diversity policy into consideration to safeguard a balanced apportionment of the seats of the Management Board, including objective (ii) above. In light of the challenges the Group faces and the importance to retain and appoint Managing Directors who have the necessary qualifications to safeguard the Company's future, it is unclear when such an apportionment will be realised, and this may be on a longer term than originally envisaged. The Company will however continue to strive to respect and realise its diversity policy on a continuing basis.

On the Reporting Date, three out of seven Supervisory Directors were female (43%) and four out of seven Supervisory Directors were male (57%). Four out of seven Supervisory Directors had South African nationality (58%) and lived in South Africa, one out of seven Supervisory Directors had Dutch nationality

(14%) and lived in the Netherlands, one out of seven Supervisory Directors had British nationality (14%) and lived in the United Kingdom, and one out of seven Supervisory Directors had United States nationality (14%) and lived in the United States of America. Hugo Nelson, who lives in South Africa and has both South African and Maltese nationality, is counted as having South African nationality for this purpose. If and when selecting and nominating candidates for the Supervisory Board, the profile of the Supervisory Board and the diversity policy will be taken into consideration.

The diversity policy and the profile of the Supervisory Board can be viewed on the Company's website [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

### Code of Conduct

The Company has adopted a Code of Conduct that sets out general policies and guidance as to how all its temporary and permanent employees, officers, and directors (including the Managing Directors and Supervisory Directors) should conduct business. The Management Board encourages conduct of business that is in keeping with the Company's core values of transparency, fairness, honesty, integrity and good corporate citizenship. The compliance principles included in the Code of Conduct relate to how the Company's employees are to deal with health, safety and environmental issues, non-discrimination and non-harassment, confidentiality, intellectual property, usage of IT, personal information, conflicts of interest, declaration of business interests and potential conflicts of interest, insider trading, fraud, corruption and bribery, preventing money laundering and the financing of terrorism, record keeping and legal guidance.

The Code of Conduct is available on the Company's website [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

### DISCLOSURES PURSUANT TO DUTCH DECREE IMPLEMENTING ARTICLE 10 EU TAKEOVER DIRECTIVE

Pursuant to the Dutch Decree implementing article 10 EU Takeover Directive, the Company is required to report on the following:

#### Share capital structure

As at the Reporting Date, the structure of the Company's share capital was as follows:

Authorised share capital
The authorised share capital of the Company amounted to:
16 000 000 000 Ordinary Shares with a nominal value of €0.01 each
4 000 000 000 Preference Shares with a nominal value of €0.01 each

Issued share capital
The issued share capital of the Company amounted to:
4 309 727 144 Ordinary Shares with a nominal value of €0.01 each

After the Reporting Date, effective as of 3 November 2020 the issued share capital of the Company was reduced to 4 269 609 051 Ordinary Shares, following the cancellation of 40 118 093 Ordinary Shares.

As such, only Ordinary Shares were issued. No differentiation in class exists between Ordinary Shares. Therefore, the percentage of this issued ordinary share capital represented by each class of shares was 100%.

No Preference Shares were issued during the Reporting Period or in issue on the date of this Annual Report.

#### Restrictions on transfer of shares

Pursuant to article 12 of the Articles, for as long as Shares (or depositary receipts thereof) are admitted to a listing on a regulated stock exchange, as referred to in Section 2:86c of the DCC, the transfer of a Share shall require a private deed to that effect unless the Company itself is a party to such legal act, and the transfer is acknowledged in writing by the Company. The acknowledgement shall be made in the private deed or in a dated statement of acknowledgement on the private deed or on a true copy or extract thereof duly authenticated by a civil law notary or by the transferor. Official service of such private deed, true copy or extract on the Company is considered to have the same effects as an acknowledgement.

#### Substantial notifiable shareholdings

Pursuant to the Dutch Financial Supervision Act, any person who, directly or indirectly, acquires or disposes of an actual or potential interest in the capital or voting rights of the Company must immediately notify the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person in the Company reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75%, and 95%.

Shareholders, holding 3% or more in the issued share capital or voting rights of the Company as at 30 September 2020, as disclosed in the AFM register are set out in the below table:

Date notification requirement	Party obliged to notify	Share capital interest/ Voting right	Percentage
7 December 2015	M.J. Jooste	Share capital interest	1.77%
7 December 2015	M.J. Jooste*	Voting right	32.50%
14 December 2017	Public Investment Corporation SOC Ltd	Share capital interest	9.91%
14 December 2017	Public Investment Corporation SOC Ltd	Voting right	9.91%
15 September 2020	Citigroup Inc.	Share capital interest	4.97%
15 September 2020	Citigroup Inc.	Voting right	4.97%

\* This person was party to the Voting Pool Arrangements, as a result of which he had a combined voting right (reference is made to the Restrictions on voting rights section below).

The percentages reflected above indicate the percentages of issued share capital and the respective voting rights held by these major shareholders as at the Reporting Date and are based on the register maintained by the AFM. It is noted that the overview of substantial notifiable shareholdings as at 30 September 2020 as shown above may not be complete or accurate. This overview has been prepared based on the contents of the public register of substantial notifiable shareholdings of the AFM, which is considered to be correct under Dutch law. However, it appears that one shareholder listed above may not have notified the AFM that its voting right fell below the aforementioned threshold. Steinhoff International Holdings N.V. is not responsible for listing the substantial notifiable shareholdings and has relied on the information contained in the AFM public register. For further details refer to the AFM's website [www.afm.nl](http://www.afm.nl).

There were no transactions concluded between the Company and legal or natural persons who hold at least ten per cent of the Shares during the Reporting Period.

### Special voting attaching to shares

Each Ordinary Share confers the right to cast one vote at a General Meeting, unless and for so long as Preference Shares are in issue, in which case each Ordinary Share confers the right to cast fifty votes and each Preference Shares confers the right to cast one vote at a General Meeting. No Preference Shares were outstanding during the Reporting Period and none are outstanding as at the date of this Annual Report. As such, no Shares with special voting rights were outstanding at the time of this Annual Report.

### The system of control of an employee share scheme

Share rights under the ESRS do not confer on participants any shareholder rights, until Shares are issued or delivered to participants, whereupon they will rank *pari passu* with the other issued Shares. Since March 2017, no rights under the ESRS have been granted and at this time the Company has no intention to grant any further rights under the ESRS.

### Restrictions on voting rights

Neither the Company nor any of its Subsidiaries may cast a vote on any Share they hold in the Company. Such Shares are not taken into account for the purpose of determining how many shareholders are represented or how much of the share capital is represented at any General Meeting. Pursuant to the Articles, for each General Meeting a statutory record date will be applied, in order to determine in which persons voting rights and meetings rights are vested. The record date and the manner in which shareholders and other persons holding Meeting Rights can register and exercise their rights will be set out in the notice convening the meeting.

The Company is not aware of any restrictions on voting rights.

Since the Voting Pool Arrangements as referred to in the 2018 Annual Report have been terminated in December 2017, the Company no longer has any anti-takeover measures in place.

### Agreements between shareholders which may result in restrictions of the transfer of securities or voting rights

The Company is not aware of any agreements between shareholders which may result in restrictions of the transfer of securities or voting rights.

### Rules governing the appointment and removal of managing directors and supervisory directors, and the amendment of the Articles

Reference is made to the relevant sections in this Corporate Governance Report, which are incorporated by reference.

### The powers of the Management Board, in particular the power to issue and buy back shares

Reference is made to the relevant sections in this Corporate Governance Report, which are incorporated by reference.

### Any significant agreements to which the Company is a party, and which take effect, alter or terminate upon a change of control of the Company following a takeover bid

The ESRS provides that if the Company or the company which employs the participant is taken over, delisted or becomes the subject of a merger which results in the listing of the Shares being suspended or terminated during a measurement period and/or prior to a measurement date, the vesting date will then automatically coincide with the effective date of the relevant corporate action. The Share rights will be adjusted on a time weighted basis and exchanged for equivalent valued rights in the Company's successor (as determined and approved by the Supervisory Board or the Management Board (as applicable) where necessary), provided however that all the measurement criteria have been met up to the effective date of the relevant corporate action.

### Any agreement between the Company and its managing directors or employees providing for compensation if their employment ceases because of a takeover bid

There are no agreements with Managing Directors or employees which entitle any of them to compensation if their employment ceases because of a takeover bid, other than Managing Directors becoming contractually entitled to receiving a severance payment at a maximum equal to their total annual fixed compensation upon termination for reasons other than cause or retirement and in line with the Company's remuneration policy. This severance payment includes any severance payments flowing from the Managing Directors' local employment agreements, insofar as permissible under local law.

# PART III

## REPORT OF THE SUPERVISORY BOARD

# REPORT OF THE SUPERVISORY BOARD

The role of the Supervisory Board is to supervise the policies of the Management Board and the general affairs of the Company and the business connected with it, as well as to assist the Management Board by providing advice. In discharging its role, the Supervisory Board shall be guided by the interests of the Company and the business connected with it and shall take into account the relevant interests of the Company's stakeholders.

## COMPOSITION OF THE SUPERVISORY BOARD

As at the Reporting Date, the Supervisory Board consisted of the following seven members:

Name	Age	Position	Date of initial appointment	Date of resignation	Current term	Independent	Committee member
Moira Moses*	55	Chairperson	20-04-2018	N/A	2018–2022	Yes	Nomination Committee, Forensic Investigation Committee
Peter Wakkie	72	Deputy Chairman	20-04-2018	N/A	2018–2021	Yes	Litigation Working Group, Forensic Investigation Committee
Paul Copley	45	Member	30-08-2019	N/A	2019-2022	Yes	Audit and Risk Committee, Litigation Working Group, Forensic Investigation Committee
Khanyisile Kweyama	55	Member	20-04-2018	N/A	2018–2022	Yes	Human Resources and Remuneration Committee
Hugo Nelson	50	Member	20-04-2018	N/A	2018–2022	Yes	Audit and Risk Committee, Human Resources and Remuneration Committee
David Pauker	61	Member	30-08-2019	N/A	2019-2023	Yes	Nomination Committee, Human Resources and Remuneration Committee, Litigation Working Group
Alexandra Watson	64	Member	20-04-2018	N/A	2018–2022	Yes	Audit and Risk Committee, Nomination Committee, Forensic Investigation Committee

\* Designated as chairperson of the Supervisory Board and appointed as chairperson of the Nomination Committee on 22 May 2020.

## INDEPENDENCE

In the opinion of the Supervisory Board, the independence requirements referred to in best practice provisions 2.1.7 to 2.1.9 inclusive of the DCGC were fulfilled.

## TRAINING AND EDUCATION

As part of the training and education programme, the Supervisory Directors received ethics training and presentations regarding tax management, risk management and internal

audit, financial reporting, and transfer pricing within the Group, as well as on disclosure obligations under the Company's related party transactions policy and other relevant Dutch legal and corporate governance matters.

## SUPERVISORY BOARD MEETINGS, ATTENDANCE, INVOLVEMENT WITH STRATEGY, ACTIVITIES REPORT AND EVALUATIONS

During the Reporting Period, quarterly Supervisory Board meetings were held on

4 December 2019, 27 February 2020, 25 June 2020 and 27 August 2020, where both Managing Directors who were in office during the Reporting Period attended the meetings.

The table below provides the attendance by each Supervisory Director at both the quarterly and special meetings.

Attendance at Supervisory Board meetings during the Reporting Period						
Name	Date First Meeting	Date Last Meeting	Total Meetings	Missed meetings	Attendance Percentage	
H.J. Sonn*	21 October 2019	14 May 2020	10	0	100%	
M.A. Moses	21 October 2019	27 August 2020	16	2	88%	
P.N. Wakkie	21 October 2019	27 August 2020	16	0	100%	
P.D. Copley	21 October 2019	27 August 2020	16	3	81%	
K.T. Kweyama	21 October 2019	27 August 2020	16	2	88%	
H.A. Nelson	21 October 2019	27 August 2020	16	1	94%	
D.I. Pauker	21 October 2019	27 August 2020	16	1	94%	
A. Watson	21 October 2019	27 August 2020	16	0	100%	

\* Resigned on 18 May 2020

During the Reporting Period, the Supervisory Board, amongst other matters:

- (i) discussed the Group strategy, the implementation of this strategy by the Management Board and the principal risks associated with this strategy;
- (ii) discussed progress and developments in relation to the restructuring and the resulting financial stability of the Group, as further explained in the Financial and Business Review section of this Annual Report;
- (iii) was advised on all major sale transactions undertaken by the Group;
- (iv) received high-level reports on the performance of the Company's major subsidiaries;
- (v) received reports on progress with the litigation strategy;
- (vi) received reports on the impact of the COVID-19 pandemic on the Group;
- (vii) elected Moira Moses as chairperson of the Supervisory Board after the resignation of Heather Sonn;
- (viii) after receiving advice from the Audit and Risk Committee, and input from the Management Board, nominated Mazars for appointment as the Company's statutory external auditor for the periods ending 30 September 2020 and 30 September 2021, with Onno Opzitter as the lead audit partner;
- (ix) approved the annual internal audit plan;
- (x) approved the Steinhoff Governance, Risk, Compliance and Internal Audit Framework, and the Internal Audit Charter;
- (xi) reviewed the profile of the Supervisory Board;
- (xii) reviewed the rotation schedule of the Supervisory Board;
- (xiii) reviewed the Regulations of the Supervisory Board, the Audit and Risk Committee, the Human Resources and Remuneration Committee, the Nomination Committee, and the Governance, Social and Ethics Committee;
- (xiv) performed an evaluation of its own functioning, the functioning of the Audit and Risk Committee, the Nomination Committee, the Human Resources and Remuneration Committee, and the Governance, Social and Ethics Committee;
- (xv) decided to reduce the mandate of the Governance, Social and Ethics Committee, and to subsequently merge that committee into the Audit and Risk Committee; and
- (xvi) decided to subject any resolution by the Management Board to settle any claims or litigation for an amount of more than €50 million to approval of the Supervisory Board.



### Strategy

Throughout the Reporting Period, the Management Board and the Supervisory Board had multiple discussions concerning the financial, business and litigation strategy of the Group, the implementation thereof and the associated risks.

### Evaluations

The Nomination Committee initiated the Supervisory Board's evaluation of its own functioning, the functioning of the Audit and Risk Committee, the Nomination Committee, the Human Resources and Remuneration Committee, and the Governance, Social and Ethics Committee during the Reporting Period. The evaluations were conducted through the completion of questionnaires, which covered substantive aspects, interaction between Supervisory Directors, interaction with the Management Board, the events that occurred during the period of assessment and from which lessons can be learned, as well as the composition, size, competencies and expertise of the Supervisory Board, the effectiveness of the committees of the Supervisory

Board, time management, information provision and support to the Supervisory Board. The results of the questionnaires were summarised and the conclusions and recommendations subsequently discussed by the Supervisory Board, outside the presence of the Management Board. The Chairperson discussed with each of the Supervisory Directors their roles within the Supervisory Board and their functioning. The Chairperson's functioning was evaluated in the questionnaires.

The Nomination Committee furthermore initiated the Supervisory Board's evaluation of the functioning of the Management Board as a whole and of the individual Managing Directors. The Nomination Committee, through its Chairperson, held various consultations throughout the year with Supervisory Directors and with other key stakeholders to establish a view of the performance of the Management Board through targeted questioning and an observation of performance, results and stakeholder feedback. In addition, a panel consisting of all members of the Nomination

Committee, Moira Moses, David Pauker and Alexandra Watson, and the Chairperson of the Human Resources and Remuneration Committee, Hugo Nelson, conducted reviews with each of the Managing Directors to establish their opinions on the functioning of the Managing Directors as well as Management Board during the Reporting Period.

The Managing Directors agreed that the Management Board had complementary skills and competencies. They also felt that there had been a strong working relationship, and a healthy environment to challenge decisions and conclusions in order to arrive at the best possible outcomes for the Company and its stakeholders. The regular meetings of the Management Board, where heads of departments attended and reported on critical work-streams and projects, had provided a structured platform for engagement and decision-making and a good level of alignment and support amongst the teams supporting the Management Board.

## COMMITTEES OF THE SUPERVISORY BOARD

### Report of the Audit and Risk Committee

Composition	Meetings
As at the date of this Annual Report, the committee consists of, Alexandra Watson (chairperson), Paul Copley and Hugo Nelson. On 25 June 2020 Moira Moses stepped down as a member of the committee.	Pursuant to the Regulations of the committee, the committee meets as often as deemed necessary for the proper functioning of the committee and meets at least four times each financial year. During the Reporting Period, the committee held five meetings.

Meeting attendance					
Attendance of members of the Audit and Risk Committee during the Reporting Period					
Name	Date First Meeting	Date Last Meeting	Total Meetings	Missed meetings	Attendance Percentage
A. Watson	3 December 2019	26 August 2020	5	0	100%
P.D. Copley	3 December 2019	26 August 2020	5	0	100%
M.A. Moses*	3 December 2019	24 June 2020	3	0	100%
H.A. Nelson	3 December 2019	26 August 2020	5	1	80%

\* Stepped down from the committee on 25 June 2020

Activities of the Audit and Risk Committee	
During the Reporting Period, the Audit and Risk Committee, amongst other matters:	(x) met with Mazars outside the presence of the Management Board;
(i) reviewed the quarterly financial results;	(xi) met with the Head of Internal Audit outside the presence of the Management Board;
(ii) reviewed internal control reports, tax reports, and the tax policy, cyber security risks, litigation reports, treasury reports and whistle-blowers reports;	(xii) reviewed the effectiveness and design of the internal risk management and control systems;
(iii) received updates from Mazars with respect to the external audit of the 2019 Consolidated Financial Statements, as well as the separate financial statements;	(xiii) assessed the absence of a separate internal audit function at the Company;
(iv) approved the Remediation Plan and received regular updates on its implementation;	(xiv) reviewed and recommended that the Supervisory Board approve the Steinhoff Governance, Risk, Compliance and Internal Audit Framework, and the Internal Audit Charter;
(v) received updates from PwC in respect of its forensic investigation to the extent relevant for the finalisation of the external audit of the 2019 Consolidated Financial Statements;	(xv) reviewed and recommended that the Supervisory Board approve the annual internal audit plan;
(vi) received a presentation from Mazars in respect of their audit of the 2019 Consolidated Financial Statements;	(xvi) assessed the functioning of Mazars and reported on this and on the relationship with Mazars to the Supervisory Board;
(vii) reviewed Mazars' draft audit report in respect of the 2019 Consolidated Financial Statements;	(xvii) advised the Supervisory Board that Mazars be nominated for appointment as the Company's statutory external auditor for the periods ending 30 September 2020 and 30 September 2021; and
(viii) discussed Mazars' draft audit opinion in respect of the 2019 Consolidated Financial Statements;	(xviii) performed an evaluation of its own functioning.
(ix) discussed the Management Board's in-control statement with the Management Board and with Mazars;	

### Report of the Human Resources and Remuneration Committee

Composition	Meetings
As at the date of this Annual Report, the committee consists of Hugo Nelson (chairperson), Khanyisile Kweyama and David Pauker. On 25 June 2020 Moira Moses stepped down from the committee and Hugo Nelson replaced her as chairperson of the committee. On that same date David Pauker was appointed as member of the committee.	Pursuant to the Regulations of the committee, the committee meets as often as deemed necessary for the proper functioning of the committee and meets at least twice each financial year. During the Reporting Period, the committee held five meetings.

Meeting attendance					
Attendance of members of the Human Resources and Remuneration Committee during the Reporting Period					
Name	Date First Meeting	Date Last Meeting	Total Meetings	Missed meetings	Attendance Percentage
H.A. Nelson	14 October 2019	24 June 2020	5	1	80%
K.T. Kweyama	14 October 2019	24 June 2020	5	0	100%
M.A. Moses*	14 October 2019	24 June 2020	5	0	100%
D.I. Pauker**	N/A	N/A	0	0	N/A

\* Stepped down from the committee on 25 June 2020

\*\* Joined the committee on 25 June 2020



**Activities of the Human Resources and Remuneration Committee**

During the Reporting Period, the Human Resources and Remuneration Committee, amongst other matters:	(iv) performed a review of the Supervisory Directors' fees and prepared a proposal for Supervisory Directors' fees;
(i) performed a review of the performance conditions and prepared a proposal for the payment of the annual bonus and the vested tranche of the cash-based long-term incentive in respect of each of the Managing Directors for the 2019 Reporting Period;	(v) discussed whether a meaningful reference group could be determined to establish a pay ratio within the Group;
(ii) prepared a proposal for a conditional annual bonus award and a cash-based long-term incentive award in respect of each of the Managing Directors for the financial year ending 30 September 2020;	(vi) prepared a Remuneration Report in respect of the 2019 Reporting Period;
(iii) discussed measures to retain key personnel with the Management Board;	(vii) received updates on COVID-19 measures;
	(viii) prepared an amended Remuneration Policy of the Management Board;
	(ix) prepared a Remuneration Policy of the Supervisory Board; and
	(x) performed an evaluation of its own functioning.

**Report of the Nomination Committee**

Composition	Meetings
As at the date of this Annual Report, the committee consists of Moira Moses (chairperson), David Pauker and Alexandra Watson. On 18 May 2020 Heather Sonn resigned from the Supervisory Board and also as the chairperson of the Nomination Committee. Moira Moses replaced her as chairperson of the committee on 22 May 2020.	Pursuant to the Regulations of the committee, the committee meets as often as deemed necessary for the proper functioning of the committee and meets at least once each financial year. During the Reporting Period, the committee held three meetings.

**Meeting attendance**

Attendance of members of the Nomination Committee during the Reporting Period					
Name	Date First Meeting	Date Last Meeting	Total Meetings	Missed meetings	Attendance Percentage
H.J. Sonn*	14 October 2019	3 December 2019	2	0	100%
M.A. Moses**	24 June 2020	24 June 2020	1	0	100%
D.I. Pauker	14 October 2019	24 June 2020	3	0	100%
A. Watson	14 October 2019	24 June 2020	3	0	100%

\* Resigned from the Supervisory Board on 18 May 2020

\*\* Joined the committee on 22 May 2020

Activities of the Nomination Committee	
During the Reporting Period, the Nomination Committee, amongst other matters:	(v) initiated the evaluation of the functioning of individual Managing Directors and Supervisory Directors;
(i) discussed succession planning for Managing Directors;	(vi) initiated the evaluation of the functioning of the Supervisory Board, the Audit and Risk Committee, the Human Resources and Remuneration Committee, the Nomination Committee, the Governance, Social and Ethics Committee, as well as the Management Board; and
(ii) reviewed the size and composition of the Management Board and the required expertise of the Managing Directors;	(vii) performed an evaluation of its own functioning.
(iii) reviewed the size and composition of the Supervisory Board and the required expertise of the Supervisory Directors;	
(iv) reviewed the Supervisory Board profile, the Supervisory Board rotation schedule and the Diversity Policy;	

### Report of the Governance, Social and Ethics Committee

Composition	Meetings
Until its merger into the Audit and Risk Committee on 25 June 2020, the committee consisted of Peter Wakkie (chairperson), Khanyisile Kweyama and Alexandra Watson.	Pursuant to the Regulations of the committee, the committee meets as often as deemed necessary for the proper functioning of the committee and meets at least twice each financial year. During the Reporting Period, the committee held three meetings.

Meeting attendance					
Attendance of members of the Governance, Social and Ethics committee during the Reporting Period					
Name	Date First Meeting	Date Last Meeting	Total Meetings	Missed meetings	Attendance Percentage
P.N. Wakkie	4 December 2019	24 June 2020	3	0	100%
K.T. Kweyama	4 December 2019	24 June 2020	3	1	67%
A. Watson	4 December 2019	24 June 2020	3	0	100%

Activities of the Governance, Social and Ethics Committee	
During the Reporting Period, the Governance, Social and Ethics Committee, amongst other matters:	(vi) reviewed a description of group staff functions and their reporting lines;
(i) discussed the role, duties and responsibilities of the committee under South African law;	(vii) reviewed the whistle-blower policy and the effectiveness of the whistle-blower hotline facility;
(ii) received reports on the Group corporate social responsibility schemes;	(viii) advised the Supervisory Board to approve the Related Party Transactions Policy;
(iii) discussed the status, implementation and enforcement of group policies;	(ix) reviewed the Supervisory Board approval items; and
(iv) discussed the status of the implementation of the Remediation Plan;	(x) performed an evaluation of its own functioning.
(v) reviewed the reporting lines of local/operational management into the Management Board;	



# PART IV

## REMUNERATION REPORT

# REMUNERATION REPORT

Our remuneration philosophy dictates that all employees are fairly rewarded for their individual and joint contributions in the execution of the Steinhoff strategy and delivery of the Group's performance.

## INTRODUCTION

Following the events of December 2017, the Group has undergone a great number of changes as it engaged in a complex 3-step strategy that commenced in 2018 with the CVA restructuring, and currently in process, the global litigation settlement. The Company is expected to remain in the current extraordinary circumstances until the third and final step of the 3-step strategy is successfully implemented. The 3-step strategy, explained in more detail in the Management Board Report, can be summarised as follows:

**Step 1 – Creditors arrangement (CVAs implemented on 13 August 2019),**

**Step 2 – Manage litigation risk (investigate a possible litigation solution and implement), and**

**Step 3 – Restructure the Group with a view to reducing debt and financing costs.**

In this context, a revised Remuneration Policy for the Management Board was proposed at the AGM 2020. However, since this proposal was rejected by the General Meeting, the current Remuneration Policy has remained the policy applicable during the year under review. An overview of the Remuneration Policy as well as a description of how this Policy was applied during the 2020 Reporting Period is provided in this Remuneration Report. During the year, the Human Resources & Remuneration Committee (the "Committee") and the Supervisory Board have been engaged in redesigning the remuneration framework.

In doing so, the Committee consulted with various stakeholders, including employees, investors, creditors and proxy voting agencies.

The Committee considered the voting results of the AGM 2020 and engaged in constructive dialogues with (representatives of) investors as well as proxy advisors in preparation of the publication of the agenda of the annual General Meeting to be held in 2021. Overall, feedback focused primarily on the size of the compensation packages in relation to the (decreasing) size and scope of the Company, the lack of an equity-based compensation component with a sufficient long-term character, and the limited level of share ownership amongst executives. Finally, the level of transparency regarding the implementation of the Policy was regarded as insufficient, and especially in relation to the disclosure of STIP/ LTIP targets (ex-post).

Based on this, the Company will submit a Remuneration Policy to the annual General Meeting to be held in 2021, which will – once adopted – be applicable as per the start of financial year 2021, being 1 October 2020. With this proposed Remuneration Policy, the Committee has found a balance between the desire to more clearly align the interests of the Management Board with those of our stakeholders and to hold the Management Board and Senior Managers accountable for the successful delivery of the strategic plan versus its key responsibility to attract and retain high calibre Managing Directors and Senior Managers who are willing to bear the personal

risk and extreme workload in the current extraordinary circumstances. The Remuneration Committee and the Supervisory Board deem it essential to ensure that Managing Directors and Senior Managers – of whom the majority took up their current roles during or after 2018 – are retained and remunerated adequately for the personal sacrifices and personal risk taken on by committing to the achievement of the 3-step strategy.

The highlights of the newly proposed Remuneration Policy are included in the last section of this Remuneration Report. The complete version of the proposed Remuneration Policy will be included in the annexes to the agenda of the annual General Meeting to be held in 2021. Compared to the currently applicable Remuneration Policy, the proposed Policy includes the following main changes:

1. In light of the extraordinary circumstances, the LTI plan is foreseen to become cash-based instead of equity-based. The underlying rationale is explained in more detail in the relevant section of this Report;
2. Further changes relate to refinements to safeguard alignment with new legal requirements due to the implementation of the EU Shareholders Rights Directive II;
3. Moreover, to further enhance transparency, the Committee has included a forward-looking paragraph in which it outlines its anticipated changes to the Remuneration Policy as it would become applicable once the 3-step strategy has been completed.

**The remainder of this Report consists of the following parts:**

Part 1: Summarising overview

Part 2: Description of the current Remuneration Policy

Part 3: Application of the current Remuneration Policy during financial year 2020

Part 4: Highlights from the proposed modification of the Remuneration Policy for financial year 2021

This report is prepared in accordance with the relevant provisions of the Dutch Civil Code and the Dutch Corporate Governance Code ("DCGC").

**PART 1: SUMMARISING OVERVIEW**

The current Remuneration Policy was approved by the General Meeting on 1 December 2015. This Policy applies to both Managing Directors and members of the Executive Committee. The Executive Committee has been dissolved shortly after the events of December 2017, and no new Executive Committee has been established since then. The core components of the Remuneration Policy as well as the implementation for the Managing Directors during financial year 2020 ("FY2020") are summarized below. The full Remuneration Policy can be viewed on the Company's website [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

Element and link to strategy	Description and FY2020 opportunity	Realisation FY2020
<p><b>Fixed pay: base salary</b> <i>Provides a fair and competitive basis for the total compensation package to attract and retain the right calibre of executives.</i></p>	<p>Fixed cash compensation paid monthly, based on the role and responsibilities of the position, internal pay differentials and external market data. The selected comparator groups in the 2018 Remuneration Benchmark done by PwC, were from both South African and European companies relevant in size, complexity and in some instances, in industry.</p>	<p><b>Actual in FY2020</b> CEO: €1 384 000 CFO: €1 200 000 This includes a salary increase of 2.5% for the CEO, effective as of 1 October 2019.</p>
<p><b>Fixed pay: pension and other benefits</b> <i>Provides for the employee's health and retirement welfare.</i></p>	<p>Membership of an approved retirement fund, life and medical disability insurance and medical aid schemes. These benefits form part of the base salary and are not paid in addition to the base salary.</p>	<p><b>Actual in FY2020</b> CEO: €54 000 CFO: €59 000</p>
<p><b>Annual bonus (short-term incentive, or "STI")</b> <i>Drives and rewards the continuation of the Company.</i> <i>Drives and rewards sound business decisions for possible longer-term value preservation for stakeholders.</i> <i>Aligns Management Board and stakeholders' interests.</i></p>	<p>A variable pay opportunity, paid out in cash based on the achievement of annual performance targets, of which 100% relate to financial, operational and transformational measures to ensure the operational continuity of the Company.</p> <p>The target bonus opportunity equals 75% of base salary for both the CEO and CFO. For threshold performance, a pay-out of 50% of base salary will occur, while for below threshold performance there will be no pay-out.</p> <p><b>Opportunity in FY2020</b></p> <ul style="list-style-type: none"> <li>• At target/ maximum performance (80% to 100% of all targets): 75% of base salary</li> <li>• Medium performance (70% to 79.99% of all targets): 65% of base salary</li> <li>• Threshold performance (60% to 69.99% of all targets): 50% of base salary</li> <li>• Below threshold performance: no pay-out</li> </ul> <p>For FY2020, objectives were defined for each of the following Key Performance Indicators which were applied for both the CEO and CFO with individual weightings:</p> <p>CEO Key Performance Indicator weightings</p> <ul style="list-style-type: none"> <li>• Business optimisation and balance sheet restructuring (40% of total opportunity)</li> <li>• Financial reporting (10%)</li> <li>• Group litigation (35%)</li> <li>• Stakeholder interaction (15%)</li> </ul> <p>CFO Key Performance Indicator weightings</p> <ul style="list-style-type: none"> <li>• Business optimisation and balance sheet restructuring (40% of total opportunity)</li> <li>• Financial reporting (40%)</li> <li>• Group litigation (10%)</li> <li>• Stakeholder interaction (10%)</li> </ul>	<p><b>Actual in FY2020</b> CEO: €1 037 812 (based on FY2020 performance) CFO: €900 000 (based on FY2020 performance)</p> <p>Based on the realisation of the various objectives, which was on average 100% of target, the resulting pay-out over FY2020 equals 75% of the annual base salary.</p> <p>Achievements include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Implementation of the Remediation Plan</li> <li>• The sale of six businesses,</li> <li>• The successful restructure of Greenlit Brands,</li> <li>• Backlog of financial reporting caught up,</li> <li>• Global financial reporting system successfully implemented, and</li> <li>• The preparation and announcement of a potential global litigation settlement.</li> </ul>

Element and link to strategy	Description and FY2020 opportunity	Realisation FY2020
<p><b>Long-term incentive (or "LTI")</b></p> <p><i>Drives and rewards both retention and performance over the longer-term considering the extraordinary circumstances the Company is in.</i></p> <p><i>Aligns Management Board and stakeholders' interests.</i></p> <p><i>Supports Managing Director retention over the longer-term.</i></p> <p><i>The share-based LTI scheme was replaced by a cash-based LTI scheme.</i></p>	<p>Under normal circumstances, a variable pay opportunity consisting of a conditional award in Company shares that might vest after 3 years, based on a combination of financial KPIs such as Headline Earnings per Share ("HEPS"), Operating Profit and Return on Equity measured during a 3-year period.</p> <p>However, in the context of the extraordinary circumstances and the continuous focus on normalizing the Company's situation, the Supervisory Board decided to deviate from the policy as follows:</p> <ul style="list-style-type: none"> <li>An LTI allocation is awarded annually and paid out in three equal tranches over three years on the anniversary of the award, subject to the following conditions: <ul style="list-style-type: none"> <li>50% of the pay-out is linked to continuous employment, which requires the Managing Director to be employed by the Company at the moment of pay-out</li> <li>50% of the pay-out is linked to the achievement of all the KPIs that are also used for the annual bonus scheme</li> </ul> </li> <li>Pay-out occurs in cash, in order to prevent windfall gains from potential future share price increase. Providing for a fair and competitive LTI award (to attract and retain the right calibre of executives) would result in an undesired large amount of Company shares to be allocated</li> </ul> <p>This deviation from the policy ensures that the Company will be able to retain the Managing Directors and Senior Managers and remunerate them adequately for the personal sacrifices and personal risk taken on by committing to the achievement of the 3-step strategy.</p> <p>The target LTI opportunity equals 100% of base salary for both the CEO and CFO payable over a 3-year period in three equal tranches. For threshold performance, a pay-out of 50% of base salary will occur, while for below threshold performance there will be no pay-out.</p> <p>Finally, it should be noted that the Supervisory Board intends to submit a fully revised remuneration policy (including an equity-based LTI plan) to the General Meeting for approval, once the 3-step strategy has been completed and the Company's situation has normalised. The current line of thinking is presented in the "forward looking" section of this report.</p>	<p><b>Actual in FY2020</b></p> <p>CEO: €911 250 (based on FY2020 performance)</p> <p>CFO: €733 333 (based on FY2020 performance)</p> <p>Based on the realisation of the various objectives, which was on average 100% of target, the resulting pay-out over FY2020 equals 66% of the annual base salary for the CEO and 61% of the annual base salary for the CFO.</p> <p>No new share-based awards were made during the Reporting Period.</p>

## PART 2: DESCRIPTION OF THE CURRENT REMUNERATION POLICY

### Key principles and remuneration elements

The Group is an international business with revenue earned in many countries and expects its Managing Directors and other Senior Managers to be internationally mobile and to have knowledge and experience across borders. As a result, the Group competes for skills and talent in a global marketplace and its approach to remuneration needs to be flexible and competitive in all countries it operates in.

The objective of the Remuneration Policy is therefore to provide remuneration in a form which will attract, retain and motivate Managing Directors and other Senior

Managers, while protecting and promoting the objectives of the Group. The Remuneration Policy caters for a variable component, which is linked to pre-determined, assessable and influenceable targets, which are predominantly structured to incentivise Managing Directors and other Senior Managers throughout the business cycle but drive the longer-term sustainability of the business.

The Remuneration Policy is based on the following five key principles:

- (i) Remuneration is aligned with the corporate strategy of the Company;
- (ii) Total rewards are set at levels that are competitive and relative within the specific market and industry, taking into account the Company's results, including financial

and non-financial indicators relevant for the Company's value creation on the longer-term;

- (iii) Incentive-based awards are earned through achieving demanding performance measures and targets with due regard for the sustainable wellbeing of all stakeholders over the short-, medium- and longer-term;
- (iv) Incentive plans, performance measures and targets are structured to operate effectively throughout the business cycle; and
- (v) The design of long-term incentives is prudent and does not expose stakeholders to a position where the sustainability of the Group is placed at risk.



In accordance with the Remuneration Policy, the Supervisory Board seeks to ensure an appropriate balance between the fixed, variable and performance-related elements of the remuneration of the Managing Directors and other Senior Managers. According to the Remuneration Policy, the Supervisory Board should seek to ensure an appropriate balance between those aspects of the package linked to short-term financial performance and those linked to longer-term sustainable stakeholder value creation.

The four elements of remuneration consist of a base salary, annual bonus, LTIs, and benefits. The Supervisory Board has the discretionary power to adjust any variable remuneration component rewarded to a Managing Director and a Senior Manager, with respect to a previous financial year, if the Supervisory Board feels that the outcome is unreasonable due to exceptional circumstances during the relevant performance period. In addition, the Supervisory Board shall have the right to recover any bonus awarded to a Managing Director or a Senior Manager on the basis of incorrect information on whether or not the financial performance targets or other qualifying criteria have been met or other circumstances the bonus was dependent on.

Deviations of the remuneration elements in the Remuneration Policy is permitted only in extraordinary circumstances, when deemed necessary in the interests of the Company. Any deviations from the Remuneration Policy will be disclosed in the Annual Report.

### Base salary

The fixed element of remuneration is referred to as the base salary. In determining fair and competitive base salaries that enable the Company to attract and retain the right calibre of executives, the Supervisory Board takes into consideration the individual's responsibilities, Company and individual performance as well as the pay differentials within the Company. Finally, the external perspective is taken into account by using data issued by independent remuneration experts.

### Annual bonus

Managing Directors and other Senior Managers are entitled to an annual performance related bonus payment. The objective of the annual performance related

bonus is to incentivise and reward strong short-term operational, financial and personal performance, the implementation of strategic initiatives, such as meeting growth targets, while continuing to be focused on sustainable results which are aligned with the longer-term strategy of the Group. The Remuneration Policy requires the Supervisory Board to set performance conditions on an individual basis at or before the beginning of the relevant financial year. The annual bonus is based on a percentage of the annual base salary.

Performance conditions include financial, operational and transformation targets, representing in excess of 80% of the potential annual bonus. Where performance conditions are supplemented by personal performance objectives, such personal performance objectives represent on average less than 20% of the potential bonus that can be achieved. The Supervisory Board shall review the performance conditions annually to ensure that these are appropriate, given the economic context and the performance expectations for the Company or relevant division.

The Supervisory Board has the discretion to defer all or part of the annual bonus payment on terms to be agreed on an annual basis, dependent on the performance conditions applicable to such bonuses and the longer-term measurement that could be implied by such performance conditions.

### Long-term incentive

Pursuant to the Remuneration Policy, the Managing Directors and other Senior Managers participate in the ESRS, which was approved by the general meeting of the Company's legal predecessor, Steinhoff International Holdings Limited, on 6 December 2010 and amended and approved by the General Meeting on 1 December 2015.

The allocation of LTIs is based on the following key eligibility criteria: (i) individuals who are key to driving the Group's longer-term business strategy; (ii) retention of key talent/scarcé skills; and (iii) talent management strategy and succession plans.

The Remuneration Policy provides that the targets for LTIs are set with reference to industry and market benchmark performance. Such benchmarks are determined annually by

measuring operational performance against those of peer group companies (in comparable industries and markets) in local currencies.

### Benefits

Benefits include membership of retirement funds and medical aid schemes, to which contributions are made by a Managing Director or other Senior Manager and the relevant Group Company where such individual is employed. In addition, Managing Directors or other Senior Managers are entitled to expense allowances required for the proper performance of their duties. The contracts with Managing Directors do not contain any 'golden parachute' provisions. There are no Managing Directors with a notice period of more than one (1) year and none of their contracts include predetermined compensation as a result of termination exceeding eighteen (18) month's salary and benefits.

The individual may elect how much the retirement savings portion should be and the relevant contributions, based on his/her election, are paid by the individual. Depending on the terms of the particular medical aid schemes, the member can elect the level of medical cover of their choice and the same is paid by the individual. Due to the individual choices in the level of retirement and medical benefits, the Company has no liability in this regard.

## PART 3: APPLICATION OF THE CURRENT REMUNERATION POLICY DURING FINANCIAL YEAR 2020

With the implementation of the Remuneration Policy during the financial year 2020, due cognisance was given to continuous extraordinary circumstances that commenced after the events of December 2017, which contributes to the longer-term value preservation for stakeholders. These circumstances include the following:

- A complete restructuring of the Management Board and Supervisory Board members following the allegations of financial irregularities;
- Completion and release of a forensic report that looked into the affairs of the Group;
- The related and required improvements in governance structures and processes;

- Restatement of previous financial results and the late reporting of financial results that had to take into account the findings of the forensic investigation;
- Restructuring of the Company debt where the scope of work necessary to complete the financial restructuring was wide ranging, complex and highly technical, involving hundreds of creditors, specialist legal and financial advice and parallel processes across multiple jurisdictions;
- The sheer volume of announcements made by the Group in the lead-up to August 2019, on both financial reporting and restructuring activities, amply demonstrates the scale of endeavours to stabilise the Group;
- Disposals of a number of businesses to stabilise and rebase the Group;
- Ongoing management of operations that were impacted by liquidity constraints;
- The appointment of new Group Auditors, and
- The volume of inbound and outbound litigation matters after the events of December 2017.

### Talent management and retention challenges

The Company employs a small team of executives with demanding short-term performance horizons to serve the needs

of the Company that has found itself in extraordinary circumstances since the events of December 2017. As such, to attract, retain and reward high calibre executives who have to endure continuously high levels of workload, personal sacrifice and risk, it is deemed imperative to ensure the reward and retention structures are aligned with the extraordinary work expectations. The Supervisory Board, upon the recommendation of the Committee, thus had to, under the LTI remuneration element, deviate from conventional retention mechanisms. The Supervisory Board replaced the share-based LTI scheme with a cash-based LTI scheme with shorter vesting periods in order to remain relevant to the Company's extraordinary circumstances. This deviation from the policy ensures that the Company will be able to retain the Managing Directors and Senior Managers and remunerate them adequately for the personal sacrifices and personal risk taken on by committing to the achievement of the 3-step strategy. In addition, it prevents windfall gains from potential future share price increase, since providing for a fair and competitive LTI award (to attract and retain the right calibre of executives) would result in an undesired large amount of Company shares to be allocated.

The Committee remains vigilant to ensure that Managing Director remuneration remains fair and in line with the extraordinary personal risk and deliverables required to achieve the 3-step strategy successfully. The Supervisory Board

intends to submit a fully revised remuneration policy to the General Meeting for approval, once the 3-step strategy has been completed and the Company's situation has normalised. The current line of thinking is presented in the "forward looking" section of this report.

### FY2020 Remuneration outcome for the Managing Directors

Upon the proposal of the Committee, the Supervisory Board approved the remuneration for the Managing Directors, which comprised of an increase of their respective base salaries (for Theodore de Klerk in relation to his appointment as CFO), an annual bonus and the vested portion of their long-term cash incentive, with both variable components being conditional upon achievement of specific performance conditions.

The following table provides an overview of the remuneration elements paid to each of the Managing Directors, during FY2020 (and FY2019), in accordance with the currently applicable Remuneration Policy (i.e. approved in 2015). Thereafter, these elements are discussed in more detail. Managing Directors are not paid any additional remuneration by subsidiary or other company's whose financials are consolidated by the Company.

Amounts in thousands of euro.

Name	Position	Financial Year	Base salary €'000	Annual bonus €'000	Accrued annual bonus and long-term incentive €'000	Pension €'000	Severance payments €'000	Annual leave paid out €'000	Total €'000	% fixed	% variable
Louis du Preez	CEO	2020	1 330	415	1 534	54	–	116	3 449	43%	57%
Louis du Preez	CEO	2019	1 200	–	1 462	62	–	–	2 724	46%	54%
Theodore de Klerk	CFO	2020	1 141	360	1 273	59	–	43	2 876	43%	57%
Theodore de Klerk	CFO	2019	958	–	1 083	59	–	–	2 100	48%	52%
Philip Dieperink	Former CFO	2020	–	–	–	–	–	–	–	0%	0%
Philip Dieperink	Former CFO	2019	1 500	–	1 125	63	1 500	–	4 188	36%	27%
Danie van der Merwe	Former CEO	2020	–	–	–	–	–	–	–	0%	0%
Danie van der Merwe	Former CEO	2019	230	–	–	11	–	–	241	100%	0%
Alexandre Nodale	Deputy CEO	2020	–	–	–	–	–	–	–	0%	0%
Alexandre Nodale	Deputy CEO	2019	1 060	–	–	221	1 500	–	2 781	46%	0%

### Base salary

The base salaries of the Managing Directors were applicable as per the beginning of FY2020. For Louis du Preez (CEO), this is based on an inflationary increase of 2.5% effective as per 1 October 2019. The base salary of Theodore de Klerk was already increased as per 1 September 2019 in relation to his appointment as CFO of the Company.

### Annual bonus

The table below provides insight into the Key Performance Indicators that were applicable for the STI during FY2020, as well as how the Managing Directors scored on each of these elements.

Key Performance Indicator	CEO Weightings	CFO Weightings	Illustration of deliverables	2020 performance
Business optimization and balance sheet restructuring	40%	40%	Sales of South African & European assets IPO readiness of Pepco	At target
Financial reporting	10%	40%	Delivery of various annual financial statements Hold an AGM	At target
Group litigation	35%	10%	Proposal of a litigation settlement	At target
Stakeholder interaction	15%	10%	Regular interaction, local and abroad, in accordance with requirements	At target

The target and maximum opportunity for FY2020 was 75% of base salary for both the CEO and CFO. Based on the realisation of the various objectives, which was on average 100% of target, the resulting pay-out over FY2020 equals 75% of the annual base salary. The amounts will be paid out in cash.

### Long-term incentive

As indicated above, the Supervisory Board decided to deviate from the Policy by replacing the share-based LTI scheme with a cash-based LTI scheme with shorter vesting periods. This deviation from the policy ensures that the Company will be able to retain the Managing Directors and Senior Managers and remunerate them adequately for the personal sacrifices and personal risk taken on by committing to the achievement of the 3-step strategy. In addition, it prevents windfall gains from potential future share price increase, since providing for a fair and competitive LTI award (to attract and retain the right calibre of executives) would result in an undesired large amount of Company shares to be allocated. The variable remuneration operates as a strong motivator to achieve performance conditions and to retain the individual, which ensures continuity, stability, and assurance that the individual's focus is directly aligned to the business needs as articulated in the 3-step strategy at all times. As such, to preserve longer-term value and potential business continuation for all stakeholders, alignment between employee performance achievements and strategy is imperative.

For FY2020 the LTI awards that have been conditionally made in relation to FY2020, the following vesting schedule applies:

- 1/3rd will be paid out shortly after the end of FY2020
- 1/3rd will be paid out shortly after the end of FY2021
- 1/3rd will be paid out shortly after the end of FY2022

The pay-out of each tranche is conditional upon meeting the following criteria:

- 50% of the pay-out is linked to continuous employment, which requires the Managing Director to be employed by the Company at the moment of pay-out
- 50% of the pay-out is linked to the achievement of the KPIs that are also used for the annual bonus scheme

The target and maximum LTI opportunity for FY2020 was 100% of base salary for both the CEO and CFO. For the first tranche of the FY2020 LTI allocation and the second tranche of the FY2019 LTI allocation, both criteria have been met, resulting in a pay-out in the beginning of FY2021. The amounts will be paid out in cash.

### Benefits

As part of the base salary, Managing Directors contribute to a company approved retirement fund monthly and in addition also contribute to risk benefits such as life insurance and medical disability insurance. Because Managing Directors contribute to these benefits themselves, they can elect the level of contributions within the minimum and maximum limits of the risk benefit framework. During the Reporting Period the CEO contributed 4% of base salary, and the CFO contributed 5% of base salary.

### Pay mix

The total remuneration for Louis du Preez for the Reporting Period consists of 42% base salary and 58% variable pay. The total remuneration for Theodore de Klerk for the Reporting Period consists of 42% base salary and 58% variable pay. The fixed and variable apportionment of Managing Director remuneration fulfil the purpose of attracting high calibre individuals during extraordinary circumstances and rewarding challenging performance achievements.

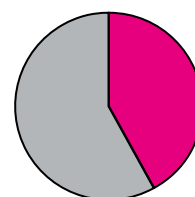
### Scenario analysis

The Supervisory Board performed a scenario analysis for each individual Managing Director. In doing so, the Committee presented to the Supervisory Board the following scenarios for the variable pay opportunity:

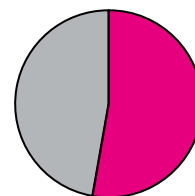
- a) The "On target" 80% – 100% performance achievement remuneration opportunity based on a maximum annual bonus allocation of 75% of base salary, should the Managing Director achieve all the performance conditions; and
- b) The "Medium performance target" 70% – 79.99% performance achievement remuneration opportunity based on an annual bonus allocation of 65% of the base salary for the performance conditions achieved in accordance with their weightings;
- c) The "Threshold performance" 60% – 69.99% performance achievement remuneration opportunity based on an annual bonus allocation of 50% of base salary for the performance conditions achieved in accordance with their weightings;
- d) The "below threshold performance" no annual bonus allocation and only the retention portion from the cash-based LTI.

The diagram below shows the outcome of the remuneration scenario analysis done for the Managing Directors.

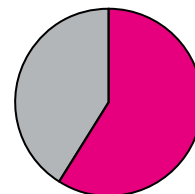
#### "On Target" 80% – 100% Performance achievement



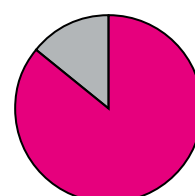
#### "Medium" 70% – 79.99% Performance achievement



#### "Threshold" 60% – 69.99% Performance achievement



#### "Below threshold" <60% Performance achievement



**Notes:**

The variable pay consists of a short-term incentive and 1/3rd (a tranche) of the FY2020 long-term incentive plus the 2nd tranche of the FY2019 long-term incentive. The LTI has two criteria whereby (i) 50% of the tranche is apportioned to retention whereby the Managing Director must be employed by the Company on the date of payment, and (ii) 50% is apportioned to achieving the STI performance conditions.

### Claw backs

On 14 June 2019, claw back proceedings were instituted before the South Africa High Court against former CEO Markus Jooste and former CFO Ben La Grange for the repayment of annual bonuses, special project bonuses, irregular payments and the value of shares awarded to them for the period 2009 to the date of their termination. These matters are pending.

The Company has not instituted any claw back claims against any of the current Managing Directors or Supervisory Directors.

### Five-year overview

The table below summarises the Managing Directors' total remuneration for the Reporting Period and also provides an overview of total remuneration for the CEO and CFO over the past five years. Remuneration for the CEO and CFO positions have significantly reduced

after the events of December 2017. The remuneration development over the past three years is in line with the Corporate Scorecard development and what is required to ensure the continuation of operations. Because of the events of 2017, we can only address the periods FY2018, FY2019 and FY2020. Post the December 2017 events, as explained previously in the 2018 and 2019 Consolidated Financial Statements, certain steps were taken to stabilise the Group to enable business continuation for the underlying businesses, that would allow them to continue to trade and enhance their performance. Therefore, over the last three-year period non-performing businesses have been disposed of and the remaining businesses, wherever the Group has investment interests, have continued to perform under extraordinary circumstances, which include the financial difficulties experienced at Group level and those

brought on by COVID-19. The details of the financial circumstances at Group level appear elsewhere in this report and should be read together with the 2018 and 2019 Consolidated Financial Statements. These developments are regarded as appropriate given the extraordinary circumstances faced by the Group and the diminution in enterprise value. A major hurdle in normalising the Group balance sheet structure relates to the resolution of litigation challenges, step 2 of the 3-step strategy and therefore the emphasis has been on establishing clear KPIs for the Managing Directors and executives and rewarding appropriate performance in relation thereto.

Remuneration structure and incentives will be regularly reviewed as the Company's situation develops.

Amounts in thousands of euro.

	FY2016 <sup>1</sup>	FY2017	FY2018	FY2019	FY2020
Remuneration CEO position					
• Year on Year difference	7 522	8 472	1 918	2 724	3 449
• Year on Year difference (%)	N/A	+13%	-77%	+42%	+26%
Remuneration CFO position					
• Year on Year difference	2 980	3 383	2 467	2 688	2 876
• Year on Year difference (%)	N/A	+14%	-27%	+9%	+7%
Remuneration Group Services Employees <sup>2</sup>					
• Year on Year difference of average total remuneration	N/A	N/A	N/A	N/A	110
Pay Ratios					
• CEO compared to Group Services Employees	N/A	N/A	N/A	N/A	31
• CFO compared to Group Services Employees	N/A	N/A	N/A	N/A	26

<sup>1</sup>FY2016 – is a 15-month reporting period from 1 July 2015 to 30 September 2016.

<sup>2</sup>Excludes CEO and CFO remuneration

## Pay ratios

Pursuant to best practice provision 3.4.1 (iv) of the DCGC, the remuneration report should – inter alia – describe the pay ratios within the company and its affiliated enterprise and, if applicable, any changes in these ratios in comparison with the previous financial year. This Remuneration Report, however, does not contain a description of the pay ratios within the whole Group because, due to sale of a number Group companies and the reorganisation within a number of Group companies during the Reporting Period, no representative reference group could be determined that would allow consistency and comparison in subsequent years. It is expected that after the 3-step strategy is implemented, the Company shall be able to describe pay ratios within a wider representative reference group. To provide as much transparency as possible, the Remuneration Report contains pay ratios within Group Services.

In this instance, the representative reference group consists of less than 65 employees who are each a specialist in their field. Together they are referred to as Group Services Employees and are responsible for deliverables, in support to the Management Board, that are directly linked to the Company Performance Scorecard. Group Services Employees have reached stability with low staff turnover since 2019. Group Services are responsible for central services that include Finance, Treasury, Tax, Human Resources, Legal, Company Secretarial, Compliance, Risk, Internal Audit and IT services to the Company. Group Services Employees have the same remuneration elements as Managing Directors and therefore display a meaningful pay ratio against Managing Directors.

## Loans, advance payments or guarantees to Managing Directors

No loans, advance payments or guarantees were made to Managing Directors (or entities

controlled by any of them) during the Reporting Period.

## Closing out the ESRS scheme

The ESRS was discontinued during the 2018 Reporting Period. The ESRS remained active for historically allocated open grants to be measured and for the scheme to run its course. The 2017 financial year grant remained the last open grant in the ESRS. No further grants have been awarded since March 2017.

No grants were made under the ESRS in the Reporting Period.

In relation to the below overview, no shares were repurchased or issued in relation to the ESRS during the Reporting Period. Supervisory Directors did not participate in the ESRS and therefore this section does not apply to Supervisory Directors.

	Offer date	Conditional vesting date	Number of rights as at 30 September 2019	Number of rights forfeited during the Reporting Period	Number of rights as at 30 September 2020
<b>Management Board</b>					
<b>Theodore de Klerk</b>	March 2017	March 2020 <sup>2</sup>	83 438	(83 438)	–
			83 438	(83 438)	–
<b>Total Management Board</b>			83 438	(83 438)	–

<sup>1</sup>The 2017 grant was assessed during the 2020 Reporting Period and the share rights were forfeited in the 2020 Reporting Period.

<sup>2</sup>Granted prior to being a Management Board member.

No new shares were granted during the 2019 or 2020 Reporting Period.

Refer to note 33.1 of the 2020 Consolidated Financial Statements for more details regarding the conditions to exercise the rights.

## Amounts charged to subsidiaries

There were no remuneration amounts, paid to any current or former Managing Director, charged to any Group company included in the 2020 Consolidated Financial statements. In respect of fees paid to Supervisory Directors and charged to Group subsidiaries, please refer to the table on page 87.

## 2020 Supervisory Directors' remuneration

### Supervisory Board Remuneration

Pursuant to the DCGC, remuneration for the Supervisory Board members should reflect the time spent and the responsibilities of their role.

Upon the recommendation of the Committee, the Supervisory Board resolved to maintain the same fee structure of and that no membership fees would increase for the Reporting Period.

The Remuneration of the Supervisory Board is in line with the Remuneration Policy of the Supervisory Board adopted by the General Meeting on 28 August 2020. The Remuneration Policy is reviewed and evaluated by the Supervisory Board annually. The Remuneration Policy shall be submitted by the Supervisory Board to the General Meeting for adoption to implement every change to the Remuneration Policy and in any case at least every four years.



The table below outlines the adopted Supervisory Board fees at the AGM 2020 in comparison to the previous year.

Remuneration of the Supervisory Board	AGM Approved 2019 €'000	AGM Approved 2020 €'000
<b>Supervisory Board member fees</b>		
Chairperson of the Supervisory Board	300	300
Deputy-Chairperson of the Supervisory Board	220	220
Any other member of the Supervisory Board	130	130
<b>Additional committee fees</b>		
Chairperson of the Audit and Risk Committee	50	50
Member of the Audit and Risk Committee	30	30
Chairperson of the Nomination Committee	20	20
Member of the Nomination Committee	10	10
Chairperson of the Human Resources and Remuneration Committee	30	30
Member of the Human Resources and Remunerations Committee	15	15
Chairperson of the Governance, Social and Ethics Committee	20	20
Member of the Governance, Social and Ethics Committee com	10	10
Member of the Group Litigation Working Group	30	30

The remuneration paid to each of the Supervisory Directors during the Reporting Period in comparison to the previous reporting period, is set out in the table below. The table includes remuneration paid by a subsidiary or by another company whose financials are consolidated by the Company.

	Other Group entities		Steinhoff N.V.	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
<b>Supervisory Board members that are in office</b>				
Paul Copley <sup>1</sup>	–	–	190	113
Khanyisile Kweyama	–	–	152	143
Moira Moses	24	30	243	162
Hugo Nelson	23	–	179	155
David Pauker <sup>2</sup>	150	163	174	73
Peter Wakkie	–	–	265	168
Alex Watson	25	35	197	157
<b>Supervisory Board members that resigned/retired during the 2019 and 2020 Reporting Periods</b>				
Steve Booyesen <sup>3</sup>	–	42	–	155
Angela Krüger-Steinhoff <sup>3</sup>	–	–	–	107
Heather Sonn <sup>4</sup>	14	61	202	337
	<b>236</b>	<b>331</b>	<b>1 602</b>	<b>1 570</b>

<sup>1</sup> Paul Copley was nominated to the Supervisory Board in August 2018. Because his appointment did not become final until the AGM held on 30 August 2019, he received fees for his services provided to the Group during that period as a consultant.

<sup>2</sup> David Pauker was nominated to the Supervisory Board in February 2019. Because his appointment did not become final until the AGM held on 30 August 2019, he received fees for this services provided to the Group during that period as a consultant.

<sup>3</sup> Resigned on 30 August 2019

<sup>4</sup> Resigned on 18 May 2020.



The remuneration paid to each of the current and former Supervisory Directors during the past five years, is set out in the table below.

Supervisory Directors	2020 €'000	2019 €'000	2018 €'000	2017 €'000	2016* €'000
Steve Booyesen <sup>10</sup>					
– Steinhoff International Holdings N.V.	–	155	175	170	66
– Other Group entities	–	42	29	–	–
Dave Brink <sup>12</sup>	–	–	–	–	46
Paul Copley <sup>9</sup>	190	113	14	–	–
Claas Daun <sup>5</sup>	–	–	46	110	42
Thierry Guibert <sup>4</sup>	–	–	34	100	34
Len Konar <sup>5</sup>	–	–	83	200	119
Khanyisile Kweyama <sup>1</sup>	152	143	70	–	–
Theunie Lategan <sup>5</sup>	–	–	65	155	58
Jannie Mouton <sup>12</sup>	–	–	–	–	25
Moira Moses <sup>1</sup>					
– Steinhoff International Holdings N.V.	243	162	73	–	–
– Other Group entities	24	30	–	–	–
Jayendra Naidoo <sup>3</sup>	–	–	29	54	–
Hugo Nelson <sup>1</sup>					
– Steinhoff International Holdings N.V.	179	155	73	–	–
– Other Group entities	23	–	–	–	–
David Pauker <sup>11</sup>					
– Steinhoff International Holdings N.V.	174	73	–	–	–
– Other Group entities	150	163	–	–	–
Heather Sonn <sup>13</sup>					
– Steinhoff International Holdings N.V.	202	337	285	100	34
– Other Group entities	14	61	29	–	–
Angela Krüger-Steinhoff <sup>10</sup>	–	107	111	100	27
Bruno Steinhoff <sup>5,7</sup>	–	–	338	450	563
Paul van der Bosch <sup>12</sup>	–	–	–	–	313
Johan van Zyl <sup>6</sup>	–	–	55	100	9
Peter Wakkie <sup>1</sup>	265	168	75	–	–
Alex Watson <sup>1</sup>					
– Steinhoff International Holdings N.V.	197	157	73	–	–
– Other Group entities	25	35	–	–	–
Christo Wiese <sup>2,8</sup>	–	–	257	1 764	1 981
Jacob Wiese <sup>2</sup>	–	–	21	100	9
	<b>1 838</b>	<b>1 901</b>	<b>1 935</b>	<b>3 403</b>	<b>3 326</b>

\* 15-month period

<sup>1</sup> Appointed on 20 April 2018.

<sup>2</sup> Resigned on 14 December 2017.

<sup>3</sup> Appointed on 14 March 2017, resigned on 18 January 2018.

<sup>4</sup> Resigned on 2 February 2018.

<sup>5</sup> Retired on 28 February 2018.

<sup>6</sup> Appointed 30 May 2016 and resigned on 17 April 2018.

<sup>7</sup> Paid to Bruno Steinhoff Beratungs-und Verwaltungs GmbH as management fees.

<sup>8</sup> Paid to various entities as management fees. These entities are Grene Properties Proprietary Limited, Chaircorp Proprietary Limited, Titan Financial Services Proprietary Limited and Toerama Proprietary Limited.

<sup>9</sup> Paul Copley was nominated to the Supervisory Board in August 2018. Because his appointment did not become final until the AGM held on 30 August 2019, he received fees for his services provided to the Group during that period as a consultant.

<sup>10</sup> Resigned on 30 August 2019.

<sup>11</sup> David Pauker was nominated to the Supervisory Board in February 2019. Because his appointment did not become final until the AGM held on 30 August 2019, he received fees for his services provided to the Group during that period as a consultant.

<sup>12</sup> Retired 30 May 2016.

<sup>13</sup> Resigned on 18 May 2020.

There were no rights to acquire shares in the capital of the Company nor any Subsidiary granted to any Supervisory Directors.

### Loans, advance payments or guarantees to Supervisory Directors

No loans, advance payments or guarantees were made to Supervisory Directors (or entities controlled by any of them) during the Reporting Period.

### Contracts with entities under the control of Supervisory Directors

There were no contracts with entities under the control of Supervisory Directors during the Reporting Period.

## PART 4: HIGHLIGHTS FROM THE PROPOSED MODIFICATION OF THE REMUNERATION POLICY FOR FINANCIAL YEAR 2021

As stated in the introduction of this Remuneration Report, the Company will submit a Remuneration Policy to the annual General Meeting to be held in 2021, which will – once adopted – be applicable as per the start of financial year 2021. With this proposed Remuneration Policy, the Committee has found a balance between the desire to more clearly align the interests of the Management Board with those of our stakeholders and to hold the Management Board and Senior Managers accountable for the successful delivery of the strategic plan versus its key responsibility to attract and retain high calibre Managing Director and Senior Managers who are willing to bear the personal risk and extreme workload in the current extraordinary circumstances. The Committee and the Supervisory Board deems it essential to ensure that Managing Directors and Senior Managers – of whom the majority took up their current roles during or after 2018 – are retained and remunerated adequately for the personal sacrifices and personal risk taken on by committing to the achievement of the 3-step strategy.

The complete version of the proposed Remuneration Policy will be included in the annexes to the agenda of the annual General Meeting to be held in 2021. Below, the highlights are provided, followed by a paragraph that indicates the anticipated changes to the Remuneration Policy once the 3-step strategy has been completed.

### Base salary

In determining fair and competitive base salaries that enable the Company to attract and retain the right calibre of executives, the

Supervisory Board takes into consideration the individual's responsibilities, Company and individual performance as well as the pay differentials within the Company. Finally, the external perspective is taken into account by using data issued by independent remuneration experts.

### Annual bonus

The annual bonus, or STI, will continue to be a performance related cash award. The objective of the annual performance related bonus is to incentivise and reward strong short-term operational, financial and personal performance as well as the implementation of strategic initiatives. The Remuneration Policy requires the Supervisory Board to set performance conditions on an individual basis at or before the beginning of the relevant financial year. The annual bonus is based on a percentage of the annual base salary.

For the period during which the 3-step strategy is being completed, the KPIs for the annual bonus will predominantly be focusing on:

- Business continuation, operational optimisation and balance sheet restructuring
- Financial reporting
- Group litigation
- Stakeholder interaction

### Long-term incentive

As indicated in the previous sections as well, the Supervisory Board believes it is in the best interest of the various stakeholders to ensure that the Company will be able to retain the Managing Directors and Senior Managers by remunerating them adequately for the personal sacrifices and personal risk taken on by committing to the achievement of the 3-step strategy. Therefore, the proposed LTI scheme will continue to consist of a cash-based LTI scheme with shorter vesting periods.

By doing this, retaining these key employees during (at least) the near term will optimise the longer-term opportunities for the Company. Moreover, it prevents windfall gains from potential future share price increase, since providing for a fair and competitive LTI award (to attract and retain the right calibre of executives) at this moment in time would result in an undesired large amount of Company shares to be allocated.

For the LTI award that will be made in a specific year, the following vesting schedule applies:

- 1/3rd will be paid out shortly after the end of year 1
- 1/3rd will be paid out shortly after the end of year 2
- 1/3rd will be paid out shortly after the end of year 3

The pay-out of each tranche is conditional upon meeting the following criteria:

- 50% of the pay-out is linked to continuous employment, which requires the Managing Director to be employed by the Company at the moment of pay-out, and
- 50% of the pay-out is linked to the achievement of the KPIs that are also used for the annual bonus scheme.

### Looking forward

It is the ambition of the Supervisory Board, the Management Board as well as all the other employees, to complete the 3-step strategy as successfully and timely as possible. Once this has been done, the Supervisory Board intends to revise the Remuneration Policy for the Management Board and optimally align it with the Company's future strategy and organisational size and structure, taking into consideration market best practices. Naturally, the Supervisory Board will submit such a revised Remuneration Policy to the General Meeting for approval.

The main characteristics of such a Remuneration Policy will likely be:

- A market competitive remuneration package, aligned with the size and scope of the Company at that point in time;
- A rebalanced remuneration mix, focusing on (longer-term) variable remuneration;
- A long-term incentive plan consisting of a proportionate conditional share award that could vest on the basis of one or more KPIs measured over a multiyear performance period;
- In order to enhance share ownership amongst Management Board members (and potentially senior executives), share ownership requirements might be introduced and/ or holding periods for vested shares might be incorporated.
- A policy that is aligned with best practice.



# PART V

## ANNEXURES

# SHARE STATISTICS

STOCK EXCHANGE	FSE	JSE
Stock symbol	SNH Xetra	SNH SJ
Listing type	Primary	Secondary
ISIN	NL0011375019	NL0011375019
Initial listing	Dec 2015	Sep 1998
Opening share price	€0.06	R0.98
Closing share price	€0.04	R0.70
Highest share price during period	€0.12	R2.05
Lowest share price during period	€0.04	R0.68
Volume traded during period (million)	2 920	1 904
Value traded during period (million)	€193	R1 691
Market capitalisation (million)	€150	R2 921
Number of shares in issue (million) <sup>1</sup>	4 172	4 172

<sup>1</sup>As at 30 September 2020, net of treasury shares.

# EXCHANGE RATES

	AVERAGE TRANSLATION RATE			CLOSING TRANSLATION RATE		
	FY20	FY19	% change	30 September 2020	30 September 2019	% change
EUR:ZAR	18.1836	16.1733	12.4	19.7092	16.5576	19.0
EUR:PLN	4.3883	4.3007	2.0	4.5462	4.3782	3.8
EUR:GBP	0.8790	0.8844	(0.6)	0.9124	0.8857	3.0
EUR:AUD	1.6522	1.6033	3.0	1.6438	1.6126	1.9
EUR:USD	1.1206	1.1281	(0.7)	1.1708	1.0889	7.5
EUR:CHF	1.0751	1.1225	(4.2)	1.0804	1.0847	(0.4)

# FINANCIAL CALENDAR

Q1 Trading update – quarter ended 31 December 2020	Friday, 26 February 2021
2021 Annual general meeting	Friday, 30 April 2021
2021 Half-year results	Friday, 25 June 2021
Q3 Trading update – quarter ended 30 June 2021	Friday, 27 August 2021

# CORPORATE AND CONTACT INFORMATION

## Registration number

63570173

## Registered office

Building B2  
Vineyard Office Park  
Cnr Adam Tas & Devon Valley Road  
Stellenbosch 7600  
South Africa

## Website

[www.steinhoffinternational.com](http://www.steinhoffinternational.com)

## Auditors

Mazars Accountants N.V.  
(License number 13000408)  
Watermanweg 80  
3067 GG Rotterdam  
The Netherlands  
(PO Box 23123, 3001 KC Rotterdam, The Netherlands)

## Company secretary

Sarah Radema

## South African sponsor

PSG Capital Proprietary Limited  
(Registration number 2006/015817/07)  
1st Floor, Ou Kollege Building  
35 Kerk Street  
Stellenbosch 7600  
(PO Box 7403, Stellenbosch 7599)

## South African transfer secretaries

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Rosebank Towers, 15 Biermann Avenue  
Rosebank 2196  
(Private Bag X9000, Saxonwold 2132)

## Commercial banks

Standard Corporate and Merchant Bank  
(A division of The Standard Bank of South Africa Limited)  
(Registration number 1962/000738/06)  
Ground Floor, 3 Simmonds Street  
Johannesburg 2001  
(PO Box 61150, Marshalltown 2107)

In addition, the group has commercial facilities with various other banking and financial institutions worldwide.

# CAUTIONARY NOTICE

This Annual Report contains forward-looking statements, which do not refer to historical facts but refer to expectations based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those included in such statements.

Many of these risks and uncertainties relate to factors that are beyond Steinhoff's ability to control or estimate precisely, including but not limited to, Steinhoff's ability to successfully implement and complete its plans and strategies and to meet its targets, the benefits

from Steinhoff's plans and strategies being less than anticipated, the effect of general economic or political conditions, Steinhoff's ability to retain and attract employees who are integral to the success of the business, business and IT continuity, collective bargaining, distinctiveness, competitive advantage and economic conditions, information security, legislative and regulatory environment and litigation risks, product safety, pension plan funding, strategic initiatives, responsible retailing, insurance, other financial risks, unforeseen tax liabilities and other factors discussed in this Annual

Report, in particular the paragraphs on how we manage risk and in Steinhoff's other public filings and disclosures.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report. Steinhoff does not assume any obligation to update any public information or forward-looking statement in this Annual Report to reflect events or circumstances after the date of this Annual Report, except as may be required by applicable laws.



# STEINHOFF INTERNATIONAL HOLDINGS N.V. FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

### FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Notes	2020 €m	Restated <sup>1</sup> 2019 €m
<b>Continuing operations</b>			
Revenue	3	7 899	8 069
Cost of sales <sup>2</sup>		(4 779)	(4 800)
<b>Gross profit</b>		<b>3 120</b>	<b>3 269</b>
Other income	4.1	49	99
Distribution expenses	4.3	(665)	(562)
Administration expenses	4.3	(2 030)	(2 255)
Other expenses	4.2	(1 401)	(330)
<b>Operating (loss)/profit</b>		<b>(927)</b>	<b>221</b>
Finance costs	5	(1 191)	(1 080)
Income from investments	5	74	78
Share in result of equity accounted companies	11.2	(7)	11
Impairment of equity accounted companies	11.2	(18)	–
<b>Loss before taxation</b>		<b>(2 069)</b>	<b>(770)</b>
Taxation	6.1	(123)	(143)
<b>Loss from continuing operations</b>		<b>(2 192)</b>	<b>(913)</b>
<b>Discontinued operations</b>			
Loss from discontinued operations	1.2	(174)	(931)
<b>Loss for the period</b>		<b>(2 366)</b>	<b>(1 844)</b>
<b>Loss attributable to:</b>			
Owners of Steinhoff N.V.		(2 272)	(1 622)
Non-controlling interests	30.1	(94)	(222)
<b>Loss for the period</b>		<b>(2 366)</b>	<b>(1 844)</b>
<b>Basic and diluted loss per share (cents)</b>			
From continuing operations	7	(51.5)	(23.4)
From discontinued operations	7	(3.2)	(15.7)
		<b>(54.7)</b>	<b>(39.1)</b>

<sup>1</sup> Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

<sup>2</sup> The material components of cost of sales comprises the cost of sales of inventory (€4.66 billion), import, customs and excise duties (€48 million), personnel cost (€44 million) and depreciation/amortisation (€27 million).

The accompanying notes form an integral part of the 2020 Consolidated Financial Statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Notes	2020 €m	Restated <sup>1</sup> 2019 €m
<b>Loss for the period</b>		(2 366)	(1 844)
<b>Other comprehensive (loss)/income</b>			
<i>Items that will not be reclassified subsequently to profit or loss (net of tax):</i>			
Net remeasurement adjustments on defined benefit plans		(37)	(17)
		(37)	(17)
<i>Items that may be reclassified subsequently to profit or loss (net of tax):</i>			
Net exchange losses on translation of foreign operations and translation of net investment in foreign operations <sup>2</sup>		(790)	(59)
FCTR and cash flow hedge reclassified to profit or loss on disposal of investment – Continuing operations	4.2.4	(1)	100
FCTR and cash flow hedge reclassified to profit or loss on disposal of investment – Discontinued operations	1.4	47	82
Net fair value gain on cash flow hedges and other assets and liabilities measured at fair value through other comprehensive income		10	2
Other comprehensive income of equity accounted companies	11.2	–	1
		(734)	126
<b>Total other comprehensive (loss)/income for the period</b>		(771)	109
<b>Total comprehensive loss for the period</b>		(3 137)	(1 735)
<b>Total comprehensive loss attributable to:</b>			
Owners of Steinhoff N.V.		(2 882)	(1 513)
Non-controlling interests		(255)	(222)
<b>Total comprehensive loss for the period</b>		(3 137)	(1 735)
<b>Total comprehensive loss attributable to owners of Steinhoff N.V. arises from:</b>			
Continuing operations		(2 793)	(662)
Discontinued operations		(89)	(851)
<b>Total comprehensive loss for the period</b>		(2 882)	(1 513)

<sup>1</sup> Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

<sup>2</sup> The net exchange loss recognised in Comprehensive Income during the 2020 Period resulted mostly from the translation of the Group's investment in its South African operations where there was a significant deterioration of the South African rand to the Euro.

The accompanying notes form an integral part of the 2020 Consolidated Financial Statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2020**

	Notes	30 September 2020 €m	30 September 2019 €m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	8	3 555	4 295
Intangible assets	8	1 312	1 676
Property, plant and equipment	9	683	1 352
Right-of-use assets	10	1 689	–
Investments in equity accounted companies	11	136	208
Other financial assets	12	425	332
Deferred tax assets	6.3	203	162
Trade and other receivables	13	4	9
		<b>8 007</b>	<b>8 034</b>
<b>Current assets</b>			
Inventories	15	1 250	2 130
Trade and other receivables	13	524	954
Taxation receivable	13.2	144	65
Other financial assets	12	–	178
Cash and cash equivalents	16	1 983	1 795
		<b>3 901</b>	<b>5 122</b>
Assets classified as held-for-sale and disposal groups	35	1 193	1 445
		<b>5 094</b>	<b>6 567</b>
<b>Total assets</b>		<b>13 101</b>	<b>14 601</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Ordinary share capital (net of treasury shares)	28	41	41
Share premium (net of treasury shares)	28	10 538	10 537
Other reserves		(1 855)	(1 230)
Accumulated losses		(13 999)	(11 719)
<b>Total equity attributable to owners of Steinhoff N.V.</b>		<b>(5 275)</b>	<b>(2 371)</b>
Non-controlling interests	30	1 084	1 273
<b>Total equity</b>		<b>(4 191)</b>	<b>(1 098)</b>
<b>Non-current liabilities</b>			
Borrowings	17.2	10 744	10 371
Employee benefits	22	64	133
Deferred tax liabilities	6.3	245	397
Provisions	23	24	118
Lease liabilities	18	1 620	–
Trade and other payables	19.1	2	49
		<b>12 699</b>	<b>11 068</b>
<b>Current liabilities</b>			
Trade and other payables	19.1	1 388	2 402
Taxation payable	19.2	295	216
Employee benefits	22	84	109
Provisions	23 & 24.3	1 082	290
Lease liabilities	18	411	–
Borrowings	17.2	700	999
		<b>3 960</b>	<b>4 016</b>
Liabilities directly associated with assets classified as held-for-sale and disposal groups	35	633	615
		<b>4 593</b>	<b>4 631</b>
<b>Total equity and liabilities</b>		<b>13 101</b>	<b>14 601</b>

The accompanying notes form an integral part of the 2020 Consolidated Financial Statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Notes	Ordinary share capital €m	Share premium €m	Treasury share capital €m	Treasury share premium €m
<b>Total equity at 1 October 2018</b>		2 155	8 801	(85)	(437)
Effect of adopting IFRS 9		-	-	-	-
Restated balance as at 1 October 2018		2 155	8 801	(85)	(437)
Loss for the period		-	-	-	-
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive (loss)/income for the period</b>		-	-	-	-
<b>Transactions with the owners in their capacity as owners</b>					
Net treasury shares purchased and attributed	28.5	-	-	4	(4)
Reduction of the nominal value of shares		(2 112)	2 112	79	(79)
Preference dividends		-	-	-	-
Ordinary dividends		-	-	-	-
Transactions with non-controlling interests without change in control		-	-	-	-
Share-based payments – Pepkor Africa ESRS	33.1.2	-	-	-	-
Share-based payments – Equity options on loan		-	-	-	-
Conforama warrants consideration	17.6 & 30.2	-	-	-	-
Preference shares redeemed (Mattress Firm restructure)		-	-	-	-
Transfer to share premium upon derecognition of the convertible bonds		-	144	-	-
Equity options to SSUK and Town Investments expire	28.5	-	(37)	-	37
Transfers to reserves relating to assets held-for-sale and disposal groups		-	-	-	-
<b>Total equity at 30 September 2019</b>		43	11 020	(2)	(483)
Effect of adopting IFRIC 23 <sup>6</sup>	37	-	-	-	-
Effect of adopting IFRS 16 <sup>4</sup>	37	-	-	-	-
<b>Restated balance as at 1 October 2019</b>		43	11 020	(2)	(483)
Loss for the period		-	-	-	-
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive loss for the period</b>		-	-	-	-
<b>Transactions with the owners in their capacity as owners</b>					
Preference dividends		-	-	-	-
Ordinary dividends <sup>1</sup>		-	-	-	-
Transactions with non-controlling interests without change in control		-	-	-	-
Pepkor Africa accelerated bookbuild and script dividend <sup>2</sup>	30	-	-	-	-
Other <sup>3</sup>		-	-	-	-
Net treasury shares sold		-	-	-	1
Attributable share of other reserves relating to equity accounting	11.2	-	-	-	-
Share-based payments – Pepkor Africa ESRS	33.1.2	-	-	-	-
<b>Total equity at 30 September 2020</b>		43	11 020	(2)	(482)

<sup>1</sup> Ordinary dividends to non-controlling interest during the Reporting Period relates to Sherwood USD11 million (€10 million) and Pepkor Africa ZAR209 million (€11.5 million) of which ZAR75 million (€4 million) was paid in cash and ZAR134 million (€7.5 million) was a script dividend.

<sup>2</sup> Pepkor Africa issued 172,500,000 new ordinary no par value shares through an accelerated bookbuild for ZAR1.898 billion (€105 million). The script dividend to non-controlling interest was where shareholders did not elect the alternative cash dividend and were entitled to 1.22426 shares for every 100 Pepkor Africa shares held.

<sup>3</sup> The Group bought the minorities out for Mons Bella Private Partner Investments Proprietary Limited (the holding company of IEP associate) for ZAR72 million (€4 million) as well as Sherwood (note 1).

<sup>4</sup> The Group applied IFRS 16 using the modified retrospective approach, by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity on date of initial application on 1 October 2019 (refer to note 37).

<sup>5</sup> The value of the main component of sundry reserves is: Actuarial gains reserve €95 million (2019: €54 million).

<sup>6</sup> The Group has elected to apply IFRIC 23 retrospectively with the cumulative effect of initially applying IFRIC 23 recognised as an adjustment to opening accumulated losses on 1 October 2019 (refer to note 37).

Refer to note 27 for description of nature and purpose of each reserve.

The accompanying notes form an integral part of the 2020 Consolidated Financial Statements.

Accumulated losses €m	Equity component of convertible bonds €m	FCTR €m	Share-based payment reserve €m	Excess of consideration (paid to)/ received from non-controlling interest €m	Sundry reserves <sup>5</sup> €m	Total ordinary equity attributable to owners of Steinhoff N.V. €m	Non-controlling interests €m	Total €m
(9 778)	144	(1 148)	14	(154)	(33)	(521)	1 162	641
(58)	-	-	-	-	-	(58)	-	(58)
(9 836)	144	(1 148)	14	(154)	(33)	(579)	1 162	583
(1 622)	-	-	-	-	-	(1 622)	(222)	(1 844)
-	-	123	-	-	(14)	109	-	109
(1 622)	-	123	-	-	(14)	(1 513)	(222)	(1 735)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(8)	(8)
-	-	-	-	-	-	-	(19)	(19)
-	-	-	-	-	-	-	(5)	(5)
-	-	-	7	-	-	7	-	7
-	-	-	1	-	-	1	-	1
(322)	-	-	-	-	-	(322)	400	78
33	-	-	-	-	-	33	(33)	-
-	(144)	-	-	-	-	-	-	-
14	-	-	(14)	-	-	-	-	-
14	-	-	-	(12)	-	2	(2)	-
(11 719)	-	(1 025)	8	(166)	(47)	(2 371)	1 273	(1 098)
98	-	-	-	-	-	98	-	98
(78)	-	-	-	-	-	(78)	(46)	(124)
(11 699)	-	(1 025)	8	(166)	(47)	(2 351)	1 227	(1 124)
(2 272)	-	-	-	-	-	(2 272)	(94)	(2 366)
-	-	(583)	-	-	(27)	(610)	(161)	(771)
(2 272)	-	(583)	-	-	(27)	(2 882)	(255)	(3 137)
-	-	-	-	-	-	-	(6)	(6)
-	-	-	-	-	-	-	(21)	(21)
(28)	-	(7)	-	-	-	(35)	139	104
(32)	-	(7)	-	-	-	(39)	147	108
4	-	-	-	-	-	4	(8)	(4)
-	-	-	-	-	-	1	-	1
-	-	-	-	-	(15)	(15)	-	(15)
-	-	-	7	-	-	7	-	7
(13 999)	-	(1 615)	15	(166)	(89)	(5 275)	1 084	(4 191)



**CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	Notes	2020 €m	2019 €m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from/(utilised in) operations	25.1	1 171	(152)
Dividends received	11.2	–	37
Ordinary dividends paid		(14)	(19)
Preference dividends paid		(6)	(8)
Interest received		44	60
Interest relating to leases	18	(133)	–
Interest paid	5 & 17.2	(139)	(152)
Taxation paid		(116)	(284)
Net cash inflow/(outflow) from operating activities		807	(518)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment and investment property	9	(239)	(308)
Proceeds on disposal of property, plant and equipment and intangible assets	8 & 9	93	191
Additions to property, plant and equipment and investment property included under held-for-sale		(69)	–
Proceeds on disposal of property, plant and equipment included under held for sale		310	–
Additions to intangible assets	8	(64)	(41)
Proceeds from disposal of group companies <sup>1</sup>		–	397
Acquisition of subsidiaries and businesses, net of cash on hand at acquisition	26	(3)	–
Disposal of businesses net of cash	1.4	543	(99)
Proceeds from the disposal of investments in equity accounted companies			
KAP	11.5	–	293
POCO	1.4	–	271
Cofel SAS	11.5	19	–
Payments for investments in equity accounted companies	11.3	(1)	(3)
Payments for other investments and loans		–	23
Net cash inflow from investing activities		589	724
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from sale of treasury shares, net of transaction costs		2	–
Transaction with non-controlling interest (Pepkor Africa shares issued)	30.2	104	–
Net shares bought from non-controlling interests	30.2	(4)	–
Payment of lease commitments	18.1	(428)	–
Repayments of borrowings	17.2	(1 196)	(824)
Proceeds from borrowings <sup>2</sup>	17.2	426	1 004
Net cash (outflow)/inflow from financing activities		(1 096)	180
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Effects of exchange rate translations on cash and cash equivalents		(85)	190
Cash and cash equivalents at beginning of the period		1 951	1 375
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>2 166</b>	<b>1 951</b>
<b>Reconciliation of Cash and Cash Equivalents at end of period</b>			
Cash and cash equivalents	16	1 983	1 795
Cash and cash equivalents held-for-sale	35	183	156
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>2 166</b>	<b>1 951</b>

<sup>1</sup> Kika-Leiner was sold during the 2018 Reporting Period, the proceeds were received during the 2019 Reporting Period.

<sup>2</sup> The proceeds from borrowings during the 2019 Reporting Period includes the net draw down of Mattress Firm on a four-year exit facility term loan in the original principal amount of USD400 million, a portion of which was used to repay the debtor-in-possession facilities, subsequently the Group loss control of Mattress Firm.

The accompanying notes form an integral part of the 2020 Consolidated Financial Statements.

# BASIS OF PREPARATION

## FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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### REPORTING ENTITY

Steinhoff N.V. is a public limited liability company registered with the Trade Register in the Netherlands under number 63570173, with tax residency in South Africa. The Company has a primary listing on the FSE with a secondary listing on the JSE. The Consolidated Financial Statements of Steinhoff International Holdings N.V. for the period ended 30 September 2020 comprise the Group and the Group's interest in equity accounted companies. The Group is primarily a global holding company with investments in retail businesses. The Group operates in Africa, Australasia, Europe, the United Kingdom and the United States of America.

Refer to the Annexure 1: Glossary of Terms applicable to this report.

### BASIS OF PREPARATION

#### Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with IFRS, as adopted by the EU, and also comply with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. All standards and interpretations issued by the IASB and the IFRIC, effective for periods starting on 1 October 2019, have been endorsed by the EU. Where necessary, adjustments have been made to the financial results of all Group entities to ensure compliance with Group accounting policies.

Accounting policies set out here have been applied consistently to all periods presented and are consistent with policies applied in previous accounting periods, except for the adoption of IFRS 16 and IFRIC 23.

All new accounting standards that became effective in the current reporting period have been applied.

Refer to note 37 for details on the changes in accounting policies.

#### Historical cost convention

The financial statements are prepared under the historical cost convention adjusted for the effects of inflation where entities operate in hyperinflationary economies and for the revaluation of certain financial instruments to fair value.

#### Presentation and functional currency

Unless otherwise indicated, the consolidated and separate financial statements are prepared on the accrual basis in millions of Euro (€m). The Euro is the Group's presentation currency and the Company's functional currency.

#### Going concern

In determining the appropriate basis of preparation of the 2020 Consolidated Financial Statements, the Management Board is required to consider whether the Group and the Company can continue in operational existence for the foreseeable future.

At the time of signing these financial statements, the Board has a reasonable expectation that the Group has sufficient resources to continue in operation for the foreseeable future, which is not less than twelve months from the date of authorisation of these 2020 Consolidated Financial Statements.

In doing so the Board has considered the impact of the provision for the global Litigation Settlement Proposal, the extension of the maturity date of the debt, and reasonable downside sensitivities including assessing the impacts of the COVID-19 global pandemic on the going concern position.

### Going concern (continued)

The Management Board draws shareholders' attention to the following critical assumptions that are key in arriving at the forecast cash flows, namely:

#### Litigation and Regulation

Various entities within the Group, are subject to multiple legal claims and regulatory investigations. Steinhoff N.V. and SIHPL have received several shareholder and vendor claims and notices of regulatory investigation. These legal proceedings and regulatory investigations have been initiated subsequent to the December 2017 events. The Management Board, assisted by the Litigation Working Group, and in consultation with the Group's legal advisors, continue to assess the merits of, and responses to, these claims, and provide feedback to the relevant regulatory bodies. Several initial defences have already been filed by the Group, in these legal proceedings.

On 27 July 2020, the Group announced the terms of a proposed settlement to conclude the ongoing and disputed legal claims and pending litigation proceedings arising from the legacy accounting issues first announced in December 2017. On 15 February 2021 the Group initiated the legal processes required to implement this global settlement.

As part of the global Litigation Settlement Proposal, the Management Board has made the following key assumptions:

- That it is more likely than not that the global Litigation Settlement Proposal will be successful and for this reason the Litigation Settlement Proposal provision of €943 million has been raised in the results of the Group, representing management's best estimate of the outflow of resources required to settle the legal claims of all market purchase claimants and contractual claims included the Litigation Settlement Proposal. For further detail of these claims, refer to note 24.3 Contingent assets and liabilities and other litigation;
- As announced on 5 February 2021, following careful consideration of the options, the Boards of Steinhoff N.V. have concluded that Steinhoff N.V. will seek a Dutch SoP to assist with the implementation of the global Litigation Settlement Proposal. On 15 February 2021, the Amsterdam District Court approved Steinhoff N.V.'s application for the opening of a Dutch SoP in respect of Steinhoff N.V. The appointed administrators, as part of the Dutch SoP process, do not gain control of Steinhoff N.V. during this process and the Management Board retains control over its underlying investments throughout the process. The Dutch SoP process will not directly affect any of the other entities in the Group nor any of its operating businesses;
- As announced on 5 February 2021 the English High Court delivered judgment in the Steinhoff N.V. scheme of arrangement proceedings granting the sanction order in the terms sought by Steinhoff N.V. As part of the implementation steps, it is expected that the Group's creditors will provide consent to the interim term extension for the maturity date of outstanding debt from December 2021 to December 2022 (12 months' interim extension), as only a simple majority creditor's vote is required. The majority of the Group's creditors have already expressed their support in this regard. A further term extension could be granted, initially to 30 June 2023, with a further 6 months extension to 31 December 2023, subject to the successful implementation of the global Litigation Settlement Proposal. No cash interest is payable during this period, as interest will accrue and is only payable when the debt matures, providing the Group with a period in which it can concentrate on reducing debt and restoring value. Management is confident that both extension options will be granted and the necessary consents obtained.

The Group and the Company's cash flow forecasts are adjusted for:

- the impact of the Litigation Settlement Proposal as initially announced on 27 July 2020 and updated on 16 February 2021 by Steinhoff N.V. and detailed in note 24.3 of these 2020 Consolidated Financial Statements; and
- the impact of the interim term extension option of the debt maturity date from 31 December 2021 to 31 December 2022.

#### COVID-19

The COVID-19 pandemic has had a material impact on the Group's retail businesses, most notably from mid-March 2020 when lockdowns were initiated in Europe and South Africa. In mid-March management acted swiftly to implement a definitive COVID-19 response strategy. Initially, this focused on ensuring employee and customer safety, securing liquidity and preserving and maximising the Group's cash position. Thereafter, attention turned to the actions necessary to return to a more normal trading position, particularly with regard to enhanced online trading (where regulations allowed), securing seasonal inventory, and to positioning the businesses to take advantage of the longer term opportunities resulting from the changed competitive environment.

Throughout this period, the safety of our employees and customers has been paramount. Significant operational changes have been made in our stores and offices including personal protective equipment provision where relevant for colleagues and customers, the installation of Perspex screens at till points, introduction of sanitisation stations, adoption of rigorous social distancing practices and encouraging payment by card. All of this has been achieved while adhering strictly to country specific government regulations and has required clear communication to our customers. By the end of June 2020 almost all stores had reopened.

These measures resulted in the partial or full closure of many of the Group's general merchandise stores, or restrictions on trading hours, and the closure of offices. While trading has been better than expected, since reopening, as stores benefited from pent-up demand and a focus on home furnishings, the sustainability of this demand remains uncertain.

The Group's main trading subsidiaries, with their more resilient and defensive discount and value offering, are, however, confident that they are well positioned to gain market share in the post-COVID-19 'new economy'. The global COVID-19 picture remains a dynamic situation. Subsequent to the 2020 Reporting Period during the autumn/winter in the northern hemisphere many countries in Europe tightened restrictions or reimposed lock downs which impacted on store operations and trading hours.

### Going concern (continued)

#### COVID-19 (continued)

Based on the Group's cash flow forecasts and financial projections, alongside assessment of a robust set of plausible but aggressive downside stress test scenarios, the Management Board is satisfied that the Group will be able to operate within the levels of its facilities and resources for the foreseeable future.

#### Conclusion

While there are still a number of processes that have to be followed and hurdles that need to be crossed in this extremely challenging and complex Litigation Settlement Proposal, the Management Board believes that as a result of the progress that has been made to date in obtaining the necessary related creditor and other regulatory and legal approvals, combined with the Management Board's assessment that the offer is in the best interest of all stakeholders, that it is more likely than not that the global Litigation Settlement Proposal will succeed and the required regulatory approvals will be obtained, and therefore the Group and the Company remains a going concern for the 12 month period following the date of issue of these 2020 Consolidated Financial Statements.

In determining the appropriate basis of preparation of these 2020 Consolidated Financial Statements, the Management Board is required to consider whether the Group can continue in operational existence for the foreseeable future. The Management Board draws attention to the following facts (in the 2020 Consolidated Financial Statements):

- At 30 September 2020, the Group's current assets exceed its current liabilities;
- At 30 September 2020, the Group's total liabilities exceed its total assets and there is uncertainty regarding the Group's ultimate ability to settle its long-term debts;
- Until the Litigation Settlement Proposal is accepted by all parties and becomes effective uncertainty regarding the success thereof and the impact on going concern will remain;
- Even though the boards embarked on the Dutch SoP, this does not impact the liquidity of the Group and the boards still plan to recover the assets and settle the debt in the normal course of business. The Dutch SoP procedure will not directly affect any of the operating businesses in the Steinhoff Group; and
- that the matters as discussed above, therefore cast significant doubt upon the Company and Group's ability to continue as a going concern beyond the foreseeable future.

The Management Board has adopted the going concern basis in preparing these 2020 Consolidated Financial Statements. Furthermore, the Group and Company's cash flow forecast indicate that both the Group and the Company can, based on certain critical assumptions, continue in operational existence for the foreseeable future, namely for 12 months after the date of authorisation.

Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position including the response to COVID-19, is set out throughout the Management Board report.

## AREAS OF CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of Consolidated Financial Statements requires management to make judgements and estimates that affect the application of accounting policies and the reported values of assets, liabilities, income and expenses. Actual results may differ from these estimates. Judgements have been made after taking into account all currently available information, but these could change if additional relevant information comes to light.

Critical accounting estimates are those that involve complex or subjective judgements or assumptions.

Judgements	Note reference
Going concern assumption	Basis of preparation
Consolidation decisions	

Management's assessment of whether the Group controls/controlled the following entities required significant judgements.

Main Group	Entities related to subsidiaries of the Main Group	Treated as controlled	Note reference
Newco 3 Group		Yes	Basis of preparation
	Pepco Group	Yes	Basis of preparation
	APAC Holdco Limited and its subsidiaries	Yes	Basis of preparation
	Conforama Group*	Yes	Refer below

\* Principal subsidiaries are those identified by management as contributing materially to the consolidated results or financial position of the Group.

In preparing these Consolidated Financial Statements, Steinhoff N.V. had to conclude whether or not it had control over certain entities following various governance structure changes resulting from the restructuring transactions. Concluding that the Group controls Newco 3 resulted in the full consolidation and disclosure of its debt, assets, cash flow and operating results.

Prior to the implementation of the CVA, management had two options, either to place the Group into liquidation, which would have been value destructive and would not have provided the optimal value preservation in the circumstances for all stakeholders, or to pursue a debt and business restructuring process by entering into agreements with its lenders to ensure that value preservation and maximisation in the underlying assets is achieved as a common objective for all stakeholders.

The Group engaged in tireless negotiations with its lenders, bondholders and other financial creditors to restructure its finances. These rigorously negotiated agreements resulted in extensive protective rights being provided to the creditors to address historical shortcomings in governance and to improve standards of independence and disclosure. These protective rights are not in the normal course of business and are due to historical extraordinary circumstances. The Company has setup intermediate holding companies whose purpose, design and relevant activities will include acting as an intermediate holding company for the Newco 3 group in the management of its investments, the resolution of the legacy issues within the Newco 3 group, the repayment of the restructured financial debt and the selection of assets for disposal on appropriate terms. As part of the nomination rights that the creditors have agreed with the Company, the creditors have nominated certain individuals to be considered for appointment by Steinhoff N.V. as directors. These individuals are considered to have the skillset to help oversee the restructure and pay down the debt in an orderly manner thereby extracting greater value out of the assets. The assets and liabilities within Newco 3 represent a substantial portion of the Group.

Although the independent directors represent a majority of the board of Newco 3, being a key body in determining the path to repaying the Group's debt (which is the purpose with which they have been tasked), the Management Board in concluding that the Group controls Newco 3 has considered various factors surrounding the shareholding and governance structures of Newco 3 and determined that:

- The Company, in consultation with its creditors, has designed the purpose of the entity;
- The Company has oversight, involvement, and the ability to affect change in the course of this intermediate holding company;
- The creditor-nominated directors are independent professionals and have no obligation to act in accordance with instructions from creditors and have been nominated based on their skillset relevant to the purpose of the Newco 3 group; and their independence from the legacy issues of Steinhoff N.V.;
- Steinhoff N.V. has the appointment right of the directors on the newly constituted boards;
- Steinhoff N.V. has the legal right to remove these directors. Where a creditor nominated director is removed as a director by the shareholder, the consequences are governed by protective rights included in the facilities agreements.
- These protective rights allow Steinhoff N.V. to dismiss the creditor nominated director with cause, if dismissed without cause then it creates a potential event of default. This leaves a broad discretion with Steinhoff N.V. in exercising its power of dismissal. This includes the ability to dismiss a director who does not act with regard to the interests of the company and its stakeholders generally. Legally the dismissal rights are not diminished due to potential consequences.

## AREAS OF CRITICAL JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued):	Note reference
<b>Consolidation decisions (continued)</b>	
Newco 3 Group (continued)	
<ul style="list-style-type: none"> <li>The debt is the Company's, and the debt has not been extinguished;</li> <li>The Company has an overall guarantee for the Newco 3 group of entities, refer to the separate financial statements and the accounting treatment of the underlying CPU's;</li> <li>The Company still holds 100% of Newco 3's ordinary shares;</li> <li>The Company is accountable for the success of the overall restructuring and therefore has built-in additional ways to influence the outcome despite the design of the entity and the assignment of directors;</li> <li>The composition of the body of creditors shifts over time and the creditors do not operate as a single block;</li> <li>The relevant board of directors do not act on their own behalf and neither do they act only on behalf of the lenders who nominated them. They act on behalf of the company and therefore need to act on behalf of all stakeholders of the company irrespective of who nominated them;</li> <li>The governance rights agreed to by the Group are to ensure that the creditors' interests are protected. Given the significant level of debt, the creditors have been given significantly more protection rights than usual;</li> <li>The Group has the power to direct the relevant activities through the strategic roadmap provided to these boards as part of the restructure process, in a way that is consistent with the wider Group strategy.</li> </ul>	
<p>The Group is fully exposed to the losses of this group of companies and the Group is directing the group wide process of recovering the maximum value for all stakeholders across the whole group. The Management Board has weighed the facts and circumstances as set out above and believes that the Company maintains control of Newco 3 and should therefore continue to consolidate Newco 3, resulting in the debt and underlying assets remaining on its balance sheet.</p>	

Main Group	Entities related to/subsidiaries of the Main Group	Treated as controlled	Note reference
Conforama Group		Yes	Basis of preparation
	Conforama Investissement SNC	Yes	Basis of preparation
	Conforama Développement SASU	Yes	Basis of preparation
	Conforama Holding SA	Yes	Basis of preparation

The French Commercial Court of Meaux, on 11 April 2019, approved an amicable restructuring agreement entered into between Conforama Group and its creditors, as part of a French law "conciliation" process which provided the framework for the refinancing negotiations. This ruling allowed Conforama Group to implement its financial restructuring. The Conforama Group restructuring resulted in a governance structure being set up in a way that supported the Group's objective of maximizing the recovery for all stakeholders and were instituted with agreement of the Group (via Newco 3) and in a way that was consistent with the objective of the entire Group. At the Reporting Date, the Group has retained its indirect equity ownership of 99.99% of the ordinary shares although the group structure has changed.

The key terms of the financial restructuring included:

- A total nominal value of €316 million new money financing consisting of Tranche A Bonds to the amount of €205 million issued on 15 April 2019 and 111 million Tranche B Bonds at a nominal value of €1 per bond which remain unissued;
- One golden share named "Class 1 Preference Share" (the "Golden Share") was created on 3 April 2019. It was initially owned by Conforama Investissement and was transferred on 15 April 2019 to Equities Gestion acting as trustee under a trust agreement in relation to the Golden Share, also dated 15 April 2019. Pursuant to the terms and conditions of the Golden Share, the specific rights attached to it (including veto rights and the right to direct the appointment of more than half of the board members) are conditional upon the occurrence of a "Triggering Event", i.e., the opening of insolvency/pre-insolvency proceedings and/or an event of default under the Conforama Group finance documents. The Triggering Event would ultimately lead to the activation of a new governance structure; and
- Conforama Holding SA also issued on 29 May 2019 a total of 205,242,947 warrants (the "Warrants") which, if and when exercised, are "convertible" into 205,242,947 Class 2 Preference Shares. Pursuant to their terms and conditions, the Warrants may only be exercised within a certain period of time before the occurrence of an "Exercise Event". An Exercise Event is the occurrence of any of the following:
  - any distribution of any nature whatsoever made from time to time by Conforama Holding SA for the benefit of its shareholders;
  - a listing, partial exit or change of control within the meaning given to these terms on the terms and conditions;
  - any voluntary or judicial liquidation of Conforama Holding SA; or
  - the date which is six months prior to 29 May 2029.

## AREAS OF CRITICAL JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued):	Note reference
<b>Consolidation decisions (continued)</b>	
Conforama Group (continued)	
<p>If all the Warrants were to be exercised (which is an individual decision to be made by each holder of Warrants during the relevant Exercise Period), they are “convertible” into 205,242,947 Class 2 Preference Shares. Class 2 Preference Shares bear significant financial rights, as they together give right by priority to 49.90% of all shareholders’ proceeds in case of a distribution, exit or liquidation. However, each Class 2 Preference Share bears only one voting right, and therefore the potential exercise of all Warrants would have little impact per se on the allocation of voting powers within the company. In particular, Conforama Développement SASU would continue holding more than 99% of the ordinary shares issued by Conforama Holding SA.</p> <p>At the 2020 Reporting Date and up to the date of release of the 2020 Consolidated Financial Statements, no such Triggering Event had occurred; therefore, the Golden Share (and the rights attached thereto) was disregarded for control assessment purposes. Similarly, the Warrants, even though issued, are neither exercised nor exercisable; therefore, the Warrants and the rights attached thereto, were also disregarded for control assessment purposes. The triggering of the Golden Share and the exercise of the Warrants are not linked. The issuance of the Warrants would not result in the loss of control but only provide a financial right to the warrant holder to 49.90% of all shareholders’ proceeds in case of a distribution, exit or liquidation. Any future Triggering Event attached to the Golden Share, may result in Newco 3 losing control of Conforama Group and will have to be assessed at that time as new governance requirements would be introduced.</p> <p>The Group has the ability to appoint all the directors through Newco 3, with the CEO being appointed by the other four Conforama board members. Two of the directors are nominated by the creditors who hold the Warrants.</p> <p>The creditor-nominated directors must be independent from the creditors and are only appointed with the support of the Group. The Group has the right to dismiss all the directors without cause, although there may be repercussions unless there is evidence that the directors were not fulfilling their fiduciary duty to act in the best interest of Conforama Group, and they would have to be replaced with creditor nominated directors if applicable.</p> <p>In reaching the abovementioned conclusion, it is based on the critical judgement that the Group controls Newco 3.</p> <p>Further consideration was given on whether the Warrants issued on 29 May 2019 should be recognised as a non-controlling interest in the Group’s Consolidated Financial Statements.</p> <p>The Warrants, if and when exercised, are “convertible” into 205,242,947 Class 2 Preference Shares. The Class 2 Preference Shares provide the holders thereof the right to 49.9% of dividends (declared at Conforama Group’s discretion) as well as to a proportion of the net liquidation proceeds in the event that Conforama Group is liquidated. The Class 2 Preference Shareholders’ right to net liquidation proceeds is on substantially the same terms as the ordinary shareholders (i.e. net liquidation proceeds will first be employed to settle the par value of the shares held by all the shareholders pro rata to their stake in Conforama Group’s share capital, following which the remainder will be settled to the ordinary and the Class 2 Preference Shareholders based on the dividend portion formula).</p> <p>The Class 2 Preference Shares will therefore be classified as a non-controlling interest in the Group’s Consolidated Financial Statements as it provides the holders thereof the right to the equity of Conforama Holding SA.</p> <p>As it has been determined that the Class 2 Preference Shares will be classified as a non-controlling interest in the Consolidated Financial Statements, consideration should be given to whether the unexercised Warrants will also be classified as a non-controlling interest.</p> <p>Based on the terms governing the exercise of the Warrants, the Warrants will be exercised once any form of equity return is provided to the ordinary shareholders (i.e. a dividend distribution of any form and/or net liquidation proceeds from a liquidation event) and mandatorily by 29 May 2029 if not yet exercised by such date. The Warrants therefore provide the holders thereof with the right to equity returns from issuance date and not only from the date that the Warrants are exercised. This would therefore result in the issued Warrants being classified as a non-controlling interest from issuance date.”</p> <p>Management has therefore determined that 49.9% of Conforama Group’s equity should be attributed to non-controlling interest.</p> <p>The non-controlling interest of the Conforama Group is still the subject of lawsuits. Management has therefore considered the information available, despite ongoing uncertainty in certain areas, and determined that no percentage should be attributed to non-controlling interest relating to the lawsuits, a litigation provision has however been raised for €100 million.</p> <p>On 8 July 2020 the Group announced the disposal of Conforama France and 18 properties to Mobilux Sàrl (“Mobilux”) for €70 million. Following the disposal, Conforama France received €500 million of new financing in a combination of state- guaranteed loans and funding from Mobilux. Following the sale of Conforama France it was no longer required to issue the Tranche B Bonds.</p> <p>In a separate and unrelated transaction on 13 July 2020, the Group concluded an agreement to dispose of Conforama Suisse SA to a Swiss group of private investors for an agreed price of eight times EBITDA, €229 million. These proceeds were used to fully repay the loans from Tikehau Capital and part of the senior secured bonds.</p> <p>The Group has embarked on a process to dispose the remaining Conforama Group businesses during the 2021 Reporting Period and proceeds will be used to repay the senior secured bonds in full.</p> <p>It is management’s assessment that Conforama has met the classification of held-for-sale during the 2020 Reporting Period.</p>	



## AREAS OF CRITICAL JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued):	Note reference
Consolidation decisions (continued)	
<b>Entity</b>	<b>Note reference</b>
Conforama: non-controlling interest attributable to Seifert entities	Note 23.3 & 30
Recoverability of financial and other assets	Note 12
Recognition and derecognition of liabilities	Note 17
Recognition and measurement of provisions (including Litigation Settlement Proposal)	Note 23 & 24.3
Correct classification and completeness of contingent liabilities	Note 24
Correct classification of disposal groups and non-current assets held-for-sale	Note 35
Correct classification and completeness of liabilities and events occurring after the Reporting Period	Note 24 & 36
<b>Estimates</b>	<b>Note reference</b>
Estimation of uncertain tax positions	Note 6
Estimation of future taxable profits in support of recognition of deferred taxation assets	Note 6
Estimation of inputs into discounted cash flow models relating to the impairment of goodwill	Note 8
Estimation of inputs into discounted cash flow models relating to the impairment of intangible assets	Note 8
Estimation of the useful life of intangible assets	Note 8
Estimation of the recoverable amount and fair value of properties	Note 9
Estimation of the useful life and residual values of buildings	Note 9
Estimation of the fair value less cost of disposal for non-current assets held-for-sale of disposal groups	Note 1 & 35
Estimation of provision to be raised for the Litigation Settlement Proposal	Note 24.3
Estimation of fair value of identifiable assets and liabilities impacting the measurement of goodwill in a business combination	Note 26
Estimation of vesting conditions relating to share-based payments	Note 33
Estimation in determining the lease terms and discount rates applicable to lease agreements	Note 10 & 18

## AREAS OF CRITICAL JUDGEMENTS AND ESTIMATES (CONTINUED)

### Accounting policy elections

The following significant accounting policy elections have been made by the Group:

Area	Details
<b>Transitions</b>	
IFRS 16: Leases	The Group has elected to apply IFRS 16 using the modified retrospective approach by recognising the cumulative effect, if any, of initially applying IFRS 16 as an adjustment to opening balance of equity at 1 October 2019.
IFRIC 23: Uncertainty over Income Tax Treatments	The Group has elected to apply IFRIC 23 retrospectively with the cumulative effect of initially applying IFRIC 23 recognised as an adjustment to opening accumulated losses on 1 October 2019, therefore comparative information for the 2019 Reporting Period has not been restated.
<b>Statement of profit or loss</b>	
Income from investments	The Group has elected to present income from investments separately on the face of the statement of profit or loss. Income from investments comprise finance income and dividend income.
Discontinued operations	The Group has elected to present the detail of the profit or loss of discontinued operations in a separate note instead of on the face of the statement of profit or loss.  <b>Inter-company transactions between continuing and discontinued operations</b> Inter-company transactions and balances between continuing and discontinued operations are eliminated within both continuing and discontinued operations. The inter-company eliminations are added back as reconciling items for segmental reporting to present the reportable segments prior to the inter-company eliminations as this more closely reflects the trading conditions within each reportable segment.
<b>Statement of financial position</b>	
Investment properties	The Group has elected to measure all investment properties using the cost model.
Owner-occupied properties	The Group has elected to measure all owner-occupied properties using the cost model.
Intangible assets	The Group has elected to measure all intangible assets using the cost model.
<b>Statement of cash flows</b>	
Interest paid and received	The Group views interest paid and received as operating activities as these are largely incurred in the funding of operations.
Dividends paid and received	The Group discloses dividends paid and received as operating activities as this demonstrates the Group's ability to pay dividends out of operating cash flows.
Discontinued operations	The Group has elected not to disaggregate cash flows from discontinued operations in the statement of cash flows. The detail of the main components of cash flow from discontinued operations are disclosed in the notes to the financial statements.
Basis of preparation – Cash flows	The Group has elected to present the cash flows using the indirect method. The indirect method adjusts accrual basis net profit or loss for the effects of non-cash transactions.

### Exchange rates

The following table present the exchange rates used by the Group.

	2020		2019	
	Average annual rate (cumulated rate from begin of FY) 1Eur =	Fixed rate (daily spot rate – end of month) 1Eur =	Average annual rate (cumulated rate from begin of FY) 1Eur =	Fixed rate (daily spot rate – end of month) 1Eur =
AUD – Australian Dollar	1.65220	1.64380	1.60330	1.61260
GBP – Pound Sterling	0.87900	0.91240	0.88440	0.88570
PLN – Polish Zloty	4.38830	4.54620	4.30070	4.37820
USD – US Dollar	1.12060	1.17080	1.12810	1.08890
ZAR – South African Rand	18.18360	19.70920	16.17330	16.55760

### Authorisation

The 2020 Consolidated Financial Statements were prepared by the Management Board and were authorised for issue on 26 February 2021. The 2020 Consolidated Financial Statements are subject to adoption by the General Meeting.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED 30 SEPTEMBER 2020

### 1. DISCONTINUED OPERATIONS

In order to fund operations, repay debt and support the Group's short-term liquidity, management decided to dispose of certain non-core assets or assets requiring significant cash commitments.

The majority of the businesses included in the following former reportable segments were disposed of or classified as held-for-sale during the 2019 and 2020 Reporting Periods. These business have been presented as discontinued operations:

Identified for inclusion in 2020 Reporting Period: Segment	Businesses
Conforama	Conforama
Pepkor Africa	The Building Company

These disposals have also necessitated a restatement of segmental reporting (refer to note 2).

Identified for inclusion in 2019 Reporting Period: Segment	Businesses
European Properties	Hemisphere properties
European Manufacturing, Sourcing and Logistics	Steinpol
Greenlit Brands	General Merchandise division
Mattress Firm	Mattress Firm
Automotive	Unitrans
All Other segment	Abra
	Blue Group
	Pritex
	Properties – Africa
	Sherwood

Refer to note 35 for more information on the held-for-sale assets and liabilities.

#### Conforama

##### Conforama France

Conforama France SA ("Conforama France"), the Group's French retail subsidiary, has been in turnaround since the 2019 Reporting Period. In its 2019 Annual Report Steinhoff N.V. confirmed that, following the COVID-19 outbreak in early 2020, the position of Conforama France was uncertain and that the Group had been unable to secure the state-guaranteed loan, for which it was eligible, to support the business through this difficult period. At that point the Group also confirmed that Conforama France was exploring near term options, including a potential sale of the business.

On 8 July 2020, the Group announced the disposal of Conforama France to Mobilux, the parent company of BUT, the leading French retailer of furniture, appliances and consumer electronics. Following the disposal, Conforama France received €500 million of new financing in a combination of state-guaranteed loans and funding from Mobilux.

The disposal agreement is a major milestone in the Group's restructuring effort. The disposal secured the future of Conforama France, released the Group from its liabilities in respect of that business and allowed the Group to exit from the French market. The Group believes the sale of the business is in the best interests of all stakeholders. The transaction was closed on 21 September 2020 for a purchase price of €1 for 100% of the issued share capital Conforama France, Confo! and Conforama Développement 7 and for the French Conforama trademarks and domain names.

**1. DISCONTINUED OPERATIONS (CONTINUED)****Conforama (continued)****Conforama France (continued)**

Mobilux also acquired 18 real estate properties currently owned by other subsidiaries of Conforama Holding SA and operated by Conforama France for €70 million, however these properties were only transferred subsequent to the Reporting Date.

**Conforama Switzerland**

In a separate transaction, on 13 July 2020 Conforama Holding SA concluded an agreement to dispose of Conforama Suisse SA to a Swiss group of private investors for an agreed price of eight times EBITDA, €229 million. The proceeds were used to reduce debt at Conforama. The sale was closed end of July 2020.

**Conforama Iberia, Italy and Balkans**

During the Reporting Period the Group decided to dispose of the remaining investments in the Conforama business and has embarked on a process to identify potential buyers.

These businesses met the criteria to be classified as held-for-sale on 30 September 2020.

**Pepkor Africa – The Building Company**

The Pepkor Africa Group entered into a sale and purchase agreement for the disposal of the entire issued share capital of The Building Company for a total purchase price, including permitted leakages, of ZAR1.2 billion. The transaction will enable the Pepkor Africa Group to streamline its portfolio of businesses and focus on its core business of discount and value retail. Completion of the transaction is subject to the fulfilment of certain conditions precedent and is expected to be concluded during the first half of the 2021 Reporting Period.

**European Properties****Hemisphere properties**

Hemisphere is an indirect wholly owned subsidiary of Steinhoff N.V. and holds a portfolio of European properties. The European property portfolio comprises office, retail and warehouse space. The majority of the properties are occupied by Group companies.

On 5 September 2018 a restructuring was implemented due to the financial indebtedness of Hemisphere. This resulted in a new, secured, three-year term loan facility of approximately €775 million owed by Hemisphere in replacement of its old debt facilities. Since then, following the sale of property companies and certain other individual assets, approximately €551 million has been applied towards repayment of interest and principal of this facility by Hemisphere.

On 13 December 2018 Hemisphere entered into a formal disposal plan with Wells Fargo securities International Limited (Eastdil Secured LLC), for the sale of interests held by Hemisphere in its portfolio of properties including the sale of Hemisphere's direct and indirect subsidiaries. The sale process will comprise either the sale of properties themselves, or the sale of the shares in the companies owning the properties.

The above agreement is also in compliance with the Term Loan Facility Agreement dated 5 September 2018. The Hemisphere group, under the terms of its Term Loan Facility Agreement, is required to dispose of its property portfolio and utilise the proceeds to make repayments against its financial liabilities.

The Hemisphere property disposal processes have been affected by the COVID-19 outbreak to varying extents. Irrespective of these developments, the Group remains committed to a sale of the Hemisphere properties and the Management Board continues to believe that the held-for-sale classification remains appropriate for these assets.

Hemisphere property portfolio met the criteria to be classified as held-for-sale on 30 June 2019.

**European Manufacturing, Sourcing and Logistics****Steinpol**

Steinpol was a non-core manufacturing business and management decided to dispose of the business to reduce the Group's exposure to its funding requirements.

The sale transaction closed on 11 March 2019.

**Greenlit Brands – General Merchandise**

On 18 November 2019 Greenlit Brands announced its agreement to divest its General Merchandise division to Allegro Funds for approximately €39 million. The brands being disposed include Best&Less, Harris Scarfe, Postie and Debenhams Australia. This transaction was completed in early December 2019. The remaining Household Goods division is recognised as a continuing operation in the Greenlit Brands segment.

At 30 September 2019 Greenlit Brands – General Merchandise met the criteria to be classified as held-for-sale.

**Mattress Firm**

Mattress Firm filed voluntary pre-packaged Chapter 11 cases in the United States Bankruptcy Court on 5 October 2018. This process allowed Mattress Firm to implement a financial restructuring through a court supervised process while continuing to trade. Mattress Firm successfully completed its restructuring on 21 November 2018. In consideration for providing the financing required by Mattress Firm to emerge from Chapter 11, certain of the Group's lenders that provided the exit financing received 49.9% of the shares in SUSHI, the indirect owner of Mattress Firm.

The Group retained a 50.1% equity interest in Mattress Firm. Both the lenders' and the Group's shareholding are subject to a total dilution up to 10% by a management incentive plan.

**1. DISCONTINUED OPERATIONS (CONTINUED)****Mattress Firm (continued)**

The Management Board has considered the shareholding and governance structures of Mattress Firm and determined that the Group lost control of Mattress Firm on 21 November 2018. The value of the associate recognised on the day the Group lost control was based on 5x forecasted EBITDA multiple (September 2021 EBITDA).

Mattress Firm was included as a discontinued operation until 21 November 2018, and thereafter as an equity accounted investment.

**Automotive**

On 28 March 2019 the Company announced that it had reached in-principle agreement to dispose of 74.9% of Steinhoff Africa's shares in Unitrans (and its subsidiaries), and 100% of the loan claims against Unitrans held by Steinhoff Africa, to CFAO Holdings South Africa Proprietary Limited. Negotiations. From 30 September 2018 the Automotive business met the criteria to be classified as held-for-sale.

The effective date of sale was 27 November 2019. Unitrans was fully consolidated up to this date.

The Automotive business was a separate reportable segment and has therefore been disclosed as a discontinued operation.

The remaining 25.1% of the shares were sold to Kapela Holdings, a black-owned investment holding company, on 19 December 2019.

**All Other segment****Abra**

The Group concluded the sale of Abra during October 2019. Abra met the criteria to be classified as held-for-sale on 30 September 2019.

**Blue Group**

On 15 November 2019, the Group announced that in line with the strategy of simplifying its portfolio and deleveraging the balance sheet it had reached agreement to sell the Blue Group's household goods division, Blue Group Holdco Limited to Alteri Investors for purchase price of £8.85 million (€9.984 million). The effective date of the sale was 26 February 2020.

At 30 September 2019 the Blue Group met the criteria to be classified as held-for-sale.

**Pritex**

Pritex Limited, the manufacturer of acoustic and thermo-acoustic insulation products for the diverse range of automotive and industrial markets was disposed of on 24 May 2019 together with a real estate property it occupied to Saint-Gobain High Performance Solutions UK Limited.

**Properties – Africa**

The Group has commenced a process post March 2019 to dispose of the remaining properties of the African property portfolio. Management considered various disposal options for their African property portfolio in order to optimise the balance sheet and unlock value for shareholders.

The disposal portfolio consists of retail, office, warehouse, vacant land and residential properties, which includes properties tenanted by third party tenants. The list of properties in each portfolio have been identified and offers are currently being assessed against the valuations conducted for each of the properties.

The disposal processes have experienced some delays due to the COVID-19 pandemic to varying extents. Irrespective of these developments, the Group remains committed to a sale of the properties and the Management Board continues to believe that the held-for-sale classification remains appropriate for these assets.

At 30 September 2019 the Africa property portfolio met the criteria to be classified as held-for-sale.

Subsequent to the 2020 Reporting Date, certain Africa property companies entered into a framework agreement with two wholly-owned subsidiaries of Pepkor Africa regarding the sale of properties used by Pepkor Africa. Refer to note 36.

**Sherwood**

The Group disposed of its 80% interest in Sherwood during January 2020 to Tempur Sealy for approximately €45 million. At 30 September 2019 Sherwood met the criteria to be classified as held-for-sale.

The businesses discussed above are presented as discontinued operations in the consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows for the period ended 30 September 2020, as required by IFRS. Comparative information has been restated accordingly.

The detail of assets and liabilities classified as held-for-sale is presented in note 35.

**1. DISCONTINUED OPERATIONS (CONTINUED)****1.1 Adjustment of the prior period statement of profit or loss for discontinued operations**

	2019		
	Previously reported €m	Adjustment for discontinued operations €m	Continuing operations presented €m
<b>Continuing operations</b>			
Revenue	11 992	(3 923)	8 069
Cost of sales	(7 337)	2 537	(4 800)
Gross profit	4 655	(1 386)	3 269
Other income	160	(61)	99
Distribution expenses	(684)	122	(562)
Administration expenses	(3 584)	1 329	(2 255)
Other expenses	(936)	606	(330)
<b>Operating (loss)/profit</b>	<b>(389)</b>	<b>610</b>	<b>221</b>
Finance costs	(1 085)	5	(1 080)
Income from investments	90	(12)	78
Share of profit of equity accounted companies	11	–	11
<b>Loss before taxation</b>	<b>(1 373)</b>	<b>603</b>	<b>(770)</b>
Taxation	(22)	(121)	(143)
<b>Loss for the period</b>	<b>(1 395)</b>	<b>482</b>	<b>(913)</b>
<b>Loss attributable to:</b>			
Owners of Steinhoff N.V.	(1 171)	199	(972)
Non-controlling interests	(224)	283	59
<b>Loss from continuing operations</b>	<b>(1 395)</b>	<b>482</b>	<b>(913)</b>
<b>Basic loss per share (cents)</b>	<b>(28.2)</b>	<b>4.8</b>	<b>(23.4)</b>

**1.2 Statement of profit or loss for discontinued operations**

	Notes	2020	Restated <sup>1</sup> 2019
		€m	€m
Revenue	1.5	3 683	7 242
Cost of sales		(2 421)	(4 748)
<b>Gross profit</b>		<b>1 262</b>	<b>2 494</b>
Other income		(130)	105
Distribution expenses		(190)	(194)
Administration expenses		(1 055)	(2 481)
Other expenses		(183)	(881)
Impairments	1.2.1	(77)	(641)
Loss on remeasurement of financial liability and penalties	1.2.4	(140)	–
Conforama restructure	23.5	–	(217)
Profit on disposal of property, plant and equipment and intangible assets	1.2.2	81	59
Cumulative other comprehensive income reclassified to profit or loss on disposal or derecognition of investment	1.2.3 & 1.4	(47)	(82)
<b>Operating loss</b>		<b>(296)</b>	<b>(957)</b>
Finance costs		(215)	(156)
Income from investments		4	18
Share of profit of equity accounted companies		–	3
Gain on disposal of discontinued operations/disposal group	1.4	241	54
<b>Loss before taxation</b>		<b>(266)</b>	<b>(1 038)</b>
Taxation <sup>2</sup>	6.1	92	107
<b>Loss for the period</b>		<b>(174)</b>	<b>(931)</b>
<b>Loss attributable to:</b>			
Owners of Steinhoff N.V.		(134)	(650)
Non-controlling interests		(40)	(281)
<b>Loss for the period</b>		<b>(174)</b>	<b>(931)</b>

<sup>1</sup> Comparative numbers have been restated as a result of classifying certain segments as discontinued operations.<sup>2</sup> Taxation during the 2020 Reporting Period relates mostly to Conforama where a deferred tax liability was reversed due to brand names included in the sale of Conforama France and Switzerland and other taxes that will no longer become due.

**1. DISCONTINUED OPERATIONS (CONTINUED)****1.2 Statement of profit or loss for discontinued operations**

	Notes	2020 €m	Restated <sup>1</sup> 2019 €m
<b>1.2.1 Impairment/(reversal of impairment)</b>			
Goodwill	8	–	42
Intangible assets	8	–	85
Property, plant and equipment	9	55	262
Assets held-for-sale	35	23	252
Other		(1)	–
		<b>77</b>	<b>641</b>
<p>Impairments relating to held-for-sale assets relates to the IFRS 5 write down to fair value less cost of disposal for the following disposal groups: Properties – Africa €23 million (2019: €31 million), Greenlit – General Merchandise €Nil (2019: €93 million), Automotive €Nil (2019: €47 million), Sherwood €Nil (2019: €31 million) and Blue Group €Nil (2019: €50 million). Refer to note 35.</p> <p>The impairments to the remaining assets relate to restated results for Conforama €55 million (2019: €314 million) and The Building Company €Nil (2019: €75 million).</p>			
<b>1.2.2 Profit on disposal of property, plant and equipment and intangible assets</b>			
Relates mostly to the Hemisphere property sales.		(81)	(59)
<b>1.2.3 Cumulative other comprehensive income reclassified to profit or loss on disposal or derecognition of investment</b>			
FCTR		47	82
<b>1.2.4 Loss on remeasurement of financial liability and penalties</b>			
Remeasurement of financial liability	17.2	81	–
Prepayment premiums and commitment fees	17.2	19	–
Release of the prepayment on Tranche B bonds		40	–
		<b>140</b>	<b>–</b>
<p>The prepayment recognised related to the Conforama warrants and were dependent on issuance of the Tranche B Bonds. Conforama did not meet the conditions precedent during the 2020 Reporting Period to allow it to issue the Tranche B Bonds and therefore the prepayment was released in profit or loss as an expense of €40 million.</p>			
<b>TOTAL OTHER EXPENSES FROM DISCONTINUED OPERATIONS</b>		<b>183</b>	<b>664</b>

<sup>1</sup> Comparative numbers have been restated as a result of classifying certain segments as discontinued operations.

**1.3 Presentation of discontinued operations in the statement of cash flows**

	2020 €m	Restated <sup>1</sup> 2019 €m
<b>Cash flows from discontinued operations</b>		
Net cash inflow/(outflow) from operating activities	295	(362)
Net cash inflow from investing activities	322	150
Net cash outflow from financing activities	(589)	(18)
<b>Net cash inflow/(outflow)</b>	<b>28</b>	<b>(230)</b>

<sup>1</sup> Comparative numbers have been restated as a result of classifying certain segments as discontinued operations.



**1. DISCONTINUED OPERATIONS (CONTINUED)****1.4 Details of the disposal of subsidiaries and equity investments classified as discontinued operations**

30 September 2020	Sherwood €m	Automotive €m	Blue Group €m	Conforama <sup>2</sup> €m	Greenlit Brands <sup>3</sup> €m	Other <sup>1</sup> €m	Total €m
<b>Carrying value of assets and liabilities at date of disposal</b>							
<b>Assets</b>							
Goodwill	24	–	–	–	–	–	24
Intangible assets	–	67	3	133	–	–	203
Right-of-use asset	–	–	–	365	–	–	365
Property, plant and equipment	10	185	19	342	–	3	559
Investments in equity accounted companies	–	–	–	20	–	–	20
Other financial assets	–	26	–	–	3	–	29
Deferred taxation asset	–	22	1	44	22	–	89
Inventories	5	181	56	286	113	6	647
Trade and other receivables	6	76	54	107	12	–	255
Taxation receivable	–	1	–	2	–	–	3
Cash and cash equivalents	1	46	23	(85)	6	2	(7)
<b>Liabilities</b>							
Borrowings	–	(87)	–	–	46	–	(41)
Lease liabilities	–	–	–	(393)	–	–	(393)
Provisions	–	(15)	(22)	(127)	(25)	–	(189)
Employee benefits	–	(16)	–	(53)	(12)	–	(81)
Deferred tax liabilities	–	(15)	–	–	(5)	–	(20)
Trade and other payables	(8)	(236)	(120)	(594)	(123)	(9)	(1 090)
Taxation payable	–	(5)	–	(70)	(3)	–	(78)
<b>Carrying value of assets and liabilities at date of disposal</b>	<b>38</b>	<b>230</b>	<b>14</b>	<b>(23)</b>	<b>34</b>	<b>2</b>	<b>295</b>
Gain/(loss) on disposal	7	(3)	(4)	252	(9)	(2)	241
<b>Total consideration</b>	<b>45</b>	<b>227</b>	<b>10</b>	<b>229</b>	<b>25</b>	<b>–</b>	<b>536</b>
<b>Net cash inflow arising on disposals</b>							
Total consideration	45	227	10	229	25	–	536
Less cash on hand at date of disposal	(1)	(46)	(23)	85	(6)	(2)	7
<b>Net cash inflow/(outflow)</b>	<b>44</b>	<b>181</b>	<b>(13)</b>	<b>314</b>	<b>19</b>	<b>(2)</b>	<b>543</b>
Gain/(loss) on sale before income tax and reclassification of FCTR	7	(3)	(4)	252	(9)	(2)	241
Reclassification of FCTR	–	(17)	12	(24)	(9)	(9)	(47)
<b>Gain/(loss) on sale after FCTR release</b>	<b>7</b>	<b>(20)</b>	<b>8</b>	<b>228</b>	<b>(18)</b>	<b>(11)</b>	<b>194</b>

<sup>1</sup> Other relates to Abra.<sup>2</sup> Relates to Conforama France and Conforama Switzerland.<sup>3</sup> Relates to the General Merchandise division.

**1. DISCONTINUED OPERATIONS (CONTINUED)****1.4 Details of the disposal of subsidiaries and equity investments classified as discontinued operations (continued)**

30 September 2019	POCO €m	Mattress Firm €m	Steinpol €m	Other <sup>1</sup> €m	Total €m
<b>Carrying value of assets and liabilities at date of disposal</b>	271	10	4	7	292
Gain on disposal	–	34	13	7	54
<b>Total consideration</b>	271	44	17	14	346
<b>Net cash inflow arising on disposals</b>					
Total consideration	271	44	17	14	346
Less remeasurement of fair value of investments in equity accounted companies	–	(44)	–	–	(44)
Less cash on hand at date of disposal	–	(118)	(9)	(3)	(130)
<b>Net cash inflow/(outflow)</b>	271	(118)	8	11	172
Net cash inflow from equity accounted investments	271	–	–	–	271
Net cash outflow from subsidiaries	–	(118)	8	11	(99)
Gain on sale before income tax and reclassification of FCTR	–	34	13	7	54
Reclassification of FCTR	–	(82)	–	–	(82)
<b>(Loss)/gain on sale after FCTR release</b>	–	(48)	13	7	(28)

<sup>1</sup> Other consists of Pritex and Steinhoff Risk Solutions Proprietary Limited.

**1.5 Segmental information relating to discontinued operations**

	2020		2019	
	Discontinued operations €m	Previously reported €m	Adjustment for discontinued operations €m	Discontinued operations presented €m
<b>Segmental revenue from discontinued operations</b>				
European Properties	15	12	–	12
Mattress Firm	–	339	–	339
Automotive	282	1 506	–	1 506
Greenlit Brands – General Merchandise	107	620	–	620
Pepkor – The Building Company	399	–	506	506
Conforama	2 695	–	3 417	3 417
All Other				
European Manufacturing, Sourcing and Logistics	–	66	–	66
Blue Group	143	593	–	593
Properties – Africa	5	10	–	10
Abra	–	51	–	51
Sherwood	37	122	–	122
<b>Net external revenue from discontinued operations*</b>	<b>3 683</b>	<b>3 319</b>	<b>3 923</b>	<b>7 242</b>

\* Revenue between discontinued operations have been eliminated.

**1. DISCONTINUED OPERATIONS (CONTINUED)****1.5 Segmental information relating to discontinued operations (continued)****Operating loss before depreciation and amortisation adjusted for material non-operational items ("EBITDA")**

	Notes	2020	Restated <sup>1</sup> 2019
<b>EBITDA reconciles to the operating loss per statement of profit or loss from discontinued operations as follows:</b>			
Operating loss from discontinued operations	1.2	(296)	(957)
Depreciation and amortisation		126	107
Other expenses considered material non-operational items	1.2	183	881
Intercompany elimination with continuing operations		–	(14)
<b>EBITDA per segment reporting from discontinued operations</b>		<b>13</b>	<b>17</b>
European Properties		(45)	(23)
Mattress Firm		–	(47)
Automotive		6	60
Greenlit Brands – General Merchandise		2	10
Pepkor – The Building Company		18	16
Conforama		23	42
All Other		9	(41)
<b>EBITDA from discontinued operations as presented</b>		<b>13</b>	<b>17</b>

<sup>1</sup> Comparative numbers have been restated as a result of classifying certain segments as discontinued operations.

**Operating loss adjusted for material non-operational items ("EBIT")**

	Notes	2020	Restated <sup>1</sup> 2019
<b>EBIT reconciles to the operating loss per statement of profit or loss from discontinued operations as follows:</b>			
Operating loss from discontinued operations	1.2	(296)	(957)
Other expenses considered material non-operational items	1.2	183	881
Intercompany eliminations with continuing operations		–	(14)
<b>EBIT per segment reporting from discontinued operations</b>		<b>(113)</b>	<b>(90)</b>
European Properties		(45)	(33)
Mattress Firm		–	(47)
Automotive		6	60
Greenlit Brands – General Merchandise		2	(2)
Pepkor – The Building Company		4	11
Conforama		(89)	(15)
All Other		9	(64)
<b>EBIT from discontinued operations as presented</b>		<b>(113)</b>	<b>(90)</b>

<sup>1</sup> Comparative numbers have been restated as a result of classifying certain segments as discontinued operations.

## 2. SEGMENT INFORMATION

The Group determined the Management Board to be the Chief operating decision maker for all periods under review.

The Group has disclosed the following reportable segments in respect of the 2020 Reporting Period and has restated the segment disclosures of the 2019 Reporting Period accordingly.

The Chief operating decision maker examines the Group's performance both from a product and geographical perspective and has identified the following six reportable segments of its business based on how information is accumulated and reported to the Chief operating decision maker:

- Pepco Group**  
 This segment comprises the general merchandise retail business of Pepco (operating in Poland and central, western and eastern Europe) and Poundland (operating mostly in the United Kingdom and Republic of Ireland). The performance of these businesses is reviewed together as Pepco Group by the Chief operating decision maker.
- Greenlit Brands**  
 The Greenlit Brands segment comprises the household goods retailers based in Australasia (majority of the retail stores are in Australia). The General Merchandise segment has been classified as a discontinued operation as the General Merchandise division was disposed of in December 2019. Refer to note 1. Major brands include Fantastic, Freedom and Best&Less. The Chief operating decision maker monitors the performance of Greenlit Brands on a consolidated basis.
- Pepkor Africa**  
 Pepkor Africa is listed on the JSE. Revenue in Pepkor Africa is derived from a portfolio of retail chains focused on selling predominantly clothing, footwear, textiles, cell phones, airtime and fast moving consumer goods. Pepkor Africa also operates in furniture divisions where revenue is derived from sales of furniture and appliances. The Pepkor Group operates within Africa and the majority of its revenue is derived from South Africa. The Chief operating decision maker monitors the performance of this listed group on a consolidated basis.
- Corporate and treasury services**  
 Steinhoff N.V.'s various global corporate offices provide strategic direction and services to the decentralised operations globally. Activities include management of regulator and stakeholder engagement processes, negotiating funding and identifying and implementing corporate activities.
- All other segments**  
 Included in "All Other" are operating segments that did not meet the requirements of a reportable segment per IFRS 8. These segments are neither sufficiently material in size nor unique in their geography to warrant separate disclosure. Included in this category are the businesses of Lipo (operating from Switzerland) and the remaining European Logistics and Sourcing businesses.

### Measures reported to the Chief operating decision maker

#### Revenue

Segment revenue excludes Value Added Tax. Intersegment revenue is eliminated in the segment from which it was sold.

Refer to the Basis of Preparation for the accounting policy on the elimination of intercompany transactions between continuing and discontinued operations.

No single customer contributes 10% or more of the Group's revenue.

#### Segment revenue from continuing operations

	2020			Restated <sup>1</sup> 2019		
	Total segment revenue €m	Intersegment revenue €m	Revenue from external customers €m	Total segment revenue €m	Intersegment revenue €m	Revenue from external customers €m
Pepco Group	3 529	23	3 506	3 451	31	3 420
Greenlit Brands	715	–	715	668	10	658
Pepkor Africa	3 502	2	3 500	3 801	–	3 801
Corporate and treasury services	–	–	–	9	6	3
All Other	197	19	178	221	34	187
	<b>7 943</b>	<b>44</b>	<b>7 899</b>	<b>8 150</b>	<b>81</b>	<b>8 069</b>
Intercompany revenue from discontinued operations *	–	–	–	(10)	(10)	–
	<b>7 943</b>	<b>44</b>	<b>7 899</b>	<b>8 140</b>	<b>71</b>	<b>8 069</b>

\* The intercompany revenue from discontinued operations has already been eliminated from 'Revenue from external customers'.

**2. SEGMENT INFORMATION (CONTINUED)****Revenues from external customers – by geography from continuing operations**

	2020 €m	Restated <sup>1</sup> 2019 €m
The Company is domiciled in the Netherlands. Negligible revenues are generated by the Group's Netherlands operations and therefore none are disclosed. The Group is primarily a global holding company with investments in retail businesses. The amount of its revenue from external customers is presented below based on the geographies that contribute materially to the Group's revenue.		
Australasia	717	664
Poland	880	835
Rest of Africa	551	468
Rest of Europe	1 304	1 033
South Africa	2 950	3 329
United Kingdom	1 497	1 740
	<b>7 899</b>	<b>8 069</b>

<sup>1</sup> Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

**Operating performance measures – from continuing operations**

The Group's share of equity accounted earnings, finance costs, investment income and income tax expenses are not monitored on a segmental level by the Chief operating decision maker and are therefore not allocated to the segments.

**Operating profit or loss before depreciation and amortisation adjusted for material non-operational items ("EBITDA")**

Segment performance is measured on continuing operations' EBITDA and represents segment revenue less segment expenses, excluding depreciation, amortisation and other expenses considered material non-operational items as included in note 4.2.

Segment expenses include distribution expenses and administration expenses.

Refer to the Basis of Preparation for the accounting policy on the elimination of intercompany transactions between continuing and discontinued operations.

**EBITDA reconciles to the operating (loss)/profit per statement of profit or loss as follows:**

	Notes	2019			Continuing operations presented €m
		2020 €m	Previously reported €m	Adjustment for discontinued operations €m	
Operating (loss)/profit per statement of profit or loss		(927)	(389)	610	221
Depreciation and amortisation	4.3.1	581	230	(62)	168
Other expenses considered material non-operational items	4.2	1 401	936	(606)	330
Intercompany eliminations (discontinued operations)		–	14	–	14
<b>EBITDA per segment reporting</b>		<b>1 055</b>	<b>791</b>	<b>(58)</b>	<b>733</b>
<b>EBITDA per segment:</b>					
Conforama		–	42	(42)	–
Pepco Group		411	326	–	326
Greenlit Brands		110	21	–	21
Pepkor Africa		558	496	(16)	480
Corporate and treasury services		(47)	(86)	–	(86)
All Other		23	(8)	–	(8)
		<b>1 055</b>	<b>791</b>	<b>(58)</b>	<b>733</b>

<sup>1</sup> Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

**2. SEGMENT INFORMATION (CONTINUED)****Operating profit or loss adjusted for material non-operational items ("EBIT")**

Segment performance is measured on continuing operations' EBIT and represents segment revenue less segment expenses, excluding material non-operational items included in note 4.2.

Depreciation and amortisation have been allocated to the segments to which they relate.

Refer to the Basis of Preparation for the accounting policy on the elimination of intercompany transactions between continuing and discontinued operations.

**EBIT reconciles to the operating (loss)/profit per statement of profit or loss as follows:**

	Notes	2019			Continuing operations presented €m
		2020 €m	Previously reported €m	Adjusted for discontinued operations €m	
Operating (loss)/profit per statement of profit or loss		(927)	(389)	610	221
Other expenses considered material non-operational items	4.2	1 401	936	(606)	330
Intercompany eliminations (discontinued operations)		–	14	–	14
<b>EBIT per segment reporting</b>		<b>474</b>	<b>561</b>	<b>4</b>	<b>565</b>
<b>EBIT per segment:</b>					
Conforama		–	(15)	15	–
Pepco Group		112	259	–	259
Greenlit Brands		42	(2)	–	(2)
Pepkor Africa		361	416	(11)	405
Corporate and treasury services		(47)	(84)	–	(84)
All Other		6	(13)	–	(13)
		<b>474</b>	<b>561</b>	<b>4</b>	<b>565</b>

<sup>1</sup>Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

**Segmental assets**

Segment assets are measured in the same way as in the 2019 Consolidated Financial Statements. Assets that are not considered to be segment assets such as cash and cash equivalents, investments in equity accounted companies, current and non-current other financial assets are excluded from the allocation of assets to segments.

Investment in equity accounted companies and current and non-current other financial assets are monitored by the Chief operating decision maker on a Group level as these assets are not related to the underlying operations or impact their performance. Such assets are not allocated to segments.

The segmental assets (both current and non-current) below are presented on a consolidated basis and all intercompany balances and investments in subsidiary companies have been disregarded for purposes of presenting segmental assets.

**Reconciliation between total assets per statement of financial position and segmental assets**

	30 September 2020 €m	30 September 2019 €m
Total assets per statement of financial position	13 101	14 601
Less: Cash and cash equivalents	(1 983)	(1 795)
Less: Investments in equity accounted companies	(136)	(208)
Less: Non-current other financial assets	(425)	(332)
Less: Current other financial assets	–	(178)
Less: Assets classified as held-for-sale	(1 193)	(1 445)
<b>Segmental assets</b>	<b>9 364</b>	<b>10 643</b>
<b>Segmental assets:</b>		
Conforama	–	1 608
Pepco Group	3 660	3 121
Greenlit Brands – Household Goods	684	446
Pepkor Africa	4 634	5 398
Corporate and treasury services	191	15
All Other	195	55
	<b>9 364</b>	<b>10 643</b>

**2. SEGMENT INFORMATION (CONTINUED)****Segmental non-current assets**

The Group operates in a number of countries and the total non-current assets are presented on a geographical aggregation basis as this is more representative of the various factors taken into consideration when allocating resources as well as factors impacting impairment testing such as WACC, peer groups and operating environments.

The total of non-current assets other than financial instruments and deferred taxation assets is presented based on the geographies that materially contribute to the Group's non-current assets.

**Reconciliation between non-current assets per statement of financial position and segmental assets**

	30 September 2020 €m	30 September 2019 €m
Total non-current assets per statement of financial position	8 007	8 034
Less: Deferred taxation assets	(203)	(162)
Less: Non-current other financial assets	(425)	(332)
<b>Segmental non-current assets</b>	<b>7 379</b>	<b>7 540</b>
Africa	3 704	4 150
Europe (including the United Kingdom)	3 167	3 054
Australasia	508	336
	<b>7 379</b>	<b>7 540</b>

**Segmental net debt**

The purpose of the debt or the company in which the debt is raised determines the debt cluster to which the debt, cash and cash equivalents and related finance costs and investment income is allocated. These debt clusters are then reviewed by the Chief operating decision maker.

	Cash and cash equivalents €m	Current and non-current borrowings €m	Net Debt €m
<b>30 September 2020</b>			
Conforama	–	(188)	(188)
Pepco Group	424	(494)	(70)
Greenlit Brands	119	(24)	95
Pepkor Africa	266	(647)	(381)
Corporate and treasury services	1 006	(9 873)	(8 867)
European Properties	121	(218)	(97)
All Other	47	–	47
	<b>1 983</b>	<b>(11 444)</b>	<b>(9 461)</b>
<b>30 September 2019</b>			
Conforama	198	(256)	(58)
Pepco Group	274	(484)	(210)
Greenlit Brands	29	(33)	(4)
Pepkor Africa	237	(1 049)	(812)
Corporate and treasury services	980	(9 187)	(8 207)
European Properties	36	(361)	(325)
All Other	41	–	41
	<b>1 795</b>	<b>(11 370)</b>	<b>(9 575)</b>



**3. REVENUE**

	2020 €m	Restated <sup>1</sup> 2019 €m
<b>Revenue from contracts with customers</b>		
Sale of goods and related revenue	7 731	7 866
Other revenue <sup>3</sup>	22	40
<b>Other sources of revenue</b>		
Financial services income <sup>2</sup>	146	163
<b>Total revenue from continuing operations (note 2)</b>	<b>7 899</b>	<b>8 069</b>

<sup>1</sup> Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

<sup>2</sup> Financial services income relates mainly to Capfin SA, a subsidiary of Pepkor Africa, which provides unsecured credit to customers under the Capfin brand. Pepkor Africa commenced funding of the loan book on 20 March 2019.

<sup>3</sup> Other revenue mainly relate to rental income.

**ACCOUNTING POLICY****Revenue from contracts with customers**

Revenue is recognised when the Group satisfies performance obligations and transfers control of goods or services to its customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for these goods or services, allocated to each specific performance obligation.

Revenue is not recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods as well as continuing management involvement with goods to a degree usually associated with ownership. Where the Group acts as agent and is remunerated on a commission basis, only the commission income, and not the value of the business transaction, is included in revenue.

**Discounts**

Different discounts are recognised depending on the nature of the customer. Some discounts are unconditional, such as cash discounts and early payment discounts. Unconditional discounts are recognised as a reduction in revenue at the same moment as the related sales transaction. Conditional discounts to customers such as volume and promotional rebates are recognised based on estimated target realisation. The estimation is based on accumulated experience supported by historical and current sales information.

**Right of return**

The Group estimates variable consideration to be included in the transaction price for the sale of goods where customers are entitled to a right of return within a specified time frame. The Group uses projection methods to forecast sales returns that are based on historical return data. Any significant changes in experience as compared to historical return patterns will impact the expected return percentages estimated by the Group. Estimated return percentages are updated regularly and the refund liability adjusted accordingly.

Revenue is recognised for the major business activities using the methods outlined below:

**Sale of goods and related revenue**

The Group operates retail stores selling general merchandise and household goods. Revenue from the sale of goods is recognised at a point in time once control of goods transfers to customers (performance obligation is met).

Payment is usually received via cash, debit card or credit card. Related card transaction costs are recognised in the statement of comprehensive income as other expenses. When goods are sold under instalment sale agreements, the present value of the instalment sale payments is recognised as a receivable using the effective interest rate computed at initial recognition.

Lay-by revenue is recognised on the initiation of the contract with the customer for the clothing and general merchandise segment, as this is deemed to be when control of the goods passes to the customer. The Group recognises revenue at the amount of consideration to which they expect to be entitled and for which a significant reversal of revenue is not considered probable. A contract liability for the expected possible unsuccessful lay-bys is recognised as an adjustment to revenue as well as an asset (with a corresponding adjustment to cost of sales) representing its right to recover the products from the customer. The Group uses projection methods to forecast unsuccessful lay-bys that are based on historical data. Any significant changes in experiences compared to historical patterns will impact the percentages estimated by the Group. Estimated percentages are updated regularly and the contract liability for unsuccessful lay-bys is adjusted accordingly.

Lay-by revenue is recognised when the final payment for the goods is received from the customer for the furniture, appliances and electronics and building materials segments as this is deemed to be when control of the goods passes to the customer and all performance obligations are met. Proceeds from these lay-by sales are recognised as contract liabilities, and the revenue is deferred until all the performance obligations are met.

Deposits received from customers are recognised as deferred revenue. These balances are considered contract liabilities, as they are received prior to the satisfaction of performance obligations.

### 3. REVENUE (CONTINUED)

#### **ACCOUNTING POLICY (continued)**

##### **Financial services revenue**

###### ***Effective interest income***

Financial services revenue comprises mainly of interest income and financial service fee revenue.

Interest earned is recognised on a time-proportion basis. The Group calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets other than credit-impaired assets. When financial assets become credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortised cost (gross carrying amount less the allowance for expected credit losses) of the financial asset. If the financial asset is no longer deemed to be credit-impaired, the Group reverts to calculating interest income on a gross basis.

###### **Collection revenue**

Service fee revenue is earned based on a fixed percentage of outstanding debtor balances collected on behalf of third parties.

Performance obligations are deemed to be met once the Group recovers the outstanding balance from a debtor or portion thereof, at which point the revenue is recognised.

###### **Refund obligations and warranties**

Return obligations generally include obligations for refunds and assurance type warranty obligations and are accounted for as provisions in accordance with IAS 37.

**4. MATERIAL ITEMS INCLUDED IN PROFIT OR LOSS AND BREAKDOWN OF EXPENSES BY NATURE**

	Notes	2020 €m	Restated <sup>1</sup> 2019 €m
<b>4.1 Other income</b>			
Commission received <sup>1</sup>		28	39
Bad debts recovered		–	11
Other income		21	49
		<b>49</b>	<b>99</b>
<sup>1</sup> Relates mainly to commissions received on ancillary services provided by Pepkor Africa.			
<b>4.2 Other expenses</b>			
<b>4.2.1 Impairment/(Impairment reversal)</b>			
Goodwill	8	300	–
Intangible assets	8	6	(14)
Property, plant and equipment	9	4	14
Right-of-use assets	10	11	–
Other		2	–
		<b>323</b>	<b>–</b>
<b>4.2.2 Impairment of financial assets</b>			
a) <b>Brait S.E./Fulcrum UK</b>		–	20
The Fulcrum loan was settled as part of the Campion Group settlement in the 2019 Reporting Period by the delivery of 25.5 million shares in Brait S.E.			
b) <b>Other</b>		–	2
		–	22
<b>4.2.3 Loss on derecognition of financial liabilities</b>			
Derecognition of convertible bonds		–	85
<b>4.2.4 Cumulative other comprehensive income reclassified to profit or loss on disposal or derecognition of investment</b>			
FCTR*		(1)	100
<sup>*</sup> The 2019 Reporting Period FCTR relates to the KAP disposal.			
<b>4.2.5 Share-based payments – equity-settled relating to loans granted</b>		–	1
Pertains to the share-based payment expense recognised in relation to loans granted to third parties to purchase Steinhoff shares.			
<b>4.2.6 (Profit)/loss on disposal of property, plant and equipment and intangible assets</b>		(6)	19
<b>4.2.7 Profit on sale and partial sale of investments</b>			
<b>Material equity accounted investments</b>			
Profit on the partial disposal of KAP	11.5	–	(55)
Profit on disposal of Cofel SAS	11.5	(14)	–
		<b>(14)</b>	<b>(55)</b>

<sup>1</sup> Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

**4. MATERIAL ITEMS INCLUDED IN PROFIT OR LOSS AND BREAKDOWN OF EXPENSES BY NATURE (CONTINUED)**

	Notes	2020 €m	Restated <sup>1</sup> 2019 €m
<b>4.2 Other expenses (continued)</b>			
<b>4.2.8 Fees relating to forensic investigation, advisory and restructure of the businesses</b>		58	158
<p>As a result of the December 2017 events, it has been necessary for the Group to engage a wide range of professional advisers to assist the Group with its investigative, legal, financial and regulatory requirements as it seeks to stabilise and restructure the Group. The scale and complexity of this task has meant that the aggregate advisor costs for the Reporting Period, while reduced compared with the prior year, have once again been significant. The principal adviser relationships included legal advisors, financial restructuring and corporate advisory functions that support the Group on discussions and engagement with its creditors, liquidity management and operational measures, forensic investigation services, and regulatory and taxation advisory services.</p> <p>In addition, as part of the restructuring process, the Group is required to pay the advisor costs of each of the respective creditor groupings including legal advisors, financial structuring advisors, and regulatory and taxation advisors.</p>			
<b>4.2.9 Litigation Settlement Proposal provision raised</b>	24.3	943	–
<p>Legal claims, as set out in note 24.3 have been received by the Group and are all being defended.</p> <p>On 27 July 2020 and 16 February 2020, the Group announced a proposed settlement to conclude the complex legal claims and ongoing pending litigation proceedings arising from the legacy accounting issues first announced in December 2017. The Litigation Settlement Proposal terms that were announced are the culmination of 12 months' intensive effort and management believes they are firmly in the best interests of all stakeholders and claimants.</p> <p>The IFRS standards require a provision to be raised once management is able to make a reliable estimate of the expenditure that the Group will incur to settle the present obligation. The provision raised during the 2020 Reporting Period is based on the estimated financial outcome of the Litigation Settlement Proposal in the case that the claimants accept the settlement proposal. The Group's Litigation Settlement Proposal was made on the basis that it does not represent an admission of any liability in respect of any of the various claims made against any member of the Group or any directors, officers, employees or advisers, past or present.</p> <p>Management draws the user of these financial statements' attention to the fact that any form of the proposed settlement, if implemented, could differ materially from the provision raised.</p>			
<b>4.2.10 Seifert legal provision</b>	23.3	85	–
<b>4.2.11 Expected Credit Loss ("ECL") recognised on Titan loan receivable</b>	12.1.2	13	–
<p>Refer to note 12.1.2 for the ECL adjustment in the 2020 Reporting Period. The ECL for periods prior to 2020 has been recognised as an adjustment to the opening accumulated losses on 1 October 2018, as an adoption of IFRS 9, Financial Instruments (€34 million).</p>			
<b>TOTAL OTHER EXPENSES</b>		<b>1 401</b>	<b>330</b>

<sup>1</sup> Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

**4. MATERIAL ITEMS INCLUDED IN PROFIT OR LOSS AND BREAKDOWN OF EXPENSES BY NATURE (CONTINUED)**

	Notes	2020 €m	Restated <sup>1</sup> 2019 €m
<b>4.3 Operating expenses by nature</b>			
Distribution expenses relates to selling activities which mainly include delivery costs, rent paid on warehouses and distribution centres and salaries and wages relating to logistics staff.			
Other distribution and administrative expenses include general administration expenses such as electricity, cleaning, stationery, repairs and other general operating costs.			
The material items included in distribution and administration expenses are set out below:			
<b>4.3.1 Depreciation and amortisation</b>			
Depreciation – Property, plant and equipment	9	158	147
Depreciation – Right-of-use assets	10	406	–
Amortisation	8	17	21
		<b>581</b>	<b>168</b>
Included in distribution and administration expenses		554	167
Included in cost of sales		27	1
		<b>581</b>	<b>168</b>
<b>4.3.2 Employee benefit expenses</b>			
Salaries and wages		1 124	1 060
Share-based payments – equity-settled		7	7
Share-based payments – cash-settled	33.1.3	6	18
Contributions to defined benefit plans (post-retirement benefit expenses)		8	6
Contributions to defined contribution plans (post-retirement benefit expenses)		25	19
		<b>1 170</b>	<b>1 110</b>
The Groups manufacturing entities do not comprise a material part of the business and any employee benefit expense included in cost of sales is not considered material.			
<b>4.3.3 Net foreign exchange gains</b>			
Net gain on forward exchange contracts		(20)	(15)
Net gain on conversion of monetary assets		(28)	(180)
		<b>(48)</b>	<b>(195)</b>
<b>4.3.4 Operating lease charges – properties</b>			
Rental of properties		120	698
The decrease in operating lease charges and increase in depreciation and amortisation charge during the 2020 Reporting Period relates to the adoption of IFRS 16. For further details refer to note 37 (adoption of IFRS 16), note 18 (Lease liabilities) and note 10 (Right-of-use asset).			

<sup>1</sup> Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

**4. MATERIAL ITEMS INCLUDED IN PROFIT OR LOSS AND BREAKDOWN OF EXPENSES BY NATURE (CONTINUED)**

	Notes	2020 €m	Restated <sup>1</sup> 2019 €m
<b>4.3 Operating expenses by nature (continued)</b>			
<b>4.3.5 Operating lease charges – other</b>			
Leases of plant, equipment, vehicles and other		1	2
<b>4.3.6 Provision for inventory write downs</b>		61	57
<b>4.3.7 Distribution cost</b>		234	238
<b>4.3.8 Advertising and promotion cost</b>		121	124
<b>4.3.9 COVID-19-related (income)/expenses</b>			
Government grants received for COVID-19 pandemic		(39)	–
Expenditure incurred to implement COVID-19 regulations		5	–
		(34)	–
<b>4.3.10 Other distribution and administration expenses</b>		516	616
<b>TOTAL DISTRIBUTION AND ADMINISTRATION EXPENSES</b>		<b>2 695</b>	<b>2 817</b>
Distribution expenses		665	562
Administration expenses		2 030	2 255
<b>TOTAL DISTRIBUTION AND ADMINISTRATION EXPENSES</b>		<b>2 695</b>	<b>2 817</b>

<sup>1</sup> Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

**4. MATERIAL ITEMS INCLUDED IN PROFIT OR LOSS AND BREAKDOWN OF EXPENSES BY NATURE (CONTINUED)****4.3 Operating expenses by nature (continued)****4.3.11 Audit fees**

At the annual General Meeting of the Company held on 28 August 2020 Mazars Accountants N.V. was appointed as the Company's statutory audit firm for the periods ending 30 September 2020 and 30 September 2021, respectively.

The budgeted audit fees for the audit of the 2020 financial statements of Steinhoff N.V. and its subsidiaries (continuing and discontinued operations) are as follows:

	Mazars Accountants N.V. €m	Other Mazars member firms and affiliates €m	Total €m
<b>2020</b>			
Audit of the financial statements of Steinhoff N.V. and its subsidiaries	4	2	6
Other audit services	–	–	–
Tax services	–	–	–
Other-non-audit services	–	–	–
	<b>4</b>	<b>2</b>	<b>6</b>
<b>2019</b>			
Audit of the financial statements of Steinhoff N.V. and its subsidiaries	5	5	10
Other audit services	–	–	–
Tax services	–	–	–
Other-non-audit services	–	–	–
	<b>5</b>	<b>5</b>	<b>10</b>

**Audit fees expensed – continuing operations**

	2020 €m	2019 €m
Audit of the financial statements of Steinhoff N.V. and its subsidiaries	13	19
Other audit services	–	1
Tax services	1	7
Other-non-audit services	–	–
	<b>14</b>	<b>27</b>

Audit fees are invoiced monthly for work performed. The majority of the 2020 audit fees relates to the audit of 2019 Consolidated Financial Statements by Mazars (€8 million by Mazars Accountants N.V. and €2 million by other Mazars member firms and affiliates). No tax services were provided by Mazars.

Fees for audit services include the audit of the financial statements of the Company and its subsidiaries. Fees for other audit services include review of interim financial statements, sustainability, subsidy and other audits. Fees for tax services include tax compliance and tax advice. Fees for other non-audit services include agreed-upon procedures and advisory services.



**5. FINANCE COSTS AND INCOME FROM INVESTMENTS**

	Notes	Finance Costs €m	Income from Investments €m	Net income /(cost) €m
<b>2020</b>				
Dividends received*			19	19
Finance costs and income from investments (Bank overdrafts)/Cash and cash equivalents		(26)	52	26
Loans	17.2	(1 032)	2	(1 030)
Lease liability		(133)	–	(133)
Other		–	1	1
		<b>(1 191)</b>	<b>74</b>	<b>(1 117)</b>
<b>Restated<sup>1</sup> 2019</b>				
Dividends received*		–	22	22
Finance costs and income from investments (Bank overdrafts)/Cash and cash equivalents		(33)	25	(8)
Convertible bonds	17.2	(221)	–	(221)
Instalment sale agreements		(24)	–	(24)
Loans	17.2	(758)	18	(740)
Transaction costs accrued and amortised	5.1	(44)	–	(44)
Other		–	13	13
		<b>(1 080)</b>	<b>78</b>	<b>(1 002)</b>

\* The majority of the dividends received relates to accrued dividends on the investment in preference shares of Lancaster 102. Refer to note 12 for terms of the preference share investment.

<sup>1</sup> Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

**ACCOUNTING POLICY****Interest income, finance costs and other finance income and costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Dividend income is recognised in the statement of profit or loss on the date that the Group's right to receive payment is established.

Other net finance income and expenses comprise unwinding of the discount on provisions recognised on investments and interest on the net defined benefit obligation.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

**5.1 Transaction costs accrued and amortised**

	2020 €m	2019 €m
The Group entered into the Lock-Up Agreement during the 2018 Reporting Period and CVAs with lenders of SEAG and SFHG during the 2019 Reporting Period, as explained in note 17.5.		
SEAG and SFHG CVA fees accrued consisted of:		
Consent fees	–	(21)
Early bird and lock-up fees	–	(10)
Roll-over fees	–	(13)
	<b>–</b>	<b>(44)</b>

The 2019 Reporting Period fees were negotiated during the Lock-Up Agreement but were contingent on the success of the CVA implementation.

It is also management's view that the nature of the fees incurred in terms of the CVA were more akin to an enhancement of the return to be earned by the lenders to encourage them to take up the new debt instruments arising from the restructure process. Debt premiums need to be expensed when the fees are incurred under IFRS 9.

## 6. TAXATION

Steinhoff N.V. is a South African tax resident.

For periods ending 30 September 2020 and 30 September 2019 the corporate taxation rate in South Africa is 28%. Capital gains are taxed at 22.4%.

### ACCOUNTING POLICY

#### Current taxation

Included within the tax charge are charges relating to:

- Normal corporate taxation;
- Capital gains taxation;
- Dividends withholding taxation

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the Reporting Date, and any adjustment to tax payable in respect of previous periods.

The Group is subject to income taxes in numerous jurisdictions and the calculation of the Group's tax charge and worldwide provisions for income tax necessarily involves a substantial degree of estimation and judgement. At any given time, the Group typically has a number of open tax returns with various tax authorities and engages in active dialogue to resolve these. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty, after taking into account external advice where appropriate. As per IFRIC 23, in preparing estimates of current and deferred tax assets and liabilities, management considers whether it is probable that a taxation authority will accept an uncertain tax treatment. If it is considered probable that an uncertain tax treatment will be accepted, tax estimates are determined in accordance with the tax treatment used or planned to be used in the company's income tax filings. If it is not considered probable that an uncertain tax treatment will be accepted, tax estimates are made based on the most likely outcome or the expected value, depending on which method best reflects the uncertainty.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss, current and deferred income tax assets and liabilities in the period such determination is made.

#### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the Reporting Date.

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable, on the basis of all available evidence it is considered more likely than not, that there will be suitable taxable profits against which the reversal of the deferred tax asset can be deducted.

Temporary differences have arisen as a result of the translation of the financial statements of the Group's subsidiaries.

Certain subsidiaries in the Group have undistributed earnings which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but in most cases no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from these subsidiaries and is not expected to distribute these profits in the foreseeable future.

### Significant accounting estimate and judgements

#### Uncertain tax positions

Tax remains an area of focus for management as the tax impact of the accounting irregularities are complex. Significant work has been done in collating information, completing entity stand-alone financial statements, filing of tax returns and constructive progress made with the tax authorities in various jurisdictions.

Appropriate tax specialists and advisors were appointed by the Group in the relevant jurisdictions to advise on positions in such jurisdictions.

Although the investigations are being managed on a continuous basis, the outcome thereof remains uncertain and could lead to material cash outflows. In the minority of jurisdictions, backlogs exist with respect to the completion and audit of financial statements which will delay the outcome of the investigations by revenue authorities. The impact of potential tax adjustments, fines, penalties and/or refunds is therefore unknown.

Management did consider the potential tax risks and cash outflow that may result therefrom in its going concern assessment. It is management's view that the tax risk would not lead to the ultimate liquidation of the Group and therefore is no longer considered a material uncertainty in relation to the going concern assessment. Once the full tax exposure is known a solution will be found together with the Group's stakeholders.

Management has estimated the tax consequences associated with the alleged accounting irregularities. Where specific items were identified that probably would result in an increase or decrease in taxable profit, they were recognised.

The tax position of the single entities impacted by the restatement of the Group's financial statements may give rise to both short- and long-term tax related consequences. Due to backlogs experienced by local tax authorities, the restated financial results would not have been considered by the local tax authorities in all jurisdictions as yet and as a result the impact of potential tax adjustments, fines, penalties and/or refunds is unknown at present. Due to the uncertainty associated with such tax items, there is a possibility that the final outcome may differ from the current estimates.

**6. TAXATION (CONTINUED)****Significant accounting estimate and judgments (continued)****Uncertain tax positions (continued)**

Furthermore, as a multi-national group, there are a number of cross-border related party transactions in place in all spheres of the Group's business. In light of the revenue authorities' increased focus on transfer pricing matters the Group faces potential risks as its related party transactions may be challenged by the relevant tax authorities.

The steps required to complete the CVA were complex and multi-jurisdictional, which gave rise to an element of risk regarding the tax consequences thereof. The Group engaged with professional tax advisors in the different jurisdictions to mitigate the associated risks.

Investigations are still in progress by the German Tax authorities in respect of certain German legal entities which investigations include the review of Corporate tax, Withholding tax and VAT. More specifically, the tax risk relating to withholding tax ("WHT") on deemed hidden profit distributions, on which German Tax authorities aim to raise assessments. The deemed hidden profit distributions arose due to flows of funds amongst Group companies as a result of transactions which have been identified as sham transactions and restated as part of the Group's restatement process in the 2017 and 2018 Reporting Periods.

Management has applied judgment based on advice received from its tax advisors and concluded that it is of the view that on merit WHT is not payable and that the Group would prevail in tax court proceedings. In addition, if WHT is found to be payable, the WHT can in most instances and in all probability be reclaimed by another Group subsidiary. In order to avoid lengthy and costly legal proceedings, it is preferable for a pragmatic solution to be reached with the relevant tax authorities.

The potential WHT cash outflow for all German entities could amount to €550 million. This potential cash outflow does not take the reimbursement into account.

This potential liability has not been provided for as part of the tax obligation due to management's assessment detailed above.

Certain of these risks may be significant and could result in a potential outflow of resources.

The Group is addressing the risks identified above. Central Group monitoring and reporting of tax matters have been implemented and continues, which includes close involvement of the Chief Financial Officer together with the appointment of appropriate tax specialists in the relevant affected jurisdictions to help advise on the current position in each jurisdiction.

**Recoverability of deferred taxation assets**

Deferred tax assets have been recognised for the carry forward amount of unused tax losses relating to the Group's operations where there is compelling evidence that it is probable that sufficient taxable profits will be available in the future to utilise the tax losses carried forward, either by the specific company to which it relates or the wider Group. Management has carefully assessed the entities' ability to generate future taxable profits against which the recognised tax losses can be utilised. Such assessments are based on the approved budgets and the forecasts of the entities including their ability to raise funding to maintain and support their operations.

**6.1 Income tax expense recognised in profit or loss****Major components of the tax expense from continuing operations:**

	2020 €m	Restated <sup>1</sup> 2019 €m
<b>Current tax</b>		
Income tax		
Current period	181	92
Prior period adjustments	(18)	45
Capital gains tax	–	26
Withholding tax	5	74
	<b>168</b>	<b>237</b>
<b>Deferred tax</b>		
Originating and reversing temporary differences – current period	(47)	192
Utilisation of previously unrecognised tax losses and temporary differences	–	(286)
Adjustments relating to prior period	2	–
	<b>(45)</b>	<b>(94)</b>
<b>Total tax from continuing operations</b>	<b>123</b>	<b>143</b>
<b>Components of the tax expense from discontinued operations:</b>		
Current tax	41	25
Deferred tax	(133)	(132)
	<b>(92)</b>	<b>(107)</b>
<b>Total taxation expense recognised in profit or loss</b>	<b>31</b>	<b>36</b>

<sup>1</sup> Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

**6. TAXATION (CONTINUED)****6.1 Income tax expense recognised in profit or loss (continued)**

Major components of the tax expense from continuing operations (continued):

	2020 €m	Restated <sup>6</sup> 2019 €m
<b>Reconciliation of rate of taxation</b>		
Loss before income tax from continuing operations	(2 069)	(770)
Loss before income tax from discontinued operations	(266)	(1 038)
	<b>(2 335)</b>	<b>(1 808)</b>
South African standard rate of taxation at 28%	654	506
Effect of different statutory taxation rates of subsidiaries in other jurisdictions and capital gains tax in South Africa <sup>1</sup>	24	(145)
Effect of non-deductible expenses and tax exempt income <sup>2</sup>	(569)	(342)
Unrecognised tax losses <sup>3</sup>	(157)	(281)
Effect of equity accounting	(2)	3
Prior period adjustments <sup>7</sup>	22	(47)
Withholding taxes <sup>4</sup>	(6)	(17)
Utilisation of previously unrecognised tax losses and temporary differences <sup>5</sup>	–	286
Previously unrecognised tax losses raised	4	1
Other reconciling items	(1)	–
Total taxation expense recognised in profit or loss	<b>(31)</b>	<b>(36)</b>

<sup>1</sup> The foreign tax rate differential relates predominantly to the European entities with a tax rate of 19% (2019: The foreign tax rate differential related predominantly to the losses in the Swiss entities with a corporate tax rate of 8.5%).

<sup>2</sup> The effect of non-deductible expenses and tax exempt income mainly relates to provisions raised and impairment of goodwill.

<sup>3</sup> The unrecognised tax losses related predominantly to Pepco group and other Corporate and Treasury services companies (2019: The unrecognised tax losses related predominantly to Conforama group and other Corporate and Treasury services companies).

<sup>4</sup> Withholding taxes provided for on distributions made.

<sup>5</sup> Utilisation of previously unrecognised tax losses and temporary differences mainly in the Steinhoff Retail GmbH.

<sup>6</sup> Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

<sup>7</sup> Current year prior period adjustments relate mainly to SINVH due to assessment of restated financial statements (2019: mainly relating to the reversal of tax refunds previously provided for).

**6.2 Tax provisions**

Tax provisions are included in the taxation payable balance in note 19. Taxation receivable balances are disclosed in note 13.

**6.3 Deferred tax assets and liabilities**

Recognised deferred tax assets and liabilities attributable to the following categories:

	Assets		Liabilities		Net	
	30 September 2020 €m	30 September 2019 €m	30 September 2020 €m	30 September 2019 €m	30 September 2020 €m	30 September 2019 €m
Intangible assets and goodwill	(21)	(23)	(243)	(247)	(264)	(270)
Property, plant and equipment	24	15	–	(85)	24	(70)
Right-of-use assets	(284)	–	–	–	(284)	–
Lease liability	348	–	–	–	348	–
Provisions	76	81	(1)	(1)	75	80
Equity component of convertible bonds/warrants	–	–	–	(50)	–	(50)
Share-based payments	4	2	–	–	4	2
Taxation losses	24	26	–	–	24	26
Other	32	61	(1)	(14)	31	47
Balance at end of the period	<b>203</b>	<b>162</b>	<b>(245)</b>	<b>(397)</b>	<b>(42)</b>	<b>(235)</b>

Included in Other are deferred taxes attributable to prepayments, operating leases, the equity component of the convertible bonds and unrealised foreign currency gains.

**6. TAXATION (CONTINUED)****6.3 Deferred tax assets and liabilities (continued)****Reconciliation of movement in deferred tax (liability)/asset**

	Notes	30 September 2020 €m	30 September 2019 €m
Balance at beginning of period		(235)	(353)
Effect of adopting IFRS 16	37.2	65	–
Balance restated		(170)	(353)
Deferred tax of subsidiaries derecognised		(39)	2
Amounts charged directly to equity:			
Convertible bond, actuarial gains reserve and share based payment reserves		–	1
Current period charge			
From continuing operations	6.1	45	94
From discontinued operations	6.1	133	132
Transferred to held-for-sale assets or liabilities		(27)	(60)
Exchange differences on translation of foreign operations		16	(51)
Balance at end of the period		(42)	(235)

	30 September 2020 €m	30 September 2019 €m
<b>Unrecognised tax losses</b>		
Deferred tax assets have not been recognised in respect of the following items:		
Unrecognised taxation losses	9 113	4 172
In order to recognise a deferred tax asset, there must be an expectation of sufficient future taxable profits to utilise the tax losses. It is management's view that due to the fact that the majority of this balance relate to European holding companies, it will not be utilised in the future due to the lack of sufficient profit and the unused tax losses were incurred by now predominantly dormant entities that are not likely to generate significant taxable income in the foreseeable future. Deferred tax assets have not been recognised in respect of these items as it is not yet certain that future taxable profits will be available against which the Group can realise the benefits therefrom.		
The Group has accumulated unused tax losses of €9 113 million, this can be divided into €1 679 million for operational entities and €7 434 million for predominantly dormant holding companies. However, it is not expected that the holding companies will become profitable in the foreseeable future and thus limit the use of the accumulated unused tax losses. The remaining unused tax losses relating to operational entities, are not subject to any expiry date and can be carried forward indefinitely.		
<b>Recognised tax losses</b>	75	79
Estimated recognised taxation losses available for offset against future taxable income		
The Group reviewed previously unrecognised tax losses and where relevant, determined that if it was probable that taxable profits will be available against which the tax losses can be utilised, these have been recognised.		
<b>Total recognised and unrecognised tax losses</b>	<b>9 188</b>	<b>4 251</b>

**6.4 Expiry profile of taxation losses**

Due to the backlog on assessments, the expiring dates for tax losses could not be estimated accurately and is therefore not disclosed. The majority of the unrecognised tax losses relate to holding companies in Europe where certain jurisdictions have expiry dates regarding utilisation of the losses. The remaining balance relates to other jurisdictions, which are not subject to expiry dates regarding utilisation.

**7. LOSS PER SHARE**

	2020 Cents	Restated <sup>1</sup> 2019 Cents
The calculation of per share numbers uses the exact unrounded numbers. This may result in differences when compared to calculating the numbers using the rounded number of shares and loss as disclosed below.		
<b>Basic and diluted loss per share</b>		
From continuing operations	(51.5)	(23.4)
From discontinued operations	(3.2)	(15.7)
Basic and diluted loss per share	<u>(54.7)</u>	<u>(39.1)</u>
<b>Headline loss per share</b>		
Headline loss is an additional loss number that is permitted by IAS 33: Earnings per Share ("IAS 33"). The starting point is loss as determined in IAS 33, excluding separately identifiable remeasurements, net of related taxation (both current and deferred) and related non-controlling interests other than remeasurements specifically included in headline loss. This number is required to be reported to the JSE, where the Group has a secondary listing, and is defined by Circular 1/2019 Headline Earnings.		
Separately identifiable remeasurements are those where the applicable IFRS explicitly requires separate disclosure of the operating and/or the platform remeasurement in the Consolidated Financial Statements. No adjustments would be permitted on the basis of voluntary disclosure of gains or losses (or components of these).		
From continuing operations	(44.0)	(19.6)
From discontinued operations	(7.9)	(4.3)
Headline loss per share	<u>(51.9)</u>	<u>(23.9)</u>
<b>Adjusted Headline loss per share (non-IFRS)</b>		
Adjusted Headline loss takes the starting point as the headline loss as calculated above and exclude the Litigation Settlement Proposal provision recognised in the 2020 Reporting Period. This is a proforma disclosure item only and does not comply with IAS 33.		
From continuing operations	(21.3)	(19.6)
From discontinued operations	(7.9)	(4.3)
Headline loss per share	<u>(29.2)</u>	<u>(23.9)</u>

All potential ordinary shares were anti-dilutive and therefore diluted per share numbers are the same as basic or headline per share numbers.

<sup>1</sup> Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

**7. LOSS PER SHARE (CONTINUED)****Reconciliations of denominator and numerator****7.1 Weighted average number of ordinary shares**

	Notes	2020 Million	2019 Million
Issued ordinary shares at beginning of the period	28.2	4 310	4 310
Effect of treasury shares held (weighted average)	28.3	(157)	(163)
Weighted average number of ordinary shares at end of the period for the purpose of basic and dilutive loss per share and headline loss per share		4 153	4 147

**7.2 Basic loss and headline loss attributable to owners of Steinhoff N.V.**

	Notes	Continuing operations €m	Discontinued operations €m	Total €m
<b>2020</b>				
Basic loss for the period attributable to owners of Steinhoff N.V.		(2 138)	(134)	(2 272)
Adjusted for remeasurement items	7.3	311	(193)	118
<b>Headline loss attributable to owners of Steinhoff N.V.</b>		<b>(1 827)</b>	<b>(327)</b>	<b>(2 154)</b>
<b>Restated 2019<sup>1</sup></b>				
Basic loss for the period attributable to owners of Steinhoff N.V.		(972)	(650)	(1 622)
Adjusted for remeasurement items	7.3	160	471	631
<b>Headline loss attributable to owners of Steinhoff N.V.</b>		<b>(812)</b>	<b>(179)</b>	<b>(991)</b>

**7.2.1 Adjusted headline loss attributable to owners of Steinhoff N.V.**

	Notes	Continuing operations €m	Discontinued operations €m	Total €m
<b>2020</b>				
Headline loss attributable to owners of Steinhoff N.V.		(1 827)	(327)	(2 154)
Adjusted for proposed settlement provision	4.2.9	943	-	943
<b>Adjusted Headline loss attributable to owners of Steinhoff N.V. (Non-IFRS)</b>		<b>(884)</b>	<b>(327)</b>	<b>(1 211)</b>
<b>Restated 2019<sup>1</sup></b>				
Headline loss attributable to owners of Steinhoff N.V.		(812)	(179)	(991)
<b>Adjusted Headline loss attributable to owners of Steinhoff N.V. (Non-IFRS)</b>		<b>(812)</b>	<b>(179)</b>	<b>(991)</b>

<sup>1</sup> Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.



**7. LOSS PER SHARE (CONTINUED)****Reconciliations of denominator and numerator (continued)****7.3 Remeasurement items as defined by the JSE**

The presentation of headline earnings per share, as an alternative measure of earnings per share, is mandated under JSE Listing Requirements. It is calculated in accordance with Circular 1/2019 "Headline Earnings" as issued by the South African Institute of Chartered Accountants.

	Notes	2020		Restated <sup>1</sup> 2019	
		Gross of taxation and non-controlling interests €m	Net of taxation and non-controlling interests €m	Gross of taxation and non-controlling interests €m	Net of taxation and non-controlling interests €m
Remeasurement items reflect and affect the resources committed in producing operating/trading performance and are not the performance itself. These items deal with the platform/capital base of the entity.					
Refer to note 4 for further details regarding the nature of the remeasurement items.					
<b>Continuing operations</b>					
<b>Impairment</b>					
		<b>339</b>	<b>328</b>	22	18
Goodwill	4.2.1	300	300	–	–
Intangible assets	4.2.1	6	4	(14)	(11)
Property, plant and equipment	4.2.1	4	3	14	13
Right-of-use asset	4.2.1	11	8	–	–
Investments in equity accounted companies	11.2	18	13	–	–
Other		–	–	22	16
<b>FCTR and fair value reserve reclassified to profit or loss on disposal of investment</b>					
	4.2.4	(1)	(1)	100	100
<b>Loss on derecognition of financial liability</b>					
	4.2.3	–	–	85	61
<b>(Profit)/loss on disposal of property, plant and equipment and intangible assets</b>					
	4.2.6	(6)	(5)	19	10
<b>Profit on sale and partial sale of investments</b>					
	4.2.7	(14)	(11)	(55)	(29)
		<b>318</b>	<b>311</b>	171	160
<b>Discontinued operations</b>					
<b>Impairment/(reversal of impairment)</b>					
		<b>77</b>	<b>49</b>	641	487
Goodwill	1.2.1	–	–	42	42
Intangible assets	1.2.1	–	–	85	59
Property, plant and equipment	1.2.1	55	31	262	171
Financial instruments	1.2.1	(1)	(1)	14	11
Assets held-for-sale <sup>2</sup>	35	23	19	238	204
<b>FCTR and cash flow hedge reserve reclassified to profit or loss on disposal of investment</b>					
	1.2.3 & 1.4	47	47	82	82
<b>Profit on disposal of property, plant and equipment, intangible assets and scrapping of vehicle rental fleet</b>					
	1.2.2	(81)	(48)	(59)	(48)
<b>Profit on disposal of discontinued operations/disposal group</b>					
	1.4	(241)	(241)	(54)	(50)
		<b>(198)</b>	<b>(193)</b>	610	471

<sup>1</sup> Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

<sup>2</sup> Impairments relates to IFRS 5 valuations, this was previously split in the different categories within held-for-sale. Refer to note 35.

## 8. INTANGIBLE ASSETS

### ACCOUNTING POLICY

#### Goodwill

Goodwill recognised as the excess of the:

- consideration transferred, plus
- the amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net assets acquired in a business combination.

Refer to note 26 for the accounting policy applied to business combinations.

Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Calculation of profits and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

#### Other intangible assets

##### Trade and brand names

Separately acquired trade and brand names are shown at historical cost. Trade and brand names acquired in a business combination are recognised at fair value at the acquisition date. The Group's trade and brand names have indefinite useful lives and are subsequently carried at cost less accumulated impairment losses. Internally generated trade and brand names are not recognised in the Statement of Financial Position.

##### Software and ERP systems

Purchased software is measured at cost less accumulated amortisation and impairment losses. Expenditure on internally developed software is capitalised when the expenditure qualifies as development activities, otherwise it is recognised in profit or loss when incurred.

##### Other intangible assets

Included in other intangible assets are patents, licenses and other contract-related intangible assets.

##### Amortisation of intangible assets with finite useful lives

Amortisation of intangible assets is recognised in profit or loss on a straight-line basis over the assets' estimated useful lives, unless such lives are indefinite.

##### Impairment of intangible assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Intangible assets with finite useful lives are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Intangible assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### Significant accounting estimates

#### Useful life of intangible assets

##### Software and ERP systems

The Group amortises software and ERP systems over their useful lives ranging between one and eight years using the straight-line method.

##### Indefinite useful life intangible assets

An indefinite life does not mean an infinite useful life, but rather that there is no foreseeable limit to the period over which the asset can be expected to generate cash flows for the entity.

**8. INTANGIBLE ASSETS (CONTINUED)****Significant accounting estimates (continued)****Trade and brand names**

The Group's trade and brand names have been assessed as having indefinite useful lives. These trade names and brand names were assessed independently at the time of the acquisitions, and the indefinite useful life assumptions were supported by the following evidence:

- The industry is a mature, well-established industry.
- The trade and brand names are long established, relative to the market, and have been in existence for a long time.
- The trade and brand names are therefore not vulnerable to typical product lifecycles or to the technical, technological, commercial or other types of obsolescence that can be seen to limit the useful lives of other trade names and brand names.
- There is a relatively low turnover of comparable intangible assets, implying stability within the industry.

	Notes	Goodwill €m	Trade and brand names <sup>4</sup> €m	Software and ERP systems €m	Other intangibles €m	Total €m
<b>Balance at 1 October 2018</b>		4 485	1 713	109	4	6 311
Additions		–	–	41	–	41
Amortisation <sup>1</sup>		–	–	(33)	(1)	(34)
Disposals		–	–	(22)	–	(22)
(Impairment)/reversal of impairment	8.1	(42)	(85)	15	(1)	(113)
From continuing operations	4.2.1	–	–	15	(1)	14
From discontinued operations		(42)	(85)	–	–	(127)
Transfer from property, plant and equipment		–	–	1	–	1
Transferred to assets held-for-sale	35	(107)	(40)	(9)	–	(156)
Exchange differences on translation of foreign operations		(41)	(3)	(14)	1	(57)
<b>Balance at 30 September 2019</b>		<b>4 295</b>	<b>1 585</b>	<b>88</b>	<b>3</b>	<b>5 971</b>
Additions		–	–	41	23	64
Amortisation <sup>1</sup>		–	–	(26)	(1)	(27)
Disposals		–	(8)	(21)	–	(29)
Acquired on acquisition of businesses	26.1	6	–	–	–	6
Eliminated on disposal of subsidiaries <sup>2</sup>	1.4	–	(106)	(24)	(3)	(133)
Impairment	8.1	(300)	(6)	–	–	(306)
Transfer from property, plant and equipment		–	–	1	–	1
Transferred to assets held-for-sale	35	–	(42)	(7)	(2)	(51)
Reclassification		–	–	16	(16)	–
Exchange differences on translation of foreign operations <sup>3</sup>		(446)	(182)	(5)	4	(629)
<b>Balance at 30 September 2020</b>		<b>3 555</b>	<b>1 241</b>	<b>63</b>	<b>8</b>	<b>4 867</b>
<b>Cost</b>		<b>4 905</b>	<b>1 412</b>	<b>142</b>	<b>11</b>	<b>6 470</b>
Accumulated amortisation and impairment		(1 350)	(171)	(79)	(3)	(1 603)
<b>Net book value at 30 September 2020</b>		<b>3 555</b>	<b>1 241</b>	<b>63</b>	<b>8</b>	<b>4 867</b>
Cost		5 575	2 918	213	6	8 712
Accumulated amortisation and impairment		(1 280)	(1 333)	(125)	(3)	(2 741)
<b>Net book value at 30 September 2019</b>		<b>4 295</b>	<b>1 585</b>	<b>88</b>	<b>3</b>	<b>5 971</b>

<sup>1</sup> Amortisation consists of amortisation from continuing operations of €17 million (2019\*: €21 million) and discontinued operations of €10 million (2019\*: €13 million).

<sup>2</sup> Relates to the sale of Conforama France and Switzerland (refer to note 1).

<sup>3</sup> The net exchange losses recognised during the 2020 Reporting Period resulted mostly from the translation of the Group's investment in its South African operations where there was a significant deterioration of the South African rand to the Euro.

<sup>4</sup> Indefinite useful life

\* Refer to note 1 for details regarding the restatement of comparative numbers as a result of classifying certain segments as discontinued operations.

**8. INTANGIBLE ASSETS (CONTINUED)****Summary of net carrying value:**

	30 September 2020 €m	30 September 2019 €m
Goodwill	3 555	4 295
Indefinite useful life trade and brand names	1 241	1 585
Other intangible assets	71	91
	<b>4 867</b>	<b>5 971</b>

Management has identified the following CGUs to which goodwill and trade and brand names have been allocated. These CGUs do not represent a level higher than the operating segments identified in note 2.

**The carrying amount per CGU is presented below:**

	Goodwill		Trade and brand names	
	30 September 2020 €m	30 September 2019 €m	30 September 2020 €m	30 September 2019 €m
Goodwill and trade and brand names are considered a significant class of intangible assets to the Group.				
Greenlit Brands – Household Goods	138	141	81	83
Pepco Group	1 527	1 626	257	268
Poundland	651	717	114	120
Pepco Poland	876	909	143	148
Pepkor Africa	1 890	2 528	891	1 067
All Other	–	–	12	19
	<b>3 555</b>	<b>4 295</b>	<b>1 241</b>	<b>1 437</b>
The 2019 Reporting Period carrying amount per segment which was transferred to disposal groups or assets held-for-sale during 2020 Reporting period is presented below:				
Conforama	–	–	–	148
Total carrying amount of disposal groups	–	–	–	148
<b>Total carrying amount for all segments</b>	<b>3 555</b>	<b>4 295</b>	<b>1 241</b>	<b>1 585</b>

**8.1 Impairment tests****Significant accounting estimates and judgements****Key assumptions used for the value-in-use or fair value less cost of disposal calculations**

The Group tests whether goodwill and indefinite life trade and brand names have suffered any impairment at least on an annual basis. The recoverable amount of the CGU is determined based on either an income approach (value-in-use calculations) or a market approach (fair value less cost of disposal) which require the use of assumptions.

The value-in-use calculations use discounted cash flow projections based on financial budgets approved by management. Models were built over a five year period with terminal growth thereafter.

The approved budgets covered a three or five year period. The cash flows that covered a three year period were extrapolated using estimated medium-term growth rates for year four and five. These growth rates are consistent with the industry and geographic location in which the CGU operates.

CGU specific WACC has been calculated as the product of the CGU's cost of debt and cost of equity and weighted in accordance with the CGU's target capital structure.

The cost of equity has also been adjusted with size premiums, where applicable, to take into account the restated size of each CGU.

This is consistent with methods applied to the 2019 Consolidated Financial Statements.

The additional key assumptions relating to the impairment testing of the trade names and brands are based on royalty rates applicable to the specific brand based on the industry in which the brand operates and the profitability of the unit.

**8. INTANGIBLE ASSETS (CONTINUED)****8.1 Impairment tests (continued)****Significant accounting estimates and judgements (continued)**

The following table sets out the key assumptions for those CGU's that have significant goodwill and/or trade and brand names allocated to them:

	Pepco Group – Pepco Poland <sup>2</sup>	Pepco Group – Poundland <sup>2</sup>	Pepkor Africa <sup>1</sup>
<b>2020</b>			
Pre-tax discount rate	10.2%	8.8%	16.9% to 19.2%
Short- to medium-term growth rate (compound annual growth rate over the period)	5.7%	3.5%	0.2% to 7.4%
Long-term growth rate	2.1%	1.2%	4.5% to 5.5%
Forecasted cash flows – Approved budget	3 years	10 years <sup>3</sup>	5 years
<b>2019</b>			
Pre-tax discount rate	10.8%	9.5%	16.2% to 19.8%
Medium-term growth rate	2.1%	1.9%	4.5% to 10.8%
Long-term growth rate	2.1%	1.2%	5.0% to 6.0%
Forecasted cash flows – Approved budget	3 years	10 years	5 years

<sup>1</sup> Abovementioned disclosure represents a summary of disclosures made by Pepkor Africa, as part of their published 2020 annual financial statements.

<sup>2</sup> The pre-tax discount rate is based on the IFRS 16 principles where the lease liability is considered as part of cost of debt for calculating the discount rate. The right-of-use assets were included in the carrying values of the CGUs.

<sup>3</sup> Approved 5 year budget for period FY2021 to FY2025 extrapolated to 10 years to account for normalisation of depreciation.

Management has determined the values assigned to each of the above key assumptions as follows:

<b>Pre-tax discount rate</b>	CGU specific WACC has been calculated as the product of the CGU's cost of debt and cost of equity and weighted in accordance with the CGU's target capital structure.
<b>Approved budget</b>	The forecasted cash flow periods take into account management's assumptions of the sales volume, sales price and cost increases expected over the next three to five years. A medium-term growth rate applicable to the industry and geographic location is applied to approved budgets covering a 3-year period for forecast years 4 and 5.
<b>Long term growth rate</b>	This is the weighted average growth rate used to extrapolate cash flows beyond the budget and forecast periods. The rates are consistent with the long term inflation outlook for the countries where the underlying businesses operate or with forecasts included in industry reports.
<b>COVID-19 considerations</b>	Two approaches were taken for the impairment models due to the COVID-19 pandemic: <ul style="list-style-type: none"> <li>i. Multiple scenario analysis – revised financial projections include several scenarios to reflect current uncertainty caused by the pandemic. This approach was taken where a possible impairment was identified due to the headroom between the recoverable amount and the carrying values.</li> <li>ii Headroom approach – where the recoverable amount substantially exceeds the carrying amount of the CGU. Multiple scenarios were not performed as there is no reasonable change in assumptions underpinning the impairment test that could lead to an impairment at this stage.</li> </ul>

**8. INTANGIBLE ASSETS (CONTINUED)****8.1 Impairment tests (continued)****Material impairment charges**

	Goodwill		Indefinite useful life trade and brand names	
	30 September 2020 €m	30 September 2019 €m	30 September 2020 €m	30 September 2019 €m
The impairment charge during the period relates to the following CGUs:				
<b>Continuing operations</b>				
Pepkor Africa <sup>1</sup>	(258)	–	(6)	–
Pepco Group <sup>2</sup>	(42)	–	–	–
<b>Discontinued operations<sup>3</sup></b>				
Pepkor Africa – The Building Company <sup>4</sup>	–	(42)	–	(33)
Conforama <sup>5</sup>	–	–	–	(52)
	<b>(300)</b>	<b>(42)</b>	<b>(6)</b>	<b>(85)</b>

<sup>1</sup> The impairment recognised in Pepkor Africa in the 2020 Reporting Period relates to its clothing and general merchandise segment. The clothing and general merchandise segment experienced lower than expected growth in the current year, due to trade restrictions following lockdowns in the majority of countries where the Pepkor Africa Group operates. Management expects constrained future growth, especially for the PEP Africa, Speciality and Tekkie Town divisions, due to weak projected macroeconomic activity and the effect thereof on customer disposable income.

<sup>2</sup> The impairment recognised in Pepco Group in the 2020 Reporting period related to the Poundland CGU and was driven by challenging trading and economic conditions created by the COVID-19 pandemic crisis and the effects it has on the economic outlook and lower than previously anticipated projected cash flows. The impairment on goodwill for the Poundland CGU was recognised at 31 March 2020 (when half-year results were published) as the COVID-19 pandemic was an impairment indicator at this stage. Poundland has traded better than expected through the pandemic for the last six months of the year and therefore forecasts have again improved. Had the goodwill of Poundland only been tested annually at 30 September 2020 no impairment would have been recognised, the reversal of impairment losses to goodwill is also not permitted under IFRS. The recoverable amount of Poundland GCU exceeds the carrying value with €117 million (£107 million).

<sup>3</sup> Goodwill and intangible assets that were transferred to held-for-sale were valued on an IFRS 5 basis. There could therefore be additional impairments recognised subsequent to being classified as held-for-sale, as these assets are valued at the lower of carrying value or fair value less cost of disposal. Refer to note 35 for additional information.

<sup>4</sup> The impairment recognised in Pepkor Africa in the 2019 Reporting Period relates to the building materials segment. The general slowdown experienced in the sector at large continued during the current Reporting Period. The building contractors' element of the Business Confidence Index recorded a 20-year low. The current performance, considered in line with the medium-term outlook of the business and the industry, has led to a significant decrease in expected future cash generation relating to the building materials segment.

<sup>5</sup> Impairment in Conforama in the 2019 Reporting Period relates to the restructuring and closure of Maison Dépôt's business (10 stores) and the closure of 32 loss-making Conforama stores, while preserving an extensive coverage of French territory. The carrying values of Conforama were written down to their recoverable amount which was determined by reference to its projected September 2021 EBITDA multiple.

Management has adjusted the cash flows of the group of CGUs for entity-specific risk factors to arrive at the future cash flows expected to be generated from the group of CGUs. There is no indication based on a reasonable fluctuation in those risk factors that the goodwill is further impaired.

The below table illustrates how the recoverable amount would increase/decrease if the following key assumptions were to change for CGUs that have significant goodwill and/or trade and brand names allocated to them:

	Goodwill 30 September 2020 €m	Carrying value of CGU €m	Recoverable amount €m	Sensitivity analysis – Recoverable amount (€m)					
				Pre-tax discount rate		Long-term growth rate		Projected adjusted EBITDA <sup>3</sup>	
				Increase 1%	Decrease 1%	Decrease 1%	Increase 1%	Decrease 1%	Increase 1%
Greenlit Brands <sup>2</sup>	138			Footnote 2					
Pepco Group	1 527								
Poundland	651	1 180	1 298	1 161	1 482	1 174	1 465	1 130	1 462
Pepco Poland <sup>1</sup>	876			Footnote 1					
Pepkor Africa	1 890								
Clothing and general merchandise	1 871	2 619	2 619	2 337	2 969	2 395	2 867	2 526	2 713
Other <sup>1</sup>	19			Footnote 1					
	<b>3 555</b>								

<sup>1</sup> The recoverable amount Pepco Poland and Pepkor Africa Other substantially exceeds the carrying amount of the CGU. No sensitivity analysis is therefore presented in relation to changes in assumptions underpinning the impairment test performed.

<sup>2</sup> No significant goodwill or trade names allocated to this CGU.

<sup>3</sup> Projected adjusted EBITDA is expressed as the compound annual growth rates ("CAGR") in the cash-generating units of the plans used for impairment testing. The CAGR is calculated from period ending 30 September 2021 to the terminal year, the CAGR is then increased and decreased by 1% by adjusting the terminal value.

**9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY****ACCOUNTING POLICY****Owned assets**

Property, plant and equipment are stated at cost to the Group, less accumulated depreciation and impairment losses.

**Subsequent costs**

The cost is recognised in the carrying amount of an item of property, plant and equipment at the cost of replacing part of such an item when the cost is incurred, if it is probable that additional future economic benefits embodied within the item will flow to the Group and the cost of such item can be measured reliably. Costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as an expense when incurred.

**Depreciation**

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over the estimated useful lives or in the case of leasehold improvements or other leased assets, the shorter lease term as follows:

• Investment property	15 – 40 years
• Buildings	15 – 50 years
• Plant and machinery	3 – 10 years
• Vehicles	4 – 10 years
• Office equipment and furniture	3 – 16 years
• Computer equipment	2 – 4 years

**Investment property**

Investment property is land and buildings that are held to earn rental income or for capital appreciation, or both.

The Group has elected to measure all investment properties using the cost model.



**9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY (CONTINUED)**

	Notes	Investment property €m	Land and buildings €m
<b>Balance at 1 October 2018</b>		134	1 213
Additions		1	61
Depreciation <sup>1</sup>		-	(23)
Disposals		-	(74)
Impairment		-	(197)
From continuing operations	4.2.1	-	35
From discontinued operations	1.2.1	-	(232)
Reclassification		-	(7)
Transfer to intangible assets		-	-
Transfer to inventories		-	-
Transfer to assets held-for-sale	35	(135)	(337)
Exchange differences on consolidation of foreign operations		-	(14)
<b>Balance at 30 September 2019</b>		-	<b>622</b>
Additions		-	<b>35</b>
Depreciation <sup>1</sup>		-	(7)
Disposals		-	(27)
Impairment		-	(31)
From continuing operations	4.2.1	-	-
From discontinued operations	1.2.1	-	(31)
Eliminated on disposal of subsidiaries <sup>2</sup>		-	(267)
Reclassification		-	(1)
Reclassified to right-of-use asset		-	-
Transfer to intangible assets		-	-
Transfer to assets held-for-sale	35	-	(123)
Exchange differences on consolidation of foreign operations		-	(19)
<b>Balance at 30 September 2020</b>		-	<b>182</b>
Cost		<b>16</b>	<b>211</b>
Accumulated depreciation and impairment		<b>(16)</b>	<b>(29)</b>
<b>Net book value at 30 September 2020</b>		<b>-</b>	<b>182</b>
Cost		16	805
Accumulated depreciation and impairment		(16)	(183)
<b>Net book value at 30 September 2019</b>		<b>-</b>	<b>622</b>

Carrying values of the main components of the other assets per category are; Capital-work-in-progress (2020: €9 million; 2019: €43 million), vehicles (2020: €1 million; 2019: €1 million)

Leasehold improvements, land and buildings, and plant and machinery are reclassified from capital-work-in-progress when the asset is finished and available for use.

<sup>1</sup> Depreciation includes depreciation of continuing operations of €158 million (2019: €147 million) and discontinued operations of €4 million (2019: €94 million).

<sup>2</sup> Relates to the sale of Conforama France and Conforama Switzerland, refer to note 1.

	Plant and machinery €m	Leasehold improvements €m	Furniture and fittings €m	Other assets €m	Total €m
	230	387	184	132	2 280
	76	65	40	65	308
	(66)	(78)	(47)	(27)	(241)
	(9)	(26)	(2)	(6)	(117)
	(1)	(62)	(9)	(7)	(276)
	(1)	(32)	(9)	(7)	(14)
	-	(30)	-	-	(262)
	20	22	3	(38)	-
	-	-	-	(1)	(1)
	-	-	-	(3)	(3)
	(19)	(61)	(21)	(20)	(593)
	(6)	(1)	(1)	17	(5)
	<b>225</b>	<b>246</b>	<b>147</b>	<b>112</b>	<b>1 352</b>
	<b>132</b>	<b>47</b>	<b>-</b>	<b>25</b>	<b>239</b>
	<b>(67)</b>	<b>(23)</b>	<b>(33)</b>	<b>(32)</b>	<b>(162)</b>
	<b>(3)</b>	<b>(21)</b>	<b>(6)</b>	<b>(1)</b>	<b>(58)</b>
	<b>(3)</b>	<b>(18)</b>	<b>(7)</b>	<b>-</b>	<b>(59)</b>
	<b>(3)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>(4)</b>
	<b>-</b>	<b>(17)</b>	<b>(7)</b>	<b>-</b>	<b>(55)</b>
	<b>(8)</b>	<b>(52)</b>	<b>(15)</b>	<b>-</b>	<b>(342)</b>
	<b>1</b>	<b>1</b>	<b>1</b>	<b>(2)</b>	<b>-</b>
	<b>-</b>	<b>5</b>	<b>-</b>	<b>(6)</b>	<b>(1)</b>
	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
	<b>-</b>	<b>(54)</b>	<b>(3)</b>	<b>(37)</b>	<b>(217)</b>
	<b>(32)</b>	<b>(11)</b>	<b>(3)</b>	<b>(5)</b>	<b>(70)</b>
	<b>245</b>	<b>120</b>	<b>81</b>	<b>55</b>	<b>683</b>
	<b>497</b>	<b>312</b>	<b>156</b>	<b>157</b>	<b>1 349</b>
	<b>(252)</b>	<b>(192)</b>	<b>(75)</b>	<b>(102)</b>	<b>(666)</b>
	<b>245</b>	<b>120</b>	<b>81</b>	<b>55</b>	<b>683</b>
	524	660	359	253	2 617
	(299)	(414)	(212)	(141)	(1 265)
	225	246	147	112	1 352

(2020: €13 million; 2019: €22 million) and computer equipment (2020: €32 million; 2019: €42 million).

available for use.

## 9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY (CONTINUED)

### 9.1 Impairment of property, plant and equipment

Impairment in the 2020 Reporting Period relates to Conforama Italy stores that were written down to its net realisable value based on fair value less cost of disposal. Impairment in the 2019 Reporting Period relates to the Conforama restructuring and closure of Maison Dépôt's business (10 stores) and the closure of 32 loss-making Conforama stores, while preserving an extensive coverage of French territory. In addition, the plan would aim at adapting the support functions to the realities of the business by reducing the number of staff at headquarters. In the same way, a new store operating model would be implemented in the medium term, in order to ensure the sustainability of the Conforama brand in France, with a dense network throughout the country, as close as possible to the French people. In total, the project could result in a maximum of 1 905 job reductions.

The bulk of the stores has been closed before September 30, 2020. Only 4 stores will be closed in 2021 Reporting Period.

An independent valuator was used for all stores owned and leasehold improvements. Based on these valuations an impairment of €4 million to owned stores and €26 million to leasehold improvements were recognised during the 2019 Reporting Period.

Subsequent to the external valuation a CGU impairment test was performed on the carrying values of Conforama based on its recoverable amount which was determined by reference to its projected September 2021 EBITDA multiple. Based on the valuation an additional impairment to Conforama's property, plant and equipment of €177 million was recognised during the 2019 Reporting period, the impairment was allocated pro rata based on the carrying value of each item.

## 10. RIGHT-OF-USE ASSETS

### ACCOUNTING POLICY

#### Leases

The Group's main leasing activities relates to that of retail stores, office space and distribution centres. On entering a contract, the Group assesses whether a contract is, or contains, a lease based on the definition of a lease as per IFRS 16. The criteria to assess a contract includes whether a contract involves the use of an identified asset, the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period in use and the Group has the right to direct the use of the asset. The Group then allocates the consideration in the contract to each lease component on the basis of their stand-alone prices.

If a contract is assessed to be, or contains, a lease the Group recognises a right-of-use asset and corresponding lease liability at the lease commencement date over the lease term. The Group determines the lease term as the non-cancellable period of a lease, including any beneficial occupation periods, together with assessing if the lessee is reasonably certain to exercise an option available on a lease to extend or terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, management exercises judgement to assess the likelihood thereof. The lease term will not include any renewal options where there is no reasonable certainty that the lease will be renewed until the option is exercised.

#### Right-of-use asset

##### Initial and subsequent measurement

Right-of-use assets are initially measured at cost, which is made up of the initial measurement of the lease liabilities, any initial direct costs incurred by the Group, and any lease payments made in advance of the lease commencement date, less any lease incentives received. Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the relating lease liabilities. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life or lease term as noted above. Right-of-use assets are tested for impairment as part of the CGU it relates to (i.e. retail store) when indicators of impairment are identified and periodically reduced by the impairment losses, if required.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Refer to note 18 for initial and subsequent measurement of lease liabilities.

**10. RIGHT-OF-USE ASSETS (CONTINUED)**

	Land and buildings €m	Plant and machinery €m	Motor vehicles €m	Other assets €m	Total €m
Opening Balance on adoption of IFRS 16 (1 October 2019)	2 505	4	8	13	2 530
Additions	424	7	6	-	437
Remeasurement due to lease modifications	1	-	-	-	1
Eliminated on disposal of subsidiaries	(358)	-	-	(7)	(365)
Derecognition on end of lease term	(25)	-	-	-	(25)
Depreciation	(506)	(3)	(5)	(4)	(518)
From continuing operations	(398)	(3)	(5)	-	(406)
From discontinued operations	(108)	-	-	(4)	(112)
Impairment	(11)	-	-	-	(11)
Acquisition of businesses	1	-	-	-	1
Transfer to assets classified as held-for-sale (note 35)	(218)	-	-	(2)	(220)
Exchange differences on consolidation of foreign subsidiaries	(139)	(1)	(1)	-	(141)
Balance at 30 September 2020	1 674	7	8	-	1 689
Cost	2 946	4	8	13	2 971
Accumulated depreciation and impairment	(441)	-	-	-	(441)
Net book value at 1 October 2019	2 505	4	8	13	2 530
Cost	2 025	10	13	-	2 048
Accumulated depreciation and impairment	(351)	(3)	(5)	-	(359)
<b>Net book value at 30 September 2020</b>	<b>1 674</b>	<b>7</b>	<b>8</b>	<b>-</b>	<b>1 689</b>

**Impairment****Pepkor Africa**

The right-of-use assets relating to retail stores, office space and distribution centres are each seen as an individual CGU. The Group assesses each of these CGU's when indicators of impairment are identified, these mainly include loss-making stores and stores marked for closure. The impairment test compares the carrying amount of the CGU to the higher of the value-in-use, or fair value of the unit. For retail stores the recoverable amount of the CGU is determined from the value-in-use calculation, whereas office space and distribution centres CGU's are determined from its fair value. The key assumptions for the value-in-use calculation are those regarding the discount rates and growth rates. The discount rates are based on the pre-taxation weighted average cost of capital of 12.70% relating to South Africa (other African countries use different weighted average cost of capital rates, but the effect thereof is immaterial), while growth rates are based on management's experience and expectations which are in line with the growth rates used for the goodwill impairment assessment. Growth rates used do not exceed the long-term average growth rate for the area in which the CGU operates.

**Lease term**

Right-of-use assets are written off over the shorter of the useful life or the lease term of the specific right-of-use asset. The lease term of the Group is generally between 3 to 5 years and if a lease contains an option to renew, the option period also ranges between 3 – 5 years.

The following considerations were given to whether a termination and/or extension options should be included in the lease term:

- Contractual terms and conditions for optional periods compared with market rates is more favourable.
- Significant leasehold improvements have been undertaken (or expected to be undertaken).
- Costs relating to the termination of the lease/signing of a replacement lease is less than cost which will be avoid if the option is not taken.
- If the underlying asset is a specialised asset or if suitable alternatives are not available.

**11. INVESTMENTS IN EQUITY ACCOUNTED COMPANIES****ACCOUNTING POLICY****Principles of equity accounting****Associates**

Associates are entities over which the Group have significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

**Joint arrangements**

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has joint ventures.

**Joint ventures**

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost.

**Long-term interests**

The Group's interest in an associate or joint venture includes long-term interests that form part of the Group's net investment. Such long-term interests include ordinary and preference shares and long-term receivables or loans. The long-term interests are akin to an equity investment.

Goodwill arising on the acquisition of associates and joint ventures is included in the carrying amount of the associates and joint ventures.

**Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

If a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on disposal of the related assets or liabilities, the entity reclassifies the gain or loss from equity to profit or loss when the equity method is discontinued.

When there is a dilution in the Group's shareholding in an investment in equity accounted company, the dilution ratio is applied to the Group's share of other reserves of the equity accounted company and are released through other comprehensive income or profit or loss depending on the allowable treatment per the IFRS applicable to the transactions that built up in that reserve.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where the financial year-end of the equity accounted entity differs by more than three months from the Group year-end, the Group will adjust the equity accounted carrying value by any known material transactions that took place between the Group year-end and that of the financial year-end of the equity accounted company.

**Changes in ownership interests**

When the Group ceases to equity account for an investment because of a loss of joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate or a joint venture.

**Impairment of investments in equity accounted companies**

Investments in equity accounted companies are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use.

Losses in an equity accounted investment are only recognised to the extent of the carrying amount. Excess losses are tracked and any subsequent share in profit of the equity accounted investment will first reduce the excess loss.

The carrying amount of equity-accounted investments is tested for impairment when impairment indicators are present.

**11. INVESTMENTS IN EQUITY ACCOUNTED COMPANIES (CONTINUED)**

Set out below are the associates and joint ventures of the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held, except where indicated otherwise.

**11.1 Detail of the equity accounted investments of the Group**

Name of business	Place of business/ country of incorporation	Nature of business	Nature of relationship	Notes	% holding		Carrying value	
					30 September 2020	30 September 2019	30 September 2020 €m	30 September 2019 €m
<b>Unlisted*</b>								
Cofel SAS	France	Manufacturing	Associate	11.5	–	50.0	–	3
IEP Group Proprietary Limited	South Africa	Investment company	Associate		26.0	26.0	125	192
Mattress Firm	United States of America	Speciality bed retailer	Associate	11.3 & 11.6	50.1	50.1	7	9
Various other immaterial equity accounted companies		Consulting and other services	Associates		24.5 – 50.0	24.5 – 50.0	4	4
							<b>136</b>	<b>208</b>

\* Associate and joint venture entities are owned by private equity – no quoted prices are available.

**11.2 Reconciliation of the aggregate carrying values of equity accounted companies**

	Notes	30 September 2020 €m	30 September 2019 €m
Balance at the beginning of the period		208	430
Additions		1	44
Impairments			
From continuing operations	11.4	(18)	–
Disposals		(5)	(238)
Cofel SAS	11.5	(5)	–
KAP	11.5	–	(238)
Transferred to assets held-for-sale	35	–	(12)
Share of:			
Profit or loss			
From continuing operations		(7)	11
From discontinued operations		–	3
Other comprehensive income		–	1
Sundry reserves <sup>2</sup>		(15)	–
Dividends received		–	(37)
Other movements		–	6
Exchange differences on translation of investments in equity accounted investments <sup>1</sup>		(28)	–
<b>Carrying values of equity accounted companies at the end of the period</b>		<b>136</b>	<b>208</b>

<sup>1</sup> The net exchange losses relates mainly to the translation of the IEP investment due to the deterioration of the South African rand to the Euro during the Reporting Period.

<sup>2</sup> IEP previously held a 49% investment in Khulasande Capital Partnership ("KCP"). KCP in return held shares in Bud Chemicals & Minerals (part of the Bud Group) and Bud Industrial Services ("BudServe"). During the 2020 Reporting Period Bud Group acquired the shares held by KCP in BudChem and BudServe as well as the acquisition of a further 5% of Idwala from Nkunku Sowazi. BudChem and BudServe are now 100% held by Bud Group and Idwala non-controlling interest was reduced. The difference between the value of the transaction and the non-controlling interest was a debit to Sundry reserves ("Transactions with non-controlling interest").

**11. INVESTMENTS IN EQUITY ACCOUNTED COMPANIES (CONTINUED)****11.3 Additional investments during the period**

No material additional investments were made during the 2020 Reporting Period.

Investments during the 2019 Reporting Period:

**Mattress Firm**

On 5 October 2018, the Group announced that its Mattress Firm subsidiaries filed voluntary Chapter 11 cases in the United States Bankruptcy Court for the District of Delaware. The filing implemented a pre-packaged Chapter 11 plan of reorganisation that, inter alia, provided Mattress Firm with access to new financing to support its business and established an efficient and orderly process for closing certain underperforming store locations in the United States. Mattress Firm emerged from Chapter 11 on 21 November 2018. In relation to their equity stake, the exit facility lenders and the Group executed a stockholders' agreement that governs, among other things, shareholder rights in relation to the governance of SUSHI and sales of their respective equity interests. The exit facility lenders also received a USD150 million payment-in-kind facility that has a five-year maturity.

The Management Board has considered the shareholding and governance structures and determined that the Group lost control on 21 November 2018. Mattress Firm was included as a discontinued operation until 21 November 2018, and thereafter as an equity accounted investment in 2019 Reporting Period.

The associate value recognised was €44 million at 21 November 2018. Refer to note 1.4 for the gain recognised on loss of control of the investment. Earnings after tax for Mattress Firm remained negative for the 2020 Reporting period due to after adoption of IFRS 16, Leases, and the unwinding of the fair value at acquisition adjustments.

Subsequent to the 2020 Reporting Period Mattress Firm issued an USD550 million new senior secured term loan due 2027. Proceeds from the USD550 million senior secured term loan, along with USD184 million of balance sheet cash, was used to repay the existing loans, pay for loan prepayment premiums and transaction fees and expenses. The new financing also includes a proposed USD125 million asset-based revolving credit facility (unrated).

**11.4 Significant accounting judgements relating to impairment of equity accounted investments**

The outbreak of COVID-19 and the impact on the wider economy is placing unprecedented pressure on businesses and has resulted in significant decline across global economies. The COVID-19 pandemic is an impairment indicator and management has done a review on the expected recoverable amount for the Group's investment in equity accounted companies. Based on the revaluation an impairment has been recognised for the investment in IEP during the Reporting Period.

**11.5 Disposals**

During the Reporting period the Group disposed of its 50% share in Cofel SAS for a purchase price of €18.7 million. A profit of €14 million was recognised on the disposal.

During the 2019 Reporting period the remaining investment in KAP was disposed through an accelerated bookbuild for €293 million. A profit of €55 million was recognised on disposal. The FCTR of €99 million was reclassified to profit or loss upon the disposal of KAP. Refer notes 4.2.4 and 4.2.7.

**11.6 Summarised information in respect of material equity accounted companies**

The table below provides summarised financial information for those equity accounted investments that are material to the Group. The information disclosed reflects the amounts presented in the most recent financial statements of the relevant equity accounted companies and not the Group's share of those amounts.

Adjustments are made for material transactions occurring between equity accounted company's reporting date and Steinhoff N.V.'s Reporting Date (where necessary).

Where relevant, the statements of financial positions of the associates were translated to Euro at spot conversion rate at the end of the Group's Reporting Period and the income statements were translated to Euro at the average conversion rate applicable to the Group's Reporting Period.

The Group has compared the accounting policies of these companies to those of the Group and has found the only material difference, being in relation to Mattress Firm for leases due to the adoption of IFRS 16, which became effective 1 October 2019. Under IFRS 16 lessees no longer classify their leases between operating and finance, however under US GAAP ASC 842, which is the accounting standard for Mattress Firm, it continues to do so.

IFRS 16 uses a single lessee accounting model that is similar to that of finance leases under current IAS 17. However, under US GAAP, only leases classified as finance leases are treated as financing arrangements from an income statement perspective; while operating leases will continue to produce a straight-line total lease expense.

The Group has made the following adjustments for Mattress Firm to bring its financial statements in line with IFRS 16, and the unwinding of fair value adjustments at acquisition date.



**11. INVESTMENTS IN EQUITY ACCOUNTED COMPANIES (CONTINUED)****11.6 Summarised information in respect of material equity accounted companies (continued)**

	Mattress Firm		
	Period ended 30 September 2020		
	Mattress Firm under US GAAP €m	IFRS adjustments and fair value at acquisition unwinding €m	Adjusted for accounting policies changes and fair value at acquisition unwinding €m
Revenue	2 976	–	2 976
Gross margin	1 753	–	1 753
Other operating cost	(1 556)	335	(1 221)
Investment income	–	–	–
Depreciation and amortisation	(51)	(219)	(270)
Interest expense <sup>4</sup>	8	(242)	(234)
Income tax expense	(44)	12	(32)
<b>Profit/(loss) for the period from continuing operations</b>	<b>110</b>	<b>(114)</b>	<b>(4)</b>
Loss for the period from discontinued operations	–	–	–
<b>Profit for the period</b>	<b>110</b>	<b>(114)</b>	<b>(4)</b>
Other comprehensive income for the period	–	–	–
<b>Total comprehensive income/(loss) for the period</b>	<b>110</b>	<b>(114)</b>	<b>(4)</b>
Non-current assets <sup>2</sup>	555	1 064	1 619
Current assets	709	–	709
Non-current liabilities <sup>3</sup>	(627)	(869)	(1 496)
Current liabilities <sup>3</sup>	(510)	(304)	(814)
<b>Net assets</b>	<b>127</b>	<b>(109)</b>	<b>18</b>

<sup>1</sup> IFRS16 was adopted by the Group on 1 October 2019.

<sup>2</sup> Non-current assets relate to the right-of-use asset recognised under IFRS 16.

<sup>3</sup> Liabilities recognised relates mainly to the lease liability recognised under IFRS 16.

<sup>4</sup> Included in the interest expense adjustments is the reversal of an embedded derivative movement of €92 million profit recorded by Mattress Firm. The embedded derivative, and subsequent movements thereof, are reversed and the interest is recognised as per the external loan agreement in order to calculate the Group's share of equity accounted profit or losses.

**11. INVESTMENTS IN EQUITY ACCOUNTED COMPANIES (CONTINUED)****11.6 Summarised information in respect of material equity accounted companies (continued)**

The table below provides summarised financial information on those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associate and not our share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Mattress Firm <sup>1</sup>		IEP Group Proprietary Limited	
	Period ended 30 September 2020 €m	Period ended 30 September 2019 €m	9 months <sup>2</sup> ended 30 September 2020 €m	12 months ended 31 December 2019 €m
	Revenue	2 976	2 686	506
Investment income	-	-	3	8
Depreciation and amortisation	(270)	(61)	(39)	(62)
Interest expense	(234)	(113)	(22)	(38)
Income tax expense	(32)	4	(3)	(36)
<b>Profit for the period from continuing operations</b>	<b>(4)</b>	<b>(172)</b>	<b>8</b>	<b>129</b>
Loss for the period from discontinued operations	-	-	-	(13)
<b>Profit for the period</b>	<b>(4)</b>	<b>(172)</b>	<b>8</b>	<b>116</b>
Other comprehensive income for the period	-	-	(1)	(1)
<b>Total comprehensive income for the period</b>	<b>(4)</b>	<b>(172)</b>	<b>7</b>	<b>115</b>

	As at 30 September 2020 €m	As at 30 September 2019 €m	As at 30 September 2020 €m	As at 31 December 2019 €m
	Non-current assets	1 619	615	1 013
Current assets				
Cash and cash equivalents	431	161	50	86
Other current assets	278	270	228	261
Total current assets	709	431	278	347
Non-current liabilities				
Non-current financial liabilities (excluding trade payables)	(539)	(574)	(305)	(368)
Other non-current liabilities	(957)	(107)	(167)	(160)
Total non-current liabilities	(1 496)	(681)	(472)	(528)
Current liabilities				
Current financial liabilities	(318)	(238)	(3)	(23)
Other current liabilities	(496)	(113)	(126)	(146)
Total current liabilities	(814)	(351)	(129)	(169)
Non-controlling interests	-	-	(142)	(147)
<b>Net assets</b>	<b>18</b>	<b>14</b>	<b>548</b>	<b>715</b>
Share-based payment expense credited to equity	(9)	-	-	-
<b>Net equity</b>	<b>9</b>	<b>14</b>	<b>548</b>	<b>715</b>
% ownership by Group	50.1%	50.1%	26.0%	26.0%
Group's share of net equity	5	7	142	186
Adjustment for material transactions and foreign currency differences	-	-	(17)	6
Goodwill	2	2	-	-
<b>Carrying amount of the Group's interest</b>	<b>7</b>	<b>9</b>	<b>125</b>	<b>192</b>

<sup>1</sup> Mattress Firm's was only equity accounted from the date the Group lost control. Refer to note 1.

<sup>2</sup> The financial year-end for IEP is 31 December. At the date of publishing this report we have not yet received the audited 12 month ending 1 December 2020 financial information from IEP. However, for the purpose of included our share of associate's results we use the 12 month period that coincide with our financial year. The 9 month period information is only for disclosure purposes on what is reflected by the associate in their financial statements or management accounts.

**12. OTHER FINANCIAL ASSETS**

	Notes	30 September 2020 €m	30 September 2019 €m
<b>Non-current other financial assets</b>			
At amortised cost	12.1	425	332
<b>Current other financial assets</b>			
At amortised cost	12.1	–	178
<b>Total other financial assets</b>		<b>425</b>	<b>510</b>

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each Reporting Period.

**12.1 At amortised cost**

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the Reporting Period.

**Financial assets at amortised cost including the following debt instruments:**

	Notes	30 September 2020 €m	30 September 2019 €m
Unlisted preference shares – Lancaster 102	12.1.1	253	282
Interest-bearing loans	12.1.2	168	221
Unlisted bonds	12.1.3	3	6
Non-interest bearing loans		1	1
		<b>425</b>	<b>510</b>

**12.1.1 Unlisted preference shares**

The unlisted preference shares increased with €18 million as a result of additional accrued dividends on the investment in preference shares issued by Lancaster 102, however due to the devaluation of the South African Rand during the 2020 Reporting Period a foreign exchange loss of €47 million was recognised. At the beginning of the 2018 Reporting Period, Steinhoff Africa subscribed for 1 000 preference shares to the value of R4 billion in Lancaster 102. The preference shares accrue dividends at 80% of the SA prime lending rate as quoted by Standard Bank Group Limited or its successor in title in South Africa. The preference shares are redeemable after 5 years from issue with the option to extend for a further 2 years. As part of the transaction, Steinhoff Africa also obtained a liability to the value of R4 billion from Lancaster 102. Refer to note 17.

Expected credit losses with regards to the investment has been assessed. The assessment included consideration of the net asset value of Lancaster 102, the fact that the investment is, in essence, supported by the liability owed to Lancaster 102 (refer note 17) and no default on payment has occurred. Based on the assessment it was determined that any provision for expected credit losses on the investment is immaterial.

**12. OTHER FINANCIAL ASSETS (CONTINUED)****12.1 At amortised cost (continued)****12.1.2 Interest bearing loans****Loan to Titan**

Included in the balance of interest-bearing loans is a loan receivable from Titan of €165 million as at 30 September 2020 (30 September 2019: €178 million) after recognising a credit loss of €13 million (2019: €34 million on adoption of IFRS 9). The loan receivable originated when a prepayment of €200 million was made by the Group in November 2017 to an entity related to Christo Wiese (a Steinhoff Supervisory Board member at the time) as part of the planned Shoprite transaction.

Subsequent to the aborted Shoprite transaction following the events of December 2017, a settlement was concluded in early 2018, pursuant to which Titan owed SFHG an amount of €200 million plus interest. In accordance with the Group's 2019 financial restructuring arrangements, the Titan loan receivable was transferred from SFHG to Newco 2A.

A key consideration in the assessment of recoverability of the Titan loan receivable set out below, is that management has assessed that it is more likely than not that the global Litigation Settlement Proposal will be successful. Due to this probability assessment, the new terms attached to the Titan Loan, in accordance with the settlement term sheets as published on 27 July 2020 and 9 October 2020, once the global Litigation Settlement Proposal has been successfully implemented, have been applied for IFRS 9 purposes.

In addition to the Litigation Settlement Proposal of relevant MPC and Contractual Claims it is proposed that with effect from the effective date of the global settlement (Refer to note 24.3):

- following implementation, SIHPL will acquire the rights under the legacy loan receivable owed by Titan to Newco 2A (formerly owed to SFHG) for deferred cash consideration of ZAR3.4 billion principal outstanding;
- the term for repayment of the Titan loan receivable to SIHPL will be extended by 5 years at a PIK coupon of 5.04 per cent per annum compounding semi-annually and Titan will provide security for the Titan loan obligations in favour of SIHPL;
- repayment date of 5 years plus one day from the global settlement effective date and voluntarily repayable without penalty at any time;
- secured in favour of SIHPL on terms satisfactory to SIHPL;
- as part of the consideration for Steinhoff N.V. settling all MPCs, including those against SIHPL, SIHPL will issue a loan note in favour of Steinhoff N.V. in the amount of up to €100 million; and
- SIHPL CPU claimants are requested to agree terms to assist SIHPL to conclude its affairs on a solvent basis.

It is management's view that the Titan loan receivable remains recoverable based on the key considerations above.

**Rent deposit**

Included in the 2019 Reporting Period balance of interest-bearing loans are deposits for rent paid by Conforama of €34 million.

Conforama was classified as held-for-sale during the 2020 Reporting Period.

**12.1.3 Unlisted bonds**

Unlisted bonds held by Pepkor Africa consist of:

	30 September 2020 €m	30 September 2019 €m
Angola government bonds: issued by Ministry of finance	–	6
Standard Bank bond: issued by Standard Bank Angola <sup>1</sup>	3	–
	<b>3</b>	<b>6</b>

<sup>1</sup> Angola government bonds held by Pepkor Africa is denominated in Angola Kwanza, with a coupon interest rate of 17% and maturity date of 2021/12/11.

**13. RECEIVABLES****13.1 Trade and other receivables**

	Notes	30 September 2020 €m	30 September 2019 €m
<b>Financial assets</b>			
<b>Non-current trade and other receivables</b>			
Instalment sale and loan receivables	13.1.4	4	9
		<b>4</b>	<b>9</b>
<b>Current trade and other receivables</b>			
Trade receivables		88	162
Instalment sale and loan receivables	13.1.4	328	378
Less: Provision for impairments – Trade receivables	21.3	(18)	(22)
Less: Provision for impairments – Instalment sale and loan receivables	21.3	(94)	(79)
Net trade, instalment sale and loan receivables		<b>304</b>	<b>439</b>
Receivables due from equity accounted companies	31.5	–	15
Other amounts due	13.1.2	90	245
Derivative financial assets	21.1	39	33
		<b>433</b>	<b>732</b>
<b>Non-financial assets</b>			
<b>Current trade and other receivables</b>			
Prepayments		72	102
Value Added Tax receivable		19	119
Equalisation of operating lease payments		–	1
		<b>91</b>	<b>222</b>
<b>Total</b>			
Non-current trade and other receivables		4	9
Current trade and other receivables		524	954
		<b>528</b>	<b>963</b>

**13.1.1 Classification of trade and other receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Instalment sale and loan receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 to 90 days and therefore are all classified as current.

**13.1.2 Other amounts due**

Included in other amounts due are creditors with debit balances, insurance receivables and various other receivables.

**13.1.3 Trade and other receivables transferred to held-for-sale or part of disposal group**

During the 2020 Reporting Period Conforama France and Conforama Switzerland were disposed, the remaining operations within the Conforama segment have been reclassified to held-for-sale where the value will be recovered principally through a sale transaction rather than through continuing use.

Trade and other receivables relating to Conforama included in the 30 September 2019 balance amounted to €233 million. Refer to note 1 for further information.

## 13. RECEIVABLES (CONTINUED)

### 13.1 Trade and other receivables (continued)

#### 13.1.4 Instalment sale and loan receivables

Instalment sale and loan receivables relate mainly to the credit books in Pepkor Africa.

#### 13.1.5 Fair values of trade and other receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

#### 13.1.6 Derivatives

Refer to note 20 and 21 for details regarding the determination of their fair values and the types of derivatives, respectively.

#### 13.1.7 Impairment and risk exposure

Information about the impairment of trade and other receivables, the calculation of the loss allowance, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 21.

#### 13.1.8 Translation of foreign operations

During the 2020 Reporting Period there was a significant deterioration of the South African rand to the Euro, refer to Basis of preparation for the exchange rates. This had a significant impact on the translation of assets and liabilities of the Group's South African operations in the current period compared to the previous period. The Group had trade and other receivables to the value of ZAR8.0 billion (€405 million) as at 30 September 2020.

### 13.2 Taxation receivable

	Notes	30 September 2020 €m	30 September 2019 €m
Taxation receivable	13.2.1	144	65

#### 13.2.1 Taxation receivable

The taxation receivable includes the merger-effect within Steinhoff Europe Group Services GmbH, together with receivables in Steinhoff UK Holdings and Conforama Investissement SNC for the 2019 Reporting Period and Pepkor Africa and Africa Group Services entities for the 2020 Reporting Period.

On 1 October 2019, the Group adopted IFRIC 23, effective for financial years beginning on or after 1 January 2019. On adoption of the standard a taxation receivable of €98 million was recognised. Refer to note 37.3.

**14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The Group holds the following financial assets and financial liabilities:

**14.1 Total financial assets and liabilities**

	Notes	At fair value through profit or loss €m	At amortised cost €m	Total carrying values €m
<b>30 September 2020</b>				
Trade and other receivables	13.1	–	4	4
Other financial assets	12	–	425	425
Non-current financial assets		–	429	429
Trade and other receivables	13.1	39	394	433
Cash and cash equivalents	16	–	1 983	1 983
Current financial assets		39	2 377	2 416
Borrowings	17.2	–	(10 744)	(10 744)
Non-current financial liabilities		–	(10 744)	(10 744)
Borrowings	17.2	–	(700)	(700)
Trade and other payables	19.1	(11)	(1 263)	(1 274)
Current financial liabilities		(11)	(1 963)	(1 974)
		28	(9 901)	(9 873)
<b>30 September 2019</b>				
Trade and other receivables	13.1	–	9	9
Other financial assets	12	–	332	332
Non-current financial assets		–	341	341
Trade and other receivables	13.1	33	699	732
Other financial assets	12	–	178	178
Cash and cash equivalents	16	–	1 795	1 795
Current financial assets		33	2 672	2 705
Borrowings	17	–	(10 371)	(10 371)
Non-current financial liabilities		–	(10 371)	(10 371)
Borrowings	17.2	–	(999)	(999)
Trade and other payables	19.1	(2)	(1 951)	(1 953)
Current financial liabilities		(2)	(2 950)	(2 952)
		31	(10 308)	(10 277)

The Group's exposure to various risks associated with the financial instruments is discussed in note 21. The maximum exposure to credit risk at the end of each Reporting Period is the carrying amount of each class of financial assets mentioned above.

There were no transfers between categories of financial instruments during either period presented.

**15. INVENTORIES**

	30 September 2020 €m	30 September 2019 €m
<b>15.1 Inventory</b>		
Merchandise and finished goods	1 090	2 129
Goods in transit	98	84
Raw materials and other inventories	146	19
Inventory before provision	1 334	2 232
Less: provision for inventory write downs*	(84)	(102)
Net Inventories	1 250	2 130
<i>* Comprises mainly provision against finished goods and merchandise</i>		
<b>15.2 Amount of write-down of inventories to net realisable value recognised in profit or loss as an expense during the period</b>	(61)	(57)
<b>15.3 Inventory pledged as security over borrowings</b>	-	23

**Merchandise and finished goods**

Merchandise and finished goods are stated at the lower of cost and net realisable value. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material and finished goods but excludes borrowing costs.

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Amounts recognised in profit or loss**

Write-downs of inventories to net realisable value were recognised as an expense during the period and included in 'cost of sales' in the statement of profit or loss.

**Inventory transferred to held-for-sale or part of disposal group**

During the 2020 Reporting Period Conforama France and Conforama Switzerland were disposed and the remaining operations within Conforama segment have been reclassified to held-for-sale where the value will be recovered principally through a sale transaction rather than through continuing use. Inventory relating to Conforama included in the 30 September 2019 balance was €618 million. Refer to note 1 for further information.

**Translation of foreign operations**

During the 2020 Reporting period there was a significant deterioration of the South African rand to the Euro. Refer to Basis of preparation for the exchange rates. This had a significant impact on the translation of assets and liabilities of the Group's South African operations in the current period compared to the previous period. The Group's South African operations had inventory to the value of ZAR10.7 billion (€590 million) as at 30 September 2020.



**16. CASH AND CASH EQUIVALENTS**

	30 September 2020 €m	30 September 2019 €m
<b>Current assets</b>		
Cash at bank and on hand	1 325	1 320
Funds and deposits on call	658	475
	<b>1 983</b>	<b>1 795</b>

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Term deposits are presented as cash equivalents if they have maturity of three months or less from the date of acquisition and are repayable within 24 hour notice with no loss of interest.

**Restricted cash**

The Group has restricted cash balances of €12.7 million held by Steinhoff Africa in escrow account relating to the Unitrans sale and €112.3 million held by Steenbok Newco 10 Limited to be used to settle historic German tax liabilities.

**17. BORROWINGS****ACCOUNTING POLICY****Principles of borrowings****Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

An exchange between an existing borrower and lender of debt instruments with substantially different terms should be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Substantially different is 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.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**17. BORROWINGS (CONTINUED)****17.1 Analysis of closing balance**

	Notes	30 September 2020			30 September 2019		
		Current €m	Non-current €m	Total €m	Current €m	Non-current €m	Total €m
<b>Operating companies</b>							
<b>Hemisphere</b>							
Term loan facility <sup>1</sup>	17.6	218	–	218	327	–	327
Mortgage loan	17.6	–	–	–	34	–	34
<b>Pepco Group</b>							
Term loans and facilities	17.6	1	485	486	1	471	472
Capitalised finance lease	17.6	4	4	8	–	12	12
<b>Conforama</b>							
Syndicated loan facilities and term loans	17.6	188	–	188	47	206	253
Capitalised finance lease	17.6	–	–	–	–	3	3
<b>Greenlit Brands</b>							
Term loans and facilities	17.6	24	–	24	–	33	33
<b>Pepkor Africa</b>							
Term loans and facilities	17.6	12	533	545	112	574	686
Preference shares	29.2	–	101	101	–	362	362
Instalment sale agreements	17.6	–	1	1	1	–	1
		<b>447</b>	<b>1 124</b>	<b>1 571</b>	<b>522</b>	<b>1 661</b>	<b>2 183</b>
<b>Corporate and treasury services</b>							
<b>Steenbok Lux Finco 1</b>							
21/22 Term loan facility <sup>1</sup>	17.5	–	1 961	1 961	–	1 775	1 775
23 Term loan facility <sup>1</sup>	17.5	–	1 340	1 340	–	1 214	1 214
<b>Steenbok Lux Finco 2</b>							
First lien term loan facility <sup>1</sup>	17.5	–	2 081	2 081	163	1 912	2 075
Second lien term loan facility <sup>1</sup>	17.5	–	4 238	4 238	–	3 809	3 809
<b>Africa Group (excl. Pepkor Africa)</b>							
Lancaster 102 Liability	17.7	253	–	253	282	–	282
Preference shares – BVI		–	–	–	28	–	28
Other		–	–	–	4	–	4
		<b>253</b>	<b>9 620</b>	<b>9 873</b>	<b>477</b>	<b>8 710</b>	<b>9 187</b>
<b>Total borrowings</b>		<b>700</b>	<b>10 744</b>	<b>11 444</b>	<b>999</b>	<b>10 371</b>	<b>11 370</b>

<sup>1</sup> Guaranteed by Steinhoff N.V. through the issuance of CPU. Refer to the Steinhoff N.V. separate financial statements.

**17. BORROWINGS (CONTINUED)****17.2 Reconciliation of borrowings balances**

	Notes	Corporate and treasury services €m	European Properties €m	Pepkor Africa €m	Pepco €m	Conforama €m	Greenlit Brands €m	Total €m
<b>Opening balance –</b>								
<b>1 October 2018</b>		8 115	743	978	323	137	113	10 409
Repayable within one year		7 872	452	34	1	16	7	8 382
Repayable after one year		243	291	944	322	121	106	2 027
Derecognition of original debt		(8 732)	–	–	–	–	–	(8 732)
Repayment of debt		(14)	(389)	(12)	(331)	–	(78)	(824)
Repayment of interest		–	(30)	(99)	(10)	(6)	(7)	(152)
Recognition of new debt		8 732	–	–	–	–	–	8 732
Additional financing		178	–	93	475	104	–	850
Interest accrued		781	36	99	32	24	7	979
Continuing – Loans	5	560	36	99	32	24	7	758
Continuing – Convertible bonds	5	221	–	–	–	–	–	221
Transaction fees (additional financing)	5	45	–	–	–	–	–	45
Foreign exchange gains or losses		33	1	(10)	(5)	(3)	1	17
Reclassification to trade and other payables		(27)	–	–	–	–	–	(27)
Reclassified as held-for-sale		–	–	–	–	–	(3)	(3)
Convertible bond conversions		(9)	–	–	–	–	–	(9)
Loss on derecognition	4.2.3	85	–	–	–	–	–	85
<b>Closing balance –</b>								
<b>30 September 2019</b>		9 187	361	1 049	484	256	33	11 370
Repayable within one year		477	361	113	1	47	–	999
Repayable after one year		8 710	–	936	483	209	33	10 371
<b>Opening balance –</b>								
<b>1 October 2019</b>		9 187	361	1 049	484	256	33	11 370
Repayable within one year		477	361	113	1	47	–	999
Repayable after one year		8 710	–	936	483	209	33	10 371
Repayment of debt		(188)	(144)	(358)	(57)	(220)	(9)	(976)
Repayment of interest		–	(26)	(70)	(16)	–	(1)	(113)
Partial settlement of preference shares		–	–	(220)	–	–	–	(220)
Additional financing		–	1	364	61	–	–	426
Interest accrued		923	27	70	37	52	2	1 111
Continuing – Loans	5	923	–	70	37	–	2	1 032
Discontinued – Loans		–	27	–	–	52	–	79
Foreign exchange gains or losses		(49)	–	(179)	(15)	–	(1)	(244)
Reclassified as held-for-sale		–	–	(9)	–	–	–	(9)
Prepayment premiums <sup>1</sup>		–	–	–	–	7	–	7
Remeasurement of financial liability		–	(1)	–	–	81	–	80
Commitment fees <sup>2</sup>		–	–	–	–	12	–	12
<b>Closing balance –</b>								
<b>30 September 2020</b>		9 873	218	647	494	188	24	11 444
Repayable within one year		253	218	12	5	188	24	700
Repayable after one year		9 620	–	635	489	–	–	10 744

<sup>1</sup> Prepayment premiums relates to the 10% prepayment premium computed on the principle amount that was repaid for the senior secured bonds of Conforama.

<sup>2</sup> These fees relate to the Tranche B bonds that were due by Conforama but were not issued. It is the commitment fee and backstop fee as compensation for certain Bondholder's acceptance to backstop extension to Tranche B bonds pending consultation of all Bondholders.

**17. BORROWINGS (CONTINUED)****17.3 Contractual maturities of borrowings**

The following are the remaining contractual maturities of borrowings at the Reporting Date. The amounts are gross and undiscounted, and include contractual interest payments.

	Contractual maturities of borrowings					Carrying amount €m
	1 – 12 months €m	Between 1 and 2 years €m	Between 2 and 5 years €m	Over 5 years €m	Total €m	
<b>At 30 September 2020</b>						
<b>Operating companies</b>						
Pepkor Africa	–	634	1	–	635	647
Conforama	188	–	–	–	188	188
Pepco Group	8	490	6	–	504	494
Greenlit Brands	24	–	–	–	24	24
Hemisphere	220	6	–	–	226	218
	<b>440</b>	<b>1 130</b>	<b>7</b>	<b>–</b>	<b>1 577</b>	<b>1 571</b>
<b>Corporate and treasury services</b>						
21/22 Term loan facility	–	2 219	–	–	2 219	1 961
23 Term loan facility	–	1 517	–	–	1 517	1 340
First lien term loan facility	–	2 295	–	–	2 295	2 081
Second lien term loan facility	–	4 838	–	–	4 838	4 238
Africa Group (excl. Pepkor Africa)	253	–	–	–	253	253
	<b>253</b>	<b>10 869</b>	<b>–</b>	<b>–</b>	<b>11 122</b>	<b>9 873</b>
<b>Total borrowings</b>	<b>693</b>	<b>11 999</b>	<b>7</b>	<b>–</b>	<b>12 699</b>	<b>11 444</b>
<b>At 30 September 2019</b>						
<b>Operating companies</b>						
Pepkor Africa	203	374	683	–	1 260	1 049
Conforama	5	3	520	–	528	256
Pepco Group	–	12	541	–	553	484
Greenlit Brands	32	5	–	–	37	33
Hemisphere	8	5	439	–	452	361
	<b>248</b>	<b>399</b>	<b>2 183</b>	<b>–</b>	<b>2 830</b>	<b>2 183</b>
<b>Corporate and treasury services</b>						
21/22 Term loan facility	–	–	2 209	–	2 209	1 775
23 Term loan facility	–	–	1 510	–	1 510	1 214
First lien term loan facility	–	–	2 472	–	2 472	2 075
Second lien term loan facility	–	–	4 813	–	4 813	3 809
Africa Group (excl. Pepkor Africa)	314	–	–	–	314	314
	<b>314</b>	<b>–</b>	<b>11 004</b>	<b>–</b>	<b>11 318</b>	<b>9 187</b>
<b>Total borrowings</b>	<b>562</b>	<b>399</b>	<b>13 187</b>	<b>–</b>	<b>14 148</b>	<b>11 370</b>

**17. BORROWINGS (CONTINUED)****17.4 Compliance with loan covenants**

During the 2019 Reporting period the Group successfully implemented its financial restructuring plan (as detailed in the SEAG CVA and SFHG CVA), securing a period of financial stability for the Group until 31 December 2021. The CVAs only contain reporting covenants.

**17.5 Impact of implementation of CVAs**

The Group has been engaged in substantial and complex debt restructuring processes since December 2017. Financial restructuring activity completed in the 2019 Reporting Period is summarised below.

**Company Voluntary Arrangements (CVAs)**

As part of the proposed European financial restructuring detailed in the Lock-Up Agreement, on 30 November 2018, the SEAG CVA and the SFHG CVA were filed with the English court. The SEAG CVA and the SFHG CVA implemented the restructuring plan outlined in the Lock-Up Agreement. The CVA proposals, together with certain supporting documentation, can be downloaded from [www.steinhoffinternational.com](http://www.steinhoffinternational.com) (the website has not been audited by Mazars).

The meetings of the financial creditors and members of SEAG and SFHG to vote on the SEAG CVA and SFHG CVA, as applicable, were held on 14 December 2018. The SEAG CVA and the SFHG CVA were each approved by the requisite majorities of their respective creditors and by their members. Certain relevant terms of the SEAG CVA and the SFHG CVA, including the interim moratoria, continued to apply and the Group continued to work towards the implementation of the financial restructuring.

The Implementation Conditions Notice was issued on 12 July 2019. This prompted a period for the calculation of creditor entitlements under the new debt instruments. The final step was the issuance of the Implementation Commencement Date notice which prompted business transfers and the execution of the necessary documents immediately prior to the final steps and closing.

The financial restructuring of the Group became effective on 13 August 2019, when the SEAG and SFHG CVAs were successfully implemented. Under the terms of the CVAs, the existing debt instruments in SEAG and SFHG were reissued for accounting purposes effective as of 14 December 2018, which was the date the SEAG CVA and the SFHG CVA were approved by the requisite majorities of the creditors, with a common maturity date of 31 December 2021. No cash interest is payable in this period, as interest will accrue and is only payable when the debt matures, providing the Group with a period in which it can concentrate on reducing debt and restoring value.

The Group has announced it intends to implement a number of steps to reduce its debt burden. Within this, the Steenbok Group in particular is now required to be run for the benefit of its creditors (including those under the Facilities Agreements) ahead of the benefit of its shareholders (which are ultimately controlled by the Company). Planned steps include the managed realisation of investments and assets including a potential IPO or sale of the Pepco Group.

The lenders have additional rights pursuant to the terms of the Facilities Agreements which require their consent ahead of an IPO and the right of certain lenders to participate in the IPO as cornerstone investors.

The implementation of the CVAs resulted in the original SEAG and SFHG debt being replaced by new term loan facilities entered into between the lenders and Steenbok Lux Finco 1 SARL and Steenbok Lux Finco 2 SARL, two newly incorporated entities within the Europe Group. The new facilities have new terms and conditions in terms of the finance documents.

In terms of the new facility agreements all facilities are repayable on 31 December 2021, being the termination date.

New facility	Facilities replaced
21/22 Term loan facility	2021 and 2022 convertible bonds
23 Term loan facility	2023 convertible bonds
First lien term loan facility	SEAG debt
Second lien term loan facility	SEAG debt

Refer to note 24.3 for consent sought under the relevant Steinhoff finance documents for the extension of maturity dates of the above facility agreements as part of the Litigation Settlement Proposal.

**17. BORROWINGS (CONTINUED)****17.5 Impact of implementation of CVAs (continued)****Derecognition**

A liability is removed from the balance sheet when it is extinguished (that is, when the obligation is discharged, cancelled or expires). A financial liability (or part of it) is extinguished when the debtor either:

- discharges the liability (or part of it) by paying the creditor, normally with cash, other financial assets, goods or services; or
- is legally released from primary responsibility for the liability (or part of it) either by process of law or by the creditor.

A debt is extinguished only if the debtor is legally released from its obligation by the creditor. An exchange between an existing borrower and lender of debt instruments with substantially different terms should be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The terms of the new debt instruments are deemed to be substantially different if the net present value of the cash flows under the new liability, including any fees paid and received, is at least 10% different from the net present value of the remaining cash flows of the existing liability, both discounted at the original effective interest rate of the original liability.

It was concluded that none of the terms introduced by the Lock-Up Agreement would imply an extinguishment of the original debt, nor do they seem to substantially modify the cash flows on the original debt instruments. Therefore, the original debt instruments were not derecognised due to the implementation of the Lock-Up Agreement during the 2018 Reporting Period.

On 14 December 2018, being the CVA approval date, the lenders agreed to start implementing the restructuring plan once certain conditions precedent had been fulfilled. From this date interest accrued at newly agreed interest rates, which resulted in a substantial modification of the old debt instruments.

A loss of €85 million was calculated as the difference between the carrying amounts of the old debt instruments and the fair value of the new debt instruments and was immediately recognised in profit or loss. The fair value of the instrument was calculated based on discounting the future cash flows, at the effective interest rate. Management is of the opinion that the interest charged on the loan is market related and therefore the effective interest rate equates a fair market interest rate. The interest rate of between 7.875% and 10.75% at which the new facilities were issued is regarded as market related due to the following reasons:

- This was an arm's length transaction;
- Numerous financial institutions and investors were approached for financing, as this was put to the market; and
- Taking into account the financial position of the Group at the time, the interest rates of between 7.875% and 10.75% were reasonable.

**Corporate and treasury services**

Facility	Tranche	Maturity date	Interest rate %	30 September 2020	30 September 2019
				Carrying value €m	Carrying value €m
21/22 Term loan facility	Super senior	31 December 2021	10%	27	25
	A1	31 December 2021	10%	1 934	1 750
23 Term loan facility	Super senior	31 December 2021	10%	16	14
	A2	31 December 2021	10%	1 324	1 200
First lien term loan facility	Super senior	31 December 2021	10%	–	57
	A1	31 December 2021	7.875%	1 998	1 938
	B1	31 December 2021	7.875%	83	80
Second lien term loan facility	A2	31 December 2021	10.75%	4 066	3 655
	B2	31 December 2021	10.75%	172	154
				<b>9 620</b>	<b>8 873</b>
Portion payable within 12 months included in current liabilities				–	(163)
<b>Total non-current borrowings</b>				<b>9 620</b>	<b>8 710</b>

No part of the term loan facilities which is repaid may be drawn down again.

Under the term loan facilities, Newco 3 and SFHG have an obligation to provide the lenders with certain monthly, quarterly and annual financial information.

**17. BORROWINGS (CONTINUED)****17.5 Impact of implementation of CVAs (continued)**

Steinhoff N.V. and SIHPL entered into CPUs with the lenders whereby each of Steinhoff N.V. and SIHPL undertook to repay up to the following amounts for each facility in the event of a default:

Subsidiary	Facility	Agreement date	Steinhoff N.V. €m	SIHPL €m
Steenbok Lux Finco 1 SARL	21/22 Term loan facility	13 August 2019	1 723	1 581
	23 Term loan facility	13 August 2019	1 180	–
Steenbok Lux Finco 2 SARL	First lien term loan facility	13 August 2019	1 913	–
	Second lien term loan facility	13 August 2019	3 591	–
Hemisphere	Term loan facility	5 September 2018	775	–

**17.6 Operating companies debt****Hemisphere**

	Maturity date	Interest rate %	30 September 2020 Carrying value €m	30 September 2019 Carrying value €m
Term loan facility	31 December 2021	10%	218	327
Mortgage loans	Various	1.7%	–	34
			218	361
Portion payable within 12 months included in current liabilities			(218)	(361)
<b>Total non-current borrowings</b>			–	–

The restructuring of the financial indebtedness of SFHG's subsidiary Hemisphere was implemented on 5 September 2018. This resulted in a new loan facility of approximately €775 million at Hemisphere.

The €397 million proceeds generated from the kika-Leiner sale in the 2018 Reporting Period has been utilised in repayment of the term loan facility during the 2019 Reporting Period.

On 13 December 2018 Hemisphere entered into a formal disposal plan with Wells Fargo securities International Limited (Eastdil Secured LLC), for the sale of interests held by Hemisphere in its portfolio of properties including the sale of Hemisphere's direct and indirect subsidiaries. The sale process will comprise either the sale of properties themselves, or the sale of the shares in the companies owning the properties.

The above agreement is also in compliance with the term loan facility agreement dated 5 September 2018. The Hemisphere group, under the terms of its Facility Agreement, is required to dispose of its property portfolio and utilise the proceeds to make repayments against its financial liabilities.

The term loan facility matures on 31 December 2021 and carries interest at 10% per annum, which is payable semi-annually on a "pay if you can" basis. Any interest not paid in cash is compounded. The shares in the companies owning the Hemisphere property portfolio with a carrying value of €222 million, as well as certain of the properties themselves, serve as security for the Hemisphere term loan facility. No part of the term loan facility which is repaid may be drawn down again.

On 5 September 2018, Steinhoff N.V. entered into a CPU whereby Steinhoff N.V. guaranteed an amount of up to €773 million with regard to the term loan facility. Refer to the Steinhoff N.V. separate financial statements for the amount that Steinhoff N.V. is expected to pay in terms of the CPU.

The mortgage loans have been fully repaid during the 2020 Reporting Period.

Under the term loan facility, Hemisphere has an obligation to provide the lenders with certain monthly, quarterly and annual financial information.

On 15 October 2019, Hemisphere and its lenders entered into an amendment and restatement deed which amended the term loan agreement and intercreditor agreement in order to incorporate guarantee obligations (between Hemisphere and its subsidiaries in respect of the debt under the term loan facility agreement) and confirm the remaining security to be provided to the lenders.

As part of the Litigation Settlement Proposal Term Sheet, the Hemisphere lenders are entitled to a payment of €40 million (payable 50% in cash and 50% in Pepkor Africa Shares, at an expected price of ZAR15 per share) by Steinhoff N.V. under the Hemisphere CPU. In consideration for the payment, Steinhoff N.V. will have the option to extend the maturity date of the Hemisphere CPU with 12 months.

The term loan facility is subject to the following financial covenants:

- The aggregate capital expenditure of the Hemisphere group in respect of the 12 month periods below shall not exceed the amount opposite each period.

	12 month period end	Capital expenditure €
	5 September 2020	2 080 000
	5 September 2021	1 620 000

**17. BORROWINGS (CONTINUED)****17.6 Operating companies debt (continued)****Pepco Group**

	Facility €m	Maturity date	Interest rate %	30 September 2020 Carrying value €m	30 September 2019 Carrying value €m
Term loan facility	475	February 2022	5.85%	482	467
Mortgage loan		31 December 2025	WIBOR 1M	4	5
<b>Instalment sale agreements</b>					
Capitalised finance lease and instalment sale agreements	–	Various	Various	8	12
				<b>494</b>	<b>484</b>
Portion payable within 12 months included in current liabilities				(5)	(1)
<b>Total non-current borrowings</b>				<b>489</b>	<b>483</b>

The Pepco Group refinanced in August 2019. The new term loan had a facility of up to €475 million, which was also used to settle all short-term intercompany indebtedness with various Group companies.

No part of the term loan facility which is repaid may be drawn down again.

In March 2020 a rolling credit facility of €65 million was negotiated of which €53 million has been drawn down as a contingency for the effect of the COVID-19 pandemic. The majority of this debt has been repaid prior to the Reporting Date.

As a condition of the CVAs, Pepco Group is bound to additional monthly and quarterly information undertakings.

This term loan facility contains financial covenants which are typical for this type of facility and include minimum EBITDA and minimum cash measured at quarterly intervals. The Pepco Group was compliant with these covenants for the Reporting Period.

The loans from credit institutions are secured over amounts owed by the Group to related party Steinhoff entities, share pledges over the shares of material overseas subsidiaries and debentures over other assets of the Group.

Based on discussions with lenders and advisors, and taking into account the Pepco Group's expected leverage ratios, the directors of the Pepco Group believe that they will be able to refinance their debt on acceptable terms before the repayment of the debt becomes due.

**Conforama**

	Facility €m	Maturity date	Interest rate %	30 September 2020 Carrying value €m	30 September 2019 Carrying value €m
Tikehau loan facilities			12%	–	121
Senior secured bonds	316	April 2023	22%	188	115
Bank overdrafts and short-term facilities		Various	Various	–	17
<b>Instalment sale agreements</b>					
Capitalised finance lease and instalment sale agreements		Various	Various	–	3
				<b>188</b>	<b>256</b>
Portion payable within 12 months included in current liabilities				(188)	(47)
<b>Total non-current borrowings</b>				<b>–</b>	<b>209</b>



**17. BORROWINGS (CONTINUED)****17.6 Operating companies debt (continued)****Conforama (continued)**

By a ruling rendered on 11 April 2019, the French Commercial Court of Meaux approved a conciliation agreement entered into between Conforama and its creditors as part of a French law conciliation process which provided the framework for the refinancing negotiations. This ruling allowed Conforama to proceed to implement its financial restructuring. The key terms of the financial restructuring included a total nominal value of €316 million new money financing (including undrawn and conditional commitments) and warrants. Refer to the areas of critical judgement section of the Basis of Preparation for more detail on the warrants.

On 15 April 2019, Conforama issued senior secured bonds to the amount of €205 million ("Tranche A Bonds") of which the proceeds were used to repay certain intercompany loans and tax liabilities, to finance the turnaround plan and to finance working capital needs of the Conforama group.

As part of the New Money Financing agreement, it was agreed that a second tranche of bonds ("Tranche B Bonds") comprising 111 million bonds at a nominal amount of €1 per bond would be issued at a date not earlier than 1 January 2020, and no later than 28 February 2020 (unless otherwise agreed to by the parties to the contract), provided that certain conditions are met. The terms on these bonds were to be repaid fully on 15 April 2023. Due to the COVID-19 pandemic the terms under these Tranche B Bonds were not met and were not issued.

As additional consideration for the senior secured bonds, the creditors were granted warrants ("Warrants") that effectively granted them 49.9% of the economic rights to the future returns of Conforama (i.e. 49.9% right to returns arising from distributions, exit and/or a liquidation event) through the right to ownership of Class 2 Preference Shares in the future.

The Warrant agreement came into effect on 15 April 2019, with 205,242,947 Warrants issued to bondholders on 29 May 2019.

Since the terms of the Conciliation Agreement clearly indicate that the Warrants were issued to the senior bond holders as consideration for their subscription to the Financing, the issuance of the Warrants and senior bonds were considered as a single event from an accounting point of view. The fair value of the transaction was assessed based on the consideration received at inception and the return afforded to the bond holders via both the repayment of the bonds and the issuance of the Warrants.

The Warrants met the definition of an equity instrument where the senior bonds met the definition of a financial liability. The transaction was analogised to be a compound financial instrument.

On 8 July 2020 the Group announced the disposal of Conforama France and 18 properties to Mobilux Sàrl ("Mobilux") for €70 million. Following the disposal, Conforama France received €500 million of new financing in a combination of state-guaranteed loans and funding from Mobilux. Following the sale of Conforama France it was no longer required to issue the Tranche B Bonds. Fees were due by Conforama Holding in connection with these bonds including commitment fee as compensation for Bondholders' commitment to make available Tranche B Bonds between April 2019 and 28 February 2020, and extension fee and backstop fee as compensation for Bondholders' acceptance to extend the availability period of Tranche B Bonds until 30 June 2020 totalling approximately €11.5 million.

In a separate and unrelated transaction, on 13 July 2020 the Group concluded an agreement to dispose of Conforama Suisse SA to a Swiss group of private investors for an agreed price of eight times EBITDA. These proceeds were used to fully repay the Tikehau loans and part of the senior secured bonds.

The Group has embarked on a process to dispose the remaining Conforama businesses during the 2021 Reporting Period and proceeds will be used to repay the senior secured bonds in full.

IFRS 9 indicates that if an entity revises its estimates of payments, it shall adjust the amortised cost of a financial liability to reflect the actual and revised estimated contractual cash flows. The entity recalculates the amortised cost of the financial liability as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate. The adjustment is recognised in profit or loss as income or expense.

The adjustment recognised in profit or loss during the Reporting Period was €81 million loss (refer to note 1.2.4).

The bonds are secured by:

- Issued share capital of and certain intragroup loans to key holding and operating entities;
- Pledge over securities issued by Conforama;
- First priority security over certain real estate properties.;
- Pledge over certain bank accounts of Conforama
- Golden Shares in fiducie for the benefit of the bondholders issued by key entities of the Conforama group
- As a condition of the CVAs, Conforama is bound to additional monthly and quarterly information undertakings.

The bonds contain financial covenants which are typical for this type of facility and include minimum liquidity, minimum economic EBITDA, maximum loan-to-value ratio and maximum total net leverage ratio. Conforama was compliant with these covenants for the Reporting Period.

**17. BORROWINGS (CONTINUED)****17.6 Operating companies debt (continued)****Greenlit Brands**

	Facility €m	Maturity date	Interest rate %	30 September 2020	30 September 2019
				Carrying value €m	Carrying value €m
<b>Greenlit Brands – Household Goods</b>					
Term loans and facilities	54	31 December 2020	Various	24	33
				24	33
Portion payable within 12 months included in current liabilities				(24)	–
<b>Total non-current borrowings</b>				–	33
<b>Included in assets held-for-sale</b>					
<b>Greenlit Brands – General Merchandise</b>					
Term loans and facilities				–	3

Following the disposal of the General Merchandise division in December 2019, management refinanced its remaining term loans and facilities with a syndicate of Australian banks extending the tenor of facilities to 31 December 2020 and maintaining the normal commercial terms already in place.

As a condition of the CVAs, Greenlit Brands is bound to additional monthly and quarterly information undertakings.

Following the COVID-19 pandemic, Greenlit Brands has drawn down the remaining unused facility in case of potential cash constraints.

Greenlit Brands repaid their external debt during December 2020.

**Pepkor Africa**

	Facility €m	Maturity date	Interest rate %	30 September 2020	30 September 2019
				Carrying value €m	Carrying value €m
<b>Term loans and facilities</b>					
Term loans	355	Various maturities ranging from May 2022 to September 2023	Three-month JIBAR plus 2.15% to 2.4%	355	423
Revolving credit facility	–	24 May 2021	Three month JIBAR plus 2%	–	151
Revolving credit facility B	127	30 September 2023	Three month JIBAR plus 2.45%	127	–
General banking facility	127	364 days	Linked to South African prime rate	–	–
Bridge facility	–	31 August 2020	Three month JIBAR plus 1.45%	–	91
Bridge facility	51	30 September 2023	Three month JIBAR plus 2.4%	–	–
Floating rate notes	51	Various maturities ranging from March 2023 to March 2025		51	–
Bank overdrafts and short-term facilities	–		Various	12	21
<b>Preference shares</b>					
Class A cumulative redeemable preference shares	101	23 May 2022	74% of South African prime rate	101	362
<b>Instalment sale agreements</b>					
Capitalised finance lease and instalment sale agreements	–		Various	1	1
<b>Total borrowings</b>				647	1 049
Portion payable within 12 months included in current liabilities				(12)	(113)
<b>Total non-current borrowings</b>				635	936

**17. BORROWINGS (CONTINUED)****17.6 Operating companies debt (continued)****Pepkor Africa (continued)**

On 10 March 2020, Pepkor Africa issued notes to the value of €51 million under the Domestic Medium Term Note (DMTN) programme. During the 2020 Reporting Period, Pepkor Africa also completed the refinancing of existing debt due in 2021 through a syndication process that replaced certain term loans, the revolving credit facility and the bridge revolving credit facility with new facilities.

Assets with a book value of €nil (2019: €1 million). No other financial assets have been pledged as collateral for either period presented.

Interest-bearing borrowings bear interest at variable, market-determined rates. These borrowings are measured at amortised cost, which approximates their fair value.

Interest on external borrowings other than the general banking facility are payable quarterly in arrears. The interest on the general banking facility is payable on a monthly basis.

The remaining preference share funding was settled in December 2020 and January 2021.

The funding facilities is subject to the following loan covenants:

	30 September 2020	
	Covenant	Actual
Net debt: EBITDA cover	< 2.75	1.02
Interest cover	> 4	5.38

**17.7 Lancaster 102 liability**

The reconstituted board of Steinhoff Africa (appointed on 2 February 2018 and 8 July 2019, respectively) mandated an investigation into the process followed with regard to the issue of the preference shares.

On 28 October 2019, the Steinhoff Africa board concluded that the issue of the preference shares was neither authorised nor permitted in terms of its Memorandum of Incorporation and was therefore void.

Although the cancellation of the Steinhoff Africa preference shares occurred after the 2019 Reporting Period, management believes that the conditions causing them to be void already existed at the date of 'issue' and as a result, the issued preference share capital as well as any accrued dividends were retrospectively adjusted in the 2019 Reporting Period.

Notwithstanding management's view that the preference shares are void, Steinhoff Africa received R4 billion at the time, for which a liability has been raised equal to the preference share investments disclosed in note 12.1 reflecting management's view that they are directly related.

**17.8 Fair value**

The majority of the debt classified as non-current was renegotiated during the 2019 and 2020 Reporting Periods, taking into account current market conditions and are therefore expected to approximate fair value.

**17.9 Risk exposures**

Details of the Group's exposure to risks arising from borrowings are set out in note 21.

## 18. LEASE LIABILITIES

### ACCOUNTING POLICY

Refer to note 10 for the accounting policy on determination of whether a lease should be recognised in terms of IFRS 16.

#### Lease liabilities

##### Initial and subsequent measurement

Lease liabilities are initially measured at the present value of future lease payments discounted using the discount rate implicit in the lease or, where this has not been stipulated, the Group's incremental borrowing rate. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that are based on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the Group exercises the option to terminate. Variable lease payments, that do not depend on an index or a rate, are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease liabilities are subsequently measured at amortised cost using the effective interest method and reduced by future lease payments net of interest charged. It is remeasured, with a corresponding adjustment to right-of-use assets, when there is a change in future lease payments resulting from a rent review, change in relevant index or rate, such as inflation, or change in the Group's assessment of whether it is reasonably certain to exercise a renewal or termination option and thus a change in lease term. The lease liability is remeasured by discounting the revised lease payments using a revised discount rate when there is a change in the lease terms. The remeasurement results in a corresponding adjustment to the carrying amount of right-of-use assets, with the difference recorded in profit or loss if the carrying amount of right-of-use assets has been reduced to zero.

### 18.1 Reconciliation of lease liability

	30 September 2020 €m
Opening Balance on adoption of IFRS 16 (1 October 2019)	2 895
Additions	453
Interest cost	133
Lease liability repayments	(561)
Remeasurement on modification of leases	(61)
Acquisition of businesses	1
Transfer to liabilities classified as held-for-sale	(257)
Eliminated on disposal of subsidiaries	(392)
Exchange differences on consolidation of foreign subsidiaries	(180)
<b>Closing balance</b>	<b>2 031</b>
Less: repayable in the next 12 months included in short-term liabilities	(411)
<b>Non-current liabilities: Lease liability</b>	<b>1 620</b>

### 18.2 Analysis of repayments

	30 September 2020 €m
Repayable within the next year and thereafter – current and non-current split	
Next year	411
Within two to five years	1 602
Thereafter	462
	<b>2 475</b>

### 18.3 The Group is exposed to the following potential future undiscounted cash outflows which are not included in the measurement of lease liabilities:

	30 September 2020 €m
Expense relating to variable lease payments not included in the measurement of lease liabilities	98

### 18.4 Short-term and low-value leases

	30 September 2020 €m
Short-term or low-value leases not recognised as a liability and included in profit and loss in the current period	38

**19. PAYABLES****19.1 Trade And Other Payables**

	Notes	30 September 2020 €m	30 September 2019 €m
<b>Financial liabilities</b>			
<b>Current trade and other payables</b>			
Trade payables		596	1 369
Accruals	19.1.5	401	370
Other payables and amounts due	19.1.6	266	212
Derivative financial liabilities	21.1 & 19.1.1	11	2
		<b>1 274</b>	<b>1 953</b>
<b>Non-financial liabilities</b>			
<b>Non-current trade and other payables</b>			
Equalisation of operating lease payments		2	49
<b>Current trade and other payables</b>			
Equalisation of operating lease payments		1	8
Deferred income	19.1.2	44	230
Value Added Tax payable	19.1.7	69	211
		<b>114</b>	<b>449</b>
<b>Total</b>			
Non-current trade and other payables		2	49
Current trade and other payables		1 388	2 402
		<b>1 390</b>	<b>2 451</b>

Trade payables are unsecured and are usually paid within 30 to 90 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short term nature.

**19.1.1 Derivatives**

Refer to note 20 and 21 for details regarding the determination of their fair values and the types of derivatives, respectively.

**19.1.2 Deferred income**

The majority of the deferred income relates to prepayments made by customers to secure their orders. Revenue is recognised with a corresponding decrease in the liability when the goods are delivered to the customer.

**19.1.3 Trade and other payables transferred to held-for-sale or part of disposal group**

During the 2020 Reporting Period Conforama France and Conforama Switzerland were disposed, the remaining operations within the Conforama segment have been reclassified to held-for-sale where the value will be recovered principally through a sale transaction rather than through continuing use. Trade and other payables relating to Conforama included in the 30 September 2019 balance amounted to €778 million. Refer to note 1 for further information.

**19.1.4 Translation of foreign operations**

During the 2020 Reporting Period there was a significant deterioration of the South African rand to the Euro, refer to Basis of preparation for the exchange rates. This had a significant impact on the translation of assets and liabilities of the Group's South African operations in the current period compared to the previous period. The Group had trade and other receivables to the value of ZAR12.9 billion (€779 million) as at 30 September 2020.

**19.1.5 Accruals**

On 12 September 2019, the FSCA concluded its investigation into alleged contraventions of the Financial Markets Act No 19 of 2012 (FMA 2012) by the Steinhoff Group in the period prior to the events of December 2017. The FSCA has imposed an administrative penalty of ZAR1.5 billion (€92.7 million) on the Company based on its assertion of a contravention of section 81 of the FMA 2012. Noting the Group's current financial position; to avoid penalising innocent Steinhoff N.V. shareholders further; in recognition of the fact that the Steinhoff Group is a victim of the alleged conduct perpetrated by former employees and officers of the Company; and in acknowledgement of the co-operation of management to date and Steinhoff's commitment to continue co-operating fully with the FSCA in all future actions taken against any persons allegedly responsible for the wrongdoing, the FSCA has resolved, under Section 173 of the Financial Regulation Act No. 9 of 2017, to remit a portion of the administrative penalty resulting in Steinhoff N.V. paying a penalty of ZAR53 million (€3.2 million). As at the Reporting Date a balance of €2.6 million remained outstanding.

**19. PAYABLES (CONTINUED)****19.1 Trade And Other Payables (continued)****19.1.6 Other payables and amounts due**

The other payables and amounts due include payables raised by Greenlit Brands and payables raised by Pepco Group for the settlements of employee related costs and stores.

**19.1.7 Value Added Tax payable**

The Value Added Tax payable relates mostly to the Pepco Group and Pepkor Africa.

**19.1.8 Contractual maturities of trade and other payables**

	0 – 3 months €m	4 – 12 months €m	Year 2 €m	Year 3 – 5 €m	After 5 years €m	Total €m
<b>At 30 September 2020</b>						
Trade and other payables (financial liabilities)	1 178	96	–	–	–	1 274
<b>At 30 September 2019</b>						
Trade and other payables (financial liabilities)	1 775	173	–	2	3	1 953

**19.2 Taxation payable**

	30 September 2020 €m	30 September 2019 €m
Taxation payable	295	216

**Taxation payable**

The taxation payable represents Trade tax, Corporate tax and Income tax. The taxation payable relates mainly to Pepkor Africa and Steenbok Newco 10.

## 20. RECOGNISED FAIR VALUE MEASUREMENTS

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the Consolidated Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the applicable accounting standards.

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and listed equities and available-for-sale securities) is based on quoted market prices at the end of the Reporting Period. The quoted market price used for financial assets held by the Group is a 30-day volume weighted average price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and relies as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

### 20.1 Fair value hierarchy

	Notes	Level 2 €m	Level 3 €m	Total €m
<b>30 September 2020</b>				
<b>Assets measured at fair value</b>				
<b>Financial assets</b>				
<b>Trade and other receivables</b>				
Derivative – foreign currency forward contracts	21.1	39	–	39
<b>Assets held-for-sale<sup>2</sup></b>	35	–	1 193	1 193
<b>Liabilities measured at fair value</b>				
<b>Financial liabilities</b>				
<b>Trade and other payables</b>				
Derivative – foreign currency forward contracts	21.1	(11)	–	(11)
<b>Liabilities held-for-sale<sup>2</sup></b>	35	–	(633)	(633)
<b>30 September 2019</b>				
<b>Assets measured at fair value</b>				
<b>Financial assets</b>				
<b>Trade and other receivables</b>				
Derivative – foreign currency forward contracts	21.1	33	–	33
<b>Non-listed equity investments</b>				
	1 &			
Mattress Firm <sup>1</sup>	11.3	–	44	44
<b>Assets held-for-sale<sup>2</sup></b>	35	–	1 445	1 445
<b>Financial liabilities</b>				
<b>Trade and other payables</b>				
Derivative – foreign currency forward contracts	21.1	(2)	–	(2)
<b>Borrowings</b>				
Conforama senior secured bonds <sup>3</sup>	17.6	–	(115)	(115)
<b>Liabilities held-for-sale<sup>2</sup></b>	35	–	(615)	(615)

<sup>1</sup> The Group lost control of Mattress Firm on 21 November 2018. The value of the associate recognised on the day the Group lost control was based on 5x 2021 forecasted EBITDA multiple. Refer to note 1 for more information.

<sup>2</sup> Assets and liabilities classified as held-for-sale during the Reporting Period was measured at the lower of its carrying amount and fair value less costs of disposal at the time of the reclassification, resulting in impairments recognised through profit and loss as disclosed above. The fair value, of the disposal groups that were impaired, was determined using signed sales agreements or signed offers. Refer to note 1 for information about the sales agreements and the counterparties to these agreements.

<sup>3</sup> During the 2019 Reporting Period as additional consideration for the senior secured bonds, the creditors were granted Warrants that effectively granted them 49.9% of the economic rights to the future returns of Conforama (i.e. 49.9% right to returns arising from distributions, exit and/or a liquidation event) through the right to ownership of Class 2 Preference Shares in the future. Since the terms of the Conciliation Agreement clearly indicate that the Warrants were issued to the senior bond holders as consideration for their subscription to the Financing, the issuance of the Warrants and senior bonds was considered as a single event from an accounting point of view. The fair value of the transaction was therefore assessed based on the consideration received at inception and the return afforded to the bond holders via both the repayment of the bonds and the issuance of the Warrants.

The fair value of the consideration in respect of the liability component was measured by discounting the contractual stream of future cash flows (interest and principal) to the present value, at the current rate of interest applicable to instruments of comparable credit status and providing substantially the same cash flows on the same terms, but without the equity component (22%).

There were no Level 1 financial instruments identified during either 2020 Reporting Period or 2019 Reporting Period.

## 21. FINANCIAL RISK MANAGEMENT

During both periods under review, the Group had various committees and departments that were tasked with the financial risk management of the Group. In most instances this was successfully managed at the various operating company levels.

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance where this remains relevant as at the end of each reporting period. The processes outlined in this note are the risk management strategies that were in place during the Reporting Period regardless of their effectiveness in addressing the risks faced by the Group. Current profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	<ul style="list-style-type: none"> <li>• Future commercial transactions</li> <li>• Recognised financial assets and liabilities not denominated in the operating company's functional currency</li> </ul>	Cash flow forecasting Sensitivity analysis	Forward foreign exchange and foreign currency option contracts
Market risk – interest rate	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification
Credit risk	Cash and cash equivalents, trade receivables and instalment sales, derivative financial instruments, loans receivable at amortised cost	Aging analysis Credit rating	Diversification of bank deposits Credit score card implementation and monitoring
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Management Board was responsible for implementing the risk management strategy to ensure that an appropriate risk management framework was operating effectively across the Group. The Supervisory Board and the Audit and Risk Committee were provided with a consolidated view of the risk profile of the Group, and any major exposures and relevant mitigating actions identified.

The system of risk management was designed so that the different business units are able to tailor and adapt their risk management processes to suit their specific circumstances.

### 21.1 Derivatives

	30 September 2020 €m	30 September 2019 €m
The Group used forward exchange contracts to hedge its foreign currency risk against the functional currency of its various global operations. Most of the forward exchange contracts had maturities of less than one year after the Reporting Date. The Group did not enter into derivative contracts for speculative purposes. The fair values of such contracts at the reporting dates were:		
<b>Current assets</b>		
<b>Trade and other receivables</b>		
Foreign exchange forward contracts	39	33
<b>Total current derivative financial instrument assets</b>	<b>39</b>	<b>33</b>
<b>Current liabilities</b>		
<b>Trade and other payables</b>		
Foreign exchange forward contracts	11	2
<b>Total current derivative financial instrument liabilities</b>	<b>11</b>	<b>2</b>



**21. FINANCIAL RISK MANAGEMENT (CONTINUED)****21.1 Derivatives (continued)****21.2.1 Foreign currency risk**

The Group's manufacturing and sourcing operating costs and expenses are principally incurred in Chinese yuan, Hungarian forint, Polish zloty, South African rand, UK pounds and US dollars. Its revenue is principally in Australian dollars, Euros, Polish zloty, South African rand, Swiss franc, UK pounds and US dollars. The Group's business model is based on the strategy of locating production in, and sourcing materials from, emerging low-cost economies and supplying finished products into developed economies.

It is Group policy to hedge exposure to cash and future contracted transactions in foreign currencies for a range of forward periods, but not to hedge exposure for the translation of reported profits or reported assets and liabilities.

Differences resulting from the translation of subsidiary financial statements into the Group's presentation currency are not taken into consideration.

The carrying amounts of the Group's material foreign currency denominated monetary assets and liabilities (excluding intragroup loan balances) that will have an impact on profit or loss when exchange rates change, at Reporting Date, are as follows:

	Euros €m	US dollars €m
<b>30 September 2020</b>		
Trade and other receivables (financial assets excluding financial derivatives)	2	1
Cash and cash equivalents	61	43
Current borrowings	–	(25)
Trade and other payables (financial liabilities excluding financial derivatives)	(5)	(27)
Non-current borrowings <sup>1</sup>	(486)	–
Pre-derivative position	(428)	(8)
Derivative effect	–	5
Open position	(428)	(3)
<b>30 September 2019</b>		
Trade and other receivables (financial assets excluding financial derivatives)	4	3
Cash and cash equivalents	79	22
Current borrowings	(34)	(3)
Trade and other payables (financial liabilities excluding financial derivatives)	(9)	(80)
Non-current borrowings	(472)	–
Pre-derivative position	(432)	(58)
Derivative effect	–	28
Open position	(432)	(30)

<sup>1</sup> The Euro denominated non-current borrowings relate to the Pepco Group facility which was refinanced in December 2018 with a new term loan facility, refer to note 17.6. Pepco Group's functional currency is Poland zloty.

The following significant exchange rates were applied during the Reporting Period and were used in calculating sensitivities:

	Forecast rate <sup>1</sup>	Forecast rate <sup>1</sup>	Reporting date spot rate	Reporting date spot rate
	30 September 2021	30 September 2020	30 September 2020	30 September 2019
Euro				
US dollar	1.1200	1.2000	1.1708	1.0889
Poland zloty	4.4400	4.1000	4.5462	4.2444

<sup>1</sup> The forecast rates represent a weighting of foreign currency rates forecasted by the major banks that the Group transacts with regularly. These rates are not necessarily management's expectations of currency movements.

**21. FINANCIAL RISK MANAGEMENT (CONTINUED)****21.1 Derivatives (continued)****21.2.1 Foreign currency risk (continued)****Sensitivity analysis**

The table below indicates the Group's sensitivity at year-end to the movements in the major currencies that the Group is exposed to on its financial instruments. The percentages given below represent a weighting of foreign currency rates forecasted by the major banks that the Group transacts with regularly. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2019.

The impact on the reported numbers, using the forecast rates as opposed to the Reporting Date spot rates, is set out below.

	30 September 2020 €m	30 September 2019 €m
<b>Through profit/(loss)</b>		
US dollar strengthening by 4.3% (2019: weakening by 10.2%) to the euro	-	3

If the foreign currencies were to weaken/strengthen against the euro, by the same percentages as set out in the table above, it would have an equal, but opposite, effect on profit or loss.

Changes in the fair value of forward exchange contracts of economically hedged monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied, are recognised in profit or loss.

**Cash flow and fair value interest rate risk**

Given the Group's global footprint and its strategy of low-cost manufacturing and sourcing in emerging markets and sales in developed countries, the Group follows a policy of maintaining a balance between fixed and variable rate loans to reflect, as accurately as possible, different interest rate environments, the stability of the relevant currencies, the effect which the relevant interest rates have on Group operations and consumer spending within these environments. These variables are taken into account in structuring the Group's borrowings to achieve a reasonable, competitive, market-related cost of funding.

As part of the process of managing the Group's borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. Interest rate exposure is managed within limits agreed by the Management Board.

The interest and related terms of the Group's borrowings are disclosed in note 17. As the majority of the Group's borrowings are at a fixed interest rate the cash flow risk is limited. The Group's borrowings are carried at amortised cost and therefore there is no fair value risk.

**21. FINANCIAL RISK MANAGEMENT (CONTINUED)****21.2 Market Risk (continued)****21.2.2 Cash flow and fair value interest rate risk (continued)**

As at the Reporting Date the interest rate profile of the Group's financial instruments were:

	Subject to interest rate movement						
	Variable EURIBOR €m	Variable JIBAR and SA prime €m	Variable LIBOR €m	Variable other €m	Fixed rate €m	Non-interest bearing €m	Total €m
<b>30 September 2020</b>							
Non-current financial assets	-	255	-	-	168	6	429
Current financial assets	2	981	68	171	275	880	2 377
Non-current financial liabilities	(482)	(635)	-	(3)	(9 624)	-	(10 744)
Current financial liabilities	-	(418)	(25)	(7)	(231)	(1 282)	(1 963)
	<b>(480)</b>	<b>183</b>	<b>43</b>	<b>161</b>	<b>(9 412)</b>	<b>(396)</b>	<b>(9 901)</b>
<b>30 September 2019</b>							
Non-current financial assets	-	7	-	-	6	328	341
Current financial assets	-	832	161	275	358	1 046	2 672
Non-current financial liabilities	(510)	(937)	(30)	(7)	(8 887)	-	(10 371)
Current financial liabilities	(42)	(107)	(3)	(3)	(370)	(2 425)	(2 950)
	<b>(552)</b>	<b>(205)</b>	<b>128</b>	<b>265</b>	<b>(8 893)</b>	<b>(1 051)</b>	<b>(10 308)</b>

	From continuing operations	
	Interest income €m	Interest expense €m
<b>30 September 2020</b>		
Financial assets at amortised cost	55	-
Financial liabilities not at fair value through profit or loss	-	1 191
	<b>55</b>	<b>1 191</b>
<b>30 September 2019</b>		
Financial assets at amortised cost	56	-
Financial liabilities not at fair value through profit or loss	-	1 080
	<b>56</b>	<b>1 080</b>

**Amounts recognised in profit or loss and other comprehensive income**

No material gains/(losses) were recognised in profit or loss and other comprehensive income in relation to interest rate swaps.

**Sensitivity analysis**

The Group is sensitive to movements in the EURIBOR, JIBAR, SA prime rates and LIBOR, which are the primary interest rates to which the Group is exposed.

The sensitivities calculated below are based on an increase of 100 basis points for each interest category.

	30 September 2020 €m	30 September 2019 €m
<b>Through profit/(loss)</b>		
EURIBOR – 100 basis point increase	(5)	(6)
JIBAR and SA prime – 100 basis point increase	2	(2)
LIBOR – 100 basis point increase	-	1

A 100 basis point decrease in the above rates would have had an equal, but opposite, effect on profit or loss.

**21. FINANCIAL RISK MANAGEMENT (CONTINUED)****21.3 Credit risk**

The Group's concentration of credit risk is assessed as low as its underlying investments are predominantly cash retailers. Potential concentration of credit risk consists principally of short-term cash and cash equivalent investments, trade and other receivables, instalment sale receivables, credit sales through store cards, loans to customers as well as related-party receivables and financial guarantees. The Group deposits short-term cash surpluses with major banks of quality credit standing. Instalment sale receivables, credit sales through store cards and loans to customers comprise a large and widespread customer base and group companies perform ongoing credit evaluations on the financial condition of their customers. At 30 September 2020, the Group did not consider there to be any significant concentration of credit risk that had not been adequately provided for. The amounts presented in the statement of financial position are net of provisions for expected credit losses, estimated by the Group companies' management based on past events, current conditions and supportable forecasts and economic conditions.

The carrying amounts of financial assets represent the maximum credit exposure.

The maximum exposure to credit risk at the Reporting Date without taking account of the value of any collateral obtained was:

	Notes	30 September 2020 €m	30 September 2019 €m
Non-current financial assets			
Trade and other receivables <sup>1</sup>	13.1	4	9
Other financial assets	12	425	332
Current financial assets			
Trade and other receivables <sup>1</sup>	13.1	394	699
Other financial assets	12	–	178
Cash and cash equivalents	16	1 983	1 795
		<b>2 806</b>	<b>3 013</b>
<b>Instalment sale and loan receivables<sup>1</sup></b>	<b>13.1</b>	<b>328</b>	<b>378</b>

<sup>1</sup> Included in the trade and other receivables balance are instalment sale and loan receivables. These have been analysed separately, due to the different credit risk relating to these books.

**21.3.1 Credit risk modelling applied to financial assets at amortised cost**

The Group's financial assets measured at amortised cost are subject to impairment under the Expected Credit Loss ("ECL") model. The inputs, assumptions and estimation techniques used in measuring ECL are explained below.

**Measurement of ECL in terms of the general model for impairment**

ECLs are measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECLs are the discounted value of the Probability of Default ("PD") and Exposure at Default ("EAD"), of which PD represents the likelihood of a counterparty defaulting on its financial obligation, either over 12 months ("12-month PD") or over the remaining lifetime ("lifetime PD") of the obligation. EAD is based on the amounts the Group expects to be owed at the time of default over the next 12 months ("12-month EAD") or over the remaining lifetime ("lifetime EAD"). The Group calculates Loss Given Default ("LGD") as discounted EAD.

These three components are multiplied together, which effectively calculates the ECL. The ECL is then discounted back to the reporting date, using the original effective interest rate, and aggregated. ECL is a probability weighted outcome.

The 12-month and lifetime EADs are determined based on the probability of default, which varies by type of financial asset.

The Group considers the probability of default on initial recognition of its financial asset measured at amortised cost and whether there has been a Significant Increase in Risk ("SICR") on an ongoing basis throughout each reporting period. To assess whether there is a SICR, the Group compares the risk of a default occurring on these asset as at the reporting date with the risk of default as at the date of initial recognition. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the credit risk team (refer to significant judgements and estimates for the Group's significant judgement exercised in assessing the SICR). Receivables with a significant financing component are grouped into stage 1, 2 and 3 as described below:

**Stage 1:** On recognition of financial assets, the Group recognises a loss allowance based on 12-month ECLs. For disclosure purposes the stage 1 ECLs are split between performing and in arrears, where performing represents up to date debt outstanding and its corresponding ECL provision and in arrears represents debt outstanding where debt is outstanding for more than 30 days and its corresponding ECL provision.

**Stage 2:** When there is an indication that the financial assets have an SICR since origination, the Group records a loss allowance for the lifetime ECLs.

**Stage 3:** Financial assets are considered to be credit-impaired. Financial assets are considered to be credit-impaired when one of more events that have an unfavourable impact on its estimated future cash flows have occurred. The Group records a loss allowance for the lifetime ECLs.

**21. FINANCIAL RISK MANAGEMENT (CONTINUED)****21.3 Credit risk (continued)****21.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)**

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

**Impairment of financial assets judgements****Significant increases in credit risk**

In terms of IFRS 9: Financial Instruments, all loans and other receivables are assessed at each reporting date to determine whether there has been a SICR. In cases where SICR has occurred, an impairment equal to the lifetime ECL is recognised. If, at reporting date, the credit risk has not significantly increased, the Group recognises a 12-month ECL. The Group identifies SICR on clients that are up to date on their loans and other receivables, but who have been subject to SICR events of which the most significant are detailed below:

Event trigger	Loans to customers	Instalment sale agreements	Credit sales through store cards
Change in customer behaviour	Triggers includes a customer entering into debt review or rescheduling an existing loan or a customer that is in arrears as defined below.	Application and behavioural scorecards are segmented into ratings. For each application rating, an appropriate notch deterioration in behavioural scorecard will result in SICR. In the event no application rating is available, the loan will be classified as SICR.	Not deemed to be SICR event
Customer defaulting on repayments	A customer's loan is in default when 90% of an instalment is not paid or the account is 30 days in arrears.	A customer is in default when their account is 30 days in arrears. All debt counselling accounts that are less than 90 days in arrears will be classified as SICR.	A customer is in default when their account is 30 days in arrears.
Loan write-off policy	Five consecutive instalments in arrears and three consecutive instalments in arrears on rescheduled accounts.	Nine consecutive instalments in arrears with no qualifying payments made in the last 90 days.	Eight instalments in arrears with no payment in the previous three months.

**Impairment of financial assets estimates****Forward-looking information**

The Group further considers available, reasonable and supportive forwarding-looking information without undue cost or effort and for which significant judgements and estimates are applied. The following forward-looking information was incorporated in the determination of ECLs:

It is one of the fundamental principles of IFRS 9 that the ECL impairment provision that the Group holds against potential future losses takes into account changes in the economic environment in the future.

In order to quantify the effects of changes to the economic environment, the Group utilises the Bureau of Economic Research's (BER) macroeconomic outlook for the country over a planning horizon of five years. Three economic scenarios (negative, baseline and positive scenario) are taken into account when calculating future expected credit losses. The probability of each scenario is determined by management estimation.

**21. FINANCIAL RISK MANAGEMENT (CONTINUED)****21.3 Credit risk (continued)****21.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)****Impairment of financial assets estimates (continued)****Forward-looking information (continued)**

The relevance of the Group's loan and other receivables is proven by the following linear relationship between the change in the following basket of macroeconomic variables for the prior year:

	Loans to customers	Instalment sale agreements	Credit sales through store cards
Macroeconomic variables	No significant variables identified	GDP Growth Household debt service cost ratio	No significant variables identified

Forward-looking information of the scenarios considered in determining the Group's forward-looking assumptions for the purposes of its ECL calculation has been applied to each type of credit granted by the Group. Noting the wide range of possible scenarios and macroeconomic outcomes and the relative uncertainty of the social and economic consequences of COVID-19, the forward-looking scenarios analysed and applied represent reasonable and supportable forward-looking views as at the Reporting Date. The Group further raised additional provisions via post-model adjustments (COVID-19 overlays).

The COVID-19 overlays assumptions for each major type of credit granted by the Group were as follows:

	Loans to customers	Instalment sale agreement	Credit sales through store cards
Macroeconomic variables	Assumptions regarding a further 10% contraction of the economy, translating to further 10% loss of jobs and a flat 10% reduction of LGD cash flows has been factored into the ECL calculation.	Economic data, as obtained from the BER, was used to determine the impact of changes in the gross value add ("GVA") per industry. The default rate and change in GVA per industry was used to forecast the COVID-19 overlay. The forecast is derived using a weighted linear fit between the relative change in default rate and relative change in GVA.	The current ECL model includes the effect of 6 months' worth of customer behaviour since the start of the lockdown. The impact of the lockdown has made material impact on the model's projected probability of default which is captured in the year-on-year increase in the ECL coverage. As a result, management is satisfied that further out of model overlays would not be appropriate. Post year-end payment information has confirmed this view. Collection yields are back to pre-pandemic levels, while credit granting criteria remains strict.

Management has assigned a probability of 59% to the baseline scenario, 21% to the negative scenario and 20% to the positive scenario for the 12-month forecast. The impact of incorporating forward-looking information to ECL for instalment sale agreements granted by the Group is as follows:

Probability-weighted impact of all three scenarios	Instalment sale agreements
100% negative scenario	21
% change in ECL	-7,64%
100% baseline scenario	23
% change in ECL	0,00%
100% positive scenario	27
% change in ECL	19,05%

**21. FINANCIAL RISK MANAGEMENT (CONTINUED)****21.3 Credit risk (continued)****21.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)****Impairment of financial assets estimates (continued)****Event-driven management credit estimates**

Certain events or risks arise from time to time that may not be incorporated into the statistical forward-looking model. In such instances, the additional inclusions into the ECL are reviewed and approved by management.

These events, for which an amount was included in ECL, include the introduction of DebiCheck (debit order mandate authentication by client to confirm a debit order with the bank when entering into a contract with a service or credit provider) from October 2019 and the draft new legislation relating to the Debt Relief Bill.

DebiCheck will have an impact on the collection of cash flows on loans and other receivables with customers, change debit order dates or where changes in the rescheduled contractual cash flows are greater than 1.5 times the original debit order. If the client fails to confirm electronically the updated debit order, the Group could fail to collect the agreed upon instalment from the client on the agreed upon loan date. The Group expects a minimal impact on ECL relating to DebiCheck due to positive results from the testing phase of the DebiCheck collections system.

The Debt Relief Bill is not expected to have a material effect on ECLs as it does not entail a blanket amnesty of debt, but rather a rigorous process to assess a customer's ability to service unsecured debt.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Criteria used for credit-impaired accounts	
<b>Loans to customers</b>	Debt review accounts and non-performing accounts. As a backstop for all other customers, customers with three consecutive unpaid instalments.
<b>Instalment sale agreements</b>	Suspected fraud on a loan and loans exceeding maturity date. As a backstop for all other customers, customers with three consecutive unpaid instalments.
<b>Credit sales through store cards</b>	Three consecutive unpaid instalments/90 days in arrears.

A credit-impaired account will cure when the customer does not meet the criteria for being a credit-impaired account. For a customer to cure, a significant improvement in the customer's payment behaviour is required.

Curing occurs in the following instances	
<b>Loans to customers</b>	Customers with rescheduled loans are deemed to be rehabilitated once they have made contractual payments for 12 months post rescheduling and are up to date with their amended contractual obligations. For all other customers to cure, the customer is required to make 12 months of clean payments.
<b>Instalment sale agreements</b>	Customers where the facility is 90 days in arrears will cure after the customer has settled arrears causing the 90 days arrears and have maintained less than 90 days arrears for three consecutive months.
<b>Credit sales through store cards</b>	Customer accounts will cure when three consecutive instalments are paid. Accounts in debt counselling will cure when the customer is deemed to no longer be under debt counselling in terms of the National Credit Act.

## 21. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 21.3 Credit risk (continued)

#### 21.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)

##### Measurement of ECL in terms of the provision matrix

For short-term trade receivables, e.g. trade receivables without a significant financing component, the determination of forward-looking economic scenarios may be less significant given that over the credit risk exposure period a significant change in economic conditions may be unlikely, and historical loss rates might be an appropriate basis for the estimate of expected future losses. The Group has elected to apply the provision matrix for trade receivables without a significant financing component and measures the impairment allowance at an amount equal to lifetime ECL. Lifetime ECL is assessed by applying the relevant loss rates to the trade receivable balance outstanding (i.e. a trade receivable age analysis). Due to the diversity of the Group's customer base, the Group used appropriate groupings if the historical credit loss experience showed significantly different loss patterns for different customer segments.

##### Write-off policy

Financial assets are written off when there is no reasonable expectation of recovery of the receivable or part thereof. The write-off periods differ for each type of financing the Group offers to their respective clients and are detailed in the significant judgements and estimates sections above. Where these financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Subsequent recoveries made are recognised in profit or loss. Write-offs are included in the "Expected credit loss on debtors" line item in the statement of profit or loss.

##### ECLs for the different financial assets at amortised cost within the Group

##### Other financial assets

Other financial assets consist of unlisted bonds, unlisted preference shares and interest-bearing and non-interest-bearing loans receivable (refer note 12). The ECL is measured using the general model based on 12-month ECLs as there was no significant increase in credit risk from initial recognition of these other financial assets. There has been no default in payments based on historical information and no significant decrease in credit ratings since initial recognition.

The Group has assessed ECLs based on past events, current conditions and supportable forecasts, and economic conditions that affect the expected collectability of future cash flows at reporting date and has deemed the ECLs to be insignificant.

Refer to note 12 for further considerations on the investment in unlisted preference shares.

##### Instalment sale agreements

Instalment sale agreements relate to the credit purchases of goods by customers within the furniture, appliances and electronics operating segment (the majority of these borrowings are deemed to be secured). The Group applies the general approach to calculating the ECL allowance for these balances as they are deemed to have a significant financing component.



**21. FINANCIAL RISK MANAGEMENT (CONTINUED)****21.3 Credit risk (continued)****21.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)****Loans to customers**

Loans to customers relates to unsecured loans granted to customers in South Africa for a period of three to 24 months up to the value of ZAR50 000 per loan granted. The Group applies the general approach to calculating the ECL allowance for these balances as they are deemed to have a significant financing component.

The loss allowance provision for the Group as at the Reporting Period is determined as follows:

	Notes	Performing (stage 1) €'m	Under- performing (stage 2) €'m	Non- performing (stage 3) €'m	Total €'m
<b>30 September 2020</b>					
Expected credit loss rate		8.25%	33.96%	80.82%	28.31%
Estimated gross carrying amount of default	13.1	206	53	73	332
12-month ECL		(17)	–	–	(17)
Lifetime ECL		–	(18)	(59)	(77)
Total ECL	13.1	(17)	(18)	(59)	(94)
Net carrying amount		189	35	14	238
<b>30 September 2019</b>					
Expected credit loss rate		10.91%	64.04%	95.18%	20.90%
Estimated gross carrying amount of default	13.1	321	33	24	378
12-month ECL		(35)	–	–	(35)
Lifetime ECL		–	(21)	(23)	(44)
Total ECL	13.1	(35)	(21)	(23)	(79)
Net carrying amount		286	12	1	299

The loss allowance provision for instalment sale agreements is reconciled to the opening loss allowance as follows:

	Performing (stage 1) €'m	Under- performing (stage 2) €'m	Non- performing (stage 3) €'m	Total €'m
Balance at 1 October 2018	(2)	(2)	(23)	(27)
Provision raised	(34)	(20)	–	(54)
Amounts unused reversed	–	1	–	1
Exchange differences on consolidation of foreign operations	1	–	–	1
<b>Balance at 30 September 2019</b>	<b>(35)</b>	<b>(21)</b>	<b>(23)</b>	<b>(79)</b>
Acquisition of businesses (note 29)	–	–	(2)	(2)
Allowance on credit granted during the period	(21)	(11)	(29)	(61)
Derecognition of allowance due to settlement of outstanding debt	20	21	10	51
Amounts written off	1	2	52	55
Amounts recovered	2	1	1	4
Net remeasurement of loss allowances	16	(10)	(68)	(62)
Exchange differences on consolidation of foreign operations	–	–	–	–
<b>Balance at 30 September 2020</b>	<b>(17)</b>	<b>(18)</b>	<b>(59)</b>	<b>(94)</b>

**21. FINANCIAL RISK MANAGEMENT (CONTINUED)****21.3 Credit risk (continued)****21.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)****Trade receivables and other amounts due**

The Group applies the simplified approach to calculating the ECL allowance for trade receivables that do not have a significant financing component. Balance of trade receivables with a significant financing component is immaterial. This approach permits the use of the lifetime ECL regardless of stage classification and is based on a provision matrix that incorporates historical credit losses as well as forward-looking information as detailed above.

Trade receivables are written off when the customer's outstanding balance has been outstanding for more than 120 days or 30 days in the case of cash on delivery customers.

The loss allowance provision for trade receivables is reconciled to the opening loss allowance as follows:

	Notes	30 September 2020 €m	30 September 2019 €m
Balance at beginning of the period (calculated under IFRS 9)		(22)	(32)
Provision raised		(21)	(7)
Amounts unused reversed		1	3
Amounts used during the period		–	11
Net acquisition of subsidiaries and businesses		15	–
Disposal of subsidiaries		(1)	2
Reclassification to assets held-for-sale		6	(1)
Exchange differences on consolidation of foreign operations		4	2
Balance at end of the period	13.1	(18)	(22)

**Provision matrix used in the calculation of ECL allowances:**

	Expected loss rate %	Gross carrying amount €m	Loss allowance provision €m
<b>2020</b>			
Current	18.4%	76	(14)
More than 30 days past due	0.0%	6	–
More than 60 days past due	0.0%	2	–
More than 90 days past due	100.0%	4	(4)
	<b>20.45%</b>	<b>88</b>	<b>(18)</b>
<b>2019</b>			
Current	7.8%	128	(10)
More than 30 days past due	1.9%	9	–
More than 60 days past due	4.5%	9	–
More than 90 days past due	75.0%	16	(12)
	<b>13.58%</b>	<b>162</b>	<b>(22)</b>

**21.4 Liquidity risk**

Liquidity risk is the risk that the Group may suffer financial loss through liquid funds not being available or that excessive finance costs must be paid to obtain funds to meet payment requirements. The ultimate responsibility for liquidity risk rests with the Management Board. The Group manages liquidity risk through forecasting and monitoring cash flow requirements on a daily basis, and by maintaining sufficient undrawn facilities.

The Group's central treasury function arranges the investment of net cash reserves on the financial markets, mainly in short-term instruments linked to variable interest rates.

As part of the Litigation Settlement Proposal, consent is sought under the relevant Steinhoff finance documents for an extension of the debt maturity dates to 31 December 2023 (the "Term Extension"). The Term Extension is sought to assist the Company and SIHPL in pursuing the Litigation Settlement Proposal and further stabilising the Group, lending continuing support to the underlying businesses so that the Company can continue to operate as a going concern without a material risk of insolvency.

**21. FINANCIAL RISK MANAGEMENT (CONTINUED)****21.5 Capital risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern for the foreseeable future, subject to material uncertainties as disclosed in the basis of preparation, while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes the borrowings (note 17), cash and cash equivalents (note 16), and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group's objectives when managing capital are to provide an adequate return to shareholders, to appropriately gear the business, to safeguard the ability of the Group to continue as a going concern and to take advantage of opportunities that are expected to provide an adequate return to stakeholders.

In order to optimise the capital structure, the Group may adjust cost of capital, dividends paid to shareholders or sell assets to reduce debt.

**Distribution to shareholders**

	30 September 2020 Euro Cents	30 September 2019 Euro Cents
<b>Cash dividend to ordinary shareholders</b>		
No dividends were declared for the period ended 30 September 2020 (2019: Nil).	–	–
<b>Distribution to SINVH preference shareholders</b>		
A preference dividend of 416.91 South African rand cents per share (2019: 418.09 South African rand cents per share) in respect of the period 1 July 2019 to 31 December 2019 (2019: 1 July 2018 to 31 December 2018) was paid on 30 March 2020 (2019: 29 April 2019) to those preference shareholders recorded in the books of the company at the close of business on 27 March 2020 (2019: 26 April 2019).	22.9	26.0
A preference dividend of 356.78 South African rand cents per share (2019: 419.34 South African rand cents per share) in respect of the period 1 January 2020 to 30 June 2020 (2019: 1 January 2019 to 30 June 2019) was paid on 21 September 2020 (2019: 14 October 2019) to those preference shareholders recorded in the books of the company at the close of business on 18 September 2020 (2019: 11 October 2019).	19.6	25.9

A solvency and liquidity test was performed by the board of directors of SINVH prior to the declaration of all distributions based on information known and available at that time.

**22. EMPLOYEE BENEFITS**

	Note	30 September 2020			30 September 2019		
		Current €m	Non-current €m	Total €m	Current €m	Non-current €m	Total €m
Leave obligations	22.1	34	–	34	35	–	35
Post-retirement medical benefits		2	3	5	6	–	6
Performance-based bonus accrual	22.3	30	58	88	52	66	118
Other <sup>1</sup>		16	1	17	12	4	16
Defined pension benefits	22.2						
Conforama France Pension Fund	34.1	–	–	–	2	67	69
Homestyle Pension Fund	34.1	–	2	2	–	(4)	(4)
Other <sup>2</sup>		2	–	2	2	–	2
<b>Total liability</b>		<b>84</b>	<b>64</b>	<b>148</b>	<b>109</b>	<b>133</b>	<b>242</b>

<sup>1</sup> Included in other are provisions relating to a cash settled employee share scheme at a subsidiary level as well as 13th cheque or holiday pay and severance pay.

<sup>2</sup> Other defined pension benefits comprise immaterial pension funds within the Group.

**22. EMPLOYEE BENEFITS (CONTINUED)****22.1 Leave obligations**

The leave obligations cover the Group's liability for annual leave.

The leave obligations relate to vesting leave pay to which employees may become entitled on leaving the employment of the Group. The accrual arises as employees render a service that increases their entitlement to future compensated leave and is calculated based on an employee's total cost of employment. The accrual is utilised when employees become entitled to and are paid for the accumulated leave or utilise compensated leave due to them. The majority of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Leave that is expected to be taken or paid within the next 12 months amounted to €34 million (2019: €35 million).

Leave obligations to the amount of €1 million related to disposal groups and has been classified as held-for-sale during the 2020 Reporting Period. Refer to note 35.

**22.2 Pension plans****Defined pension benefits**

Various defined benefit plans are in operation throughout the Group with the Conforama France Pension Fund and the Homestyle Pension Fund comprising the most material plan assets and liabilities. The plan assets of the various defined benefit plans throughout the Group are held in administered trust funds separate from the Group's assets. Certain funds have surpluses, which have not been recognised as the employer is not entitled to any of the surpluses or unutilised reserves.

**Conforama France Pension Fund**

Under the scheme, the employees are entitled to retirement benefits based on final salary on attainment of retirement age (or earlier withdrawal or death) and the number of years worked for Conforama. No other post-retirement benefits are provided.

The present value of funded obligations at period-end amounted to €66 million at 30 September 2019. There are no plan assets in this fund.

The fund was valued on 30 September 2019, which is in line with Group policies. At this stage there were 7 104 employees covered by the fund.

The pension fund formed part of the Conforama businesses which were disposed of during the 2020 Reporting Period.

**Homestyle Pension Fund**

Under the scheme, the employees are entitled to retirement benefits based on final salary on attainment of retirement age (or earlier withdrawal or death) and the number of years worked for Homestyle. No other post-retirement benefits are provided.

The present value of funded obligations at the Reporting Date amounted to €86 million (2019: €85 million) and the fair value of the plan asset amounted to €84 million (2019: €89 million).

The fund was valued on 30 September 2020, which is in line with Group policies. The scheme was closed to new entrants.

Refer to note 34 for more detail regarding the present value of the pension fund.

**Defined contribution plans**

The Group also operates a number of defined contribution plans which receive fixed contributions from Group companies. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the 2020 Reporting Period in relation to these contributions was €25 million (2019: €19 million).

**22.3 Performance-based bonus accrual**

The performance bonus payable is calculated by applying a specific formula based on the employee's achievement of performance targets. The Group has a constructive obligation to pay the performance bonus once the performance bonuses have been approved by management. As the approval by management takes place after each Reporting Period, an amount is accrued based on a probability of the employee having achieved their performance targets and the amount is estimated based on the relative bonus structures in place. The payment of such performance bonus is conditional upon the continuing employment of the employee. Any amounts not approved by management or upon termination of employment are reversed in the subsequent periods.

	30 September 2020 €m	30 September 2019 €m
<b>Balance at the beginning of the period</b>	<b>118</b>	74
Accrual raised	40	121
Amounts unused reversed	(4)	(44)
Amounts utilised	(61)	(35)
Derecognition of subsidiaries	2	(4)
Exchange differences on consolidation of foreign operations	(7)	(1)
Reclassification to assets held-for-sale	–	(2)
Reclassification from accruals	–	9
<b>Balance at the end of the period</b>	<b>88</b>	118

## 23. PROVISIONS

## ACCOUNTING POLICY

## Provisions

Provisions (except for contingent liabilities recognised in terms of IFRS 3) are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

	Notes	30 September 2020			30 September 2019		
		Current €m	Non-current €m	Total €m	Current €m	Non-current €m	Total €m
Dilapidation, onerous lease and onerous contract provisions	23.1	8	9	17	128	5	133
Restructuring	23.5	–	–	–	130	55	185
Warranty provisions	23.2	8	4	12	11	19	30
Legal provision	23.3	101	–	101	15	–	15
Litigation Settlement Proposal	24.3	943	–	943	–	–	–
Contingent liability	23.4	–	–	–	2	23	25
Other	23.6	22	11	33	4	16	20
		<b>1 082</b>	<b>24</b>	<b>1 106</b>	<b>290</b>	<b>118</b>	<b>408</b>

## Movement in provisions

	Notes	Dilapidation, onerous lease and onerous contract provision €m	Restructuring €m	Warranty provisions €m	Legal provision €m	Litigation Settlement Proposal <sup>1</sup> €m	Contingent liability €m	Other €m	Total €m
<b>Balance at 1 October 2018</b>	201	–	–	32	76	–	31	17	357
Provision raised	9	–	217	18	–	–	–	15	259
Amounts unused reversed	(10)	–	–	–	–	–	(6)	(8)	(24)
Amounts utilised	(25)	–	(32)	(17)	(61)	–	–	–	(135)
Reclassification to liabilities held-for-sale	(42)	–	–	(3)	–	–	–	(4)	(49)
<b>Balance at 30 September 2019</b>		<b>133</b>	<b>185</b>	<b>30</b>	<b>15</b>	<b>–</b>	<b>25</b>	<b>20</b>	<b>408</b>
Provision raised	–	–	–	15	86	943	–	18	1 062
Onerous provision released to retained earnings on adoption of IFRS 16	(109)	–	–	–	–	–	–	–	(109)
Amounts unused reversed	–	–	–	(2)	–	–	(21)	–	(23)
Amounts utilised	–	–	(58)	(10)	–	–	(2)	(15)	(85)
Derecognition of subsidiaries <sup>2</sup>	1.4	–	(127)	–	–	–	–	–	(127)
Reclassification to liabilities held-for-sale	–	–	–	(19)	–	–	–	–	(19)
Exchange differences on consolidation of foreign operations	(7)	–	–	(2)	–	–	(2)	10	(1)
<b>Balance at 30 September 2020</b>		<b>17</b>	<b>–</b>	<b>12</b>	<b>101</b>	<b>943</b>	<b>–</b>	<b>33</b>	<b>1 106</b>

<sup>1</sup> The Group's objective throughout has been to achieve a comprehensive Litigation Settlement Proposal for the legal claims it faces which are complex, multi-jurisdictional claims initiated by multiple parties relating to the alleged accounting irregularities announced in December 2017. In July 2020, in the culmination of 12 months of intensive effort, the Group announced the terms of a proposed settlement of the outstanding litigation. Refer to note 24.3 for more detail on the proposed settlement and the provision raised during the 2020 Reporting Period.

<sup>2</sup> Relates to Conforama France and Switzerland sold during the 2020 Reporting Period, refer to note 1.4 for further detail.

## 23. PROVISIONS (CONTINUED)

### 23.1 Dilapidation, onerous lease and onerous contract provisions

A contract is considered onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Before a separate provision for an onerous contract is established, any impairment loss that has occurred on assets dedicated to that contract is recognised.

The provision for dilapidation of buildings occupied by the Group and in the prior financial year provision for long-term leases containing onerous provisions or terms in comparison with average terms and conditions of leases which was set off against the right-of-use asset in the 2020 Reporting Period due to the adoption of IFRS 16.

### 23.2 Warranty provisions

The warranty provisions represent management's best estimate, based on past experience, of the Group's liability under warranties granted on products sold. These claims are expected to be settled within the next 12 months.

### 23.3 Legal provision

The participation rights and/or loan proceedings litigation with Seifert relating to the Conforama Group are part of ongoing lawsuits and are still subject to uncertainty. On the basis of information available and actions taken to date, management concluded that a liability should be attributed to Seifert from the date of termination. A payment of €147 million was made by the Group for Seifert's interest in December 2016, which was based on an independent valuation of an interest of 23.6%.

During November 2020 the parties entered into negotiations wherein a settlement amount of €100 million was discussed. A settlement was not finalised as the parties could not reach an agreement with respect to certain contractual terms. Considering these negotiations management decided to increase the settlement provision relating to Seifert. It is viewed as an adjusting event for the 2020 Reporting Period and the provision was increased by €85 million to €100 million (2019: €15 million) at the level of AIH Investment Holding GmbH, representing the best estimate for settlement of the claim.

### 23.4 Contingent liabilities raised on business combinations

IFRS 3 requires certain contingent liabilities of the acquiree to be recognised and measured in a business combination at acquisition date fair value. Therefore, contrary to IAS 37: Provision, Contingent Liabilities and Contingent Assets, the acquirer recognises a contingent liability assumed in a business combination at the acquisition date even if it is not probable that an outflow of economic benefits will be required to settle the obligation. This provision includes amounts for possible supplier settlements, customer claims and legal disputes.

Contingent liabilities raised on business combinations previously disclosed under provisions, were reclassified to income taxation payable due to the adoption of IFRIC 23.

### 23.5 Restructuring

On 2 July 2019, Conforama announced a restructuring plan for the removal of 1,900 positions (out of 8,229 employees on permanent contracts on June 1, 2019), as well as the closure of 32 Conforama stores and that of 10 Maison Dépôt stores, citing heavy losses. Conforama France incurred operating losses of €500 million in six years.

Key elements included in the restructuring cost are the French restructuring (€194 million), Maison Dépôt restructuring costs (€15 million) and financing and advisory fees associated with the financial restructuring (€20 million). The French restructuring costs include all severance costs, 100% of expected costs to break existing store leases, and the expected costs of dilapidations (renovating and returning stores to their previous state). The total excludes any future expected income arising from the sale of any stores.

During the Reporting Period the Group disposed of Conforama France to Mobilux, the parent company of BUT, the leading French retailer of furniture, appliances and consumer electronics. The disposal released the Group from its liabilities in respect of that business.

### 23.6 Other provisions

Other provisions include all amounts where there is a present obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

**24. COMMITMENTS AND CONTINGENCIES**

	30 September 2020 €m	30 September 2019 €m
<b>24.1 Capital expenditure</b>		
Significant capital expenditure contracted for at the end of the Reporting Period but not recognised as liabilities is as follows:		
Contracts for capital expenditure authorised	44	66
Capital expenditure authorised but not contracted for	16	25
Capital expenditure will be financed from cash and existing loan facilities.		
<b>24.2 Non-cancellable operating leases</b>		
The Group leases various offices, warehouses and retail stores under non-cancellable operating leases mostly expiring within one to ten years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. Excess warehouse space is sub-let to third parties also under non-cancellable operating leases.		
From 1 October 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases. These were included in the below minimum lease payments.		
Commitments for minimum lease payments in relation to non-cancellable operating leases of continuing operations are payable as follows:		
Next year	29	743
Within two to five years	-	1 730
Thereafter	-	751
Total	29	3 224

Balances denominated in currencies other than euro were converted at the closing rates of exchange ruling at 30 September 2020 and 30 September 2019, respectively.

The majority of the property operating leases relate to retail stores from which the Group trades.

Rental expense from continuing operations recognised in profit or loss during the Reporting Period relating to operating leases amounted to €120 million (2019: €698 million). Refer to note 4.3.4.

The prior year non-cancellable operating lease commitments have not been discounted.

**24.3 Contingent assets and liabilities and other litigation****Legal claims**

The legal claims the Group faces are complex, multi-jurisdictional claims initiated by multiple parties relating to the alleged accounting irregularities announced in December 2017. Various proceedings have been commenced against the Company and SIHPL in the Netherlands, Germany and South Africa. Not all claimants have sought to quantify their alleged damages at the outset of proceedings, but the combined claims of those that have sought to do so are in excess of ZAR136 billion (€7 billion at a ZAR/Euro rate of ZAR19.5).

In addition to proceedings against Group entities, claims have also been made against, amongst others, former directors and officers of Group entities. In parallel, the Group is also evaluating potential claims it may have against third parties, and recoveries against implicated entities and individuals are being initiated where appropriate. The outcome of any recoveries remains uncertain.

All claims against the Group are being disputed in ongoing litigation proceedings and there remains material uncertainty as to the outcome of all of those legal proceedings. If all such claims were ultimately established in the amounts asserted, it is clear that the net asset value of the Group would fall far short of the amount required to satisfy them in full. In such circumstances, liquidation proceedings would ensue which would, in the Group's view, materially impair the value of assets available for distribution and adversely affect the timing and amount of the claimants' recoveries relative to the proposed settlement.



## 24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### 24.3 Contingent assets and liabilities and other litigation (continued)

In broad terms, the claims instituted in legal proceedings against Steinhoff N.V. and SIHPL fall into three categories:

- a) market purchase claims ("MPCs") in respect of shares and securities acquired on markets;
- b) contractual claims ("Contractual Claims") by those claimants who, in accordance with the terms of contractual arrangements involving the Group, sold businesses, shares or otherwise received consideration directly from the Group by way of issuance, or transfer, of Steinhoff N.V. shares; and
- c) other claims that are neither MPCs nor Contractual Claims against Steinhoff N.V. or SIHPL ("Non-Qualifying Claims").

Any proposed settlement consideration paid or delivered by Steinhoff N.V. or SIHPL will be in full and final settlement of any and all MPCs or Contractual Claims of the claimant or counterparty against any member of the Group (unless otherwise specified).

Disclosure on the status of legal claims against the Group, will be divided into 2 sections:

- A) MPC and Contractual Claims included in Litigation Settlement Proposal; and
- B) Other Non-Qualifying Claims not included in Litigation Settlement Proposal.

The base currency of the claims has been converted to the reporting currency by using the closing exchange rate of the 2020 Reporting Period.

#### A) MPC and Contractual Claims included in Litigation Settlement Proposal

##### Litigation Settlement Proposal

Per the SENS announcement made on 27 July 2020, the Group has formulated proposed settlement amounts for various claimant groups (as explained above) in light of the characteristics of, and risks affecting, their claims, the Group's ability to continue trading and to maximise the asset values available to it, and the likely outcomes for claimants if the Group was unable to do so and liquidation ensued. The terms of the global Litigation Settlement Proposal were updated in October 2020. A provision has been raised during the 2020 Reporting Period based on management's best estimate of the financial outcome of the Litigation Settlement Proposal. The proposed settlement terms also have regard to the adverse impact of the COVID-19 pandemic on the value of the Group's underlying businesses and the effect of currency movements.

***The Group's settlement proposal was made on the basis that it does not represent an admission of any liability in respect of any of the various claims made against any member of the Group or any directors, officers, employees or advisers, past or present.***

The Group announced on 16 February 2021 that following its application to the Amsterdam District Court on 15 February 2021 for a Dutch SoP, the Amsterdam District Court opened the Dutch SoP in respect of Steinhoff N.V. on 15 February 2021.

Following the opening of the Dutch SoP, SIHPL has launched a S155 Scheme also as part of the implementation of the Litigation Settlement Proposal. The Dutch SoP relates only to Steinhoff N.V. and the S155 Scheme relates only to SIHPL. These processes, which are inter-conditional, do not directly affect any of the other entities in the Steinhoff Group nor any of its operating businesses.

The purpose of the Dutch SoP process and the S155 Scheme is to implement the proposal to settle certain multi-jurisdictional legacy litigation and various claims against Steinhoff N.V. and SIHPL. In consideration for payment of the settlement consideration, participating claimants will be required to grant full and final releases and waivers of claims against the Steinhoff Group and other parties on the terms set out in the Schemes.

Their respective terms are available at [www.SteinhoffSettlement.com](http://www.SteinhoffSettlement.com) (the website has not been audited by Mazars).

Implementation of the Steinhoff global Litigation Settlement Proposal will require the requisite support of claimants and approvals by the Dutch and South African courts, and the process of obtaining such approvals is expected to take several months. Commencement of these processes follows the separate agreements reached with Deloitte Accountants B.V. and Deloitte & Touche South Africa (together "Deloitte") and Conservatorium announced on 14 February 2021. Refer to note 36 in this regard. Discussions are ongoing with other third parties regarding possible additional contributions. The Dutch SoP scheme proposal and the s155 scheme proposal provide an implementation framework to deliver such recoveries to creditors. In the event additional contributions are agreed by other parties, and if required, the Dutch SoP scheme proposal and s155 scheme proposal will be amended to accommodate the relevant terms on which related recoveries will be delivered by such third parties.

The proposed terms of the settlement provided for payments materially in excess of the permission granted by financial creditors in 2019 and required fresh consent from financial creditors.

As announced, in addition to achievement of the necessary levels of support by claimants to the Group's proposal, (being a majority in number (more than 50%) representing 75% by value of those voting in each class in respect of the S155 Scheme proceedings and a simple majority of the number of ordinary insolvency creditors attending the meeting which represents at least half of the total amount of admitted ordinary insolvency creditor claims in respect of the Dutch SoP the settlement was conditional on, inter alia:



**24. COMMITMENTS AND CONTINGENCIES (CONTINUED)****24.3 Contingent assets and liabilities and other litigation (continued)****A) MPC and Contractual Claims included in Litigation Settlement Proposal (continued)**

- i) **Approval from financial creditors:** The October 2020 settlement term sheet required the approval of Steinhoff N.V.'s financial creditors. A consent request was launched on 9 October 2020 to obtain the formal support of the financial creditors for the terms and proposed implementation of the settlement. During November 2020 the Company announced that it had received overwhelming support from the financial creditors and that, in particular, the Steinhoff Group had obtained the requisite consent from its creditors in respect of all relevant financial instruments, with the exception of the Company's "SEAG Contingent Payment Undertaking", in respect of which "all-lender support" was required but two financial institutions had voted against. As a result, Steinhoff N.V. then undertook an English law scheme of arrangement ("Steinhoff N.V. Scheme") to obtain the necessary unanimous approval under the SEAG Contingent Payment Undertaking. The necessary majorities of lenders approved the proposal in the scheme meetings that took place on 15 December 2020 in London and the High Court of England heard the Company's application to sanction the Steinhoff N.V. Scheme on 26 and 27 January 2021. The High Court granted the sanction order in the terms sought by the Company in a judgment delivered on 5 February 2021 and, following the satisfaction of various conditions, the 9 October 2020 consent request became effective on that date. Incremental consents will be sought from Steinhoff N.V.'s financial creditors in connection with further long form documents and other matters relating to the implementation of the Litigation Settlement Proposal in accordance with the terms of the 9 October 2020 consent request. The financial creditors have been asked to waive any tort (delict) claims against the Steinhoff Group. Steinhoff N.V. has agreed to grant security over its shares in SINVH in return for the debt extension. The following debt term extensions have been requested as part of the Steinhoff N.V. Scheme:

**a) Term Extension**

Consent is sought under the relevant Steinhoff finance documents:

- for an extension to the maturity date, 31 December 2021, under the Steinhoff N.V./SEAG CPU, the SIHPL/SFHG CPU and the Steinhoff N.V./Hemisphere CPU; and
- for an extension to the termination date specified under each of the facility agreements and the Hemisphere facility agreement,

to 30 June 2023, with provision that in each case the maturity date and the termination date may be extended by a further 6 months under each of the Steinhoff finance documents at the request of Steinhoff N.V. with the approval of the umbrella agent acting on the instructions of the simple majority settlement creditors ("Term Extension").

The implementation of the Term Extension will provide further stability for the Group over an extended period of time, which will allow the Group to continue its deleveraging programme and provide further commercial support.

In return for the extension of debt, the Company will grant first ranking security over its shares in SINVH as well as any loans payable by SINVH to the Company.

**b) Interim Extension Option**

Consent is sought under the relevant Steinhoff finance documents:

- for an extension to the maturity date, 31 December 2021, under the Steinhoff N.V./SEAG CPU, the SIHPL/SFHG CPU and the Steinhoff N.V./Hemisphere CPU; and
- for an extension to the termination date specified under each of the facility agreements and the Hemisphere facility agreement,

for a period of up to 12 months from the existing maturity date and termination date at the request of Steinhoff N.V. with the approval of the umbrella agent acting on the instructions of the simple majority settlement creditors ("Interim Extension Option").

The Interim Extension Option may only be exercised by the Company if (i) all Consent Requests have been approved by the requisite majorities of creditors under the Steinhoff Finance Documents, and (ii) the Company has commenced a Dutch SoP procedure for the purpose of implementing the Litigation Settlement Proposal.

The implementation of the Interim Extension Option will allow the Company to continue operating as a going concern while the Litigation Settlement Proposal is implemented.

- ii) **Finsurv approval:** In addition, the Group required approval from the South African Reserve Bank ("Finsurv") for the terms of the Group Litigation Settlement Proposal. Steinhoff N.V. accordingly applied to Finsurv for consent to the cross-border payments to be made as part of the Litigation Settlement Proposal and received such approval on 25 November 2020. The approval is valid for 12 months from the date of grant. Further approvals will be sought if and to the extent required in respect of the terms to be submitted under the schemes.

**24. COMMITMENTS AND CONTINGENCIES (CONTINUED)****24.3 Contingent assets and liabilities and other litigation (continued)****A) MPC and Contractual Claims included in Litigation Settlement Proposal (continued)****Settlement proposal details**

The schemes are broadly consistent with the Group settlement proposal as initially outlined in the July 2020 announcement and as amended in the October 2020 settlement term sheet. The detailed terms of the proposal ("Settlement Term Sheet") can be found at the following web-address: [www.SteinhoffSettlement.com](http://www.SteinhoffSettlement.com) (the website has not been audited by Mazars).

The terms of the proposal reflect key features of the parties' respective claims, including:

- the legal basis for the claim;
- the laws of the jurisdiction in which the claim is brought;
- the nature and extent of the loss claimed;
- legal uncertainties affecting the claim and recoverability of loss; and
- the financial position of the Steinhoff entity against which the claim arises.

The terms of the settlement proposal are, in summary, as follows:

- **Market purchase claimants ("MPC"):**

The Group will settle eligible Steinhoff N.V. MPCs and SIHPL MPCs for a total settlement consideration amount of **€266 million**.

This settlement consideration will be paid 50 per cent in cash funded from the South African sub-group and 50 per cent in shares of Pepkor Africa ("PPH shares"), settled at an expected price per share of ZAR15. No lock up restriction on sale of the PPH shares is required in respect of PPH shares issued to the MPC claimants. Steinhoff N.V. estimates that approximately up to 173 million PPH shares (or 4.6 per cent of the total PPH issued share capital) will be transferred to MPC claimants as a result of the settlement.

In addition, in order to facilitate recoveries to market purchase claimants the Group is considering making available an amount of up to **€30 million** to pay in respect of certain fees, costs and work undertaken by the active claimant groups ("ACGs") on the terms to be specified in the settlement documents. The specific terms of the proposal remain under consideration.

- **Steinhoff N.V. Contractual Claims:**

Contractual claims against the Group will be settled at the same relative recovery rate as the MPCs against the Group. The Group estimates the total amount to be required to settle such contractual claimants to be in the region of **€104 million**.

Such settlement consideration will also be paid 50 per cent in cash and 50 per cent in PPH shares settled at an expected price per share of ZAR15. Consistent with the proposal in relation to the market purchase claimants settled by Steinhoff N.V., no lock up restriction on sales is required in respect of PPH shares allocated to Group contractual claimants.

The Company estimates that up to 67 million PPH shares (or 1.8 per cent of the total PPH issued share capital) will be transferred to Company contractual claimants.

- **SIHPL Contractual Claims:**

SIHPL will settle the claims made against it by contractual claimants from its own resources. SIHPL contractual claims (other than claims by Thibault and Wiesfam) will be settled for a total amount of approximately ZAR1.5 billion

(**€76 million** at a ZAR/euro rate of 19.5). The claims of Thibault and Wiesfam will be settled for a proportionally lower recovery rate in the total nominal amount of approximately ZAR7.9 billion (**€406 million** at a ZAR/euro rate of 19.5). The settlement consideration will also be paid 50 per cent in cash and 50 per cent in PPH shares at an expected price per share of ZAR15. Subject as follows, SIHPL contractual claimants will be required to agree to lock up PPH shares allocated to them for 180 days from the effective date of settlement.

Conservatorium has brought significant claims arising out of its ownership of certain margin loans which financed Upington Investment Holdings B.V.'s acquisition of shares in Steinhoff N.V. which represent non qualifying claims in the October 2020 settlement term sheet (refer to the Upington 3 Claim/Lenders Claim on page 196).

As announced on 14 February 2021, Steinhoff N.V. and SIHPL have entered into an agreement with Conservatorium and other margin lenders to settle such claims. Titan related entities are also party to that agreement. Under the terms of the agreement, on the settlement effective date and in exchange for mutual releases and support for the global Litigation Settlement Proposal, Conservatorium and the other margin lenders will be entitled to the settlement recovery at Steinhoff N.V. attributable to the Upington 1 Claim and Steinhoff Africa will pay on behalf of SIHPL an additional amount of **€61 million** in settlement of the remaining claims. Titan will receive the recovery at SIHPL previously announced in the October 2020 settlement term sheet, subject to further agreements to be concluded between the Company, SIHPL and Titan entities (also refer to note 12.1.2).

**24. COMMITMENTS AND CONTINGENCIES (CONTINUED)****24.3 Contingent assets and liabilities and other litigation (continued)****A) MPC and Contractual Claims included in Litigation Settlement Proposal (continued)**

In respect of the SIHPL contractual claimants BVI and Cronje & others who are current employees and managers of PPH, SIHPL proposes that their settlement consideration be entirely in the form of PPH shares at an expected settlement price of ZAR13 per share and ZAR13.50 per share, respectively, provided they agree to certain lock up restrictions of sale of those PPH shares from the effective date of the settlement.

The Group estimates that approximately 345 million PPH shares (or 9.3 per cent of the total PPH issued share capital) will be transferred to SIHPL contractual claimants assuming BVI and Cronje & others take up their option to be paid entirely in PPH shares.

- **Measurement of Litigation Settlement Proposal provision**

The amounts are subject to change based on the ZAR:EUR exchange rate and the prevailing Pepkor Africa share price at date of settlement. The exchange rate used in the determination of these amounts was ZAR19.5 and a Pepkor Africa share price of ZAR15.00. Steinhoff has the right, at its election, to settle the settlement consideration in a greater portion, or in full amount, in cash and in accordance with the settlement term sheet as published on 27 July 2020 and 9 October 2020.

The Group will pay the cash portion of the settlement amount in ZAR to the extent this is consistent with the denomination of the participant's underlying transaction and in euros to the extent this is consistent with the denomination of the participant's underlying transaction. The settlement consideration provided by the Group will be independent of any recoveries made by claimants from third parties. Any such recoveries will be incremental to payments to be made to litigants.

In preparing the global settlement the position of the preference shareholders and their rights and the obligations of SINVH were taken into account.

Management draws the user of these financial statements' attention to the fact that any form of the proposed settlement, if implemented, could differ materially from the provision raised.

- **Post settlement – Pepkor Africa:**

The Group estimates that the settlement will result in the Group continuing to hold in excess of 50 per cent of PPH shares. Steinhoff N.V. has the right, at its option, to settle the settlement consideration in a greater portion, or in full amount, in cash and in accordance with the Settlement Term Sheet.

- **Claim verification & disputes:**

The Group is contemplating establishing a new Dutch foundation ("*stichting*") together with supporting arrangements in South Africa (for South African claimants) to act as the Steinhoff Recovery Foundation ("SRF"). The purpose of the SRF will be to administer and distribute the settlement consideration paid by, or on behalf of, the Group. It will be governed by a board of newly appointed directors with majority independence from the Group. Claimants will be required to submit their claims for verification prior to receiving settlement payments. SRF will retain Computershare to assist it to administer and verify claims prior to payment of the settlement consideration. The Group will also provide up to €16.5 million to cover the costs of the SRF. Any costs in excess will be deducted from the settlement payment, and any surplus amount will revert to the Group.

The Group's view remains that the global settlement, as proposed, provides the means to substantially resolve the historical claims against it and remains firmly in the best interests of all stakeholders.

Details of the MPC and Contractual Claims are set out below:

**24. COMMITMENTS AND CONTINGENCIES (CONTINUED)****24.3 Contingent assets and liabilities and other litigation (continued)****A) MPC and Contractual Claims included in Litigation Settlement Proposal (continued)*****Tekkie Claimants v Steinhoff N.V. and Town Investments***

- AJVH Holdings Proprietary Limited, Full Team Sure Trade Proprietary Limited, Aquilam Holdings Proprietary Limited, Liber Decimus Proprietary Limited and Xanado Trade and Invest 327 Proprietary Limited ("Tekkie Claimants") instituted a claim against Steinhoff N.V. and Town Investments based on a written contract entered into between the parties on 29 August 2016 whereby Steinhoff N.V. purchased all the ordinary shares held in Tekkie Town for a purchase price of ZAR3.3 billion (€167 million) discharged by the allotment and issuing of 43 million Steinhoff N.V. shares. The Tekkie Claimants allege that they entered into the contract based on false and misleading representations made by Steinhoff N.V. and Markus Jooste and claim a return of the Tekkie Town equity or a payment of approximately ZAR1.85 billion (€94 million). Pleadings have closed ("the First Action").
- The Tekkie Claimants instituted separate injunction action proceedings against Pepkor Holdings Limited, Pepkor Specialty Proprietary Limited, Tekkie Town Proprietary Limited (the "Pepkor Parties") and Town Investments relating to transference and alienation of the shares in and business of Tekkie Town Proprietary Limited or the business trading under the name of Tekkie Town South Africa (the "Second Action").
- The Tekkie Claimants sought to consolidate the First and Second Actions, join the Pepkor Parties to the First Action and effect certain amendments to the pleadings in the First Action. Ultimately, the Pepkor Parties were joined to the First Action by agreement in terms of an order dated 4 June 2020. The Tekkie Claimants have since filed amended particulars of claim. Proceedings are ongoing.
- The Tekkie Claimants obtained an interdict from the High Court, which inter alia interdicted Steinhoff N.V. and its subsidiaries from disposing of Pepkor Africa shares below the level of majority control. Steinhoff N.V. and Pepkor Parties appealed the Order, and on 21 October 2020, the Supreme Court of Appeal of South Africa ("SCA") upheld the appeal with costs, dismissed an application to adduce further evidence with costs, and dismissed the Tekkie Claimants' High Court application with costs.

***PIC & Government Employees Pension Fund v Steinhoff N.V.***

- On 4 December 2020 the PIC and Government Employees Pension Fund instituted a claim in the Western Cape High Court against Steinhoff N.V. for damages in the amount of ZAR14 billion (€710 million).

The claim arises from various agreements which were concluded in 2016 which the PIC allege were induced by fraudulent or negligent misrepresentation. The PIC would not have carried out the transactions had it known the true position. The PIC claim damages for the value of shares subscribed for – ZAR4.558 billion (€231 million), the value of shares acquired – ZAR5.085 billion (€258 million) and the value of interest accrued – ZAR3.875 billion (€196 million). The claim will be defended.

***Thibault Claimants v Steinhoff N.V. and SIHPL***

- Thibault and Upington Investment Holdings B.V. ("Upington") (subsequently substituted by Titan Premier Investments Proprietary Limited ("Titan")) ("Thibault Claimants") instituted a claim against Steinhoff N.V. and SIHPL on 26 April 2018 for the cancellation of subscription agreements based on alleged misrepresentation and seeking restitution as follows:
  - i. contractual claim by Thibault Claimants against SIHPL for an amount of ZAR34.7 billion (€1.8 billion) based on the subscription agreement entered into between the parties on 25 November 2014, in terms of which Thibault subscribed for 609 million ordinary shares in SIHPL.
  - ii. a claim by Thibault against Steinhoff N.V. for restitution of the assets distributed by SIHPL to Steinhoff N.V. in terms of the scheme of arrangement.
  - iii. a claim of damages by Upington, in the amount of ZAR24.69 billion (€1.3 billion) based on subscription agreements whereby Upington subscribed for a combined total of 314 million Steinhoff N.V. shares for ZAR24.69 billion (€1.3 billion). Upington was replaced by Titan as claimant after selling and ceding its claims to Titan. During July 2019, Conservatorium Holdings LLC, the legal successor in title to Upington's lenders ("Conservatorium") was granted leave, through Dutch legal proceedings, to levy a prejudgment attachment on Upington's claims against Steinhoff N.V. and SIHPL. As such, in March 2020 Conservatorium initiated intervention proceedings in the High Court of South Africa, for Conservatorium and Upington to be named as plaintiffs in the proceedings.
  - iv. On 15 February 2021, following a number of constructive engagements between the parties an agreement has been reached, in principle, between, among others, Steinhoff N.V., SIHPL, Conservatorium and certain entities linked to Christo Wiese. This agreement is subject to a number of conditions. The result of the agreement reached among the parties is that Conservatorium withdrew the application.

**24. COMMITMENTS AND CONTINGENCIES (CONTINUED)****24.3 Contingent assets and liabilities and other litigation (continued)****A) MPC and Contractual Claims included in Litigation Settlement Proposal (continued)*****Wiesfam v Steinhoff N.V. and SIHPL***

- Wiesfam Trust Proprietary Limited (“Wiesfam”) has instituted a claim against Steinhoff N.V. and SIHPL on 26 April 2018 for the cancellation of subscription agreements based on alleged misrepresentation and restitution as follows:
  - i. a contractual claim by Wiesfam against SIHPL for the return of 15.5 million PSG shares, alternatively payment of the amount of ZAR3.4 billion (€172 million) as damages. The claim is based on an oral share issue agreement entered into between the parties on 15 December 2011, in terms of which Wiesfam subscribed for 29.7 million ordinary shares in SIHPL for a consideration of 15.5 million PSG shares. Wiesfam alleges that it was induced to enter into the share issue agreement based on certain fraudulent and/or negligent misrepresentations and non-disclosures made by SIHPL through Markus Jooste.
  - ii. claim by Wiesfam against Steinhoff N.V. for restitution of the assets distributed by SIHPL to Steinhoff N.V. in terms of the scheme of arrangement.

Proceedings are ongoing.

***GT Ferreira Claimants v Steinhoff N.V. and SIHPL***

- GT Ferreira and the trustees of Tokara BEE Trust and the Tokara Employees Trust (“GT Ferreira Claimants”) have instituted a claim on 1 June 2018 against Steinhoff N.V. and SIHPL, to have certain share swap agreements, entered into between the parties on or about 25 June 2015, declared void ab initio, alternatively declaring that such swap agreements were lawfully cancelled by the GT Ferreira Claimants on 10 May 2018 and ordering SIHPL to return to the GT Ferreira Claimants the PSG shares that formed part of the swap agreement, alternatively ordering SIHPL to pay the applicants the value of such PSG shares being in total ZAR1.17 billion (€59 million). Proceedings are ongoing.

***Le Toit v Steinhoff N.V., SIHPL and SINVH***

- The Trustees of Le Toit trust (“Le Toit”) have instituted a claim on 31 August 2018 against SIHPL, Steinhoff N.V., SINVH, Markus Jooste and Ben la Grange, for the cancellation of share exchange agreements, based on alleged misrepresentations, and claims for damages against the defendants for payment of the amount of ZAR740 million (€38 million).
- The claims are based on written share exchange agreements entered into between SIHPL and Le Toit on 24 June 2015, in terms of which SIHPL swapped 10.2 million ordinary shares in SIHPL for 3.8 million PSG shares. Proceedings are ongoing.

***Enrico De Villiers Greyling v SIHPL***

- On 15 February 2019, Enrico De Villiers Greyling (“Greyling”) instituted a claim against SIHPL for the return of 500 000 shares in PSG, valued at ZAR196.18 per share, in exchange for 1.3 million Steinhoff shares issued to him in terms of an exchange agreement entered into on or about 24 June 2015 (initially for shares in SIHPL which were converted at listing of Steinhoff N.V.) which Greyling now seeks to cancel on the basis of alleged misrepresentation. There is no alternative claim for damages. Greyling seeks restitution of 500 000 PSG shares in exchange for 1.3 million Steinhoff shares. Proceedings are ongoing.

***Cronje & Others v SIHPL***

- On 29 March 2019 the Plaintiffs (Charl Cronjé, Jacobus du Toit, Annamie Hansen, Leon Lourens, Estelle Morkel, Jacobus Pienaar, Johan van Rooyen, Johan Wasserfall), all members of the management teams of Pepkor Africa and who held shares in this company on that basis, instituted proceedings against SIHPL for ZAR450 million (€23 million) arising out of separate share exchange agreements entered into by them with SIHPL, in terms of which each of them exchanged his or her shares in Pepkor Africa for shares in SIHPL. Later, the plaintiffs became shareholder of Steinhoff N.V. through the Scheme of Arrangement. The 5th plaintiff (Morkel) withdrew her claim on or about 14 August 2020. Proceedings are ongoing.

***BVI v SIHPL***

- On 25 March 2019, BVI, a shareholder, having acquired SIHPL shares from a company related to SIHPL and/or SIHPL itself (which were subsequently swapped for Steinhoff shares pursuant to the listing of Steinhoff N.V.), instituted a claim against SIHPL for loss emanating from the reduction in value of its Steinhoff shares in the amount of c. ZAR2.16 billion (€110 million). BVI has instituted a delictual claim based what is asserts was on false and misleading information, with an alternative statutory claim for breach of the South African Companies Act. Proceedings are ongoing.

**24. COMMITMENTS AND CONTINGENCIES (CONTINUED)****24.3 Contingent assets and liabilities and other litigation (continued)****A) MPC and Contractual Claims included in Litigation Settlement Proposal (continued)*****Mayfair Speculators Proprietary Limited v Steinhoff N.V., SIHPL and Jooste***

- On 20 November 2020 Mayfair Speculators Proprietary Limited ("Mayfair") instituted a claim in the Western Cape High Court against SIHPL, Steinhoff N.V., and Markus Jooste, for damages against the defendants and payment of the amount of ZAR4.1 billion (€208 million); alternatively, ZAR3.9 billion (€198 million) further alternatively, ZAR719.4 million (€36 million).
- The claim is based on a written share exchange agreement entered into between SIHPL and Mayfair in December 2011, in terms of which SIHPL swapped 31 million ordinary shares in SIHPL for 16.5 million PSG shares. The claim has been defended. Proceedings are ongoing. The claim has been classed as a contingent scheme creditor in the proposed section 155 scheme.

***Mantessa Equities Proprietary Limited v SIHPL***

- On 20 November 2020 Mantessa Equities Proprietary Limited ("Mantessa") instituted a claim in the Western Cape High Court against SIHPL for damages in the amount of ZAR206 million (€10 million).
- This is a MPC claim and arises pursuant to the purchase of Steinhoff shares by Mantessa from Plus27 Financial Services Holdings Proprietary Limited ("Plus27"). The shares were originally received by Plus27 in terms of an agreement concluded between Plus27 and BVI. Mantessa claims damages based on alleged misrepresentations in the financial statements. The claim has been defended. Proceedings are ongoing.

***Conservatorium Holdings LLC vs SIHPL, Steinhoff N.V. and 5 Others***

- On 15 May 2020, Conservatorium Holdings LLC ("Conservatorium") initiated action proceedings in South Africa against SIHPL, Steinhoff N.V., Thibault Square Financial Services Proprietary Limited ("Thibault"), Titan Premier Investments Proprietary Limited ("Titan"), Titan Group Investments Proprietary Limited, Christoffel Hendrik Wiese and Jacob Daniel Wiese. Conservatorium sues in its capacity as assignee and successor in title of rights and claims under certain Loan Facilities and Security Agreements (collectively, the "Financing Agreements") concluded in 2016 and 2017 between a consortium of banks (as lenders and cessionaries) and Upington Investment Holdings B.V. ("Upington", an erstwhile subsidiary of Titan), Thibault and Titan (as borrowers and cedants). Conservatorium alleges that on 25 November 2014, Thibault acquired 609 145 624 SIHPL shares for an aggregate consideration of ZAR34.72 billion (€1.8 billion) which were subsequently exchanged for shares in Steinhoff N.V. by virtue of the 2015 scheme of arrangement. Conservatorium alleges that in terms of the Financing Agreements, certain loan facilities were extended to Upington, collateralised by the pledge of 750 million Steinhoff N.V. shares via Upington and Titan. Conservatorium further alleges that it has subsequently acquired:
  - 94% of the claims, rights and benefits of the lenders against any party under or in connection with the Financing Agreements,
  - any and all future claims (including claims against third parties) accruing to the lenders under contract, delict, law, statute or otherwise in connection with the Financing Agreements (the "Upington 2 Claim"), and
  - certain ancillary rights and claims.

Accordingly, Conservatorium claims that but for alleged misrepresentations made by SIHPL, the lenders would not have extended the loan facilities and by doing so have incurred losses of €993.5 million for which Conservatorium has acquired the right to claim €933.9 million, being 94% thereof, from SIHPL (the "Upington 3 Claim/Lenders Claim").

Furthermore, Conservatorium alleges that it is entitled to claim the subscription price that Thibault paid to SIHPL in the amount of ZAR34.72 billion (€1.8 billion (the "Upington 1 Claim")). This matter is ongoing.

- Conservatorium initiated separate proceedings in the Netherlands on 29 January 2020 (the "Dutch Conservatorium Claim"). The Dutch Conservatorium Claim seeks to enforce (i) the Upington 1 Claim against Steinhoff N.V. and SIHPL, (ii) the Upington 2 Claim against Steinhoff N.V. and SIHPL and (iii) the Upington 3 Claim/Lenders Claim against Steinhoff N.V. and SIHPL. Thibault and Titan (entities related to Christo Wiese) intervened in these proceedings following the judgment of the Court dated 23 September 2020. On 27 January 2021, Steinhoff filed a submission containing preliminary motions.

As announced on 15 February 2021, Steinhoff N.V. and SIHPL have entered into an agreement with Conservatorium and other margin lenders to settle such claims. Titan related entities are also party to that agreement. Under the terms of the agreement, on the settlement effective date and in exchange for mutual releases and support for the global settlement proposal, Conservatorium and the other margin lenders will be entitled to the settlement recovery at Steinhoff N.V. attributable to the Upington 1 Claim and Steinhoff Africa will pay on behalf of SIHPL an additional amount of €61 million in settlement of the remaining claims. Titan will receive the recovery at SIHPL previously announced in the October 2020 settlement term sheet, subject to further agreements to be concluded between the Company, SIHPL and Titan entities.



**24. COMMITMENTS AND CONTINGENCIES (CONTINUED)****24.3 Contingent assets and liabilities and other litigation (continued)****A) MPC and Contractual Claims included in Litigation Settlement Proposal (continued)*****Hamilton v Steinhoff N.V. and SIHPL***

- Hamilton BV and Hamilton 2 BV ("Hamilton") are seeking declaratory relief and damages in the District Court of Amsterdam, flowing from the assertion that Steinhoff N.V. and SIHPL together with the other named parties, allegedly misrepresented their financial position causing the relevant shareholders damage. Steinhoff filed a submission with preliminary motions and on applicable law in March 2020. On 26 June 2020, Hamilton initiated separate proceedings in the Western Cape High Court claiming damages of ZAR14 billion (€710 million) plus interest. In December 2020, Hamilton initiated additional action proceedings in South Africa together with 73 individuals claiming damages of ZAR2.2 billion (€112 million) plus interest. Hamilton has similarly added additional parties to its Dutch claim.
- On 23 November 2020, the Hamilton parties initiated motion proceedings in the Western Cape High Court seeking declaratory relief that (i) neither the "Contractual Claimants" or "Market Purchase Claimants" classes defined in the settlement proposal for the purpose of the compromise with creditors contemplated in terms of section 155 of the Companies Act in respect of SIHPL constitute a class; and (ii) an adopted compromise in terms of section 155 of the Companies Act on the terms proposed would not be sanctionable by a court.
- On 21 January 2021 Hamilton's postponement application was heard. SIHPL's order sought in terms of the ex parte notice application was granted, subject to two variations. One being that the granting of the order did not constitute the Court's approval/endorsement of the proposal, and that the notices to be published are to be published in official languages in the various countries.
- In the Dutch proceedings Steinhoff N.V. and SIHPL filed their preliminary motions and their view on the issue of the applicable law on 30 March 2020. On 27 January 2021, Hamilton filed its statement of defense in respect of the preliminary motions raised by defendants. After this, a date for a hearing in the preliminary motions will be scheduled.

***Lancaster 101 v Steinhoff N.V.***

- On 18 April 2019, Lancaster 101 instituted proceedings against Steinhoff N.V. in the Western Cape High Court for the following claims relief flowing from the conclusion of a subscription agreement entered into between the litigants, and a sale agreement concluded by Lancaster 101, as well as losses allegedly sustained pursuant to the conclusion of a loan agreement entered into, to fund the sale:
  - i. Lancaster 101 claims rescission of the subscription agreement on the basis of alleged misrepresentation in the Group's 2015 consolidated financial statements. Lancaster 101 seeks payment of ZAR4.6 billion (€233 million) against delivery of 60 million Steinhoff shares. Alternatively, Lancaster 101 claims loss on the basis of alleged misrepresentation of the true value of the subscription shares, which it alleges to be ZAR1.00 per share. Lancaster 101 seeks a damages payment of ZAR4.5 billion (€228 million) being the subscription price less what Lancaster 101 alleges to be the true value of the subscription shares;
  - ii. Lancaster 101 claims that but for the alleged misrepresentations in the Group's 2015 consolidated financial statements, it would not have entered into the sale agreement. Lancaster 101 seeks payment of ZAR5.0 billion (€253 million) being the sale price less what Lancaster 101 alleges to be the true value of the subscription shares; and
  - iii. Lancaster 101 claims that but for the alleged misrepresentations in Group's 2015 consolidated financial statements, it would not have entered into the loan agreement. Lancaster 101 also seeks payment of ZAR2.1 billion (€106 million) being finance charges payable on the relevant loan amount to February 2019.

In addition, on 16 September 2019, an urgent application was also initiated by Lancaster 101 for the relief in (i) above. The urgency limb of the application was struck from the Court list, but the substantive application is ongoing.

Proceedings are ongoing.

**24. COMMITMENTS AND CONTINGENCIES (CONTINUED)****24.3 Contingent assets and liabilities and other litigation (continued)****A) MPC and Contractual Claims included in Litigation Settlement Proposal (continued)****Other shareholder claims**

- On 16 May 2019 the Oberlandesgericht Frankfurt issued a Reference Order for the commencement of capital markets ("KapMug") proceedings. Dietmar Buchholz was determined to be the model claimant in the KapMug proceedings and has filed pleadings substantiating the declaratory claims. Proceedings are ongoing.
- On 2 February 2018, the Vereniging van Effectenbezitters ("VEB") initiated a Dutch collective action against Steinhoff N.V. on behalf of all Steinhoff N.V. shareholders that either bought or held Steinhoff shares during a specific timeframe. VEB claims that Steinhoff N.V. acted unlawfully towards its shareholders because of incorrect, incomplete and misleading public information presented by Steinhoff N.V. The VEB collective action has been withdrawn on 29 July 2020.
- On 20 March 2019, Trevo Capital Limited ("Trevo"), a shareholder having acquired SIHPL shares on the secondary market (which were subsequently swapped for Steinhoff shares pursuant to the listing of Steinhoff N.V.), instituted a damages claim against SIHPL for loss emanating from the reduction in value of its Steinhoff shares in the amount of c. ZAR2.16 billion (€110 million). Trevo has brought an application in the Western Cape High Court, seeking to intervene, as a respondent, in Hamilton's declaratory application, on the basis that it has a direct and substantial interest in the outcome of Hamilton's declaratory application. Trevo's application is supported by BVI, and the Cronje claimants. SIHPL opposed the intervention application and the answering affidavit was filed on 23 February 2021. No date has been set for the hearing of Trevo's intervention application.

Separately, Trevo has brought an application in the Western Cape High Court, seeking an order (1) declaring that (a) a guarantee provided by SIHPL on 30 January 2014, in respect of a convertible bond issued by SFHG, and which was subsequently amended or replaced on 12 August 2019 by the SIHPL contingent payment undertaking ("SIHPL CPU") between SIHPL and Global Loan Agency Services Limited, is void in terms of section 45 of the South African Companies Act, (b) both the SIHPL board's resolution authorising the conclusion of the guarantee, and the SIHPL board's resolution authorising the conclusion of the SIHPL CPU, are void, and (c) the SIHPL CPU is void, and (2) interdicting SIHPL from making any payments in terms of the guarantee, the SIHPL CPU and/or a compromise in terms of section 155 of the South African Companies Act and from providing any security in terms thereof.

SIHPL intends to oppose this application. No further papers have been filed. Trevo seeks a hearing date of 16 March 2021 for the hearing of its declaratory application/interdict, but this date has not yet been confirmed by the Court. SIHPL strongly disputes the legal merits of the pending applications brought by Trevo, and will oppose those applications and the Trevo intervention application on that basis. Proceedings are ongoing.

- On 22 January 2019, Deminor Recovery Services ("Deminor") and 84 other plaintiffs served a writ of summons on Steinhoff N.V. and three other co-defendants. Declaratory relief that Steinhoff N.V. acted unlawfully towards investors with respect to the publication of the prospectus dated 19 November 2015, the annual accounts over financial year 2016, interim financial statements and press releases. Deminor seeks to hold Steinhoff N.V. liable for damages in the amounts of €679 million, allegedly suffered by Steinhoff N.V. investors as a result of the alleged misleading information issued and disseminated by Steinhoff N.V. On 5 February 2020, the Deminor proceedings were stayed pending the outcome of the KapMug proceedings. This decision was appealed by Deminor. Parties have filed their respective submissions in the appeal proceedings. A hearing was scheduled to take place on 5 February 2021, however parties agreed to an extension of the hearing in light of the global settlement discussions.
- Stichting Steinhoff International Compensation Claims ("SSICC") has initiated a Dutch collective action against both Markus Jooste and Steinhoff N.V. on behalf of all investors that bought Steinhoff shares during a certain time period – starting at either 7 August 2015, 19 November 2015, 7 December 2015 and ending at the moment of full disclosure on Steinhoff N.V.'s accounting irregularities, or on 6 December 2017 or at a moment as determined by the court in the proper administration of justice – and that either sold their shares after 24 August 2017 or after 5 December 2017 or still hold their Steinhoff shares. Proceedings are currently stayed in light of the global settlement discussions.
- On 1 February 2019, Dutch law firm bureau Brandeis filed a request for inquiry proceedings with the Enterprise Chamber at the Amsterdam Court of Appeal on behalf of Public Investment Corporation SOC Ltd ("PIC") and ten other foreign Steinhoff N.V. investors ("PIC et al.").



**24. COMMITMENTS AND CONTINGENCIES (CONTINUED)****24.3 Contingent assets and liabilities and other litigation (continued)****A) MPC and Contractual Claims included in Litigation Settlement Proposal (continued)**

PIC et al. requested the following relief:

- i to appoint investigators to investigate the policy and the course of events at Steinhoff N.V., its affiliated enterprise and entities closely connected to it, starting from the date of its incorporation until the date of the decision of the Enterprise Chamber. PIC et al. want the subject of the investigation to cover the facts and circumstances that could give an insight in the situation that Steinhoff N.V. is in, even if these facts and circumstances pre-date the establishment of Steinhoff N.V., such as, but not limited to, the 2015 prospectus, the Scheme of Arrangement, the acquisition of kika-Leiner, its relation with Campion, GT Branding, Genesis GmbH, the amendments by Steinhoff N.V. of the 2014 up to and including 2018 annual accounts and the functioning of (members of) the bodies and appointed committees regarding those facts and circumstances, as well as the questions posed in the request and those that were asked during the AGM in April 2018, and
- ii. (by way of immediate relief) to appoint an independent Supervisory Board member, whose duties will encompass supervision of the proper disclosure of information to shareholders in line with the applicable rules and regulations, supervision of the proper cooperation of and information disclosure by (members of) the bodies and employees of Steinhoff N.V. and its affiliated enterprise for the purpose of the investigation to be ordered by the Enterprise Chamber, and to determine that this temporary Supervisory Board member will have the casting vote on these subjects.

A hearing in this regard was scheduled to take place on 23 May 2019. Steinhoff N.V. and the group of shareholders have mutually agreed to postpone the date of this hearing to a date later in the calendar year. At the date of this report the hearing date has not been determined.

On 23 January 2021, PIC et al informed the Court (upon the Court's request) that they wish to continue the stay of inquiry proceedings.

On 8 January 2020, PIC and 26 other claimants ("PIC et al") initiated damages proceedings against Steinhoff N.V. and 27 other defendants (including Deloitte entities and various former directors and officers of Steinhoff Group Companies) in relation to the alleged accounting irregularities. PIC et al request damages to be assessed in separate follow up quantum of damages proceedings. However, PIC et al do state that PIC as well as the parties it alleges to represent (Government Employee Pension Fund, Unemployment Insurance Fund and Compensation Fund) have suffered losses of more than €1 billion in relation to the accounting irregularities.

Steinhoff N.V. and the other defendants filed their preliminary motions (including motion for security of costs, request for stay and motion to implead) on 2 September 2020. PIC et al filed its statement of defence in relation to the security for costs motions only on 11 November 2020. Parties were subsequently allowed to file further submissions on the issue of security for costs. On 9 June 2021, PIC et al will submit its statement of defence in relation to the other preliminary motions raised by the defendants.

On 18 December 2020, a further writ was served on Steinhoff N.V. and the 27 other defendants by 9 new claimants that have been added to the constituency of PIC et al (these parties could only be added by way of initiating new proceedings). The claims of the new claimants are substantially the same as in the first PIC damages proceedings.

Steinhoff N.V. is due to appear in these proceedings on 24 March 2021.

**Consolidation ruling**

Steinhoff N.V. is engaged in a host of legal proceedings in South Africa and, while the individual litigants differ, Steinhoff N.V. considers that there are sufficient overlapping issues and witnesses that renders it more efficient for these proceedings to be consolidated. On 30 April 2020 the Cape High Court dismissed an application for the consolidation of all the litigation based in South Africa. The consolidation application was a procedural request and did not deal with the merits of the underlying matters. The suitability of a consolidation application may be reconsidered by the Court at a later date once matters have been set down and dates for trial applied for, providing an opportunity for Steinhoff N.V. to re-assess this option at that point.

**24. COMMITMENTS AND CONTINGENCIES (CONTINUED)****24.3 Contingent assets and liabilities and other litigation (continued)****B) Other Non-Qualifying Claims not included in Litigation Settlement Proposal****Non-Qualifying Claims**

No specific proposal is being made for the settlement of Non-Qualifying Claims. Such claims will subsist and the Company or SIHPL will continue to defend them on the basis that any liability in respect of the same is denied. A non-qualifying claim against the Company that ultimately succeeds will be entitled to settlement consideration at the same rate as MPC and contractual claims against the Company. A non-qualifying claim against SIHPL that ultimately succeeds will be entitled to the amount awarded in court proceedings.

Following implementation of the global Litigation Settlement Proposal, any disputed claims will be subject to the ordinary course litigation process or the dispute resolution process set out by the Group in the settlement documentation, unless an alternative dispute resolution process is agreed by the Group and such disputed claimant.

Details of the Non-Qualifying Claims are set out below:

**Michael John Morris vs SIHPL**

- On 6 December 2019, Michael John Morris initiated action proceedings in the Western Cape High Court, claiming damages in the amount of ZAR69.4 million (€3.5 million) plus costs and interest allegedly arising as a result of bonus arrangements forewent on the basis of misrepresentations in SIHPL's annual financial statements. Various pleadings have been exchanged including an exception and amendments to the plaintiff's particulars of claim. Limited procedural steps have been taken by the plaintiff to advance this matter. The matter is still at an early stage and no trial date has been allocated. Management is of the view that the claim holds no merit.

**Paul Ronald Potter vs SIHPL**

- On 6 December 2019, Paul Ronald Potter initiated action proceedings in the Western Cape High Court, claiming damages in the amount of ZAR69.4 million (€3.5 million) plus costs and interest allegedly arising as a result of bonus arrangements forewent on the basis of misrepresentations in SIHPL's annual financial statements. Limited procedural steps have been taken by the plaintiff to advance this matter. Various pleadings have been exchanged including an exception and amendments to the plaintiff's particulars of claim. The matter is still at an early stage and no trial date has been allocated. Management is of the view that the claim holds no merit.

**Francois Johan Malan vs SIHPL**

- On 15 June 2020, Francois Johan Malan initiated action proceedings in the Western Cape High Court, claiming damages in the amount of ZAR13.2 million (€0.7 million) plus costs and interest allegedly arising as a result of bonus arrangements forewent on the basis of misrepresentations in SIHPL's annual financial statements. Limited procedural steps have been taken by the plaintiff to advance this matter. Various pleadings have been exchanged including an exception raised by SIHPL to the plaintiff's particulars of claim. The matter is still at an early stage and no trial date has been allocated. Management is of the view that the claim holds no merit.

**Peter Andrew Berry vs SIHPL**

- On 15 June 2020, Peter Andrew Berry initiated action proceedings in the Western Cape High Court, claiming damages in the amount of ZAR92.3 million (€4.7 million) plus costs and interest allegedly arising as a result of bonus arrangements forewent on the basis of misrepresentations in SIHPL's annual financial statements. Limited procedural steps have been taken by the plaintiff to advance this matter. Various pleadings have been exchanged including an exception raised by SIHPL to the plaintiff's particulars of claim. The matter is still at an early stage and no trial date has been allocated. Management is of the view that the claim holds no merit.

**Andre Frederick Botha vs SIHPL**

- On 15 June 2020, Andre Frederick Botha initiated action proceedings in the Western Cape High Court, claiming damages in the amount of ZAR13.2 million (€0.7 million) plus costs and interest allegedly arising as a result of bonus arrangements forewent on the basis of misrepresentations in SIHPL's annual financial statements. Limited procedural steps have been taken by the plaintiff to advance this matter. Various pleadings have been exchanged including an exception raised by SIHPL to the plaintiff's particulars of claim. The matter is still at an early stage and no trial date has been allocated. Management is of the view that the claim holds no merit.

**Warren Wendell Steyn vs SIHPL**

- On 15 June 2020, Warren Wendell Steyn initiated action proceedings in the Western Cape High Court, claiming damages in the amount of ZAR13.2 million (€0.7 million) plus costs and interest allegedly arising as a result of bonus arrangements forewent on the basis of misrepresentations in SIHPL's annual financial statements. Limited procedural steps have been taken by the plaintiff to advance this matter. Various pleadings have been exchanged including an exception raised by SIHPL to the plaintiff's particulars of claim. The matter is still at an early stage and no trial date has been allocated. Management is of the view that the claim holds no merit.

**24. COMMITMENTS AND CONTINGENCIES (CONTINUED)****24.3 Contingent assets and liabilities and other litigation (continued)****B) Other Non-Qualifying Claims not included in Litigation Settlement Proposal (continued)*****HLSW and LSW v AIH***

- HLSW GmbH (“HLSW”) an entity owned and/or controlled by Seifert filed a complaint in terms of which HLSW requests, inter alia, the transfer of a 50% shareholding in AIH Investment Holding GmbH (“AIH”) to it. The Group is contesting the relief sought by HLSW in its entirety. No witnesses have been heard thus far and the presiding judge has stated that he would interrupt these proceedings until June 2019 to await the further taking of testimony in the Loan Proceedings referred to below.

LSW GmbH (“LSW”), owned and/or controlled by Seifert have filed a further complaint against AIH and SEAG with LSW requesting the repayment of a loan granted to SEAG and AIH in the amount of €299.9 million and interest in the amount of €29.4 million (“the Loan Proceedings”). SEAG and AIH have filed an answer to the complaint and contested the relief requested by LSW in its entirety. In addition, LSW requested solely from SEAG financing costs in the amount of €58.9 million as well as default interest on the amount of €388.3 million at a rate of 5.14% per annum above the 6-months-EURIBOR since 12 October 2015. LSW initially demanded €388.3 million plus interest and the costs of the proceedings from SEAG and €329.3 million plus costs of the proceedings from AIH.

On 21 December 2016, LSW received an amount of €146.7 million from Steinhoff entities. LSW reduced its claim on 17 February 2017 to €265.4 million (plus interest at a rate of 5.14% per annum above the 6-months-EURIBOR from 22 December 2016) vis-à-vis SEAG and €249.2 million vis-à-vis AIH, plus costs of the proceedings from both parties.

On 20 July 2018 and again on 20 September 2018, LSW filed for a preliminary injunction against SEAG and AIH in order to secure its claim arising from the Loan Proceedings. The competent judge of the Loan Proceedings rejected LSW’s application(s) for a preliminary injunction on all alleged grounds with his decision dated 1 October 2018.

During November 2020 the parties entered into negotiations wherein a settlement amount of €100 million was discussed. A settlement was not finalised as the parties could not reach agreement with respect to certain contractual terms. Considering these negotiations management decided to raise a settlement provision. It is viewed as an Adjusting Event for the 2020 Reporting Period and an amount of €100 million was raised as a provision in the 2020 Reporting Period on an AIH level, representing the best estimate for settlement of the claim. Refer to note 23.3 for legal provision raised.

***Competition Commission vs SIHPL and Others***

- This matter involves two referrals issued by the Competition Commission during 2019: Under the first referral, the Commission has charged a previous subsidiary of SIHPL, namely KAP Diversified Industrial Proprietary Limited of having colluded during the period 2009 to 2014 with its sole local competitor, namely Sonae Arauco South Africa Proprietary Limited (“Sonae”) in that they allegedly fixed prices of certain timber products which they both manufactured and sold to merchants.
- In the second (related) referral, the Commission has charged SIHPL itself with having committed the same offence during that period. The Commission contends that the actual perpetration of the transgressions occurred between representatives of the sale staff of a subsidiary of KAP and their colleagues employed by Sonae. It is not alleged that any SIHPL employee participated in the alleged price fixing or that SIHPL knew or ought to have known that the transgressions were being perpetrated.
- The Commission seeks a conviction against SIHPL exclusively on a contention that by virtue of its shareholding in the KAP Group it controlled the business and affairs of KAP and its subsidiaries.
- Werksmans Attorneys has been appointed to represent SIHPL in these proceedings. SIHPL has initiated a review application with the aim of setting aside the Commission’s decision to refer the complaint against SIHPL to the Tribunal.

***Shareholder claims***

- In August 2018, Ms Dorethea de Bruyn (“De Bruyn”) applied for the certification of a class action against SIHPL, Steinhoff N.V. and Steinhoff Secretarial Services Proprietary Limited. De Bruyn seeks, inter alia, leave to act as the representative plaintiff of the members of three proposed classes. The proposed class action alleges that certain alleged accounting irregularities and other financial transactions related to the Group caused investors significant financial losses. If certified, De Bruyn seeks an order to claim damages. On 26 June 2020, De Bruyn’s application for certification was dismissed by the Johannesburg High Court. De Bruyn was ordered to pay the costs of the respondents who had opposed the application, including the costs of two counsel, where two counsel were employed.

***Access to a copy of the overview of the forensic investigation published in March 2019 (“PwC Report”)***

- Application brought by Tiso Blackstar and others (owners of prominent South African media outlets) vs Steinhoff N.V. on 23 October 2019 on a public interest basis (as well as separate applications by Jooste) for access to a copy of the PwC Report. Exchange of pleadings ongoing. Damages are not sought in this matter and accordingly there can be no economic outflow arising from these proceedings.
- Application brought by the PIC against Steinhoff N.V. on 6 December 2019 for access to a copy of the PwC Report. Exchange of pleadings ongoing. Damages are not sought in this matter and accordingly there can be no economic outflow arising from these proceedings.
- Jayendra Naidoo initiated preliminary relief proceedings in the Amsterdam District Court against Steinhoff N.V. on 6 January 2021 for access to a copy of the PwC Report. Steinhoff N.V. filed a statement of defence on 1 February 2021 and hearing before the preliminary relief judge of the Amsterdam District Court on 4 February 2021. Jayendra Naidoo’s claim for disclosure of the PwC Report has been rejected on 18 February 2021.

There are various other claims by Steinhoff N.V. shareholders the quantum of which are not material.

**25. CASH FLOW INFORMATION****25.1 Cash generated from operations**

	Notes	2020 €m	Restated <sup>1</sup> 2019 €m
Operating(loss)/profit from:			
Continuing operations		(927)	221
Discontinued operations		(55)	(957)
Adjusted for non-cash adjustments included in continuing and discontinued operations:			
Profit or loss movement in provision for doubtful debt		93	57
Depreciation and amortisation	8 & 9	189	275
Amortisation of right-of-use asset	10	518	-
Net impairment of loans receivable and other related provisions	4.2.2	-	22
Unrealised foreign exchange losses	4.3.3	(10)	121
Impairments – Continuing operations:			
Goodwill	8	300	-
Intangible assets	8	6	(14)
Property, plant and equipment	9	4	14
Right-of-use asset	10	11	-
Other financial assets	12.1.2	13	-
Impairments – Discontinued operations:			
Goodwill	8	-	42
Intangible assets	8	-	85
Property, plant and equipment	9	55	262
Held-for-sale assets	1.2.1	23	252
Other financial assets	1.2.1	(1)	-
Inventories written down to net realisable value and movement in provision for inventories	15	61	57
Net (gain)/loss on disposal and scrapping of property, plant and equipment, vehicle rental fleet and intangible assets	1.2.2 & 4.2.6	(87)	(40)
(Gain)/loss on disposal, part disposal and bargain purchase of investments	4.2.7 & 1.4	(255)	(109)
Share-based payment expense	4.3.2 & 33	13	25
Cumulative other comprehensive income reclassified to profit or loss on disposal or derecognition of investment	1.2.3 & 4.2.4	46	182
Loss on derecognition of the financial liability	4.2.3 & 17.2	-	85
Remeasurement of lease liability on modification	18.1	(61)	-
Derecognition on end of lease term	10	25	-
Litigation settlement provision	23	943	-
Seifert legal provision	4.2.10	85	-
Revaluation of financial liability	17.2	80	-
Prepayment fees and commitments fees on financial liabilities	17.2	12	-
Other non-cash adjustments		(26)	25
<b>Cash generated before working capital changes</b>		<b>1 055</b>	<b>605</b>
Working capital changes			
Decrease/(increase) in inventories		205	(191)
Decrease/(increase) in trade and other receivables		60	(285)
Movement in net derivative financial liabilities/assets		52	(128)
Decrease in non-current and current provisions		(164)	(90)
(Decrease)/increase in non-current and current employee benefits		(50)	7
Decrease in trade and other payables		13	(70)
<b>Net changes in working capital</b>		<b>116</b>	<b>(757)</b>
<b>Cash generated/(utilised) in operations</b>		<b>1 171</b>	<b>(152)</b>

<sup>1</sup> Comparative numbers have been restated as a result of classifying certain segments as discontinued operations.

## 26. BUSINESS COMBINATIONS

### ACCOUNTING POLICY:

#### Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the acquired entity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred in terms of IFRS 3.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recognised as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

**26. BUSINESS COMBINATIONS (CONTINUED)****26.1 The fair value of assets and liabilities assumed at date of acquisition**

	Notes	Total 30 September 2020 €m
Group's share of total assets and liabilities acquired		6
Goodwill attributable to acquisition	8	6
Total consideration		12
Cash on hand at date of acquisition		(9)
Net cash outflow on acquisition of subsidiaries		3

The goodwill arising on the acquisition of these companies is attributable to the strategic business advantages acquired, principal retail locations and leases, as well as knowledgeable employees and management strategies that did not meet the criteria for recognition as other intangible assets on the date of acquisition.

**26.2 Acquisition of Abacus**

Effective 1 December 2019, Pepkor Africa acquired 100% of the issued share capital of Abacus Holdco Proprietary Limited and its subsidiaries ("Abacus") for a purchase price of R183 million (€10 million). The acquisition has been approved by the relevant regulatory authorities. The Abacus product offering includes life- and short-term insurance. Abacus provides insurance products via its subsidiaries to customers of JD Group and other Group businesses.

**26.3 Acquisition of Eezi**

Effective 1 March 2019, Pepkor Africa acquired 100% of the issued share capital of Eezi Global Limited ("Eezi") for a purchase price of GBP1. Eezi offers similar products and services to FLASH in the European market. Goodwill attributable to the acquisition of Eezi of R35 million was impaired on acquisition.

**26.4 Acquisition of S.P.C.C. and CODE**

Effective 1 June 2020 and 1 September 2020 respectively, Pepkor Africa acquired S.P.C.C. and CODE for a combined purchase price of R46 million (€2 million). Both entities are retailers of clothing and general merchandise.

**26.5 The fair value of assets and liabilities assumed at date of acquisition**

	Notes	BSG <sup>1</sup> €m	Total 30 September 2019 €m
Group's share of total assets and liabilities acquired		–	–
Purchase price clawback		(5)	(5)
Goodwill attributable to acquisition	8	–	–
Total consideration		(5)	(5)
Purchase price clawback outstanding (included in debtors)		3	3
Net cash outflow on acquisition of subsidiaries		2	2

<sup>1</sup> During the 2018 Reporting Period, the Pepkor Africa Group raised a receivable of ZAR50 million, relating to the BSG clawback, based on the Building Supply Group of companies not achieving the contractually agreed EBITDA during the earnout period ending 30 September 2018. During the 2019 Reporting Period, management and the sellers, Invicta South Africa Holdings Proprietary Limited and NSM Holdings Proprietary Limited, agreed on a full and final settlement of ZAR78 million. The settlement was paid in three equal instalments, the first falling within the 2019 Reporting Period, on 1 July 2019, and the second and third falling in the 2020 Reporting Period on 1 October 2019 and 1 April 2020.

## 27. NATURE AND PURPOSE OF RESERVES

### Ordinary share capital and share premium

The share capital and share premium reserve records the movements in the issued share capital of the Company.

### Treasury share capital and share premium

Treasury shares are recognised as equity when Group companies (including employee share trusts) purchase Steinhoff shares, when the Company reacquires its own shares, or when the Company shares are under the control of the Group through unconsolidated structured entities. The amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from share premium or accumulated losses.

### Accumulated losses

Retained earnings/accumulated losses comprise distributable reserves accumulated through the consolidation of the profit or loss of consolidated companies and the share of profit or loss of equity accounted companies. Reclassifications and transfers to and from other reserves are also accumulated in this reserve. Ordinary dividends declared reduce this reserve. Preference dividends on preference shares, classified as equity, also reduce this reserve.

### FCTR

#### Foreign operation definition

A foreign operation is either a subsidiary, associate, joint venture or an intermediate parent where the intermediate parent's subsidiaries on its own is immaterial and form an integral part of the intermediate parent's reporting structure. An intermediate parent will not be larger than an operating segment.

#### Translation method

The Group's foreign translation is done by electing the step-by-step method. This is where the financial statements of a foreign operation are translated into the functional currency of any intermediate parent, and the financial statements of the intermediate parent that include the foreign operation are then translated into Euro, if functional currency of the intermediate parent it is different.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at exchange rates approximating to the exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised in other comprehensive income and aggregated within equity in the FCTR. However, if the operation is not a wholly owned subsidiary, the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

#### Reclassification of FCTR to profit or loss

- *Disposal of foreign operation*  
When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.
- *Intercompany loans forming part of net investment in foreign operations*  
Foreign exchange gains and losses arising from an intercompany loan balance of which settlement is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR. They are released to profit or loss upon disposal of that foreign operation.
- *Impairment*  
In the event of a write-down of the carrying amount of a foreign operation, either because of its own losses or because of an impairment recognised by the investor, it does not constitute a partial disposal. Consequently, no amount of the FCTR is reclassified to profit or loss.
- *Restructuring*  
The sale of immaterial subsidiaries below an intermediate parent designated as a foreign operation is viewed as a restructure and not a partial disposal and therefore no realisation through profit and loss. It is only on the sale or partial sale of the Intermediate parent which will be viewed as a realisation of its investment in foreign operation.
- *Liquidation*  
A complete liquidation of a foreign operation where all assets are disposed, and all liabilities and contingent liabilities are settled, and the business is no longer active and the entity has no immediate plan to recommence activities this will be treated as a disposal.



## 27. NATURE AND PURPOSE OF RESERVES (CONTINUED)

### Equity component of convertible bonds

Bonds which are convertible to share capital, where the number of shares to be issued does not vary with changes in their fair value, are accounted for as compound financial instruments. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of the proceeds. The equity component of the convertible bonds is calculated as the excess of the issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option. The interest expense recognised in profit or loss is calculated using the effective-interest method.

### Share-based payment reserve relating to equity-settled share based payment scheme

The fair value of the deferred delivery shares and the share rights granted to employees is recognised as an employee expense with a corresponding increase in equity. Refer to note 33. Once the share rights in a share scheme vests or becomes highly unlikely to vest, the relevant portion of the share-based payment reserve is transferred to accumulated losses.

### Excess of consideration (paid to)/received from non-controlling interest

Any increases or decreases in ownership interest in subsidiaries without a change in control are recognised as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributed to owners of the company.

### Sundry reserves

Sundry reserves comprise fair valuations of available-for-sale financial assets, cash flow hedge reserves and actuarial gains or losses recognised on the measurement of the defined benefit plans.



**28. ORDINARY SHARE CAPITAL**

	Notes	30 September 2020	30 September 2019
		Number of shares	Number of shares
<b>28.1 Authorised</b>			
Ordinary shares of €0.01 each		16 000 000 000	17 500 000 000
By amendment to the Articles of Association on 28 August 2020, the aggregate number of authorised ordinary shares was decreased from 17 500 000 000 to 16 000 000 000.			
<b>28.2 Issued</b>			
Balance at beginning of the period		4 309 727 144	4 309 727 144
Balance at the end of the period		4 309 727 144	4 309 727 144
Effective as of 3 November 2020, the issued share capital of Steinhoff N.V. was reduced by 40 118 093 ordinary shares. As a result thereof the total number of issued ordinary shares as at the date of this report amounts to 4 269 609 051.			
<b>28.3 Treasury shares</b>			
Balance at beginning of the period		(161 385 688)	(170 770 692)
Purchases of Steinhoff shares		-	(12 102 710)
Disposal of Steinhoff shares by a subsidiary company		23 821 220	409 288
Shares issued upon conversion of bonds		-	1 291 027
Shares returned to Company		-	(315 317)
<b>Treasury shares held by subsidiaries of the Group</b>		(137 564 468)	(181 488 404)
<b>Steinhoff shares held by third parties and recognised as treasury shares</b>			
Modification in the terms of share option to SSUK (shares retained)		-	8 000 006
Shares returned from SSUK with Campion Settlement		-	12 102 710
Balance at the end of the period		(137 564 468)	(161 385 688)
<b>Total issued ordinary share capital</b>		<b>4 172 162 676</b>	<b>4 148 341 456</b>

	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	Share capital €m	Share capital €m	Share premium €m	Share premium €m
<b>28.4 Issued</b>				
Balance at beginning of the period	43	2 155	11 020	8 801
Reduction of the nominal value of shares <sup>1</sup>	-	(2 112)	-	2 112
Derecognition of the convertible bonds	-	-	-	144
Equity options to SSUK and Town Investments expire	-	-	-	(37)
Balance at the end of the period	43	43	11 020	11 020
<b>28.5 Treasury shares</b>				
Balance at beginning of the period	(2)	(85)	(483)	(437)
Reduction of the nominal value of shares <sup>1</sup>	-	79	-	(79)
Purchased and attributed shares during the period	-	4	1	(4)
Equity options to SSUK and Town Investments expire	-	-	-	37
Balance at the end of the period	(2)	(2)	(482)	(483)
<b>Total issued ordinary share capital and share premium</b>	<b>41</b>	<b>41</b>	<b>10 538</b>	<b>10 537</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the General Meetings of the Company.

All issued ordinary shares have been fully paid-up.

<sup>1</sup> By amendment to the Articles of Association on 30 August 2019, the nominal value of each ordinary share was reduced from €0.50 to €0.01.

	30 September 2020	30 September 2019
	Number of shares	Number of shares
<b>28.6 Unissued shares</b>		
Reserved for bond holders	-	-
Shares reserved for future participation in share scheme*	105 831 130	98 349 803
Shares reserved for current participation in share scheme*	-	7 481 327
Shares under the control of the directors	-	-
Unissued shares	11 584 441 726	13 084 441 726
Total unissued shares	11 690 272 856	13 190 272 856

\* The 2017 grant, which was the last remaining open grant, was assessed during the 2020 Reporting Period and the share rights were forfeited. Refer to note 33.1.

**29. PREFERENCE STATED SHARE CAPITAL****29.1 Authorised**

	Classification of preference shares		
	Redemption	Payment of dividends	Classification of instrument
<b>Steinhoff N.V.</b>			
Non-cumulative financing preference shares of €0.01	Non-redeemable	Discretionary	Equity
<b>SIHPL</b>			
Cumulative, non-participating preference shares of no par value	Non-redeemable	Discretionary	Equity
<b>SINVH</b>			
Variable rate, cumulative, non-participating preference shares of ZAR0.0001 each	Non-redeemable	Discretionary	Equity
<b>Steinhoff Africa</b>			
Class A perpetual preference shares (par value ZAR0.01)	Non-redeemable	Discretionary	Equity
Class B perpetual preference shares of no par value	Redeemable	Discretionary	Compound
Cumulative redeemable preference shares (par value R0.01)	Redeemable	Determined upon issue	Financial liability/ compound instrument
<b>Pepkor Africa</b>			
Non-redeemable, non-cumulative, non-participating preference shares of no par value	Non-redeemable	Discretionary	Equity
Non-redeemable, cumulative, non-participating preference shares of no par value	Non-redeemable	Discretionary	Equity
Redeemable, non-cumulative, non-participating preference shares of no par value	Redeemable	Discretionary	Financial liability
Class A1 redeemable, cumulative, non-participating preference shares of no par value	Redeemable	Discretionary	Financial liability
Class A2 redeemable, cumulative, non-participating preference shares of no par value	Redeemable	Discretionary	Financial liability
Class A3 redeemable, cumulative, non-participating preference shares of no par value	Redeemable	Discretionary	Financial liability
Class A4 redeemable, cumulative, non-participating preference shares of no par value	Redeemable	Discretionary	Financial liability
Class A5 redeemable, cumulative, non-participating preference shares of no par value	Redeemable	Discretionary	Financial liability
<b>BVI</b>			
Cumulative, redeemable, no par value preference shares	Redeemable	Non-discretionary	Financial liability

\* Amount less than €500 000.

30 September 2020	30 September 2019	30 September 2020	30 September 2019
Number of shares	Number of shares	€m	€m
4 000 000 000	4 000 000 000	40	40
1 000 000 000	1 000 000 000	–	–
495 000 000	495 000 000	*	*
2 000	2 000	*	*
2 000	2 000	–	–
2 000	2 000	*	*
5 000 000	5 000 000	*	*
2 500 000	2 500 000	*	*
2 500 000	2 500 000	*	*
10 000 000	10 000 000	*	*
10 000 000	10 000 000	*	*
10 000 000	10 000 000	*	*
10 000 000	10 000 000	*	*
10 000 000	10 000 000	*	*
7 850	7 850	*	*

**29. PREFERENCE STATED SHARE CAPITAL (CONTINUED)****29.2 Issued**

	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	Number of shares	Number of shares	€m	€m
<b>Classified as equity</b>				
<b>SIN VH<sup>1</sup></b>				
In issue at the beginning and end of the period	15 000 000	15 000 000	134	134
<b>SUSHI</b>				
In issue at the beginning of the period	–	202	–	33
Shares redeemed during the period	–	(202)	–	(33)
In issue at the end of the period	–	–	–	–
<b>Total issued preference stated share capital classified as equity</b>	<b>15 000 000</b>	<b>15 000 000</b>	<b>134</b>	<b>134</b>
<b>Classified as liabilities</b>				
<b>BVI<sup>2</sup></b>				
In issue at the beginning of the period	3 550	3 550	28	28
Shares redeemed during the period	(3 550)	–	(28)	–
In issue at the end of the period	–	3 550	–	28
<b>Pepkor Africa (class A cumulative redeemable preference shares)<sup>3</sup></b>				
In issue at the beginning of the period	6 000	6 000	365	365
Shares redeemed during the period	(4 000)	–	(220)	–
Exchange differences on consolidation of foreign operations	–	–	(44)	–
In issue at the end of the period	2 000	6 000	101	365
<b>Summary of preference shares in issue</b>				
Non-controlling interest (note 28)			134	134
Liability			101	393
			<b>235</b>	<b>527</b>

**<sup>1</sup> Terms of issued SIN VH preference shares**

The preference shares earn dividends on the issue price at the rate of 82.5% of the SA prime lending rate quoted by Absa Bank Limited or its successor in title in South Africa. Although the rights to receive dividends are cumulative, declaration of such dividends is at the discretion of the board of directors of SIN VH.

**<sup>2</sup> Term of issued BVI preference shares**

The preference shares were issued during the 2012 financial year and earn dividends on the aggregate of the issue price and accumulated dividends which remain unpaid at the rate of 83.5% of the SA prime lending rate. Various subsidiaries of the Pepkor Africa Group were guarantors of the debt until June 2020 when the shares were redeemed.

**<sup>3</sup> Term of issued Pepkor Africa preference shares**

During the 2018 Reporting Period, Pepkor Africa issued 6 000 cumulative redeemable preference shares. The preference shares earn dividends on the issue price at the rate of 74% of the SA prime lending rate. The preference shares are redeemable in May 2022, however some of these shares were redeemed during the 2020 Reporting Period.

Accrued dividends relating to preference shares classified as equity are presented as part of the profit or loss attributable to non-controlling interest in the period to which the accrual relates, regardless of whether these dividends have been declared. Any preference dividends actually paid have been presented as dividends paid to non-controlling interests.

**30. NON-CONTROLLING INTERESTS****ACCOUNTING POLICY****Non-controlling interest**

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Subsequently, any losses applicable to the non-controlling interests are allocated to the non-controlling interests even if this results in the non-controlling interests having deficit balances.

**Initial measurement of non-controlling interests**

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

**Treatment of non-controlling interest upon loss of control**

When the Group ceases to consolidate an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the Group retains no interest, the carrying value of the non-controlling interest is disposed of and forms part of the net asset value of the investment upon disposal. The difference between the proceeds received and the net asset value disposed is recognised in profit or loss.

**Changes in ownership interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

**Non-controlling interest: Preference shares**

Preference shares classified as equity are attributable to shareholders other than the Company's shareholders. These preference shares are therefore attributable to non-controlling interests of the Group and are classified as a component of equity attributable to non-controlling interests.

The voting and participation rights of preference shareholders differ to those of non-controlling ordinary equity shareholders. Preference shareholders do not share in the underlying net asset value of the various businesses and have no voting rights except in certain instances.

Preference shares are therefore presented as a separate component of non-controlling interests within equity.

**30.1 Details of material non-controlling interests:**

	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	30 September 2020 %	30 September 2019 %	30 September 2020 €m	30 September 2019 €m	30 September 2020 €m	30 September 2019 €m
Pepkor Africa	32.25	28.99	(57)	39	866	996
Conforama <sup>1</sup>	–	–	(40)	(283)	84	117
Individually immaterial subsidiaries with non-controlling interests			(3)	14	–	26
			(100)	(230)	950	1 139
Preference shares classified as equity (note 29.2)			6	8	134	134
Total non-controlling interests			(94)	(222)	1 084	1 273

Any non-controlling interests recognised by the subsidiaries are included in the balances above.

<sup>1</sup> The Group owns more than 99.99% of the 98 billion ordinary shares of Conforama, however warrants were issued to senior secured bond holders that effectively grant them 49.9% of the economic rights to the future returns of Conforama. Refer to note 30.2.

**30. NON-CONTROLLING INTERESTS (CONTINUED)****30.2 Material transactions with non-controlling interests****Pepkor Africa**

On 23 June 2020, Pepkor Africa announced a non-pre-emptive placement of up to 172.5 million ordinary shares in the authorised but unissued share capital of Pepkor Africa to certain institutional investors, representing up to 4.95% of Pepkor Africa's existing issued ordinary shares.

On 24 June 2020, Pepkor Africa announced the successful completion of this bookbuild, having placed the full 172.5 million shares at R11.00 per share, representing a discount of 6%, and raising R1.9 billion (€104 million). The Group did not participate in this transaction, reducing its effective shareholding in Pepkor Africa from c. 71% to c. 68%.

**IEP interest**

During May 2020, Steinhoff Finance Investments Proprietary Limited, the registered beneficial holder of 92% of the issued share capital in Mons Bella Private Partner Investment Proprietary Limited, holder of the IEP interest, has acquired the remaining 8% of Mons Bella Private Partner Investment Proprietary Limited issued shares from Chestnut Hill Investments 288 Proprietary Limited (an entity otherwise unrelated to the Group) for R72 million (€4 million). The purchase also concluded all legal disputes between the parties. This transaction closed on 15 May 2020.

**Conforama Warrants issued to senior bond holders**

During the 2019 Reporting period a ruling rendered on 11 April 2019, the French Commercial Court of Meaux approved a conciliation agreement entered into between Conforama and its creditors as part of a French law conciliation process which provided the framework for the refinancing negotiations. This ruling allowed Conforama to proceed to implement its financial restructuring. The key terms of the financial restructuring included a total nominal value of €316 million new money financing.

On 15 April 2019, Conforama issued senior secured bonds to the amount of €205 million ("Tranche A Bonds") and provided certain conditions are met could issue Tranche B bonds to the amount of €111 million at a date no earlier than 1 January 2020, and no later than 28 February 2020 (unless otherwise agreed to by the parties to the contract).

As additional consideration for the senior secured bonds, the creditors were granted warrants ("Warrants") that effectively granted them 49.9% of the economic rights to the future returns of Conforama (i.e. 49.9% right to returns arising from distributions, exit and/or a liquidation event) through the right to ownership of Class 2 Preference Shares in the future.

The Warrant agreement came into effect on 15 April 2019, with 205,242,947 Warrants issued to bondholders on 29 May 2019.

An Exercise Event, that would trigger the conversion of the warrants into Class 2 Preference Shares, includes any of the following events:

- Listing, partial exit or change in control of Conforama
- Voluntary or involuntary liquidation of Conforama;
- Any distribution by any nature whatsoever by Conforama for the benefit of shareholders; or
- Six months prior to 29 May 2029.

The Class 2 Preference Shares provide the holders thereof the right to dividends (declared at Conforama's discretion) as well as to a proportion of the net liquidation proceeds in the event that Conforama is liquidated. The Class 2 Preference Shareholders' right to net liquidation proceeds is on substantially the same terms as the ordinary shareholders (i.e. net liquidation proceeds will first be employed to settle the par value of the shares held by all the shareholders [including the Class 2 Preference Shareholders] pro rata to their stake in Conforama's share capital, following which the remainder will be settled to the ordinary and the Class 2 Preference Shareholders based on the dividend portion formula.

The Class 2 Preference Shares will therefore be classified as a non-controlling interest in the consolidated financial statements of Steinhoff N.V. as it provides the holders thereof the right to the equity (i.e. dividends and a portion of net liquidation proceeds) of Conforama.

As it has been determined that the Class 2 Preference Shares will be classified as a non-controlling interest in the consolidated financial statements of Steinhoff N.V., consideration was given to whether the unexercised Warrants should also be classified as a non-controlling interest.

Based on the terms governing the exercise of the Warrants, the Warrants will be exercised once any form of equity return is provided to the ordinary shareholders (i.e. a dividend distribution of any form and/or net liquidation proceeds from a liquidation event) and mandatorily by 29 May 2029 if not yet exercised by such date. The Warrants therefore provide the holders thereof with the right to equity returns from issuance date and not only from the date that the Warrants are exercised. This would therefore result in the issued Warrants being classified as a non-controlling interest from issuance date, at a consolidated Steinhoff N.V. level.

**30. NON-CONTROLLING INTERESTS (CONTINUED)****30.2 Material transactions with non-controlling interests (continued)****Conforama Warrants Issued to senior bond holders (continued)****Measurement of Non-controlling interests**

The issue of the Warrants changed Steinhoff's economic interest in Conforama but did not result in a change in control and therefore the transaction is accounted for as equity transactions.

The carrying amount of the non-controlling interest was adjusted to reflect the change in the economic interest in Conforama. The difference between the amount by which the non-controlling interest is adjusted, and the fair value of the consideration paid or received, was recognised in equity and attributed to the Steinhoff N.V. equity holders.

The non-controlling interests in Conforama were measured at the proportionate share of Conforama's net assets.

**Voting rights**

The Warrants carry no voting rights. In the case that all the Warrants were to be exercised (which is an individual decision to be made by each holder of Warrants during the relevant Exercise Period), they would "convert" into 205,242,947 Class 2 Preference Shares. Class 2 Preference Shares bear significant financial rights, as they together give right by priority to 49.90% of all shareholders' proceeds. However, Class 2 Preference Shares do not carry any particular voting rights, such as any right to change the governance structure at the level of Conforama Holding SA.

In particular, each Class 2 Preference Share will only bear one voting right, and therefore exercise of all Warrants (if and when it happens) will have little impact per se on the allocation of voting powers within the Company: Conforama Développement would continue holding more than 99% of the ordinary shares (98 billion) issued by the Company.

**30.3 Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests:**

	30 September 2020		30 September 2019	
	€m	€m	€m	€m
	Conforama	Pepkor Africa	Conforama	Pepkor Africa
The summarised financial information below represents amounts before intragroup eliminations and consolidation entries.				
<b>Summarised Statement of Financial Position</b>				
Non-current assets	532	3 753	759	4 043
Current assets	323	1 411	1 035	1 606
Non-current liabilities	(169)	(1 504)	(392)	(1 242)
Current liabilities	(490)	(960)	(1 163)	(988)
<b>Summarised Statement of Profit or Loss and Other Comprehensive Income</b>				
Revenue	2 695	3 502	3 417	4 305
<b>(Loss)/Profit for the period</b>	<b>(163)</b>	<b>(167)</b>	<b>(616)</b>	<b>134</b>
(Loss)/Profit attributable to owners of the parent	(163)	(167)	(616)	134
Loss attributable to the non-controlling interests <sup>1</sup>	–	–	–	–
<b>(Loss)/Profit for the period</b>	<b>(163)</b>	<b>(167)</b>	<b>(616)</b>	<b>134</b>
Total comprehensive income attributable to owners of the parent	(134)	(157)	(616)	112
Total comprehensive income attributable to the non-controlling interests <sup>1</sup>	–	–	–	–
<b>Total comprehensive income for the period</b>	<b>(134)</b>	<b>(157)</b>	<b>(616)</b>	<b>112</b>
<b>Summarised Statement of Cash Flows</b>				
Net inflow/(outflow) from operating activities	242	477	(93)	34
Net inflow/(outflow) from investing activities	13	(120)	(61)	(97)
Net (outflow)/inflow from financing activities	(167)	(250)	(24)	81
<b>Net cash inflow/(outflow)</b>	<b>88</b>	<b>107</b>	<b>(178)</b>	<b>18</b>
Dividends paid to the non-controlling interests <sup>1</sup>	–	–	–	–

<sup>1</sup> This relates to non-controlling interests at the subsidiary level and not at the Group's level.

## 31. RELATED-PARTY TRANSACTIONS

### Critical judgements

#### Key Management Personnel

The Group considered the various entities related and affiliated with certain key management personnel during the periods presented, to determine whether any material transactions were concluded between the Group and these entities.

The Group's considerations are explained in this note.

#### Jayendra Naidoo related and affiliated entities

Jayendra Naidoo was a Supervisory Board member from March 2017 until January 2018. Jayendra Naidoo was also the Chairman of Pepkor Africa, a material subsidiary. Jayendra is therefore considered a related party to the Group. On 18 November 2020, Pepkor Africa announced that Jayendra Naidoo, who had been in office since August 2017, would not make himself available for re-election as Chairman when his term ended on 30 November 2020. On 20 January 2021, Pepkor Africa announced that Jayendra Naidoo has resigned as a director effective 1 February 2021.

The following were identified by the Group as being material related parties to the Group as a result of the transactions between the Group and these entities related or affiliated to Jayendra Naidoo during the periods presented:

- Lancaster 101 (RF) Proprietary Limited and Lancaster 102 Proprietary Limited
- Lancaster Electricity Solutions Proprietary Limited

#### Blake and Associates Holdings Proprietary Limited

Heather Sonn is a major shareholder in an investment company called Gamiro Ventures Proprietary Limited ("Gamiro"), which is a controlling shareholder in a company called Blake and Associates Holdings Proprietary Limited ("Blake"). In September 2018 the equity of Blake was restructured by means of Blake buying back its shares held by an entity called Geros GmbH ("Geros") for a consideration of approximately €600 000. Information obtained shortly prior to 18 May 2020 suggested that Geros may have associated with and (indirectly) funded by Steinhoff N.V., which would then make the Blake/Geros transaction a related party transaction. Gamiro contributed to the funding of the transaction and gained control of Blake as a result of the transaction, which assisted in Blake acquiring B-BBEE credentials.

Blake is a debt collecting company, which includes amongst its clients the JD Group, which is owned by the Group via Pepkor Africa. Blake is one of a panel of external debt collectors contracted at arm's length by the JD Group and is subject to the same terms and conditions as other service providers. The Blake relationship with the JD Group is a longstanding one that preceded the JD Group becoming part of the Pepkor Africa Group.

#### Other

Related-party relationships also exist between shareholders, subsidiaries, joint-venture companies and associate companies within the Group and its company directors and Group key management personnel.

All material intragroup transactions are eliminated on consolidation.

### 31.1 Directorate

The directorate below reflects the Management and Supervisory Board members as at the date this report was approved.

#### Management Board

Louis du Preez	Appointed:	20 April 2018
Theodore de Klerk	Appointed:	20 April 2018

#### Supervisory Board

Khanyisile Kweyama	Appointed:	20 April 2018
Moiria Moses	Appointed:	20 April 2018
Hugo Nelson	Appointed:	20 April 2018
Peter Wakkie	Reappointed:	30 August 2019
Alex Watson	Appointed:	20 April 2018
Paul Copley	Appointed:	30 August 2019
David Pauker	Appointed:	30 August 2019

#### Management Board members which resigned during the 2019 and 2020 Reporting Periods

Danie van der Merwe	Resigned:	31 December 2018
Alexandre Nodale	Resigned:	11 April 2019
Philip Dieperink	Resigned:	31 August 2019

#### Supervisory Board members that resigned/retired during the 2019 and 2020 Reporting Periods

Steve Booyesen	Resigned:	30 August 2019
Angela Krüger-Steinhoff	Resigned:	30 August 2019
Heather Sonn	Resigned:	18 May 2020

Details relating to directors' emoluments, shareholding in the Company and interest of directors and officers are disclosed in note 32.



**31. RELATED-PARTY TRANSACTIONS (CONTINUED)****31.2 Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. In the current period the following groups were considered to be key management:

- Management Board
- Supervisory Board
- chief executive officers of significant business clusters
- Group Services employees

The number of key management members at 30 September 2020 is 20 (2019: 27).

**Compensation of key management personnel**

	2020 €m	2019 €m
Short-term employee benefits	15	25
Accrued short-term and long-term bonus	4	5
Share-based payments – related expense	1	–
<b>Total compensation for the period</b>	<b>20</b>	<b>30</b>

Refer to note 32 for detailed remuneration disclosures.

**31.3 Interest of key management personnel in contracts**

During the periods presented, the following contracts related to key management personnel of the Group were concluded with the Group:

**2020 Reporting Period**

No material transactions occurred during the 2020 Reporting Period.

**2019 Reporting Period**

- EastWest is a 70% subsidiary of the Group holding real estate assets. The original developer held the remaining 30% of the shares. Each real estate unit is represented by a specific class of shares. In August 2017, Mayfair acquired a 15% interest in EastWest, from the original developer for ZAR33.5 million. EastWest repurchased the shares held by Mayfair in January 2019 for a consideration of ZAR26.7 million. This was funded by the sale of the unit linked to the specific class of shares held by Mayfair.
- Transactions with Shoprite entails the rental of stores from Shoprite, and sale of products to Shoprite by Flash and the Building Materials segment.
- SFHG instructed the sale of listed Brait S.E. securities it received through the Campion Group settlement for €37 million. A combined pre-tax impairment and loss on disposal was realised in the 2019 Reporting Period of €20 million.

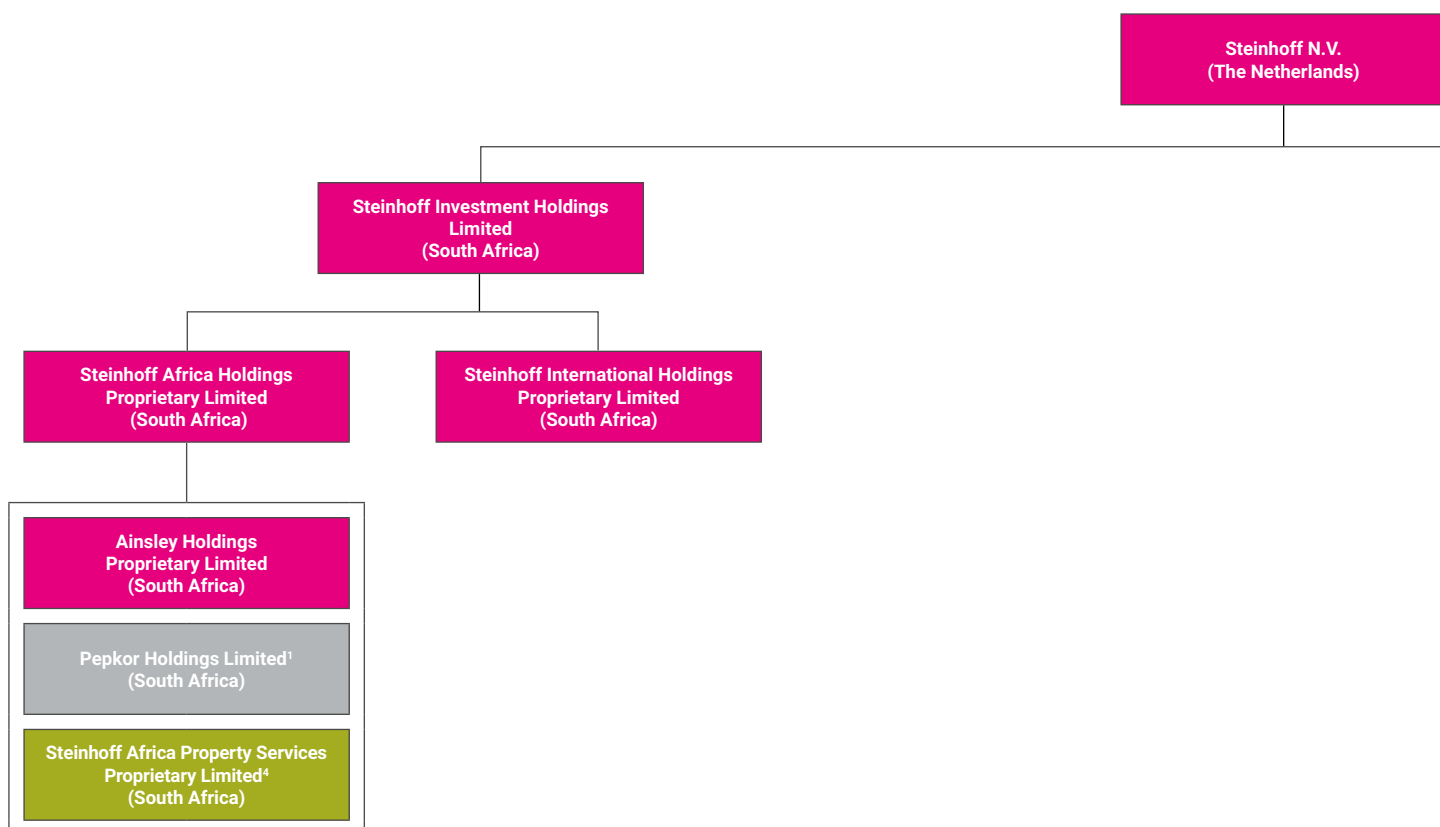
### 31. RELATED-PARTY TRANSACTIONS (CONTINUED)

#### 31.4 Principal subsidiaries

The Group's principal subsidiaries at 30 September 2020 are set out below in a simplified group structure. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, as at 30 September 2020, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Principal subsidiaries are those identified by management as contributing materially to the consolidated results or financial position of the Group.

The statutory list of all subsidiaries and affiliated companies, prepared in accordance with the relevant legal requirements (Dutch Civil Code, Book 2, section 379), forms part of the notes to the 2020 Separate Financial Statements and is included herein as an Annexure included under Other Information: Statutory List of all Subsidiaries.



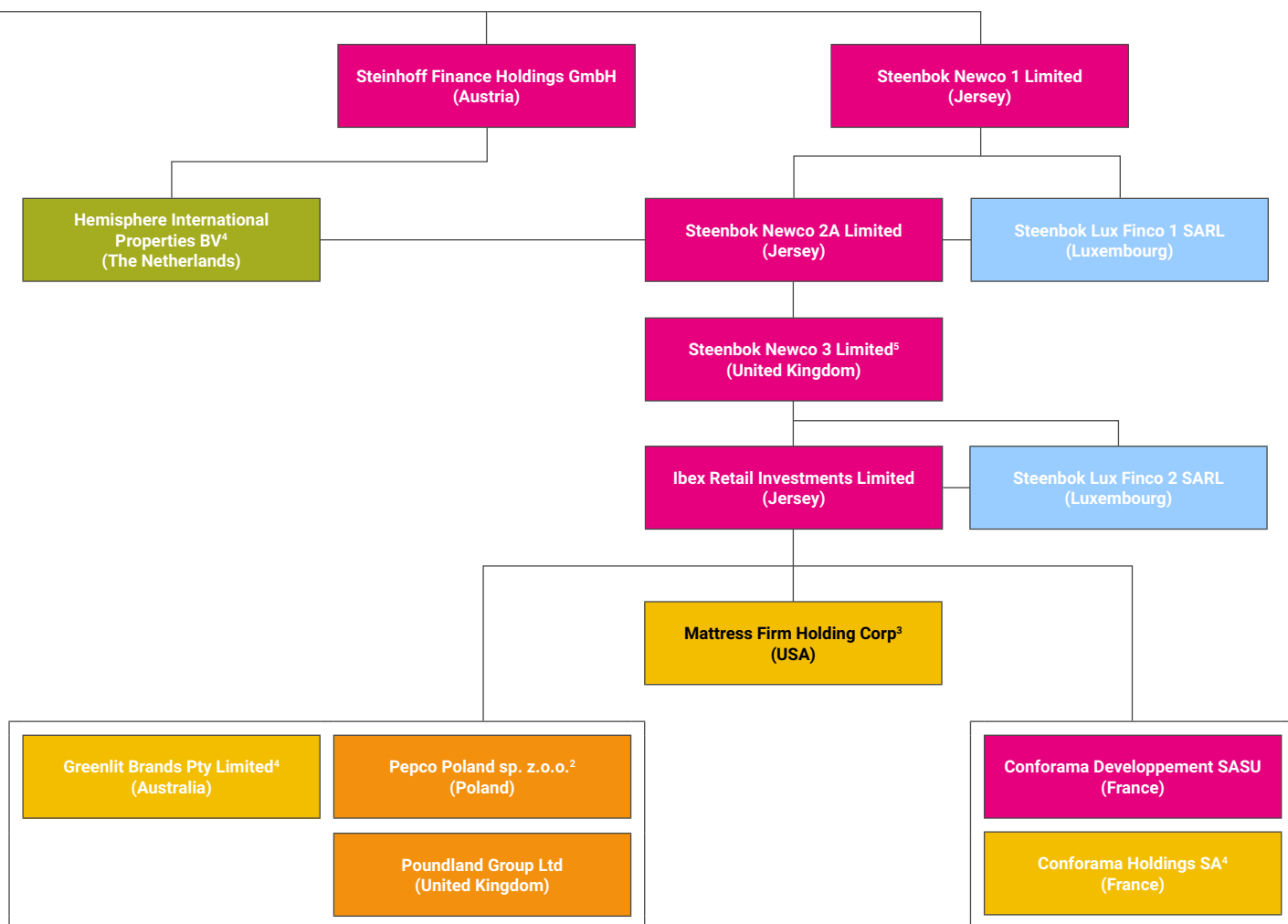
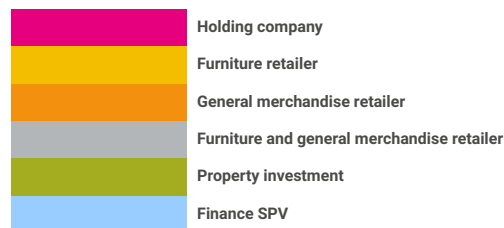
<sup>1</sup>Non-controlling interest of 32.25% (2019: 28.99%)

<sup>2</sup>Non-controlling interest of 2.12%

<sup>3</sup>As from 21 November 2018 the Group owns 50.1% of Mattress Firm and recognised the investment as an equity accounted investment from this date.

<sup>4</sup>Classified as held for sale at 30 September 2020.

<sup>5</sup>Certain companies were incorporated within the Group to create a new intermediate holding structure below the Company but above the key no-South African businesses and assets of the Steinhoff Group (the "Steenbok Group").



**31. RELATED-PARTY TRANSACTIONS (CONTINUED)****31.5 Trading transactions**

The following is a summary of material trading transactions and balances outstanding at year-end in relation to transactions with investments in equity accounted companies:

**30 September 2020**

During the 2020 Reporting Period Sherwood sold €23 million of inventory to Mattress Firm prior to the disposal of Sherwood by the Group.

**30 September 2019**

	Notes	Sales by Group €m	Purchases from Group €m	Admin or management fees received by Group €m	Operating expenses recovered by Group €m
<b>Equity Accounted Companies</b>					
KAP and its subsidiaries	a	6	(24)	–	–
Mattress Firm		83	–	–	(2)
Cofel SAS	b	3	(69)	–	–
Other equity accounted companies	c	–	(1)	–	–
		92	(94)	–	(2)

**Notes**

a Transactions mainly relate to purchases from PG Bison, a subsidiary of KAP, by the Pepkor Africa building materials segment and purchases from Restonic, a subsidiary of KAP, by the Pepkor Africa furniture, appliances and electronics segment. These transactions occurred in the ordinary course of business.

b Purchases from Cofel SAS were mainly by Conforama.

c The majority of these transactions and balances related to funding provided to various equity accounted companies of Africa property group.

Other transactions have occurred which are individually and globally immaterial.

**31.6 Elimination of transactions with equity accounted companies**

Management assessed the upstream and downstream transactions between Group companies and equity accounted companies. Inventory turnover of stock items purchased is relatively fast and therefore no material inventory is on hand at period-end that should be eliminated. The remaining transactions are related to services which are recognised as they are delivered and therefore no further eliminations are required.

Operating expenses paid by Group €m	Rent received by Group €m	Rebates received by Group €m	Rebates paid by Group €m	Interest received by Group €m	Dividends received by Group €m	Receivables due to Group €m	Payables due by Group €m
-	1	2	-	-	-	-	-
-	-	-	(5)	-	-	1	-
(4)	-	-	-	-	-	-	-
-	-	-	-	1	-	14	-
(4)	1	2	(5)	1	-	15	-

**32. REMUNERATION REPORT****32.1 Remuneration****32.1.1 Remuneration of the Management Board and key management personnel**

	Basic remuneration <sup>2</sup> €'000	Pension contributions €'000	Other company contributions <sup>1</sup> €'000
<b>2020</b>			
Louis du Preez	1 330	54	–
Theodore de Klerk	1 141	59	–
Subtotal Management Board	2 471	113	–
Key management personnel	4 244	270	657
<b>Total Management Board and other key management</b>	<b>6 715</b>	<b>383</b>	<b>657</b>
<b>2019</b>			
Danie van der Merwe <sup>4</sup>	230	11	–
Louis du Preez	1 200	62	–
Philip Dieperink <sup>5</sup>	1 500	62	1
Theodore de Klerk	958	59	–
Alexandre Nodale <sup>6</sup>	1 060	46	175
Subtotal Management Board	4 948	240	176
Key management personnel	6 828	359	268
<b>Total Management Board and other key management</b>	<b>11 776</b>	<b>599</b>	<b>444</b>

<sup>1</sup> Other contributions mainly include company contributions to the medical aid, expense allowances and social taxes.

<sup>2</sup> Directors' fees were paid with basic remuneration.

<sup>3</sup> Refer to note 33 for details regarding the non-vesting relating to the open grants under the Steinhoff ESRS, as well as Pepkor ESRS and cash-settled scheme applicable to certain key management members.

<sup>4</sup> Resigned on 31 December 2018 as Management Board member.

<sup>5</sup> Resigned on 31 August 2019.

<sup>6</sup> Resigned on 11 April 2019, remuneration for the month of April is included.

There are numerous incentive plans for the Management Board based on future key performance indicators on which fulfilment and subsequent approval by Remuneration Committee will result in performance bonuses. Performance bonuses are only recognised once it is probable that the key performance indicators will be achieved.

Annual bonus paid €'000	Strategic/ retention bonus paid €'000	Deferred bonus paid €'000	Accrued short-term and long-term bonus €'000	Severance payments €'000	Annual leave paid out €'000	IFRS 2 <sup>3</sup> share-based payment expense €'000	Total remuneration and fees €'000
415	-	-	1 534	-	116	-	3 449
360	-	-	1 273	-	43	-	2 876
775	-	-	2 807	-	159	-	6 325
157	3 137	614	818	346	20	624	10 887
932	3 137	614	3 625	346	179	624	17 212
-	-	-	-	-	-	-	241
-	-	-	1 462	-	-	-	2 724
-	-	-	1 125	1 500	-	-	4 188
-	-	-	1 083	-	-	-	2 100
-	-	-	-	1 500	-	-	2 781
-	-	-	3 670	3 000	-	-	12 034
1 824	1 210	4 791	1 019	-	-	409	16 708
1 824	1 210	4 791	4 689	3 000	-	409	28 742

**32. REMUNERATION REPORT (CONTINUED)****32.1 Remuneration (continued)****32.1.2 Remuneration of the Supervisory Board members**

	Other Group entities		Steinhoff N.V.	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
<b>Supervisory Board members that are in office</b>				
Paul Copley <sup>1</sup>	–	–	190	113
Khanyisile Kweyama	–	–	152	143
Moira Moses	24	30	243	162
Hugo Nelson	23	–	179	155
David Pauker <sup>2</sup>	150	163	174	73
Peter Wakkie	–	–	265	168
Alex Watson	25	35	197	157
<b>Supervisory Board members that resigned/retired during the 2019 and 2020 Reporting Periods</b>				
Steve Booysen <sup>3</sup>	–	42	–	155
Angela Krüger-Steinhoff <sup>3</sup>	–	–	–	107
Heather Sonn <sup>4</sup>	14	61	202	337
	<b>236</b>	<b>331</b>	<b>1 602</b>	<b>1 570</b>

<sup>1</sup> Paul Copley was nominated to the Supervisory Board in August 2018. Because his appointment did not become final until the AGM held on 30 August 2019, he received fees for his services provided to the Group during that period as a consultant.

<sup>2</sup> David Pauker was nominated to the Supervisory Board in February 2019. Because his appointment did not become final until the AGM held on 30 August 2019, he received fees for his services provided to the Group during that period as a consultant.

<sup>3</sup> Resigned on 30 August 2019.

<sup>4</sup> Resigned on 18 May 2020.

**32.2 Share rights**

	Offer date	Conditional vesting date	Number of rights as at 30 September 2019	Number of rights forfeited during the Reporting Period	Number of rights as at 30 September 2020
<b>Management Board</b>					
Theodore de Klerk	March 2017	March 2020 <sup>2</sup>	83 438	(83 438)	–
<b>Total Management Board</b>			<b>83 438</b>	<b>(83 438)</b>	<b>–</b>

<sup>1</sup> The 2017 grant was assessed during the 2020 Reporting Period and the share rights were forfeited in the 2020 Reporting Period.

<sup>2</sup> Granted prior to being a Management Board member.

No new shares were granted during the 2019 or 2020 Reporting Periods.

Refer to note 33 for more details regarding the conditions to exercise the rights.

**32.3 Interest in Steinhoff N.V. share capital based on active Management Board members as at 30 September 2020**

	Total shares	Total shares
	30 September 2020	30 September 2019
<b>Management Board</b>		
Louis du Preez**	5 165	5 165
Theodore de Klerk**	194 270	194 270
	<b>199 435</b>	<b>199 435</b>

\*\* No change in shareholding from the previous Reporting Date.

The shares disclosed above are the number of shares as declared by the Board members.



### 33. SHARE-BASED PAYMENTS

#### 33.1 Employee share scheme

##### 33.1.1 Steinhoff N.V. ESRS

The Company implemented a long term employee share rights scheme (the "ESRS"). Following the Scheme of Arrangement, Steinhoff N.V. assumed the obligations to grant future share rights to share scheme participants relating to grants since 1 December 2014.

The purpose of the ESRS was to attract and retain key executives and senior employees who are able to influence the performance of the Group, on a basis which aligns the interests of such employees with those of the Group, the relevant employer company and the Company's shareholders.

At grant date the employee receives a right to the shares ("share rights") on the vesting date. The amount of shares that will vest depends on whether the performance criteria as determined by the Human Resources and Remuneration Committee were met. Vesting is also at the discretion of the Human Resources and Remuneration Committee.

The employee share plan is equity-settled.

The ESRS is subject to the following conditions:

- a) Rights are granted to qualifying senior executives on an annual basis.
- b) Vesting of rights occur on the third anniversary of grant date, provided performance criteria, as set by Human Resources and Remuneration Committee at or about the time of the grant date, have been achieved; and
- c) In the event of performance criteria not being satisfied by the third anniversary of the relevant annual grant, all rights attaching to the particular grant will lapse.

The following performance criteria were set by the Human Resources and Remuneration Committee:

- a) The employee's participation in the share scheme will be subject to the financial performance of the Group and the employer, cumulatively over the 3 year period (the "Measurement Period");
- b) It is required that the employee qualify for participation, on a cumulative basis, in the annual incentive bonus scheme as administered by its employer in respect of the Measurement Period; and
- c) The employee having met its key performance indicators over the Measurement Period.

##### Equity-settlement

The fair value of the deferred delivery shares and the share rights granted to employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and is expensed over the period during which the employees are required to provide services in order to become unconditionally entitled to the equity instruments. The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. The amount recognised as an expense is adjusted to reflect the actual number of deferred delivery shares and the share rights that vest, except where forfeiture is only due to share prices not achieving the threshold for vesting.

Considering the Group's restated results in the 2017 Reporting Period, management revised previous estimates of the number of shares that will ultimately vest for each open grant. Management's revised estimate was that it is highly unlikely that any further shares will vest under any open grants. The 2017 grant, which was the last remaining open grant, was assessed during the 2020 Reporting Period and the share rights were forfeited.

No expenses arising from the Steinhoff ESRS equity settled share-based payments were recognised in profit or loss as part of employee benefit expense in the 2019 or 2020 Reporting Periods.

Set out below are summaries of share rights granted under the plan. The final open grant was forfeited during the 2020 Reporting Period.

**33. SHARE-BASED PAYMENTS (CONTINUED)****33.1 Employee share scheme (continued)****33.1.1 Steinhoff N.V. ESRS**

	30 September 2020 Number of rights	30 September 2019 Number of rights
The number of share rights outstanding is:		
Outstanding at the beginning of the period	7 481 327	15 664 513
Forfeited during the period <sup>1</sup>	(7 481 327)	(8 183 186)
Outstanding at the end of the period	–	7 481 327

<sup>1</sup> The forfeitures in the 2020 Reporting Period included all remaining shares under the 2017 grant.

**Assumptions**

The fair value of services received in return for share rights granted is measured by reference to the fair value of the share rights granted. The estimated fair value of the services received is measured based on the assumption that all vesting conditions are met and all employees remain in service. The pricing model used was the Monte Carlo simulation. The volatility was estimated using the Company's daily closing share price over a rolling three-year period.

	2017 grant
Fair value of share rights and assumptions:	
Fair value at grant date	€4,70
Share price at grant date	€4,98
Expected volatility	77,07%
Dividend yield	0,00%
Risk-free interest rate	6,66%
Date of grant	1 March 2017
Conditional date of vesting	1 March 2020
Exercise price	–

Refer to note 32.2 for the Management Board's interests in the employee share scheme.

**33.1.2 Pepkor Africa ESRS**

During the 2020 Reporting Period Pepkor Africa granted 15 904 961 (2019:13 167 723) of its own shares to qualifying employees under the Pepkor share-rights scheme. The grant remains subject to meeting certain performance conditions over the three-year vesting period. 1 140 641 (2019: 421 039) share rights were forfeited during the 2020 Reporting Period due to employees leaving the Group. The scheme is considered equity-settled and was valued using the Monte Carlo simulation model. This scheme did not result in a material charge to profit or loss for the Reporting Period.

**33.1.3 Pepco Group Cash-settled scheme**

The Group has one cash-settled share scheme at a subsidiary level. The total expense arising from the cash-settled share-based payment of €6 million (2019: €18 million), was recognised in the statement of profit or loss as part of the employee benefit expense. The expense is calculated by estimating the market value of the subsidiary at pre-determined exit dates and discounting these estimated payments at the subsidiary's WACC rate. The liability is presented as employee benefits. Refer to note 4.3.2 and note 22.

**33.1.4 Pepco Group Value Creation Plan**

The Pepco Group put in place a Value Creation Plan ("VCP") effective 1 October 2019. The VCP has been designed to incentivise the Pepco Group's Executive Directors and senior management to deliver exceptional returns for shareholders over a five-year period. The VCP is a one-off award with a performance period of five years and minimum release period of five years. Under the VCP, participants will receive, in the form of shares, a proportion of the returns delivered for the Pepco Group's shareholders above a threshold rate of Total Shareholder return ("TSR") of 10% per annum.

**34. DEFINED PENSION BENEFITS****34.1 The financial details of the different funds and the effect on the Group's Consolidated Financial Statements are:**

	Conforama Pension Fund*		Homestyle Pension Fund	
	30 September 2019	30 September 2020	30 September 2019	30 September 2019
	€m	€m	€m	€m
<b>The amount included in the consolidated statement of financial position arising from the entity's obligation in respect of its defined benefit plans are as follows:</b>				
Present value of funded defined benefit obligations	(66)	(86)	(85)	
Fair value of plan asset	-	84	89	
Net liability arising from defined benefit obligations	(66)	(2)	4	
<b>Components of defined benefit cost recognised in total comprehensive income</b>				
Total service cost	(2)	-	(1)	
Net interest expense	(1)	-	-	
Other expenses	-	-	(1)	
Components of defined benefit cost recognised in profit or loss	(3)	-	(2)	
Remeasurement on the net defined benefit liability:				
Return on plan assets (excluding amounts included in net interest expense)	-	(32)	17	
Remeasurement gains/(losses) arising from changes in:				
Demographic assumptions	(3)	(1)	1	
Financial assumptions	(11)	-	(12)	
Experience adjustments	1	(5)	-	
Components of defined benefit cost recognised in other comprehensive income	(13)	(38)	6	
	(16)	(38)	4	
<b>Movements in the present value of the defined benefit obligations</b>				
Opening defined benefit obligations	(52)	(85)	(76)	
Current service cost	(3)	-	-	
Net interest expense	(1)	(1)	(2)	
Remeasurement gains/(losses) arising from changes in:				
Demographic assumptions	(3)	(1)	1	
Financial assumptions	(11)	-	(12)	
Experience adjustments	1	(5)	-	
Past service cost	1	-	(1)	
Benefits paid	2	4	6	
Exchange differences on consolidation of foreign operations	-	2	(1)	
Closing defined benefit obligations	(66)	(86)	(85)	
<b>Movements in the fair value of the plan assets</b>				
Opening fair value of plan assets	-	89	72	
Interest income	-	1	2	
Return on plan assets (excluding amounts included in net interest expense)	-	(32)	17	
Employer contributions	2	32	5	
Other expenses	-	-	(1)	
Settlements	-	-	-	
Benefits paid	(2)	(4)	(5)	
Exchange differences on consolidation of foreign operations	-	(2)	(1)	
Closing fair value of plan assets	-	84	89	

\* The Conforama Pension Fund was disposed of with the Conforama businesses sold during the Reporting Period.

**34. DEFINED PENSION BENEFITS (CONTINUED)****34.1 The financial details of the different funds and the effect on the Group's Consolidated Financial Statements are:**

	Conforama Pension Fund		Homestyle Pension Fund	
	30 September 2019 €m	30 September 2020 €m	30 September 2019 €m	30 September 2020 €m
<b>The major categories of plan assets are:</b>				
Equities/diversified growth fund	-	-	-	55
Bonds	-	-	-	33
Insurance policy*	-	83	-	-
Cash	-	1	-	1
Total market value of assets	-	84	-	89
<b>The principal assumptions used for the purposes of the actuarial valuations are:</b>				
Discount rate	1.8%	1.5%	1.7%	1.7%
Expected rates of salary increase	1.5%	n/a	n/a	n/a
Inflation	1.5%	2.0%	2.1%	2.1%

\* The Trustees entered into a buy-in contract with Aviva on 28 August 2020, meaning from this date, Aviva pay the majority of members' benefits (although the legal obligation to pay benefits remains with the Trustees). A premium was paid by the Trustees to Aviva of £103.3 million on 28 August 2020 and from this date, the Scheme has held an asset in respect of the buy-in policy. As per the requirements of IAS19, the value of the buy-in contract (asset) is set equal to the present value of the related obligations on an IAS 19 basis at the balance sheet date.

**35. ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE**

The following table presents detail of the assets and liabilities that have been classified as held-for-sale as at 30 September 2020. The balances disclosed below include impairments recognised on the date of classification as held-for-sale.

	Notes	European Properties €m	Africa Properties €m	Pepkor - The Building Company €m	Conforama €m	Total €m
<b>Balance at 30 September 2020</b>						
<b>Assets</b>						
Intangible assets		–	–	–	48	48
Property, plant and equipment		22	58	20	258	358
Right-of-use assets		–	–	30	190	220
Investment properties		–	29	–	–	29
Investment in equity accounted companies	11	–	8	–	–	8
Other financial assets	12	–	4	–	–	4
Deferred tax assets		–	–	21	11	32
Inventories		–	1	69	158	228
Trade receivables		6	3	35	33	77
Other receivables		–	–	–	6	6
Cash and cash equivalents		–	–	32	151	183
<b>Total assets</b>		<b>28</b>	<b>103</b>	<b>207</b>	<b>855</b>	<b>1 193</b>
<b>Liabilities</b>						
Lease liabilities		–	–	(56)	(200)	(256)
Provisions	23	–	–	(3)	(16)	(19)
Deferred tax liabilities		–	–	(10)	–	(10)
Trade payables		(23)	(2)	(64)	(250)	(339)
Bank overdraft		–	–	(9)	–	(9)
<b>Total liabilities</b>		<b>(23)</b>	<b>(2)</b>	<b>(142)</b>	<b>(466)</b>	<b>(633)</b>
<b>Net assets after impairments</b>		<b>5</b>	<b>101</b>	<b>65</b>	<b>389</b>	<b>560</b>
<b>Non-controlling interest</b>						–
<b>Impairments recognised through profit or loss</b>		–	23	–	–	23
<b>Reserves relating to assets held-for-sale and disposal groups</b>		–	(4)	(12)	35	19

**Fair values of assets and liabilities classified as held-for-sale**

Assets and liabilities classified as held-for-sale during the Reporting Period were measured at the lower of its carrying amount and fair value less cost of disposal at the time of the reclassification, resulting in impairments recognised through profit and loss as disclosed above. The fair value, of the disposal groups that were impaired, were determined using signed sales agreements. Refer to note 1 for information about the sales agreements and the counterparties to these agreements.

**35. ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE (CONTINUED)**

The following table presents detail of the assets and liabilities that have been classified as held-for-sale as at 30 September 2019. The balances disclosed below include impairments recognised on the date of classification as held-for-sale.

	Notes	Automotive €m	Blue Group €m	Greenlit Brands - General Merchandise €m
<b>Balance at 30 September 2019</b>				
<b>Assets</b>				
Goodwill		–	–	–
Intangible assets		68	3	–
Property, plant and equipment		116	29	–
Investment properties		–	–	–
Investment in equity accounted companies	11	–	–	–
Other financial assets	12	26	–	–
Deferred tax assets	6.3	21	1	22
Inventories		195	57	114
Trade receivables		52	14	15
Other receivables		3	9	–
Cash and cash equivalents		83	45	10
<b>Total assets</b>		<b>564</b>	<b>158</b>	<b>161</b>
<b>Liabilities</b>				
Borrowings	17	(18)	–	(3)
Provisions	23	(35)	(22)	(25)
Deferred tax liabilities	6.3	(16)	–	–
Trade payables		(193)	(120)	(77)
Other payables		(27)	(14)	(28)
<b>Total liabilities</b>		<b>(289)</b>	<b>(156)</b>	<b>(133)</b>
<b>Net assets after impairments</b>		<b>275</b>	<b>2</b>	<b>28</b>
<b>Non-controlling interest</b>		<b>–</b>	<b>–</b>	<b>–</b>
<b>Impairments recognised through profit or loss</b>		<b>(47)</b>	<b>(50)</b>	<b>(93)</b>
<b>Reserves relating to assets held-for-sale and disposal groups</b>		<b>(2)</b>	<b>64</b>	<b>–</b>

\* Sherwood assets and liabilities reflected at 100%.

**Fair values of assets and liabilities classified as held-for-sale**

Assets and liabilities classified as held-for-sale during the Reporting Period were measured at the lower of its carrying amount and fair value less cost of disposal at the time of the reclassification, resulting in impairments recognised through profit and loss as disclosed above. The fair value, of the disposal groups that were impaired, were determined using signed sales agreements. Refer to note 1 for information about the sales agreements and the counterparties to these agreements.

European Properties €m	Africa Properties €m	Sherwood* €m	Abra €m	Conforama - France store closure €m	Total €m
-	-	24	-	-	24
-	-	-	1	-	72
225	95	10	3	64	542
-	70	-	-	-	70
-	12	-	-	-	12
-	-	-	-	-	26
-	6	-	-	-	50
-	1	6	6	-	379
7	2	10	-	-	100
1	1	-	-	-	14
-	-	16	2	-	156
233	187	66	12	64	1 445
-	-	-	-	-	(21)
(2)	-	-	-	-	(84)
-	-	-	-	-	(16)
(6)	(3)	(12)	(9)	-	(420)
(4)	-	(1)	-	-	(74)
(12)	(3)	(13)	(9)	-	(615)
221	184	53	3	64	830
-	-	(3)	-	-	(3)
-	(31)	(31)	-	-	(252)
31	-	1	-	-	94

**35. ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE (CONTINUED)**

The following table present a rollforward of certain non-current assets transferred to held-for-sale during the 2020 Reporting Period

	Notes	Goodwill €m	Other Intangible Assets €m	Right-of-use asset €m	Property Plant and Equipment and Investment Property €m
<b>Balance at 30 September 2018</b>		2	608	–	314
Transfer to assets held-for-sale	8 & 9	107	49	–	593
Disposal of subsidiary	1.4	(2)	(538)	–	(183)
Impairments in accordance with IFRS 5	1.2.1	(83)	(36)	–	(119)
Exchange differences on consolidation of foreign operations		–	(11)	–	7
<b>Balance at 30 September 2019</b>		<b>24</b>	<b>72</b>	<b>–</b>	<b>612</b>
Transfer to assets held-for-sale	8 & 9 & 10	–	51	220	217
Disposal of subsidiary	1.4	(24)	(70)	–	(217)
Additions		–	–	–	69
Disposals		–	–	–	(229)
Impairments in accordance with IFRS 5	1.2.1	–	–	–	(23)
Exchange differences on consolidation of foreign operations		–	(5)	–	(42)
<b>Balance at 30 September 2020</b>		<b>–</b>	<b>48</b>	<b>220</b>	<b>387</b>



## 36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

### Disposals of assets to raise funds to repay debt

- The sale of the 18 real estate properties to Mobilux as part of the sale of Conforama France to Mobilux (refer to note 1) were concluded on 6 November 2020 for €70.4million. The proceeds of the sale were used to repay Senior secured bonds of Conforama.
- During February 2021, Conforama Espana S.A. and Conforama Portugal ("Conforama Iberia") entered into a binding offer for a sale and leaseback for a consideration of €107 million, with certain conditions precedent.

On completion of these conditions precedent, the real estate properties will be transferred. The main terms of the corresponding lease contract of each property are already agreed and contain clauses and commitments which are in the ordinary course of business.

### Refinancing of debt

- Subsequent to the 2020 Reporting Period, Mattress Firm issued an USD550 million new senior secured term loan due 2027. Proceeds from the USD550 million senior secured term loan, along with USD184 million of balance sheet cash, was used to repay the existing loans, pay for loan prepayment premiums and transaction fees and expenses. The new financing also includes a proposed USD125 million asset-based revolving credit facility (unrated).

### Business acquisitions

- In October 2020, Poundland Limited, a subsidiary of Pepco Group Limited, purchased 100% of the issued share capital of Viewtone Trading Group Limited (trading as "Fultons") and its subsidiaries for a consideration of £4.7 million (€5.2 million). This will allow Poundland to utilise Fultons' significant sector experience and scale operating capability to accelerate the expansion of its chilled and frozen foods proposition. At the date of approval of the financial statements, the initial accounting for the business combination is incomplete; therefore, no estimate of the financial impact of the transaction on the Group or the goodwill and other intangible assets to be recognised on acquisition can be provided.

### Corporate activity after the Reporting date

#### Reduction of share capital

Effective as of 3 November 2020 the issued share capital of the Company was reduced to 4 269 609 051 Ordinary Shares of €0.01 each, following the cancellation of 40 118 093 Ordinary Shares of €0.01 each.

The resolution to reduce the capital of the Company by cancelling 40 118 093 Ordinary Shares, that were held by the Company (the "Cancelled Shares" and the cancellation of these Cancelled Shares, the "Capital Reduction") was adopted by the General Meeting on 28 August 2020. The Company deposited the resolution to cancel the Cancelled Shares with the Dutch Trade Register and announced the Capital Reduction in a daily nationally distributed newspaper on 2 September 2020. As from the date of the announcement the statutory waiting period of two months for creditors to oppose the Capital Reduction commenced. On 4 November 2020, the Court of Amsterdam confirmed that no creditors had opposed to the Capital Reduction during this period. Therefore, the resolution took effect after two months having passed since the announcement had been made. The Capital Reduction was aimed at optimising the Company's equity structure.

#### Update on Pepco Group

On 8 November 2019, the Group announced that it was considering and evaluating a range of strategic options for the Pepco Group, including a potential public listing. During the course of the 2020 Reporting Period, further announcements confirmed that the intention remained, but that the likely timing had inevitably been impacted by the COVID-19 pandemic.

On 25 January 2021, the Group announced that the evaluation process has resumed, with a range of strategic options under consideration. The process remains in its early stages and no definitive decision has been taken with respect to any specific course of action or timing.

#### JSE Fine

On 20 October 2020 the JSE imposed the following penalties on the Group:

For the breach of section 8.62(b) in respect of the Company's financial statements for 30 June 2015 and prior financial periods and General Principle (v) for the fifteen months ended 30 September 2016:

- A public censure and the maximum permissible fine of R7.5 million (€412 460) as the previously published financial information did not comply with IFRS and was, in the view of the JSE, incorrect, false and misleading in material aspects;

For the breach of section 9.15 and General Principle (iii) and (v) in respect of specific disposals:

- A public censure and a fine of R5 million (€274 973) for failure to disclose the SGI Transaction on SENS at the time and in the financial results for the fifteen months ended 30 September 2016 when published; and
- A public censure and a fine of R1 million (€54 995) for failure to disclose at the time the Operational Rights Transaction on SENS and in the financial results for the fifteen months ended 30 September 2016 when published.

**36. EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONTINUED)****Corporate activity after the Reporting date (continued)**• **FSE Fines**

On 3 September 2020 under docket number E 1-2020 the FSE imposed a fine of €121 000, which included €111 000 in fines and €10 000 in fees for the administrative proceeding, for late submission of the Company's Annual Report for the financial year ending 30 September 2019.

On 21 October 2020 under docket number E 6-2020 the FSE imposed a fine of €19 800, which included €17 800 in fines and €2 000 in fees for the administrative proceeding, for late submission of the Company's Half-year Report for the six-month period ending 31 March 2020.

Both fines were settled in January 2021.

• **Lifting of suspension of SINVH**

In the 2018 Reporting Period, the JSE announced that the listing of the variable rate, cumulative, non-redeemable, non-participating preference shares of SINVH had been suspended for failure by SINVH to submit its annual report for the 2017 Reporting Period on time. During the 2020 Reporting Period SINVH published all outstanding annual financial statements resulting in the decision by the JSE to resume trade of the preference shares with effect from 18 January 2021.

- The following preference dividends were declared and paid by SINVH after the 2020 Reporting Period to shareholders of the 15 000 000 cumulative, non-redeemable, non-participating, variable rate preference shares issued by SINVH.

Period applicable	Payment date	Gross dividend per share
		ZAR cents
1 July 2020 to 31 December 2020	26 April 2021	292.42295

**Material intragroup transactions**• **Sale of properties to Pepkor Africa**

The Group commenced a process post March 2019 to dispose of the remaining properties in the African property portfolio. Management considered various disposal options in order to optimise the balance sheet and unlock value for stakeholders.

A number of these properties are used by Pepkor Africa's operating entities as distribution centres with one property being used as a corporate head office and one property being used as a call centre. As such, from a Group strategic perspective, it makes sense to sell these properties to Pepkor Africa.

On 18 December 2020, Africa Properties entered into a framework agreement with two wholly-owned subsidiaries of Pepkor Africa. The aggregate purchase consideration payable by Pepkor Africa is ZAR1.05 billion (€57.9 million) which was settled by the issue of 70 000 000 new Pepkor Africa shares to the respective Group subsidiaries.

**English Law Scheme of Arrangement and election of Dutch SoP**

On 27 November 2020 the Group announced that it had obtained an order from the English High Court to convene meetings of the Facility A1 SEAG creditors and the Facility A2 SEAG creditors to consider and approve the proposed English law scheme of arrangement. Meeting of each class of creditor were held on 15 December 2020.

The Group announced on 15 December 2020 that the resolutions put to the relevant classes of financial creditors were approved by the requisite majorities of Facility A1 SEAG creditors and the Facility A2 SEAG creditors present and voting.

On 5 February 2021 the English High Court delivered a judgment in the SEAG CPU scheme of arrangement proceedings, granting the sanction order in the terms sought by the Company.

The English law scheme of arrangement in relation to the Company's SEAG CPU became effective on the same date and provided a further approval required from the Company's financial creditors to proceed with the proposed global settlement.

The board of Steinhoff N.V. have concluded that Steinhoff N.V. will seek a Dutch SoP to assist with the implementation of the Group's Litigation Settlement Proposal. It also opposed the application due to be heard in the Amsterdam District Court on 8 February 2021 for the appointment of a restructuring expert under the Dutch Wet Homologatie Onderhands Akkoord ter voorkoming van faillissement procedure. Conservatorium and Steinhoff N.V. have requested that the Court defer the hearing to 15 February 2021.

On 15 February 2021, following a number of constructive engagements between the parties an agreement has been reached, in principle, between, among others, Steinhoff N.V., SIHPL, Conservatorium and certain entities linked to Christo Wiese. This agreement is subject to a number of conditions. The result of agreement reached among the parties is that Conservatorium withdrew the application.

On 15 February 2021, the Group announced that the Amsterdam District Court approved the Company's application for the opening of a Dutch SoP in respect of Steinhoff N.V. The court has set the following key dates in respect of the Dutch SoP:

- 15 June 2021: voting record date; and
- 30 June 2021 at 10am (CET): creditor's meeting.

## 36. EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONTINUED)

### English Law Scheme of Arrangement and election of Dutch SoP (continued)

Following the opening of the Dutch SoP, SIHPL launched a S155 Scheme, on 15 February 2021, also as part of the implementation of the Steinhoff Group global settlement.

The Dutch SoP relates only to Steinhoff N.V. and the S155 Scheme relates only to SIHPL. These processes, which are inter-conditional, do not directly affect any of the other entities in the Steinhoff Group nor any of its operating businesses.

The purpose of the Dutch SoP process and the S155 Scheme is to implement the proposal to settle certain multi-jurisdictional legacy litigation and various claims against Steinhoff N.V. and SIHPL.

Implementation of the Steinhoff global settlement will require the requisite support of claimants and approvals by the Dutch and South African courts, and the process of obtaining such approvals is expected to take several months.

For further information refer to [www.steinhoffsettlement.com](http://www.steinhoffsettlement.com) (the website has not been audited by Mazars).

### Deloitte supports Steinhoff's Global Settlement

On 15 February 2021, Steinhoff N.V. also announced that together with SIHPL it has reached an agreement with Deloitte Accountants B.V. and Deloitte & Touche South Africa (together: "Deloitte") pursuant to which Deloitte will support the proposed Group Litigation Settlement Proposal announced on 27 July 2020. This means that Deloitte will make additional compensation available to certain Group claimants, including the MPC Claimants in exchange for certain waivers and releases, provided that Steinhoff successfully completes the contemplated Dutch SoP and the statutory compromise process under South African law S155 Scheme. Deloitte is still in discussions with certain representatives of the MPC Claimants on the details of this offer, which envisages that such claimant representatives will be entitled to receive a certain incremental cost compensation. A settlement between Deloitte and the Dutch VEB was previously announced in October 2020.

Deloitte does not in any way admit liability for the losses incurred by Steinhoff and its stakeholders as a result of the accounting irregularities at Steinhoff.

Provided that the Group successfully completes the contemplated Dutch SoP and the S155 Scheme and certain other conditions are fulfilled, Deloitte has agreed to offer an amount of up to €55.34 million for distribution to MPC Claimants in exchange for certain waivers and releases (the "Deloitte MPC Settlement Fund").

In addition to the offer to the MPC Claimants above, provided that the Group successfully completes the Dutch SoP and the South African S155 Scheme and certain other conditions are met, Deloitte has further agreed to offer an amount of €15 million for distribution to certain contractual claimants. Eligible contractual claimants will receive individual notice from Steinhoff on the manner in which they can apply to receive a share of the offered amount.

### Legal proceedings

Various legal proceedings have been instituted against the Group during the 2020 Reporting Period as well as subsequent to the Reporting Period. The Group has carefully considered the legal proceedings and those deemed to be material adjusting events after the Reporting Period have been disclosed as contingent liabilities in note 24.

### COVID-19

The global COVID-19 picture remains a dynamic situation. Subsequent to the 2020 Reporting Period, new strains of the COVID-19 virus have resulted in Governments once again having to take strict measures. Many countries have tightened restrictions or reimposed lock downs which impacted on store operations and trading hours, increasing uncertainty.

Despite this, trading has remained robust with healthy liquidity at operating level. While the Group has continued to demonstrate its resilience, management remain cautious about the trading outlook until such time as the pandemic has been brought under control.

## 37. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 on the Group's financial statements and discloses the new accounting policies that have been applied from 1 October 2019.

### 37.1 IFRS 16: Leases

On 1 October 2019 the Group adopted IFRS 16 using the modified retrospective approach, therefore comparative information has not been restated and is reported under IAS 17: Leases and IFRIC 4: Determining Whether an Arrangement Contains a Lease. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 October 2019.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces the previous leases standard and guidance, IAS 17 and IFRIC 4. IFRS 16 requires lessees to account for all leases under a single on-balance-sheet model where a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments, with the exception of low-value and short-term leases, which are expensed through operating expenses in the income statement on a straight-line basis.

#### Transition

The Group has elected to adopt the modified retrospective approach by accounting for the right-of-use assets since the commencement date of the lease contract, with the cumulative income statement effect accounted for in opening retained earnings, and lease liabilities as at the date of initial application of IFRS 16, therefore the prior year comparatives have not been restated. At the date of initial application, the Group elected to use the following practical expedients allowed under IFRS 16:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Using hindsight when determining the lease term where the contract contains renewal and termination options;
- Initial direct costs: Initial direct costs were excluded from the measurement of the right-of-use asset on transition;
- Onerous lease determination: A lessee used its onerous contract assessment under IAS 37 Provisions, Contingent Liabilities and Contingent Assets ("IAS 37") immediately before transition instead of performing an impairment review of the right-of-use asset under the requirements of IAS 36 Impairment of Assets ("IAS 36"); and
- Short-term leases: For leases with a remaining lease term of less than one year at date of adoption, a lessee chose to apply the short-term lease exemption in IFRS 16 and expense lease payments instead of recognising a right-of-use asset and a lease liability at adoption date.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Group has elected not to utilise the practical expedient for rent concessions that meet the criteria. Therefore, the rent concessions are accounted for as lease modifications remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset.

**37. CHANGES IN ACCOUNTING POLICIES (CONTINUED)****37.1 IFRS 16: Leases (continued)**

When measuring lease liabilities on transition to IFRS 16, the Group discounted the majority of its lease payments using an incremental borrowing rate of between 0.03% and 10% (with a weighted average of 7.76%). The following table reconciles the Group's operating lease commitments at 30 September 2019, as previously disclosed in the Group's Consolidated Annual Financial Statements, to lease liabilities recognised on initial application of IFRS 16:

	1 October 2019 €m
Operating lease commitments disclosed as at 30 September 2019	3 224
Discounted using the lessee's incremental borrowing rate at the date of initial application	(646)
Add: Finance lease liabilities recognised as at 30 September 2019	–
(Less): short-term leases recognised on straight-line basis as expense	(1)
(Less): low-value leases recognised on a straight-line basis as expense	(28)
Add/(less): contracts reassessed as lease contracts	(247)
Add/(less): lease extension options considered to be reasonably certain	777
Add/(less): adjustments relating to changes in the index or rate affecting variable	(184)
<b>Lease liability (current and non-current) recognised as at 1 October 2019</b>	<b>2 895</b>

The value of the right-of-use asset was determined on a lease-by-lease basis by using either of the below methods:

- The right-of-use asset is made equal to the lease liability, adjusted by the amount of any previously recognised prepaid or accrued lease payments; or
- The right-of-use asset is retrospectively calculated, using a discount rate based on the lessee's incremental borrowing rate at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 September 2020 €m	1 October 2019 €m
Properties	1 674	2 505
Equipment	7	4
Motor vehicles	8	8
Other assets	–	13
	<b>1 689</b>	<b>2 530</b>

**37. CHANGES IN ACCOUNTING POLICIES (CONTINUED)****37.2 Effect of adopting IFRS 16: Leases**

The Group has elected to apply the impact of IFRS 16 retrospectively with an adjustment to opening accumulated losses on 1 October 2019, therefore comparative information for the 2019 Reporting Period has not been restated.

Consolidated statement of financial position	1 October 2019	30 September 2019	
	Restated €m	IFRS 16 adjustments €m	As originally presented €m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	4 295	–	4 295
Intangible assets	1 676	–	1 676
Property, plant and equipment	1 351	(1)	1 352
Right-of-use assets	2 530	2 530	–
Investments in equity accounted companies	208	–	208
Other financial assets	332	–	332
Deferred tax assets	227	65	162
Trade and other receivables	9	–	9
	<b>10 628</b>	<b>2 594</b>	<b>8 034</b>
<b>Current assets</b>			
Inventories	2 130	–	2 130
Trade and other receivables	960	6	954
Taxation receivable	65	–	65
Other financial assets	178	–	178
Cash and cash equivalents	1 795	–	1 795
	<b>5 128</b>	<b>6</b>	<b>5 122</b>
Assets classified as held-for-sale and disposal groups	1 445	–	1 445
	<b>6 573</b>	<b>6</b>	<b>6 567</b>
<b>Total assets</b>	<b>17 201</b>	<b>2 600</b>	<b>14 601</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	10 371	–	10 371
Employee benefits	133	–	133
Deferred tax liabilities	397	–	397
Provisions	105	(13)	118
Lease liabilities	2 730	2 730	–
Trade and other payables	1	(48)	49
	<b>13 737</b>	<b>2 669</b>	<b>11 068</b>
<b>Current liabilities</b>			
Trade and other payables	2 388	(14)	2 402
Taxation payable	216	–	216
Employee benefits	109	–	109
Provisions	194	(96)	290
Lease liabilities	165	165	–
Borrowings	999	–	999
	<b>4 071</b>	<b>55</b>	<b>4 016</b>
Liabilities directly associated with assets classified as held-for-sale and disposal groups	615	–	615
	<b>4 686</b>	<b>55</b>	<b>4 631</b>
<b>Total liabilities</b>	<b>18 423</b>	<b>2 724</b>	<b>15 699</b>
Net assets	(1 222)	(124)	(1 098)
Capital and reserves	9 348	–	9 348
Non-controlling interest	1 227	(46)	1 273
Retained earnings	(11 797)	(78)	(11 719)
Total equity	(1 222)	(124)	(1 098)

**37. CHANGES IN ACCOUNTING POLICIES (CONTINUED)****37.3 IFRIC 23: Uncertainty over Income Tax Treatments**

On 1 October 2019, the Group adopted IFRIC 23, effective for financial years beginning on or after 1 January 2019. IFRIC 23 requires an entity to reflect uncertainty over income taxation treatments in the recognition and measurement of current and deferred taxation assets or liabilities, applying the requirements in IAS 12. Current and deferred taxation liabilities and assets should be presented separately from provisions. The Interpretations Committee concluded in an agenda decision in 2019 that an entity is required to present liabilities for uncertain taxation treatments as current taxation liabilities or deferred taxation liabilities, and assets for uncertain taxation treatments should be presented as current taxation assets or deferred taxation asset.

IFRIC 23 clarifies the accounting for income tax when it is unclear whether a taxing authority accepts the tax treatment. The Interpretation provides guidance on how to account for uncertainty over income tax treatments under IAS 12.

The Group has based its approach to transfer pricing on the OECD Guidance published in February 2020.

**Effect of adopting IFRIC 23: Uncertainty over Income Tax Treatments**

The Group has elected to apply IFRIC 23 retrospectively with the cumulative effect of initially applying IFRIC 23 recognised as an adjustment to opening accumulated losses on 1 October 2019, therefore comparative information for the 2019 Reporting Period has not been restated.

Consolidated statement of financial position	Notes	1 October 2019	30 September 2019	
		Restated €m	IFRIC 23 adjustment €m	As originally presented €m
<b>ASSETS</b>				
Taxation receivable	13.2.1	163	98	65
<b>EQUITY AND LIABILITIES</b>				
Accumulated losses		(11 621)	98	(11 719)

**38. OTHER INFORMATION****New and amended standards adopted by the Group**

The following amendments to existing standards are effective for the year ended 30 September 2020, which led to changes in Group accounting policies as detailed below:

Number	Title
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRS 9	Prepayment Features with Negative Compensation
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Annual Improvements to IFRS Standards 2015-2017 Cycle	

Refer to note 36 for IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments impact, other standards adopted had no significant effect on the Group's operations.

**New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for the 2020 Reporting Period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

	Date required to be adopted by the Group
• IFRS 17: Insurance contracts	1 October 2023*
• Amendments to IFRS 9, IAS 39 and IFRS7: Interest Rate Benchmark Reform	1 October 2023*
• Amendments to IAS 1 and IAS 8: Definition of Material	1 October 2020*
• Amendments to References to the Conceptual Framework in IFRS Standards	1 October 2020*
• Presentation of Financial Statements: Disclosure initiative	1 October 2020*
• Accounting policies, changes in accounting estimates and Errors: Disclosure initiative	1 October 2020*
• Amendments to IFRS 3: Definition of a business	1 October 2020*

\*These amendments are not expected to have a significant impact on the Group upon adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**Number of full-time equivalent employees from continuing operations**

	30 September 2020	30 September 2019
Pepco Group	38 770	39 972
Greenlit Brands	3 115	3 193
Pepkor Africa	48 725	49 308
Corporate and treasury services	89	108
All Other*	820	1 258
	<b>91 519</b>	<b>93 839</b>

\* This includes Lipo and the remaining European Logistics and Sourcing businesses. The prior period has not been restated for discontinued operations.



**38. OTHER INFORMATION (CONTINUED)****Distribution of profit****Articles of Association provisions governing the distribution of profit**

The holders of ordinary shares are entitled to one vote per share and to participate in the distribution of dividends and liquidation proceeds. Pursuant to article 35 of the Articles of Association, a dividend may be declared out of net income after appropriation to increase and/or form reserves. The allocation of profit remaining after reservations deemed necessary shall be determined by the General Meeting upon proposal of the Management Board, with the approval of the Supervisory Board. The Management Board, with the approval of the Supervisory Board, may propose that the General Meeting make distributions wholly or partly in the form of ordinary shares. Distributions on shares may be made only up to an amount which does not exceed the amount of the distributable equity. The Management Board, with the approval of the Supervisory Board, may declare an interim dividend which does not exceed the amount of the distributable equity.

A preference share shall entitle the holder thereof to a distribution of profit of an amount per preference share that is equal to the amount that shall be distributed per ordinary share to the holder thereof plus a premium per preference share of a percentage equal to one per cent calculated over the aforementioned amount of profit that shall be distributed per ordinary share. This percentage may at the time of issue of preference share concerned be increased up to a maximum of ten per cent. Amounts of net income not paid in the form of dividends will be added to the retained earnings.

**Distribution of profit**

No dividends were declared by Steinhoff N.V. for the 2020 Reporting Period.

**Approval and signatories**

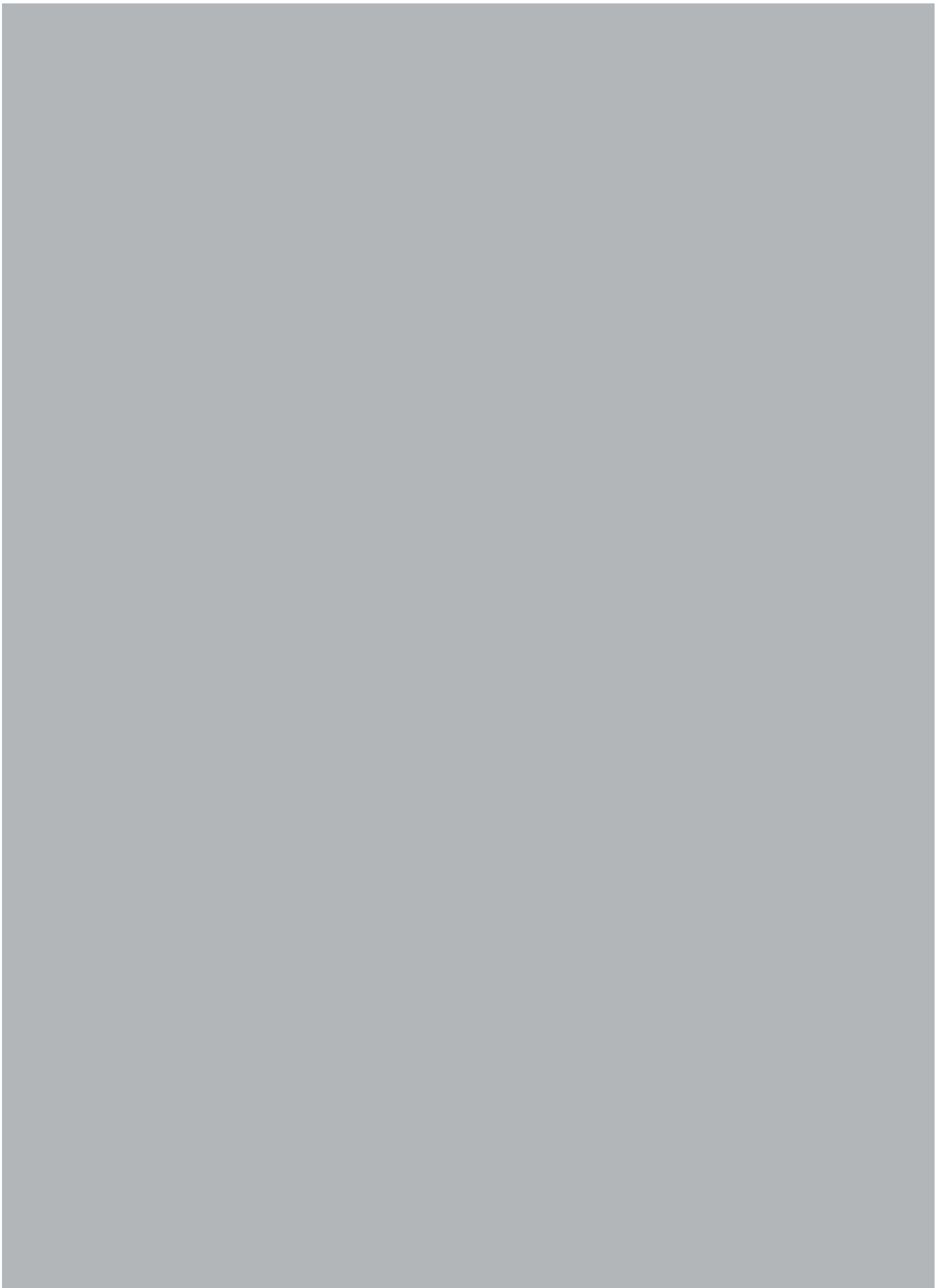
Stellenbosch (South Africa), 26 February 2021

**Management Board**

Louis du Preez, Chief Executive Officer and Managing Director  
Theodore de Klerk, Chief Financial Officer and Managing Director

**Supervisory Board**

Moira Moses, Chairperson and Supervisory Director  
Peter Wakkie, Deputy-Chairman and Supervisory Director  
Paul Copley, Supervisory Director  
Hugo Nelson, Supervisory Director  
David Pauker, Supervisory Director  
Alexandra Watson, Supervisory Director  
Khanyisile Kweyama, Supervisory Director



# STEINHOFF INTERNATIONAL HOLDINGS N.V. SEPARATE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2020



## SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Notes	2020 €'000	2019 €'000
Dividend income	1	–	3 552
Interest income	1	230	767
<b>Total income</b>		<b>230</b>	<b>4 319</b>
Other income	2.1	7 841	137
Administrative expenses	2.3	(34 356)	(39 417)
Other (losses)/gains – net	2.2	(1 462 024)	4 470 919
<b>Operating (loss)/profit for the period before finance cost and tax</b>		<b>(1 488 309)</b>	<b>4 435 958</b>
Finance cost	3	(9 353)	(1 197)
<b>Operating (loss)/profit for the period before tax</b>		<b>(1 497 662)</b>	<b>4 434 761</b>
Taxation	4	8 307	–
<b>Net (loss)/profit for the period attributable to Steinhoff N.V. shareholders</b>		<b>(1 489 355)</b>	<b>4 434 761</b>
Other comprehensive income		–	–
<b>Total comprehensive (loss)/income for the period attributable to Steinhoff N.V. shareholders</b>		<b>(1 489 355)</b>	<b>4 434 761</b>

The accompanying notes form an integral part of the financial statements.

## SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Notes	30 September 2020 €'000	30 September 2019 €'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiary companies	5	1 319 640	1 773 690
<b>Current assets</b>			
Cash and cash equivalents	6	30 932	58 736
Trade and other receivables	7	2 429	–
Taxation receivable	7	4 942	–
Related party loans receivable	13	156 117	189 304
		<b>194 420</b>	<b>248 040</b>
<b>Total assets</b>		<b>1 514 060</b>	<b>2 021 730</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Ordinary share capital	8	43 098	43 098
Share premium reserve	8	7 522 465	7 522 465
Treasury shares	8	(137 468)	(137 468)
Accumulated losses		(9 828 133)	(8 338 778)
		<b>(2 400 038)</b>	<b>(910 683)</b>
<b>Non-current liabilities</b>			
Borrowings	9	2 598 503	1 979 513
Related party loans payable	13	905 501	937 015
		<b>3 504 004</b>	<b>2 916 528</b>
<b>Current liabilities</b>			
Other payables and accruals	10	10 494	12 306
Provision – Litigation Settlement Proposal	11	399 600	–
Taxation payable		–	3 401
Related party loans payable	13	–	178
		<b>410 094</b>	<b>15 885</b>
<b>Total equity and liabilities</b>		<b>1 514 060</b>	<b>2 021 730</b>

The accompanying notes form an integral part of the financial statements.

## SEPARATE STATEMENT OF CHANGES IN EQUITY

### FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Ordinary stated share capital €'000	Share premium €'000	Treasury shares €'000	Accumulated losses €'000	Total €'000
<b>Total equity at 1 October 2018</b>	2 154 864	5 410 699	(138 358)	(12 773 539)	(5 346 334)
<b>Total comprehensive income for the year</b>	-	-	-	4 434 761	4 434 761
<b>Transactions with owners in their capacity as owners</b>					
Issue of shares, net of transaction costs (note 8) <sup>1</sup>	-	-	890	-	890
Reduction in nominal value of shares	(2 111 766)	2 111 766	-	-	-
<b>Balance at 30 September 2019</b>	<b>43 098</b>	<b>7 522 465</b>	<b>(137 468)</b>	<b>(8 338 778)</b>	<b>(910 683)</b>
<b>Total comprehensive loss for the year</b>	-	-	-	(1 489 355)	(1 489 355)
<b>Balance at 30 September 2020</b>	<b>43 098</b>	<b>7 522 465</b>	<b>(137 468)</b>	<b>(9 828 133)</b>	<b>(2 400 038)</b>

<sup>1</sup>During the 2019 Reporting Period the company transferred 259 807 of its own shares, held as treasury shares, for the conversion of 2021 bonds.

#### Ordinary stated capital and reserves

The ordinary stated share capital and share premium reserve records the movements in the issued share capital of the Company.

## SEPARATE STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Notes	2020 €'000	2019 €'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash utilised in operations	12	(28 156)	(29 928)
Tax paid		(36)	(4 942)
Net cash outflow from operating activities		(28 192)	(34 870)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds received on repayments of related party loans receivable		2 893	72 726
Net cash inflow from investing activities		2 893	72 726
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds received from related party loans payable		-	12 268
Repayments of related party loans payable		(140)	(385)
Net cash (outflow)/inflow from financing activities		(140)	11 883
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the period		58 736	6 139
Effects of exchange rate changes on cash and cash equivalents		(2 365)	2 858
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>30 932</b>	<b>58 736</b>

# BASIS OF PREPARATION

## FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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### REPORTING ENTITY

The separate financial statements of the Company are included as part of the Consolidated Financial Statements of Steinhoff N.V.

The Company is a South African tax resident.

### BASIS OF PREPARATION

#### Statement of compliance

The separate financial statements have been prepared in accordance with IFRS as endorsed by the EU and with Part 9 of Book 2 of the Dutch Civil Code.

Unless otherwise indicated, these financial statements are prepared on the accrual basis in thousands of euro (€'000). The euro is the Company's presentation and functional currency.

#### Historical cost convention

The separate financial statements have been prepared on a historical cost basis

#### Going-concern assessment

The separate financial statements have been prepared on a going concern basis.

In the 2020 Reporting Period, the Company's current liabilities exceed the current assets.

Refer to the basis of preparation section of the Consolidated Financial Statements for a detailed going concern assessment of the Group, including the Company.

### SIGNIFICANT ACCOUNTING POLICIES

If not stated otherwise, the accounting policies applied are the same as those in the Consolidated Financial Statements.

#### Shareholders' equity

The reserves were previously formed under, and are still recognised in accordance with, the Dutch Civil Code.

#### Statement of cash flows

The statement of cash flows is prepared using the indirect method. Assets and liabilities acquired as part of a business combination are included in investing activities (net of cash acquired). Dividends paid to shareholders are included in operating activities. Dividends received are classified as operating activities, as well as interest received and paid.

#### Contingent payment undertakings ("CPUs")

The CPUs were classified as financial liabilities in accordance with IFRS 9. Within the terms of the CPUs there are defined events of default, over and above those in the facilities agreements, the occurrence of which would allow the holders of the Steinhoff N.V. CPUs to declare that the "Maturity Date" has occurred under the respective CPU. This, in turn, would allow those CPU holders to demand payment from Steinhoff N.V.

The CPU contracts, excluding the contingent component, are initially and subsequently measured as the amount that Steinhoff N.V. expects to settle under these contracts ("the shortfall"). The shortfall is calculated as the excess of the carrying amount of the debt at year-end in relation to the estimated value of the subsidiaries by whom these debts are owed. In determining these estimated values, management used the same information that was used for impairment testing and determining the fair value less cost to sell of discontinued operations. Please refer to note 8, note 20 and note 35 of the Consolidated Financial Statement for more detail. The contingent liability component is accounted for in accordance with IAS 37.



## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Contingent payment undertakings ("CPUs") (continued)

IAS 37, Provisions, Contingent Liabilities and Contingent Assets, requires an entity to treat the part of a joint and several liability that is expected to be met by other parties as a contingent liability. The guidance in IAS 37 is applicable to contingent liabilities. However, the measurement approach in IAS 37 for joint and several liabilities is generally consistent with the measurement approach for the CPUs. In accordance with IAS 37, it may be possible that under extremely rare circumstances, no reliable estimate of a liability can be made, and as a consequence that contingent liability component may not be recognised, but disclosed.

The potential impact of pending litigation and tax uncertainties were not taken into account in determining the estimated disposal proceeds of the underlying businesses in the 2019 Reporting Period. The circumstances that influence the outcome of these matters are so diverse that a reliable estimate of these liabilities could not be made. Withholding-and-dividend taxes that may be payable upon disposal of the underlying business were not included in the valuation of the CPUs as these taxes will be influenced by the outcome of the specifics surrounding the disposal in question and the jurisdiction in which the buyer is domiciled. As such, it is considered impracticable to quantify the taxes that may have to be paid.

In the 2020 Reporting Period, the impact of IFRIC 23 Uncertain tax positions, as detailed in note 37.3 of the Consolidated Financial Statements, was taken into account. A provision was also raised in SIHPL and the Company for the Litigation Settlement Proposal and is taken into account in the measurement of the CPUs shortfall. The best estimate of the Litigation Settlement Proposal, as provided for in the Consolidated Financial Statements, was used in the valuation of the CPU's. The Litigation Settlement Proposal provision raised in the Company is not taken into account in the CPU shortfall due to it being recognised in these financial statements. Withholding-and-dividend taxes that may be payable upon disposal of the underlying business were not included in the valuation of the CPUs as these taxes will be influenced by the outcome of the specifics surrounding the disposal in question and the jurisdiction in which the buyer is domiciled. As such, it is considered impracticable to quantify the taxes that may have to be paid. The impact of the first wave of the COVID-19 pandemic has been included in the valuation of the CPU's.

Subsequently the CPUs are measured at amortised cost by adjusting the gross carrying amount of the financial liability to reflect the actual and revised shortfall as at the end of the Reporting Period. Any adjustments are recognised in profit or loss.

## CHANGES IN ACCOUNTING POLICIES

Refer to note 37 of the Consolidated Financial Statements for disclosure regarding new accounting standards adopted by the Company and the Group.

## AREAS OF CRITICAL JUDGEMENTS AND ESTIMATES

### Key judgements and estimates used for the value-in-use calculations used in CPU valuations

The estimated disposal values of the underlying businesses are significant estimates in determining the value of the CPUs. Apart from the fact that the valuation techniques used are inherently subject to estimation uncertainty, the following items may also result in material differences between the actual and estimated disposal values:

- The potential impact of legal claims, should the Litigation Settlement Proposal not be accepted;
- future performance of the underlying businesses and the markets in which they operate;
- potential discounts on the sale of the underlying businesses that may be required in order to dispose of these businesses with the required time frame;
- withholding-and-dividend taxes that may be payable upon disposal of the underlying business were included in the valuation of the CPUs; and
- key sources of estimation uncertainty as disclosed in note 8 of the Consolidated Financial Statements.
- The assumptions used in the budgets used in the value-in-use calculations take into account the COVID-19 impact and that it will take some time to recover. The second wave was subsequent to the valuations however, the operations are still on track with the budgets as presented and included in the value-in-use calculations.
- Litigation claims are included in the valuation of the CPU's to the extent that they are recognised in that a provision has been recognised in the consolidated financial statements.

Refer to note 6 (Taxation), note 24 (Contingent liabilities) and note 36 (Events occurring after the Reporting Period) of the Consolidated Financial Statements for more details of pending litigation and tax uncertainties.

The calculation of the CPUs is subject to significant judgments which includes the following:

- The ability of the Group to utilise loans owed to SIHPL by South African entities in order to settle European debts and the recoverability of these loans. Management considers that these loans could be called on to service the European debts and that they are fully recoverable.
- The initial valuation of the CPU contracts was performed on 30 September 2019 as opposed to 13 August 2019 when the contract originated as management considers that any differences resulting from this stub period are immaterial and obtaining the information required to perform the valuation on 13 August 2019 will result in undue cost and effort for the Group.

**1. INCOME**

	Notes	2020 €'000	2019 €'000
Dividend income			
Subsidiary companies	13.2	–	3 552
Subsidiaries paid cash dividends to the Company during the Reporting Period. These dividends represent the distribution of profits and reserves of the subsidiary companies.			
Interest income			
Cash and cash equivalents		230	–
Related party loans receivable	13.2	–	767
		<b>230</b>	<b>767</b>

**2. OPERATING (LOSS)/PROFIT FOR THE PERIOD**

	Notes	2020 €'000	2019 €'000
<b>Material items</b>			
<b>2.1 Other income</b>			
<b>2.1.1 Recoveries of legal fees from insurance</b>		2 185	–
<b>2.1.2 Recoveries of insurance expenses</b>	13.2	3 398	–
<b>2.1.3 Other</b>		2 258	137
<b>TOTAL OTHER INCOME</b>		<b>7 841</b>	<b>137</b>
<b>2.2 Other (losses)/gains</b>			
<b>2.2.1 Net foreign exchange gains</b>		9 321	4 810
Foreign exchange gains are recognised in profit or loss on foreign denominated loans in the separate financial statements.			
<b>2.2.2 Impairment of investment in subsidiary companies</b>	5.1	(454 050)	(9 322)
a) An impairment of €18 million has been recognised on the investment in Sherwood after the underlying operating activities was sold.			
b) A further impairment of €433 million has been recognised on the SINVH investment due to a decline in the fair values of the remaining underlying assets and the depreciation of the ZAR:EUR exchange rate.			
c) An impairment of €2.4 million (2019: €9.3 million) has been recognised on an additional investment made in Steinhoff UK Group Services Limited ("SUKGS").			
<b>2.2.3 Reversal of impairment provision of receivables from related parties</b>		1 295	–
The SUKGS loan has been repaid during the Reporting Period, resulting in the reversal of the impairment of €1.3 million recognised previously.			
<b>2.2.4 Financial liabilities remeasured by the Company in profit or loss</b>	9.2	(618 990)	–
The amount that the Company is expected to pay under the various CPU's increased by €619 million in the 2020 Reporting Period.			
<b>2.2.5 Financial liabilities recognised by the Company in profit or loss</b>	9.2	–	(1 916 320)
<b>2.2.6 Financial liabilities derecognised by the Company in profit or loss</b>	9.2	–	6 391 751
The amount that the Company expected to pay under the various guarantees it provided to SEAG and SFHG was derecognised on implementation of the CVA. These guarantees were replaced by the various CPUs as discussed in note 9.			
<b>2.2.7 Litigation Settlement Proposal provision raised</b>		(399 600)	–
<b>TOTAL OTHER (LOSSES)/GAINS</b>		<b>(1 462 024)</b>	<b>4 470 919</b>
<b>2.3 Administrative expenses</b>			
Administration expenses consists of the following:			
Audit fees		(7 332)	(12 184)
Bad debts		(2 811)	–
Consulting fees		(3 850)	(1 860)
Director fees		(1 825)	(1 723)
Directors and officers insurance		(3 341)	(1 427)
Legal fees		(13 521)	(17 821)
Penalties		203	(3 203)
Other administrative expenses		(1 879)	(1 199)
<b>TOTAL ADMINISTRATIVE EXPENSES</b>		<b>(34 356)</b>	<b>(39 417)</b>

Refer to note 4 in the Consolidated Financial Statements for the Group's salary, wage and contribution to pension schemes as well as note 38 for employee numbers. No employees are employed by the Company.

Refer to note 32.1 in the 2020 Consolidated Financial Statements for the remuneration of the Management and Supervisory Board.

**3. FINANCE COST**

	Note	2020 €'000	2019 €'000
Cash and cash equivalents		157	–
Related parties	13.2	9 186	1 197
Other		10	–
		<b>9 353</b>	<b>1 197</b>

**4. TAXATION**

	2020 €'000	2019 €'000
<b>Major components of the tax expense:</b>		
Current tax (overprovision of prior year tax)	(8 307)	–
<b>Reconciliation of the tax expense</b>		
<b>Net loss before taxation</b>	(1 497 662)	4 434 761
Tax at the applicable tax rate of 28% (South African corporate taxation rate)	(419 345)	1 241 733
<b>Tax effect of adjustments on taxable income</b>		
Impact of not recognising deferred tax assets for losses as recoverability is not assured	419 345	(1 241 733)
Overprovision of prior year tax	(8 307)	–
<b>Taxation expense during the period</b>	<b>(8 307)</b>	<b>–</b>
No tax liability has been recognised as the Company has no taxable income for the year.		
<b>Unrecognised tax losses</b>	<b>32 892</b>	<b>34 096</b>

Assessed tax losses have not been recognised due to it not being probable that the Company will utilise these losses against future taxable income. These losses do not have an expiration date.

**5. INVESTMENT IN SUBSIDIARY COMPANIES****ACCOUNTING POLICY****Investments in subsidiaries**

Investments in subsidiaries are carried at cost less impairment provisions as per IAS 27. Investments in subsidiaries are impaired to their recoverable amount.

**Internal restructure of Europe Group of companies**

After completion of the CVA restructuring, the Group plans to divest its interest in some of their valuable assets in order to generate cash to repay the CVA Creditors whilst also beginning to wind up surplus companies which are no longer required.

To facilitate the disposal of assets, repatriation of cash and eventual wind up of surplus companies, the Group and its advisers reviewed the current corporate structure and found a number of inefficiencies which needed to be addressed.

The Group's valuable assets were held far down the corporate structure, whilst the CVA Creditor's debt sat higher up. Moving any disposal proceeds through the structure to the CVA creditors would have taken a number of months and insufficient reserves would have resulted in trapped cash.

As part of this internal restructure, SFHG, a direct subsidiary of the Company and former ultimate parent company of the Europe Group of companies, disposed its shareholding in Newco 1 to the Company for €1, resulting in Newco 1 being the new ultimate parent company of the European Group of companies.

**SFHG, Genesis investments Gamma GmbH and Steinhoff US Holdings I Inc**

At the end of the 2020 Reporting Period, management considered whether any events or circumstances have occurred that would justify the reversal of the impairments accounted for in the prior reporting periods. It was concluded that a reversal of impairment was not justified as no expectation of future dividends could be reasonably supported due to the high debt levels and in its subsidiaries and facility agreements with Group creditors preventing dividends from flowing to this Company.

**SINVA**

As at 30 September 2020, management has determined that the carrying amount of this investment exceeds its recoverable amount. This is due to the Litigation Settlement Proposal Provision raised in SIHPL at the Reporting Date and the depreciation of the rand against the euro. However, legal claims not included in the Litigation Settlement Proposal and the value of the claims, should the settlement be unsuccessful (refer to note 24 of the Consolidated Financial Statements for details) were not considered in determining the recoverable amount of this investments as a reliable estimate of these matters cannot be made.

The recoverability of the investment in SINVA was determined in terms of a sum-of-the parts calculation performed on a SINVA Group level. The decrease in the recoverable amount was mainly due to the decrease in the Pepkor Africa share price and the depreciation of the South African rand against the Euro. An additional impairment provision of €433 million has therefore been raised against the investment.

**5. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)**

	Country of incorporation	Issued share capital	Shareholding %	Total carrying value €'000
<b>30 September 2020</b>				
Genesis Investments Gamma GmbH	Austria	€35 000	100	–
SFHG	Austria	€100 000	100	–
SIN VH	South Africa	R275 000	100	1 313 874
SUKGS	United Kingdom	£200 000	100	5 766
Steinhoff US Holdings I Inc (formerly: Sherwood Group Holdings Inc)	United States of America	\$1	100	–
Steenbok Newco 1 Limited	Jersey	£100	100	*
				<b>1 319 640</b>
<b>30 September 2019</b>				
Genesis Investments Gamma GmbH	Austria	€35 000	100	–
SFHG	Austria	€100 000	100	–
SIN VH	South Africa	R275 000	100	1 747 368
SUKGS	United Kingdom	£200 000	100	8 178
Steinhoff US Holdings I Inc (formerly: Sherwood Group Holdings Inc)	United States of America	\$1	100	18 144
				<b>1 773 690</b>

\* Less than €500.

On 29 September 2020, Steinhoff N.V. acquired 100 ordinary shares of GBP1 each, being the whole of the issued share capital of Steenbok Newco 1 Limited for €1, being the fair value.

	Notes	30 September 2020 €'000	30 September 2019 €'000
Shares at cost		4 747 680	4 747 680
Less: Impairment provision		(3 428 040)	(2 973 990)
Shares at carrying value	5.1	<b>1 319 640</b>	<b>1 773 690</b>

**5.1 Reconciliation of cost of investment and related impairment provisions per subsidiary**

	Notes	SIN VH €'000	Steinhoff US Holdings I Inc €'000	SUKGS €'000	Total €'000
<b>Carrying value of investment in subsidiaries – 1 October 2018</b>		1 747 368	18 144	–	1 765 512
Loan converted to equity	5.2	–	–	17 500	17 500
Additional impairment of investment in subsidiaries through profit or loss	2.2.2	–	–	(9 322)	(9 322)
<b>Carrying value of investment in subsidiaries – 30 September 2019</b>		1 747 368	18 144	8 178	1 773 690
Additional impairment of investment in subsidiaries through profit or loss	2.2.2	(433 494)	(18 144)	(2 412)	(454 050)
<b>Carrying value of investment in subsidiaries – 30 September 2020</b>		<b>1 313 874</b>	–	<b>5 766</b>	<b>1 319 640</b>

**5.2 Additional investment in SUKGS**

During the 2019 Reporting Period, €17.5 million of the loan to SUKGS was converted to equity.

**6. CASH AND CASH EQUIVALENTS**

	30 September 2020 €'000	30 September 2019 €'000
Cash at bank and in hand	30 932	58 736

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Restricted cash**

The Company does not have cash and cash equivalents that are restricted

**7. RECEIVABLES**

	Notes	30 September 2020 €'000	30 September 2019 €'000
<b>7.1 Trade receivables</b>			
Related party receivables	13.3	2 420	–
Other receivables		9	–
		<b>2 429</b>	<b>–</b>
<p>Related party receivables relate to directors and officer insurance paid by the Company on behalf of subsidiaries that have been on-charged.</p>			
<b>7.2 Tax receivable</b>			
Current tax receivable		4 942	–

The current tax receivable relates to an overpayment of 2019 provisional tax.

**8. SHARE CAPITAL****8.1 Authorised – ordinary**

	30 September 2020	30 September 2019
	Number of shares	Number of shares
Ordinary shares of €0.01 each	16 000 000 000	17 500 000 000

By amendment to the Articles of Association on 28 August 2020, the aggregate number of authorised ordinary shares was decreased from 17 500 000 000 to 16 000 000 000.

By amendment to the Articles of Association on 30 August 2019, the nominal value of each ordinary share was reduced from €0.50 to €0.01.

**8.2 Issued – ordinary**

Total issued ordinary stated share capital	4 309 727 144	4 309 727 144
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**8.3 Treasury shares**

Balance at beginning of the period	40 118 093	40 377 900
Shares issued upon conversion of bonds	–	(259 807)
Balance at the end of the period	40 118 093	40 118 093

Effective as of 3 November 2020 the issued share capital of the Company was reduced to 4 269 609 051 Ordinary Shares of €0.01 each, following the cancellation of 40 118 093 Ordinary Shares of €0.01 each.

The resolution to reduce the capital of the Company by cancelling 40 118 093 Ordinary Shares, that were held by the Company (the "Cancelled Shares" and the cancellation of these Cancelled Shares, the "Capital Reduction") was adopted by the General Meeting on 28 August 2020. The Company deposited the resolution to cancel the Cancelled Shares with the Dutch Trade Register and announced the Capital Reduction in a daily nationally distributed newspaper on 2 September 2020. As from the date of the announcement the statutory waiting period of two months for creditors to oppose the Capital Reduction commenced. On 4 November 2020, the Court of Amsterdam confirmed that no creditors had opposed to the Capital Reduction during this period. Therefore, the resolution took effect after two months having passed since the announcement had been made. The Capital Reduction was aimed at optimising the Company's equity structure.

**8.4 Issued – ordinary**

	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	Share capital €'000	Share capital €'000	Share premium €'000	Share premium €'000
Balance at beginning of the year	43 098	2 154 864	7 522 465	5 410 699
Reduction of the nominal value of shares	–	(2 111 766)	–	2 111 766
<b>Total issued ordinary stated share capital</b>	<b>43 098</b>	<b>43 098</b>	<b>7 522 465</b>	<b>7 522 465</b>

All issued ordinary shares have been fully paid-up.

**8.5 Treasury shares**

	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	Share capital €'000	Share capital €'000	Share premium €'000	Share premium €'000
Balance at beginning of the year	(401)	(20 189)	(137 067)	(118 169)
Treasury shares issued during the year, net of transaction costs	–	130	–	760
Reduction of the nominal value of shares	–	19 658	–	(19 658)
Balance at the end of the period	(401)	(401)	(137 067)	(137 067)

**8. SHARE CAPITAL (CONTINUED)****8.6 Unissued shares**

	30 September 2020	30 September 2019
	Number of shares	Number of shares
Shares reserved for future participation in share schemes*	105 831 130	98 349 803
Shares reserved for current participation in share schemes*	–	7 481 327
Unissued shares	<b>13 084 441 726</b>	13 084 441 726
Total unissued shares	<b>13 190 272 856</b>	13 190 272 856

\* The last remaining open grant was assessed during the 2020 Reporting Period and the share rights were forfeited. Refer to note 33 of the Consolidated Financial Statements.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company.

**8.7 Authorised – Preference**

	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	Number of shares	Number of shares	€'000	€'000
Non-cumulative financing preference shares of €0.01	<b>4 000 000 000</b>	4 000 000 000	<b>40 000</b>	40 000

No preference shares were issued during either period presented.

By amendment to the Articles of Association on 30 August 2019, the authorised preference shares were reduced to 4 billion.



**9. BORROWINGS****9.1 Financial liabilities**

	Notes	30 September 2020 €'000	30 September 2019 €'000
<b>Recognised financial liabilities:</b>			
Hemisphere CPU	9.1.1	89 695	8 825
SEAG CPU	9.1.2	1 209 974	1 282 099
SFHG 21/22 CPU	9.1.3	104 840	–
SFHG 23 CPU	9.1.4	1 193 994	688 589
		<b>2 598 503</b>	1 979 513
Portion payable within 12 months included in current liabilities		–	–
Non-current borrowings		<b>2 598 503</b>	1 979 513

**Financial liabilities previously recognised**

Until December 2017, SEAG and SFHG entered into various debt agreements for which Steinhoff N.V. provided guarantees. Due to the alleged accounting irregularities Steinhoff N.V. was already the primary obligor upon signature of those agreements, as the entities identified as primary debtors were already in breach of the agreements at the moment they were entered into. This event of default was a pre-existing condition upon signature of the loan agreements, as a result of misrepresentations and alleged illegal acts committed before and during the period when those agreements were entered into. As a consequence, these guarantees were accounted for as financial liabilities for the 2017 and 2018 Reporting Periods and Steinhoff N.V. recognised the full principal amounts of the debts of SEAG and SFHG. A corresponding increase in the cost of the investment in SUSHI was recognised which was fully impaired by the end of the 2017 Reporting Period. No investment was recognised in SFHG as it was concluded that the European value chain had insufficient assets to justify recognising an investment.

**Implementation of the SEAG and SFHG CVAs**

The CVAs were implemented on 13 August 2019 being the date of the effective restructure. The CVA implementation in combination with the release of the restrictions imposed by the Lock-Up Agreement resulted in significant changes in the legal structure of the Group and the legal relationship between Steinhoff N.V. and its subsidiaries. This allows the upstream of excess liquidity and provides for the distribution of value from the Steinhoff N.V.'s direct and indirect subsidiary entities in a structured manner in order to service their debts. Furthermore, Steinhoff N.V. is no longer the primary obligor under the newly issued financing facilities. As a result, the refinanced debt can be repaid directly by Steinhoff N.V.'s subsidiaries without having to upstream dividends to Steinhoff N.V. in order to achieve this.

Refer to note 17.5 of the Consolidated Financial Statements for more detail on the CVAs implementation.

**Derecognition of financial liabilities recognised by the Company**

As noted above, Steinhoff N.V. is no longer the primary obligor under the refinanced debt facilities. The old debt facilities were substantially modified by the CVA entered into on 14 December 2018.

Legally, Steinhoff N.V. remained the primary obligor under the old debt instruments until 13 August 2019 when those instruments were formally reissued to the newly incorporated Lux Fincos. On this date the carrying amount of the old facilities of €6.4 billion was derecognised and the new SIHPL, SEAG, SFHG 21/22 and SFHG 23 CPU's, which replaced the parent guarantees under the old financing facilities, were recognised at an amount of €2 billion, both through profit or loss.

Refer to note 17.5 of the Consolidated Financial Statements for more detail on the implementation of the CVAs and the derecognition of the old debt instruments.

**SUSHI debt**

During the 2019 Reporting Period as part of the Mattress Firm restructure, the SUSHI debt was assumed by SEAG. The full parent guarantee relating to the SUSHI debt have been derecognised on the implementation of the CVAs.

**9. BORROWINGS (CONTINUED)****9.1 Financial liabilities (continued)****Recognition of financial liabilities as determined by CPUs**

On implementation of the CVAs the parent guarantees on the original SEAG and SFHG debt were cancelled and replaced by the following CPUs:

CPU	Previous debt guaranteed	Guarantor	Previous beneficiary	New beneficiary
SIHPL CPU	2021 Convertible bonds	SIHPL	SFHG	Steenbok Lux Finco 1 SARL
	2022 Convertible bonds	SIHPL	SFHG	Steenbok Lux Finco 1 SARL
SEAG CPU	2025 Non-convertible Europe bond	Steinhoff N.V.	SEAG	Steenbok Lux Finco 2 SARL
	German Loan Note	Steinhoff N.V.	SEAG	Steenbok Lux Finco 2 SARL
	Multicurrency Rolling Credit Facility	Steinhoff N.V.	SEAG	Steenbok Lux Finco 2 SARL
	Syndicated Acquisition Facility	Steinhoff N.V.	SEAG	Steenbok Lux Finco 2 SARL
	JP Morgan Multicurrency Revolving Facility	Steinhoff N.V.	SEAG	Steenbok Lux Finco 2 SARL
	Bayerische Landesbank Revolving Facility	Steinhoff N.V.	SEAG	Steenbok Lux Finco 2 SARL
SFHG 21/22 CPU	2021 Convertible bonds	Steinhoff N.V.	SFHG	Steenbok Lux Finco 1 SARL
	2022 Convertible bonds	Steinhoff N.V.	SFHG	Steenbok Lux Finco 1 SARL
SFHG 23 CPU	2023 Convertible bonds	Steinhoff N.V.	SFHG	Steenbok Lux Finco 1 SARL

**9.1.1 Hemisphere CPU**

On 5 September 2018, the Company was released as guarantor of the Hemisphere group's syndicated rolling credit facility, which was replaced with a new Term Loan Facility Agreement. As at 30 September 2020, the amount drawn down under this facility amounted to €220 million (2019: €327 million) The decrease in the drawn amount is as a result of the repayment of the facility from proceeds on the disposal of the remaining property portfolio.

The Hemisphere CPU was entered into between the Company and the lender group which had the effect of replacing the Steinhoff N.V. parent guarantee provided on the previous syndicated rolling credit facility.

The value of the financial liability to be recognised by the Company is based on the estimated fair value of the remaining properties within the Hemisphere group.

An additional financial liability to the amount of €81 million has been recognised (2019: €54 million derecognised) through profit or loss with the total financial liability recognised as at 30 September 2020 being €90 million (2019: €9 million).

As part of the Litigation Settlement Proposal Term Sheet, the Hemisphere lenders are entitled to a payment of €40 million (payable 50% in cash and 50% in Pepkor Africa shares, at an expected price per share of ZAR15 per share) by Steinhoff N.V. under the Hemisphere CPU. In consideration for the payment, Steinhoff N.V. will have the option to extend the maturity date of the Hemisphere CPU with 12 months.

**9.1.2 SEAG CPU**

During the 2019 Reporting Period, all debt previously held by SEAG has been restructured to Steenbok Lux Finco 2 SARL. All original SEAG debt has been consolidated into the First Lien Facility and Second Lien Facility with the first Lien Facility having repayment priority to the Second Lien Facility.

The SEAG CPU was entered into between Steinhoff N.V. and the lender group which had the effect of replacing the Steinhoff N.V. parent guarantees provided on the original SEAG debt instruments. Steinhoff N.V. is the sole guarantor to the First Lien Facility and Second Lien Facility under the SEAG CPU.

The maximum amount which may be recovered from Steinhoff N.V. is limited to the principal amount of the First Lien Facility and Second Lien Facility being €1.9 billion and €3.6 billion respectively.

The European Group is expected to have sufficient assets to repay the First Lien Facility in full and a portion of the Second Lien Facility. Due to an increase in the valuation of underlying assets, €72 million of the SEAG CPU was derecognised through profit or loss with the total financial liability recognised at 30 September 2020 being €1.2 billion (2019: €1.3 billion). Refer to note 9.2.

The SEAG CPU valuation is based on the assumption that the Litigation Settlement Proposal will be accepted. Should the Litigation Settlement Proposal not be accepted, underlying assets may need to be sold at lower values in order to raise cash to settle potential legal claims. The potential impact of legal claims falling outside the scope of the Litigation Settlement Proposal have not been included in determining the shortfall for this CPU as a reliable estimate of the possible outcomes cannot be made.

**9. BORROWINGS (CONTINUED)****9.1 Financial liabilities (continued)****Recognition of financial liabilities as determined by CPUs (continued)****9.1.3 SFHG 21/22 CPU**

The 2021 and 2022 convertible bonds previously issued by SFHG have been replaced by the 21/22 facility held by Steenbok Lux Finco 1 SARL under which €2.0 billion (2019: €1.8 billion) is outstanding as at 30 September 2020. The 21/22 facility is secured by the SIHPL CPU, whereby SIHPL guarantees €1.6 billion, and the SFHG 21/22 CPU, whereby the Company guarantees the principal amount of €1.7 billion.

In the case where the Company is a co-guarantor, and its co-guarantor and subsidiary has sufficient value to carry the obligation of the guarantee, such guarantee is recognised directly by the co-guarantor. The amount that SIHPL will have available to repay, is dependent on SINVA and Steinhoff Africa repaying intercompany loans to the value of €1.5 billion to SIHPL. In terms of a sum-of-the parts calculation performed on the SINVA Group the Steinhoff Africa and SINVA loans are considered to be recoverable.

The disposal value of the assets under the SIHPL CPU have been reduced by the Litigation Settlement Proposal provision that SIHPL is expected to pay, should the settlement be successful. The SIHPL CPU value does not take into account the effects of potential litigation claims should the Litigation Settlement Proposal be unsuccessful as set out in the basis of preparation in this valuation.

Steinhoff N.V. recognised a financial liability to the amount of €105 million (2019: €nil) through profit or loss on the 21/22 facility.

The SFHG 21/22 CPU valuation is based on the assumption that the Litigation Settlement Proposal will be accepted. Should the Litigation Settlement Proposal not be accepted, underlying assets may need to be sold at lower values in order to raise cash to settle potential legal claims. The potential impact of legal claims falling outside the scope of the Litigation Settlement Proposal have not been included in determining the shortfall for this CPU as a reliable estimate of the possible outcomes cannot be made.

**9.1.4 SFHG 23 CPU**

The 2023 convertible bonds previously issued by SFHG have been replaced by the 23 Facility held by Steenbok Lux Finco 1 SARL under which €1.3 billion (2019: €1.2 billion) is outstanding as at 30 September 2020. This facility is secured by the SFHG 23 CPU whereby the Company guarantees the principal amount of the facility which is €1.2 billion. The 21/22 Facility and 23 Facility rank pari passu to each other.

An additional financial liability to the amount of €505 million (2019: €689 million) has been recognised through profit or loss with the total financial liability recognised as at 30 September 2020 being €1.2 billion (2019: €689 million). Refer to note 9.2.

The SFHG 23 CPU valuation is based on the assumption that the Litigation Settlement Proposal will be accepted. Should the Litigation Settlement Proposal not be accepted, underlying assets may need to be sold at lower values in order to raise cash to settle potential legal claims. The potential impact of legal claims falling outside the scope of the Litigation Settlement Proposal have not been included in determining the shortfall for this CPU as a reliable estimate of the possible outcomes cannot be made.

**Extension of facility maturity dates as part of the Litigation Settlement Proposal****a) Term Extension**

Consent is sought under the relevant Steinhoff finance documents:

- for an extension to the maturity date, 31 December 2021, under the Steinhoff N.V./SEAG CPU, the SIHPL/SFHG CPU and the Steinhoff N.V./Hemisphere CPU; and
- for an extension to the termination date specified under each of the facility agreements and the Hemisphere facility agreement,

to 30 June 2023, with provision that in each case the maturity date and the termination date may be extended by a further 6 months under each of the Steinhoff finance documents at the request of Steinhoff N.V. with the approval of the umbrella agent acting on the instructions of the simple majority settlement creditors ("Term Extension").

The implementation of the Term Extension will provide further stability for the Group over an extended period of time, which will allow the Group to continue its deleveraging programme and provide further commercial support.

In return for the extension of debt, the Company will grant first ranking security over its shares in SINVA as well as any loans payable by SINVA to the Company.

**b) Interim Extension Option**

Consent is sought under the relevant Steinhoff finance documents:

- for an extension to the maturity date, 31 December 2021, under the Steinhoff N.V./SEAG CPU, the SIHPL/SFHG CPU and the Steinhoff N.V./Hemisphere CPU; and
- for an extension to the termination date specified under each of the facility agreements and the Hemisphere facility agreement,

for a period of up to 12 months from the existing maturity date and termination date at the request of Steinhoff N.V. with the approval of the umbrella agent acting on the instructions of the simple majority settlement creditors ("Interim Extension Option")

The Interim Extension Option may only be exercised by the Company if (i) all Consent Requests have been approved by the requisite majorities of creditors under the Steinhoff Finance Documents, and (ii) the Company has commenced a Dutch SoP procedure for the purpose of implementing the Litigation Settlement Proposal.

The implementation of the Interim Extension Option will allow the Company to continue operating as a going concern while the Litigation Settlement Proposal is implemented.

**9. BORROWINGS (CONTINUED)****9.2 Reconciliation of financial liabilities**

	SFHG	
	2021, 2022 and 2023 Convertible bonds €'000	Various debt instruments €'000
<b>30 September 2020</b>		
Opening balance	-	-
Remeasurement of CPU's	-	-
<b>Closing balance</b>	-	-
<b>30 September 2019</b>		
Opening balance	1 155 650	5 023 859
Parent guarantees (derecognised)/recognised by the Company in profit or loss	(1 155 650)	(5 023 859)
Recognition of CPU's	-	-
<b>Closing balance</b>	-	-

SFHG & SEAG	Hemisphere	Steenbok Lux Finco 2 SARL	Steenbok Lux Finco 1 SARL	Steenbok Lux Finco 1 SARL	Total
Transaction costs €'000	Hemisphere CPU €'000	SEAG CPU €'000	SFHG 21/22 CPU €'000	SFHG 23 CPU €'000	€'000
–	8 825	1 282 099	–	688 589	1 979 513
–	80 870	(72 125)	104 840	505 405	618 990
–	89 695	1 209 974	104 840	1 193 994	2 598 503
212 242	63 193	–	–	–	6 454 944
(212 242)	–	–	–	–	(6 391 751)
–	(54 368)	1 282 099	–	688 589	1 916 320
–	8 825	1 282 099	–	688 589	1 979 513

**10. OTHER PAYABLES AND ACCRUALS**

	30 September 2020 €'000	30 September 2019 €'000
Other payables and accruals	10 494	12 306

Of the amounts accrued in the 2020 Reporting Period, €0.1 million (2019: €1.2 million) relates to penalty fees payable to the FSE as a result of the late submission of the 2017 Consolidated Financial Statements and €2.6 million (2019: €3.2 million) relates to an administrative penalty to the FSCA.

The fair values of other payables and accruals are disclosed in note 14.

**11. CONTINGENT LIABILITIES****Legal claims**

The Company is engaged in a number of legal proceedings. Refer to note 24.3 and 36 of the Consolidated Financial Statements for a detailed overview of these proceedings and the Litigation Settlement Proposal provision that has been raised.

**12. CASH FLOW INFORMATION****12.1 Cash utilised in operations**

	Notes	30 September 2020 €'000	30 September 2019 €'000
Loss before tax		(1 497 662)	4 434 761
Adjusted for:			
Net foreign exchange gains	2.2.1	(9 321)	(4 810)
Impairment of investments in subsidiaries	2.2.2	454 050	9 322
Net Impairment of related party loans receivable	2.2.3	(1 295)	–
Bad debts		2 550	–
(Derecognition)/recognition of financial guarantees	2.2.6	–	(6 391 751)
	2.2.4&		
Remeasurement/recognition of financial liabilities	2.2.5	618 990	1 916 320
Litigation Settlement Proposal provision raised	2.2.7	399 600	–
Finance cost accrued	3	9 186	1 197
Profit on sale of shares		–	(137)
Cash generated from operations before changes in working capital		(23 902)	(35 098)
Changes in working capital			
Increase in trade receivables		(2 429)	–
(Decrease)/increase in other payables and accruals		(1 825)	5 170
Net changes in working capital		(4 254)	5 170
Cash utilised in operations		(28 156)	(29 928)

**12.2 Net debt reconciliation**

	30 September 2020 €'000	30 September 2019 €'000
Cash and cash equivalents	30 932	58 736
Related party loans payable – repayable within one year	–	(178)
Related party loans payable – repayable after one year	(905 501)	(937 015)
Borrowings – financial liabilities – repayable after one year	(2 598 503)	(1 979 513)
	(3 473 072)	(2 857 970)

**12. CASH FLOW INFORMATION (CONTINUED)****12.3 Reconciliation of liabilities arising from financing activities**

	Opening balance €'000	Derecognition/ recognition of parent guarantees/ CPUs €'000	Foreign exchange movements €'000	Set off of loans €'000	Other non-cash movements €'000	Cash flows €'000	Closing balance €'000
<b>30 September 2020</b>							
Borrowings	1 979 513	618 990	-	-	-	-	2 598 503
Loans from related parties	937 193	-	(41 754)	-	10 202	(140)	905 501
	<b>2 916 706</b>	<b>618 990</b>	<b>(41 754)</b>	<b>-</b>	<b>10 202</b>	<b>(140)</b>	<b>3 504 004</b>
<b>30 September 2019</b>							
Borrowings	6 454 944	(4 475 431)	-	-	-	-	1 979 513
Loans from related parties	955 590	-	(2 529)	(27 920)	169	11 883	937 193
	<b>7 410 534</b>	<b>(4 475 431)</b>	<b>(2 529)</b>	<b>(27 920)</b>	<b>169</b>	<b>11 883</b>	<b>2 916 706</b>

**13. RELATED PARTY TRANSACTIONS**

Related party relationships exist between the Company, its subsidiaries and key management personnel.

**13.1 Subsidiaries**

Details of investments in direct subsidiaries are disclosed in note 5.

**13.2 Trading transactions**

The following is a summary of transactions with subsidiary companies during the period and balances at the end of the period:

	Notes	30 September 2020 €'000	30 September 2019 €'000
<b>Dividend income:</b>			
Sherwood		-	3 552
<b>Interest income:</b>			
Mattress Firm Inc	1	-	767
<b>Finance cost:</b>			
Newco 2A		9 186	1 197
<b>Recovery of insurance expense:</b>			
SIN VH		268	-
SIH PL		261	-
Newco 2A		315	-
Steenbok Newco 10 Limited		183	-
Ibex Retail Investments Limited		514	-
Steinhoff Properties Proprietary Limited		74	-
Conforama Holding S.A.		260	-
Steinhoff International Sourcing and Trading Limited		78	-
Hemisphere International Properties B.V.		226	-
Steinhoff UK Group Services Ltd		88	-
Steinhoff UK Holdings Ltd		156	-
Steinhoff Services Proprietary Limited		85	-
Steinhoff Mobel Holding GmbH		154	-
AIH Investment Holding AG		230	-
Steinhoff Europe AG (Switzerland)		148	-
Steinhoff US Holdings Inc.		68	-
Blue Group Hold Co Ltd		290	-
		<b>3 398</b>	<b>-</b>

**13. RELATED PARTY TRANSACTIONS (CONTINUED)****13.3 Loans and receivables**

	Notes	30 September 2020 €'000	30 September 2019 €'000
<b>Loans</b>			
<i>Current</i>			
SIN VH	a	156 117	185 833
SIH PL	c	3 188	3 795
Steinhoff Properties Proprietary Limited	c	–	473
Pepkor Trading Proprietary Limited	c	–	1 378
Steinbuild Doors and Building Materials Proprietary Limited	c	–	126
Unitrans Automotive Proprietary Limited	c	–	289
Steinhoff Europe AG (Switzerland) <sup>1</sup>	c	3 880	3 880
SUKGS	c	–	2 500
Steenbok Newco 6A Limited <sup>1</sup>	b	20 778	24 733
		<b>183 963</b>	<b>223 007</b>
Less: Impairment provision		<b>(27 846)</b>	<b>(33 703)</b>
		<b>156 117</b>	<b>189 304</b>
<b>Receivables</b>			
Newco 2A		315	–
Steenbok Newco 10 Limited		183	–
Ibex Retail Investments Limited		514	–
Conforama Holding S.A.		260	–
Steinhoff International Sourcing and Trading Limited		78	–
Hemisphere International Properties B.V.		226	–
Steinhoff UK Group Services Ltd		88	–
Steinhoff UK Holdings Ltd		156	–
Steinhoff Mobel Holding GmbH		154	–
AIH Investment Holding AG		230	–
Steinhoff Europe AG (Switzerland)		148	–
Steinhoff US Holdings Inc.		68	–
		<b>2 420</b>	<b>–</b>

<sup>1</sup> The loans receivable from companies within the European Group were deemed irrecoverable. The recoverability of these loans was assessed on the basis of the European Group's inability to repay the loans based on debt levels within the European Group exceeding the European Group's liquid or realisable assets post restatements. A forex adjustment of €0.6 million was recognised in the current period as well as an impairment reversal of €1.3 million.

**Notes**

- a The loan to SIN VH is unsecured, interest-free and is repayable on demand.
- b The loan to Steenbok Newco 6A is unsecured, carries interest at JIBAR plus 1.5% and is repayable on demand. Due to the loan being fully impaired, no interest was recognised.
- c All other loans bear no interest and have no fixed terms of repayment.



**13. RELATED PARTY TRANSACTIONS (CONTINUED)****13.3 Loans and receivables****Credit loss allowances**

30 September 2020	Internal credit rating	Basis of allowance	Gross carrying amount €'000	Loss Allowance €'000	Amortised cost €'000
SINVH	Performing	Lifetime ECL	156 117	–	156 117
SIHPL	Non-performing	12-month ECL	3 188	(3 188)	–
Steinhoff Europe AG (Switzerland)	Non-performing	12-month ECL	3 880	(3 880)	–
Steenbok Newco 6A Limited	Non-performing	12-month ECL	20 778	(20 778)	–
			<b>183 963</b>	<b>(27 846)</b>	<b>156 117</b>

30 September 2019	Internal credit rating	Basis of allowance	Gross carrying amount €'000	Loss Allowance €'000	Amortised cost €'000
SINVH	Performing	Lifetime EC	185 833	–	185 833
SIHPL	Non-performing	12-month ECL	3 795	(3 795)	–
Steinhoff Properties Proprietary Limited	Performing	12-month ECL	473	–	473
Pepkor Trading Proprietary Limited	Performing	12-month ECL	1 378	–	1 378
Steinbuild Doors and Building Materials Proprietary Limited	Performing	12-month ECL	126	–	126
Unitrans Automotive Proprietary Limited	Performing	12-month ECL	289	–	289
Steinhoff Europe AG (Switzerland)1	Non-performing	12-month ECL	3 880	(3 880)	–
SUKGS	Non-performing	12-month ECL	2 500	(1 295)	1 205
Steenbok Newco 6A Limited	Non-performing	12-month ECL	24 733	(24 733)	–
			<b>223 007</b>	<b>(33 703)</b>	<b>189 304</b>

**13. RELATED PARTY TRANSACTIONS (CONTINUED)****13.4 Loans payable**

	Notes	30 September 2020 €'000	30 September 2019 €'000
<i>Non-current</i>			
Steenbok Lux Finco 1 SARL	a	(12)	(12)
Steinhoff Africa	b	(219 222)	(260 949)
Newco 2A	c	(686 267)	(676 054)
		<b>(905 501)</b>	<b>(937 015)</b>
<i>Current</i>			
Steinhoff International Share Trust	d	-	(166)
Sherwood	d	-	(12)
		-	(178)
		<b>(905 501)</b>	<b>(937 193)</b>

**Notes**

- a The loan from Steenbok Lux Finco 1 SARL is unsecured, interest-free and is repayable on 12 August 2022.
- b The loan from Steinhoff Africa is unsecured, interest-free and is repayable on 31 December 2021.
- c The loan from Newco 2A is unsecured, accrues payment in kind interest at EURIBOR +1.33% per annum, with a minimum interest rate of 1.33% per annum, and is repayable on 31 December 2021.
- d All other loans are unsecured, bear no interest and have no fixed terms of repayment.

**13.5 Management and Supervisory Board members**

For details of the Management and Supervisory Board members, remuneration, share rights, interests of key management personnel in contracts and interest in Steinhoff N.V. ordinary share capital, please refer to note 31 and 32 of the Consolidated Financial Statements.

## 14. FINANCIAL RISK MANAGEMENT

The Management Board and executive team are responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively within the Company. The Company does not speculate in the trading of derivative or other financial instruments.

### 14.1 Total financial assets and liabilities

	Notes	Loans and receivables and other financial liabilities at carrying and fair value	
		30 September 2020 €'000	30 September 2019 €'000
Related party loans receivable	13.3	156 117	189 304
Trade receivables	7.1	2 429	–
Cash and cash equivalents	6	30 932	58 736
<b>Current financial assets</b>		<b>189 478</b>	<b>248 040</b>
Borrowings	9	(2 598 503)	(1 979 513)
Related party loans payable	13.4	(905 501)	(937 015)
<b>Non-current financial liabilities</b>		<b>(3 504 004)</b>	<b>(2 916 528)</b>
Other payables and accruals	10	(10 494)	(12 306)
Related party loans payable	13.4	–	(178)
<b>Current financial liabilities</b>		<b>(10 494)</b>	<b>(12 484)</b>
Realised and unrealised foreign exchange gains	2.2.1	9 321	4 810
Interest income	1	230	767

No items were classified as "at fair value through profit or loss" or "at fair value through other comprehensive income" during the 2020 Reporting Period.

The carrying amount of financial assets and liabilities approximates its fair value.

The fair value calculation of the financial assets and liabilities was performed at the Reporting Date. Between the Reporting Date and the date of this report, the fair values reported may have fluctuated with changing market conditions and therefore the fair values are not necessarily indicative of the amounts the Company could realise in the normal course of business subsequent to the Reporting Date.

### 14.2 Market risk

#### 14.2.1 Foreign currency risk

The financial assets and liabilities of the Company are denominated in the functional currency except for the following South African rand, British pounds and US dollars denominated related party loans receivable, related party loans payable, other payables and accruals, cash and cash equivalents and interest-bearing borrowings.

	Notes	British Pound €'000	SA Rands €'000	US dollars €'000
<b>30 September 2020</b>				
Related party loans receivable	13	–	156 117	–
Cash and cash equivalents		3 831	4 239	–
Other payables and accruals		(1 342)	(125)	–
Related party loans payable	13	–	(219 222)	–
		<b>2 489</b>	<b>(58 991)</b>	<b>–</b>
<b>30 September 2019</b>				
Related party loans receivable	13	1 205	189 628	–
Cash and cash equivalents		–	47	57 404
Other payables and accruals		(1 701)	(3 220)	(14)
Related party loans payable	13	–	(261 115)	–
		<b>(496)</b>	<b>(74 660)</b>	<b>57 390</b>

**14. FINANCIAL RISK MANAGEMENT (CONTINUED)****14.2 Market risk (continued)****14.2.1 Foreign currency risk (continued)**

The following significant exchange rates applied during the period and were used in calculating sensitivities:

	Forecast rate <sup>1</sup>	Forecast rate <sup>1</sup>	Reporting Date spot rate	Reporting Date spot rate
	30 September 2021	30 September 2020	30 September 2020	30 September 2019
South African rand: euro	19.8900	15.0000	19.7092	16.5576
US dollar: euro	1.1200	1.2000	1.1708	1.0889
British pound: euro	0.8700	0.8000	0.9124	0.8857

<sup>1</sup> The forecast rates represent a weighting of foreign currency rates forecasted by the major banks that the company transacts with regularly. These rates are not necessarily management's expectations of currency movements.

*Sensitivity analysis*

The table below indicates the Company's sensitivity at the Reporting Date to the movements in the rand, the US dollar and the British pound that the Company are exposed to on its financial instruments. The percentage given below represents a weighting of foreign currency rates forecasted by the major banks that the Company transacts with regularly. This analysis assumes that all other variables, in particular interest rates, remain constant.

The impact on the reported numbers, using the forecast rates as opposed to the Reporting Date spot rates is set out below.

	30 September 2020 €'000	30 September 2019 €'000
<i>Through profit/(loss)</i>		
Rand weakening by 0.9% (2019: strengthening by 9.4%) to the euro	541	(7 023)
US dollar strengthening by 4.3% (2019: weakening by 1.0%) to the euro	–	(5 855)
British pound strengthening by 4.7% (2019: strengthening by 6.3%) to the euro	116	(48)

If the foreign currencies were to weaken/strengthen against the euro, by the same percentages as set out in the table above, it would have an equal, but opposite, effect on profit or loss.

**14.2.2 Interest rate risk**

At the Reporting Date the interest rate profile of the Company's financial instruments was:

	Subject to interest rate movement				
	Variable South African (SA) prime €'000	Variable EURIBOR €'000	Fixed rate €'000	Non-interest bearing €'000	Total €'000
<b>30 September 2020</b>					
Current financial assets	4 239	–	26 693	158 546	189 478
Non-current financial liabilities	–	(686 267)	–	(2 817 737)	(3 504 004)
Current financial liabilities	–	–	–	(10 494)	(10 494)
	4 239	(686 267)	26 693	(2 669 685)	(3 325 020)
<b>30 September 2019</b>					
Current financial assets	47	–	58 689	189 304	248 040
Non-current financial liabilities	–	(676 054)	–	(2 240 474)	(2 916 528)
Current financial liabilities	–	–	–	(12 484)	(12 484)
	47	(676 054)	58 689	(2 063 654)	(2 680 972)

*Sensitivity analysis*

The Company is sensitive to movements in the SA prime rate and EURIBOR.

The sensitivities calculated are based on an increase of 100 basis points for each interest category. These rates are also used when reporting sensitivities internally to key management personnel.

**14. FINANCIAL RISK MANAGEMENT (CONTINUED)****14.2 Market risk (continued)****14.2.2 Interest rate risk (continued)**

	30 September 2020 €'000	30 September 2019 €'000
<i>Increase/(decrease) in pre-tax profit</i>		
SA prime – 100 basis point increase	42	–
EURIBOR – 100 basis point increase	(6 863)	(6 761)
	<b>(6 821)</b>	<b>(6 761)</b>

A 100 basis point decrease in the above rates would have an equal, but opposite, effect on profit or loss before tax.

**14.3 Credit risk**

	30 September 2020 €'000	30 September 2019 €'000
Potential concentration of credit risk consists principally of cash and cash equivalents, trade receivables and related party loans receivable. The Company deposits short-term cash surpluses with major banks of quality credit standing. At 30 September 2020, the Company did not consider there to be any significant concentration of credit risk which had not been adequately provided for.		
The carrying amounts of financial assets represent the maximum credit exposure.		
The maximum remaining exposure to credit risk at the Reporting Date, without taking account of the value of any collateral obtained was:		
Current financial assets (notes 6, 7.1 and 13.3)	<b>189 478</b>	248 040
The maximum exposure to credit risk at the Reporting Date by geographical region was (carrying amounts):		
Continental Europe	<b>25 291</b>	1 285
Southern Africa	<b>160 356</b>	188 146
United Kingdom	<b>3 831</b>	1 205
United States of America	–	57 404
	<b>189 478</b>	248 040

Refer to note 13.3 for impairment provisions relating to irrecoverable or past due loans.

**14.4 Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the entity could be required to pay its liabilities earlier than expected.

The Company manages liquidity risk by monitoring forecast cash flows and by ensuring that adequate borrowing facilities are available.

The following table details the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows:

	Notes	Within 1 year €'000	Years 2 – 5 €'000
<b>30 September 2020</b>			
Other payables and accruals	10	(10 494)	–
Related party loans payable	13.4	–	(905 501)
Borrowings	9	–	(2 598 503)
		<b>(10 494)</b>	<b>(3 504 004)</b>
<b>30 September 2019</b>			
Other payables and accruals	10	(12 306)	–
Related party loans payable	13.4	(178)	(937 015)
Borrowings	9	–	(1 979 513)
		<b>(12 484)</b>	<b>(2 916 528)</b>

**14.5 Capital risk management**

The capital structure of the Company consists of cash and cash equivalents and equity, comprising issued ordinary stated capital and accumulated losses as disclosed in the statement of changes in equity.

## 15. RECONCILIATION OF THE NET PROFIT AND SHAREHOLDERS' EQUITY OF THE COMPANY WITH THE CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2020

	Notes	30 September 2020		30 September 2019	
		Total equity €'000	Net loss for the period €'000	Total equity €'000	Net loss for the period €'000
<b>Company equity and net loss for the period</b>		<b>(2 400 038)</b>	<b>(1 498 355)</b>	(910 683)	4 434 761
Adjusted for:					
Elimination of intragroup transactions:					
Elimination of intragroup dividends received	1	-	-	(3 552)	(3 552)
Elimination of impairment of subsidiaries	2.2.2	454 050	454 050	9 322	9 322
Elimination of impairment reversal of intragroup loans receivable	2.2.3	(1 295)	(1 295)	-	-
Elimination of remeasurement/recognition of financial liabilities	2.2.4 & 2.2.5	618 990	618 990	1 916 320	1 916 320
Elimination of derecognition of financial liabilities	2.2.6	-	-	(6 391 751)	(6 391 751)
Share of subsidiaries consolidated loss for the period		(1 854 390)	(1 854 390)	(1 587 100)	(1 587 100)
Share of subsidiaries consolidated other comprehensive income for the period		(610 000)	-	109 000	-
Movement in treasury shares		-	-	(890)	-
Other reserve movements		(42 000)	-	(279 000)	-
Effect of adopting IFRS 9 – Financial Instruments, net of taxation		-	-	(58 000)	-
Effect of adopting IFRS 16 – Leases		(78 000)	-	-	-
Effect of adopting IFRIC 23 – Uncertainty over Income Tax Treatments		98 000	-	-	-
Prior period share of subsidiaries consolidated total comprehensive (loss)/income for the period and other reserve movements		(1 460 317)	-	4 825 334	-
<b>Group equity and loss after tax for the period attributable to owners of Steinhoff N.V.</b>		<b>(5 275 000)</b>	<b>(2 272 000)</b>	(2 371 000)	(1 622 000)

## 16. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Company is engaged in a number of legal proceedings. Refer to note 24 and 36 of the Consolidated Financial Statements for a detailed overview of these proceedings.

Refer to note 36 of the Consolidated Financial Statements for other events occurring after the Reporting Period.

## 17. PRINCIPAL SUBSIDIARIES

The statutory list of all subsidiaries and affiliated companies, prepared in accordance with the relevant legal requirements (Dutch Civil Code, Book 2, section 379), forms part of the notes to the 2020 Separate Financial Statements and is included herein as an Annexure included under Other Information: Statutory List of all Subsidiaries.

# OTHER INFORMATION

# INDEPENDENT AUDITOR'S REPORT

## FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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To the Annual General Meeting of shareholders and Supervisory Board of Steinhoff International Holdings N.V.

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020 INCLUDED IN THE ANNUAL REPORT

#### Disclaimer of opinion

We do not express an opinion on the consolidated and separate financial statements for the year ended 30 September 2020 (hereafter "financial statements") of Steinhoff International Holdings N.V. (the "Company"). Due to the significance of the matters described in the 'Basis for our disclaimer of opinion' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements as a whole.

#### What is our engagement

We are engaged to audit the accompanying financial statements for the year ended 30 September 2020 of the Company, based in Amsterdam, the Netherlands. The financial statements include the consolidated financial statements and the separate financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 30 September 2020;
2. the following statements for the year ended 30 September 2020: the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The separate financial statements comprise:

1. the separate statement of financial position as at 30 September 2020;
2. the following statements for the year ended 30 September 2020: the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

#### Basis for our disclaimer of opinion

##### Introduction

The Management Board (hereafter "management") and the Supervisory Board have elaborated in the Annual Report on the exceptional circumstances under which the 2017, 2018 and 2019 financial statements have been prepared. In preparing these financial statements management was required to make significant judgements, as they described in the basis of preparation of these financial statements. Significant judgements continue to apply when management prepared the 2020 financial statements. As a result, there remain uncertainties that potentially interact with each other and for which the cumulative effect could be significant to these financial statements as a whole. We have not been able to gain sufficient appropriate audit evidence for these uncertainties as well as the other issues described below, which is the basis for our disclaimer of opinion.

##### Material uncertainty related to going concern

We emphasize that the term loan facilities resulting from the implementation of the CVAs has a maturity date of 31 December 2021. The Company has the right, subject to approval by a simple majority creditor vote, to request an interim extension of this maturity date until 31 December 2022. A further term extension to 30 June 2023 will become effective upon settlement effective date of the litigation settlement proposal, with a potential further 6 months extension to 31 December 2023, subject to approval by a simple majority creditor vote.



Management has considered this, together with other critical judgements, as the basis to assess the Company's ability to continue as a going concern. Management has prepared these financial statements on the basis of going concern. Management has included this assessment, and the associated uncertainties for Litigation and Regulation, in the basis of preparation of the 2020 financial statements (Going concern), in which they have concluded that certain facts mentioned, cast significant doubt upon the Company's ability to continue as a going concern beyond the foreseeable future.

#### **Material uncertainty with respect to litigation**

Following the public announcement on 5 December 2017 and the subsequent sharp decline in the stock price of the Company's share, the Company has received several claims from investors, which have been described in basis of preparation (Litigation and Regulation) and note 23 and 24.3.

Although management has made a public offer to settle these claims and provided for the quantum of litigation settlement proposal in the current year, a material uncertainty remains regarding the outcome of the court processes in South Africa (so called "s155") and the Netherlands (so called "Suspension of Payments"). In the case of unfavourable decisions by the courts to implement the relevant schemes or the potential ruling by courts outside of the settlement proposal, the additional outflows of cash could be considerable and may impact the going concern assumption, the determination of the shortfall of the Contingent Payment Undertakings and settlement provisions made in relation to the settlement proposal.

#### **Audit evidence of Conforama (2019)**

In the 2019 Reporting Period, we were unable to obtain sufficient and appropriate audit evidence regarding to the sales in the amount of €2.2 billion and cost of sales in the amount of €1.4 billion of Conforama France. This was due to the appointment as auditor after year end, the COVID-19 pandemic and the inaccessibility of transaction documents.

Due to the possible effects of the unresolved matter on the comparability of the current period's figures and the corresponding figures, the disclaimer of opinion on the sales and cost of sales of Conforama France (which is included in the 2020 Reporting Period as discontinued operations of the Company) remains.

#### **Audit evidence of the foreign currency translation reserve**

This uncertainty is due to the restatement process concluded as part of the FY2015, FY2016 and FY2017 financial statements. More specific it relates to the allocation of the foreign currency translation reserve to the European foreign operations included in the opening balance for FY2018. This uncertainty is not relevant to movements within the foreign currency translation reserve from FY2018 to the current reporting period. In note 27 (Nature and purpose of reserves) the composition of the foreign currency translation reserve and the split between Other Comprehensive Income and income for the period covered by these financial statements has been described. Consequently, we were unable to obtain sufficient appropriate audit evidence on the closing balance of foreign currency translation reserve as at 30 September 2020. Refer to note 27 and 1.2.3.

## **EMPHASIS OF MATTERS**

#### **Control conclusions on certain entities**

We draw your attention to the basis of preparation to the financial statements (Consolidation decisions) which describes the conclusions from management's assessment that the Company has control over certain investments in Europe (Newco 3 and Conforama). The control assessment involved numerous complex and subjective judgements.

#### **Contingent payment undertakings (CPU) valuation in the separate financial statements**

We draw your attention to note 9 to the separate financial statements which describes the uncertainties related to the accounting treatment of the CPU in respect of certain debts of European subsidiaries. The Company recognised a financial liability equal to the shortfall, being the difference of the outstanding external debt and the fair value of the underlying investments and assets. The shortfall is subject to significant judgements and contains various assumptions and excludes the impact of the material uncertainty with respect to litigation.

#### **Uncertain tax positions**

We draw your attention to note 6 Taxation to the financial statements which describes the uncertain tax positions in relation to the accounting irregularities in the past. Although the potential cash outflows can be significant, it is management's view that the tax risk is no longer considered a material uncertainty in relation to the going concern assessment. These uncertain tax positions have been presented as tax contingencies.

## **REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

In addition to the financial statements and our auditor's report thereon, the Annual Report contain other information that consists of:

- Introduction
- Report of the Management Board;
- Corporate governance report;
- Report of the Supervisory Board;
- Remuneration report;
- Annexures – Other information.

Management is responsible for the preparation of other information, including the Report of the Management Board in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We were engaged to read the other information and, based on our knowledge and understanding to be obtained through our audit of the financial statements or otherwise, to consider whether the other information contains material misstatements.

Due to the significance of the matters described in the 'Basis for our disclaimer of opinion' section, we have not been able to conclude in accordance with Part 9 of Book 2 of the Civil Code whether or not the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Engagement

We were engaged by the Supervisory Board as auditor of Steinhoff International Holdings N.V. on 12 November 2019, as of the audit for the year 30 September 2019 and have operated as statutory auditor ever since that financial year.

### No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

## DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

### Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements 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.

Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

### Our responsibilities for the audit of the financial statements

Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with Dutch law, including the Dutch Standards on Auditing. However, due to the matters described in the 'Basis for our disclaimer of opinion' paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

We are independent of Steinhoff International Holdings N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

Rotterdam, 26 February 2021

**MAZARS ACCOUNTANTS N.V.**

O. Opzitter RA

## ARTICLES OF ASSOCIATION PROVISIONS GOVERNING THE DISTRIBUTION OF PROFIT

The holders of ordinary shares are entitled to one vote per share and to participate in the distribution of dividends and liquidation proceeds.

Pursuant to section 35 of the Articles of Association, a dividend may be declared out of net income after appropriation to increase and/or from reserves. The allocation of profit remaining after reservations deemed necessary by the Supervisory Board, in consultation with the Management Board, will then be available for distribution to the ordinary shareholders subject to approval at the General Meeting.

The Management Board, with the approval of the Supervisory Board, may propose that the General Meeting make distributions wholly or partly in the form of ordinary shares.

Distributions on shares may be made only up to an amount which does not exceed the amount of the distributable equity.

The Management Board, with the approval of the Supervisory Board may declare an interim

dividend which does not exceed the amount of the distributable equity.

A preference share shall entitle the holder thereof to a distribution of profit of an amount per preference share that is equal to the amount that shall be distributed per ordinary share to the holder thereof, plus a premium per preference share of a percentage equal to one per cent calculated over the aforementioned amount of profit that shall be distributed per ordinary share. This percentage may at the time of issue of preference share concerned be increased up to a maximum of ten per cent. Amounts of net income not paid in the form of dividends will be added to the retained earnings.

## DISTRIBUTION OF PROFIT

Given the Group's ongoing liquidity constraints, the negative reserves and the non-adoption of the 2019 Annual Financial Statements, the Management Board, with the approval of the Supervisory Board, has resolved not to propose dividends on the Ordinary Shares for the 2020 Reporting Period.

# LIST OF BRANCHES

The table below lists all branches of the Company as well as of all Subsidiaries whose results were consolidated during the Reporting Period.

BRANCH	PLACE OF BRANCH	COUNTRY OF BRANCH	REGISTER OF BRANCH
<b>GROUP: SISL</b>			
Steinhoff International Sourcing and Trading Ltd.	Hong Kong	China (Hong Kong)	2461089
Steinhoff International Sourcing Ltd.	Hong Kong	China (Hong Kong)	644662
Steinhoff International Trading Services Ltd.	Hong Kong	China (Hong Kong)	2463978
Steinhoff International Investment HK Ltd	Hong Kong	China (Hong Kong)	2584507
Steinhoff International Sourcing Ltd – India RO	Gurgaon	India	F04370
Steinhoff International Sourcing Ltd – Indonesia RO	Jakarta	Indonesia	28/1/IUP3A-T/P-4/Nas/2017
Steinhoff International Sourcing Ltd – Pakistan RO	Karachi	Pakistan	03.078.508.3-011.000
Steinhoff International Sourcing Ltd – Vietnam RO	Ho Chi Minh City	Vietnam	79-02944-01
Steinhoff International Sourcing (Shenzhen) Ltd.	Shenzhen	China	914403000589890340
Steinhoff International Sourcing (Shanghai) Ltd.	Shanghai	China	91310000MA1GBH5W31
Steinhoff International Sourcing India Private Limited	Gurgaon	India	U74999HR2019FTC081761
<b>GROUP: STEINHOFF UK</b>			
Steinhoff Europe AG	Cheltenham	UK	BR020565
Steinhoff Finance Holding GmbH	Cheltenham	UK	BR020564
Steenbok Newco 5 Limited	London	UK	BR021702
Steenbok Newco 1 Limited	London	UK	BR021700
Steenbok Newco 10 Sarl	London	UK	BR022038
Steenbok Newco 2A Limited	London	UK	BR021701
Ibex Retail Investments Limited	London	UK	BR021703
Retail Holdings Sarl *	Zug	Switzerland	CHE-110.261.548
<b>GROUP: CONFORAMA</b>			
Divisov (Conforama Suisse)	Mechnov 33 – 25726 Divisov	Czech Republic	VAT no: CZ68421776
<b>GROUP: PEPKO</b>			
Fully Sun China Limited – Bangladesh	Bangladesh	Bangladesh	TIN- 4404-3933-6667
Fully Sun China Limited – Taiwan	Taiwan	Taiwan	Reg no 53665194
Isle of Man	Isle of Man	UK (Isle of Man)	Tax reference No: C145894-73
Ireland	Ireland	UK (Ireland)	Tax reference: 9798866A

\* NOTE: there is one Swiss branch for legal purposes which has two "legs" for tax purposes (the IP branch and the Finance branch). The IP branch was effectively liquidated before 30 September 2020.

ORIGIN ENTITY	COUNTRY OF ORIGIN ENTITY	VALID FOR FY2019	VALID FOR FY2020
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Investment HK Ltd	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	N
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff International Sourcing and Trading Ltd.	China (Hong Kong)	Y	Y
Steinhoff Europe AG	Austria	Y	Y
Steinhoff Finance Holding GmbH	Austria	Y	Y
Steenbok Newco 5 Limited	Jersey	Y	Y
Steenbok Newco 1 Limited	Jersey	Y	Y
Steenbok Newco 10 Sarl	Luxembourg	Y	Y
Steenbok Newco 2A Limited	Jersey	Y	Y
Ibex Retail Investments Limited	Jersey	Y	Y
Retail Holdings sarl	Luxembourg	Y	Y
Conforama Suisse	Switzerland	Y	N
Fully Sun China Limited (HK)	China (Hong Kong)	Y	Y
Fully Sun China Limited (HK)	China (Hong Kong)	Y	Y
Poundland Limited	UK	Y	Y
Poundland Limited	UK	Y	Y

September 2019. The Finance branch was effectively liquidated on 25 March 2020. The deregistration of the Swiss branch is currently pending.

# STATUTORY LIST OF ALL SUBSIDIARIES AND AFFILIATED COMPANIES

as at 30 September 2020

This list forms part of the notes to the 2020 separate financial statements and has been referenced therein.

Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
Genesis Investment Gamma GmbH	AUT	FN 381969 w	100%	2345 Brunn am Gebirge, Rennweg 77	Y	Y
Steenbok Newco 1 Ltd (Jersey)	JEY	127918	100%	3rd Floor 44 Esplanade, St Helier, Jersey, JE4 9WG	Y	Y
Steenbok Newco 2A Ltd (Jersey)	JEY	127926	100%	3rd Floor 44 Esplanade, St Helier, Jersey, JE4 9WG	Y	Y
Steenbok Newco 2B Ltd (UK)	GBR	11728129	100%	Pall Mall Works, 17-19 Cockspur Street, London, SW1Y 5BL	Y	Y
Steenbok Newco 3 Ltd (UK)	GBR	11728460	100%	Pall Mall Works, 17-19 Cockspur Street, London, SW1Y 5BL	Y	Y
Steenbok Newco 4 Ltd (UK)	GBR	11728633	100%	Pall Mall Works, 17-19 Cockspur Street, London, SW1Y 5BL	Y	Y
Steinhoff Möbel Holding Alpha GmbH	AUT	FN 202439 f	100%	2345 Brunn am Gebirge, Rennweg 77	Y	Y
Steinhoff Europe AG	AUT	FN 38031 d	100%	Pall Mall Works, 17-19 Cockspur Street, London, SW1Y 5BL	Y	Y
Steenbok Newco 10 SARL (LUX)	LUX	B 235 929	100%	56 rue Charles Martel, Luxembourg, 230883	Y	Y
Pada Sp. z o.o. (in process of liquidation)	POL	KRS 0000020830	92%	ul. Ruska 37/38, 50-079 Wroclaw, Poland	Y	Y
Steinhoff Service GmbH	DEU	HR B 121300	100%	26655 Westerstede, Zum Stadtpark 2	Y	Y
Steinhoff Europe Consult Sp. z o.o.	POL	KRS 0000013715	100%	ul. Ruska 37/38, 50-079 Wroclaw, Poland	Y	Y
Steenbok Newco 5 Ltd (Jersey)	JEY	127924	100%	3rd Floor 44 Esplanade, St Helier, Jersey, JE4 9WG	Y	Y
Steenbok Lux Finco 2 SARL (LUX)	LUX	B 230 871	100%	56 rue Charles Martel, Luxembourg, 230883	Y	Y
Ibex Retail Investments Limited (previously Steenbok Newco 6A Ltd (Jersey))	JEY	127930	100%	3rd Floor 44 Esplanade, St Helier, Jersey, JE4 9WG	Y	Y
European Furniture New Holdco Limited	GBR	12899076	100%	Pall Mall Works, 17-19 Cockspur Street, London, SW1Y 5BL	N	Y
APAC Holdco Limited	GBR	12899054	100%	Pall Mall Works, 17-19 Cockspur Street, London, SW1Y 5BL	N	Y
Greenlit Brands Pty Ltd. (formerly Steinhoff Asia Pacific Group Holdings Pty Ltd.)	AUS	612 890 874	100%	Steinhoff Asia Pacific, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Greenlit Brands Household Goods Pty Ltd (previously Steinhoff Asia Pacific Holding Pty Ltd)	AUS	105 828 957	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Greenlit Brands Corporate Solutions Pty Ltd	AUS	108395651 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
GLB Household Good IP Company Pty Ltd (previously Asteria Australia Pty Ltd)	AUS	080461338 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Futuresleep Pty Ltd (previously Steinhoff Bedding Australia Pty Ltd)	AUS	602775959 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Freedom Furniture Australia Pty Ltd (previously Steinhoff Asia Pacific Pty Ltd)	AUS	051 493 764	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Freedom Brands Pty Ltd.	AUS	105100525 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Freedom Bedroom Pty Ltd.	AUS	055781069 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
FGL Property Discretionary Trust	AUS		100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
F.G.L. Property Tee Pty Ltd	AUS	111 023 299	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Bossaninja Pty Ltd.	AUS	060569593 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Big Brand Outlet Pty Ltd.	AUS	104 924 129	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Bayswiss Pty Ltd.	AUS	086409869 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y

**OTHER INFORMATION // Statutory list of all subsidiaries and affiliated companies as at 30 September 2020** continued

This list forms part of the notes to the 2020 separate financial statements and has been referenced therein.

Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
Swiss Delicatessen & Restaurant Pty Ltd.	AUS	003323117 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Swiss Deli Retail Pty Ltd.	AUS	075854572 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Reconquista Pty Ltd.	AUS	064817223 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Beyond the Square Promotions Pty Ltd.	AUS	070951343 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Bayteak Pty Ltd.	AUS	068270575 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Bay Leather Republic Pty Ltd.	AUS	099 553 036	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Aigls Pty Ltd.	AUS	079371654 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
A.C.N. 115 732 315 Pty Ltd (previously Freedom Furniture Australia Pty Ltd)	AUS	115 732 315	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Unitrans Asia Pacific Pty Ltd.	AUS	096 249 393	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Steinhoff Pacific Pty Ltd.	AUS	097 115 369	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Steinhoff Australia Pty Ltd.	AUS	080 752 807	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Snooze Sleep Well Pty Ltd.	AUS	006 298 755	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Snooze Management Pty Ltd.	AUS	006 232 720	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Prosequi Pty Ltd.	AUS	055371625 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Panda Sofa Pty Ltd.	AUS	081 479 656	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Lonaka Manufacturing Pty Ltd.	AUS	051752124 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
G&G Furniture Imports Pty Ltd.	AUS	092 130 688	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Freedom Unit Trust	AUS	59620954087 (ABN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Freedom Properties Holding Ltd.	AUS	103605474 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Moore Park Bedding Pty Ltd.	AUS	103605456 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Freedom Property WA No.2 Pty Ltd.	AUS	103605349 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Freedom Home & Cafe Pty Ltd.	AUS	124 661 409	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Freedom Furniture Partnership	AUS		100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Freedom Furniture New Zealand Ltd.	NZL	1334871	100%	New Zealand	Y	Y
Fantastic Holdings Pty Ltd (previously Fantastic Holdings Limited)	AUS	004 000 075	100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y
Fantastic Holdings Performance Hurdle Employee Share Trust	AUS		100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y
Fantastic Furniture Share Plan Pty Limited	AUS	094 240 874	100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y
Fantastic Furniture Pty Limited	AUS	003 688 855	100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y
Fantastic Furniture (Licensing) Pty Limited	AUS	074 780 555	100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y
Fantastic Furniture Limited	NZL	1015180	100%	New Zealand	Y	Y
Fantastic Furniture – The Package Deal Kings Limited	NZL	1015185	100%	New Zealand	Y	Y
Fantastic Dandenong Property Trust	AUS	ABN 15 782 170 944	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
FHL Distribution Centre Pty Limited	AUS	114 853 315	100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y
Best Buy Furniture Pty Limited	AUS	158 159 230	100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y
White Label Investments Pty Ltd	AUS	129 690 160	100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y
White Label Innovations Pty Ltd	AUS	129 691 443	100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y
State Marketing and Innovation Corporation Pty Ltd	AUS	129 691 158	100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y



**OTHER INFORMATION // Statutory list of all subsidiaries and affiliated companies as at 30 September 2020** continued

This list forms part of the notes to the 2020 separate financial statements and has been referenced therein.

Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
The Package Deal Kings Pty Ltd	AUS	085825912	100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y
Royal Comfort Bedding Pty Ltd	AUS	120 315 068	100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y
Plush - Think Sofas Pty Limited	AUS	080 012 595	100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y
Original Mattress Factory Pty Limited	AUS	116 339 470	100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y
Fantastic Property Pty Limited	AUS	109 359 122	100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y
Fantastic Metal Furniture Manufacturers Pty Limited	AUS	080 586 983	100%	62 Hume Highway, Chullora NSW 2190, Australia	Y	Y
Fantastic Manufacturing Vietnam Company Ltd (previously Cong Ty TNHH Fantastic Manufacturing (VN))	VNM	502043000224	100%	Vietnam	Y	Y
Bravoscar Wholesaling Pty Ltd.	AUS	108395633 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Bravoscar Finance Company Pty Ltd.	AUS	107 085 325	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Unitrans Unit Trust	AUS		100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Unitrans Property Pty Ltd.	AUS	611000321 (ACN)	100%	Steinhoff Asia Pacific, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Steinhoff Commercial Holdings Pty Ltd.	AUS	108481821 (ACN)	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
POCO Australia Pty Ltd	AUS	109 214 495	100%	Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia	Y	Y
Steenbok Newco 6 Ltd (UK)	GBR	11728916	100%	Pall Mall Works, 17-19 Cockspur Street, London, SW1Y 5BL	Y	Y
Norfolk Reinsurance Company Ltd	BMU	26416	100%		Y	Y
Lidstone Investments SA	BEL	0477.506.650	100%		Y	Y
LiVest Management GmbH & Co. KG	DEU	HR A 3438	100%	26655 Westerstedede, Zum Stadtpark 2	Y	Y
LiVest GmbH	DEU	HR B 5991	99,99%	26655 Westerstedede, Zum Stadtpark 2	Y	Y
LiVest Management Verwaltungs GmbH	DEU	HR B 6479	100%	59192 Bergkamen, Industriestraße 39	Y	Y
Genesis Investment Holding GmbH	AUT	FN 392734 a	100%	2345 Brunn am Gebirge, Rennweg 77	Y	Y
Genesis Branding Holding AG	AUT	FN 381078 i	100%	2345 Brunn am Gebirge, Rennweg 77	Y	Y
Steinhoff Global Investments GmbH	AUT	FN 359664 v	100%	2345 Brunn am Gebirge, Rennweg 77	Y	Y
Steinhoff Retail GmbH	AUT	FN 328490 z	100%	2345 Brunn am Gebirge, Rennweg 77	Y	Y
GT Branding Holding SA	CHE	CHE-250.489.667	100%	Avenue de la Gare 46b, 1920 Martigny, Switzerland	Y	Y
GT Global Trademarks SA	CHE	CHE-112.398.098	100%	Avenue de la Gare 46b, 1920 Martigny, Switzerland	Y	Y
White Rock Insurance (Gibraltar) PCC Ltd.	GIB	83887	100%		Y	Y
Steinhoff Möbel Holding GmbH	AUT	FN 216023 g	100%	2345 Brunn am Gebirge, Rennweg 77	Y	Y
Steinhoff Eta GmbH	DEU	HR B 121276	100%	26655 Westerstedede, Zum Stadtpark 2	Y	Y
SBG Service GmbH	DEU	HR B 229923	100%	26655 Westerstedede, Zum Stadtpark 2	Y	Y
Pike Sp. z o.o. (previously Global Warehouse and Logistics Sp. z o.o.)	POL	KRS 0000492122	100%	ul. Ruska 37/38, 50-079 Wroclaw, Poland	Y	Y
Nova Engineering sp. z o.o	POL		100%	ul. Ruska 37/38, 50-079 Wroclaw, Poland	Y	Y
Pat Cornick International B.V.	NLD	KvK 33238663	100%	Noord Brabantlaan 265, Eindhoven, 5652 LD, Netherlands	Y	Y
LTW Transport GmbH	DEU	HR B 121277	100%	26655 Westerstedede, Zum Stadtpark 2	Y	Y
Global Warehouse and Logistics West GmbH	DEU	HR B 14908	100%	26655 Westerstedede, Zum Stadtpark 2	Y	Y
Global Warehouse and Logistics Service GmbH	DEU	HR B 209015	100%	26655 Westerstedede, Zum Stadtpark 2	Y	Y
Global Warehouse and Logistics GmbH	DEU	HR B 405797	100%	26655 Westerstedede, Zum Stadtpark 2	Y	Y
Global Warehouse and Logistics AG	CHE	CH-170.3.039.166-1	100%	Switzerland	Y	Y
WL Westersteder Lagerhaus GmbH	DEU	HR B 201637	100%	26655 Westerstedede, Zum Stadtpark 2	Y	Y
Westersteder ST GmbH (previously Bruno Steinhoff Trading GmbH)	DEU	HR B 120856	100%		Y	Y
Steinhoff Schweiz AG	CHE	CH-170.3.026.394-1	100%	Switzerland	Y	Y
Steinhoff International Sourcing and Logistics Poland Sp. z o.o.	POL	KRS 0000163475	100%	Poland	Y	Y
Steinhoff International Sourcing and Trading Ltd.	HKG	CR 2461089	100%	19/F, Seaview Commercial Building, 21-24 Connaught Road West, Hongkong	Y	Y
Steinhoff International Sourcing Ltd.	HKG	CR 0644662	100%	19/F, Seaview Commercial Building, 21-24 Connaught Road West, Hongkong	Y	Y
Steinhoff International Sourcing Limited - Vietnam RO	VNM	79-02944-01	100%	5A Tong Huu Dinh Str., Thao Dien Ward, Dist. 2, Ho Chi Minh City, Vietnam	Y	Y
Steinhoff International Sourcing Limited - Pakistan RO	PAK	0073941	100%	Cavish Court, A-35, Block 7 & 8, KCHSU, Shahr-e-Faisal, Karachi	Y	Y



**OTHER INFORMATION // Statutory list of all subsidiaries and affiliated companies as at 30 September 2020** continued

This list forms part of the notes to the 2020 separate financial statements and has been referenced therein.

Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
Steinhoff International Sourcing Limited - Indonesia RO	IDN	28/1/IUP3A-T/P-4/Nas/2017	100%	Chase Plaza Podium 2nd Floor, Jl. Jend. Sudirman Kav.21 Jakarta 12920 Indonesia	Y	Y
Steinhoff International Sourcing India Private Limited	IND	U74999HR2019FTC081761	100%	India	N	Y
Steinhoff International Sourcing (Shenzhen) Ltd.	CHN	440301503446654	100%	3/F Tower 2, Shenzhen Beihang Mansion, No. 53, Gaoxin South 9th road, Nanshan District, Shenzhen, China	Y	Y
Steinhoff International Sourcing (Shanghai) Ltd.	CHN		100%	Room 710, Block T1, Venke Zone One, No 168 Tai Hong Road, Minhang District, Shanghai, P.R. China	Y	Y
Steinhoff International Trading Services Ltd	HKG	CR 2463978	100%	19/F, Seaview Commercial Building, 21-24 Connaught Road West, Hongkong	Y	Y
Steinhoff Europe AG (Switzerland)	CHE	CH-130.0.009.701-2	100%	Sihlbruggstrasse 105, 6340 Baar, Switzerland	Y	Y
Retail Interests Ltd.	GBR	00054380	100%	Pall Mall Works, 17-19 Cockspur Street, London, SW1Y 5BL	Y	Y
JWC (Int) Ltd.	GBR	05468786	100%	4th Floor Pall Mall Works, 17 - 19 Cockspur Street, London, England, SW1Y 5BL	Y	Y
Steinhoff Digital GmbH	DEU	HR B 225441	100%	26655 Westerstede, Zum Stadtpark 2	Y	Y
Steenbok Newco 9 Ltd (UK)	GBR	11729105	100%	Pall Mall Works, 17-19 Cockspur Street, London, SW1Y 5BL	Y	Y
Stripes US Holding, Inc.	USA	6114835	50.1%	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	Y
Mattress Firm Holding Corp.	USA	4280344	100%	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	Y
Mattress Holdco, Inc.	USA	4277595	100%	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	Y
Mattress Holding Corp.	USA	3580672	100%	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	Y
Mattress Firm, Inc.	USA	3577556	100%	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	Y
Mattress Firm - Arizona, LLC	USA	L-1077824-3	100%	3800 N CENTRAL AVE SUITE 460, PHOENIX, AZ 85012	Y	Y
Maggies Enterprises, LLC	USA	S354948-4	100%	C T CORPORATION SYSTEM, 4701 Cox Rd Ste 285, Glen Allen VA 23060	Y	Y
HMK Mattress Holdings, LLC	USA	5106196	100%	CORPORATION SERVICE COMPANY, 251 LITTLE FALLS DRIVE, WILMINGTON, DE 19808	Y	Y
HMK Intermediate Holdings, LLC	USA	5111362	100%	CORPORATION SERVICE COMPANY, 251 LITTLE FALLS DRIVE, WILMINGTON, DE 19808	Y	Y
Dial Operations, LLC	USA	4840559	100%	CORPORATION SERVICE COMPANY, 80 STATE STREET, ALBANY, NEW YORK, 12207-2543	Y	Y
1800mattress.com, LLC	USA	3777268	100%	CORPORATION SERVICE COMPANY, 80 STATE STREET, ALBANY, NEW YORK, 12207-2543	Y	Y
1800mattress.com IP, LLC	USA	3777266	100%	CORPORATION SERVICE COMPANY, 80 STATE STREET, ALBANY, NEW YORK, 12207-2543	Y	Y
Acker Realty Holdings, LLC	USA	2594196	100%	CORPORATION SERVICE COMPANY, 80 STATE STREET, ALBANY, NEW YORK, 12207-2543	Y	Y
669 Sunrise Realty, LLC	USA	2341422	100%	CORPORATION SERVICE COMPANY, 80 STATE STREET, ALBANY, NEW YORK, 12207-2543	Y	Y
45 South York Associates, LLC	USA	2785428	100%	CORPORATION SERVICE COMPANY, 80 STATE STREET, ALBANY, NEW YORK, 12207-2543	Y	Y
1520 Sunrise Highway, LLC	USA	2441495	100%	C/O SLEEPY'S, INC., 175 CENTRAL AVENUE SOUTH, BETHPAGE, NEW YORK, 11714	Y	Y
Whitehall Management Partners, LLC	USA	2959805	100%	CORPORATION SERVICE COMPANY, 2595 Interstate Drive, Suite 103, Harrisburg, PA 17110	Y	Y
Viewmont Drive Realty, LLC	USA	605162	100%	CORPORATION SERVICE COMPANY, 2595 Interstate Drive, Suite 103, Harrisburg, PA 17110	Y	Y
South Oyster Bay Realty, LLC	USA	3389116	100%	CORPORATION SERVICE COMPANY, 80 STATE STREET, ALBANY, NEW YORK, 12207-2543	Y	Y
Scranton Avenue Associates, LLC	USA	3434068	100%	CORPORATION SERVICE COMPANY, 80 STATE STREET, ALBANY, NEW YORK, 12207-2543	Y	Y
Route 352 Management Partners, LLC	USA	569704	100%	CORPORATION SERVICE COMPANY, 2595 Interstate Drive, Suite 103, Harrisburg, PA 17110	Y	Y
Robbinsville 7A Warehouse Group, LLC	USA	0600160138	100%	CORPORATION SERVICE COMPANY, Princeton South Corporate Ctr., Suite 160, 100 Charles Ewing Blvd, Ewing, NJ 08628	Y	Y

**OTHER INFORMATION // Statutory list of all subsidiaries and affiliated companies as at 30 September 2020** continued

This list forms part of the notes to the 2020 separate financial statements and has been referenced therein.

Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
Maple Shade Partners, LLC	USA	0600086359	100%	CORPORATION SERVICE COMPANY, Princeton South Corporate Ctr., Suite 160, 100 Charles Ewing Blvd, Ewing, NJ 08628	Y	Y
Hazlet Partners, LLC	USA	0600106166	100%	CORPORATION SERVICE COMPANY, Princeton South Corporate Ctr., Suite 160, 100 Charles Ewing Blvd, Ewing, NJ 08628	Y	Y
Craftsman Realty, LLC	USA	0766481	100%	CORPORATION SERVICE COMPANY, 50 WESTON ST, HARTFORD, CT, 06120	Y	Y
Bethlehem Pike Realty, LLC	USA	3076997	100%	CORPORATION SERVICE COMPANY, 2595 Interstate Drive, Suite 103, Harrisburg, PA 17110	Y	Y
Aramingo Avenue Associates, LLC	USA	2785430	100%	CORPORATION SERVICE COMPANY, 2595 Interstate Drive, Suite 103, Harrisburg, PA 17110	Y	Y
Sleepys, LLC	USA	4327760	100%	CORPORATION SERVICE COMPANY, 251 LITTLE FALLS DRIVE, WILMINGTON, DE 19808	Y	Y
SINT, LLC	USA	4327737	100%	CORPORATION SERVICE COMPANY, 251 LITTLE FALLS DRIVE, WILMINGTON, DE 19808	Y	Y
MD Acquisition, LLC	USA	5237507	100%	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	Y
Mattress Discounters Operations, LLC	USA	5241000	100%	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	Y
Mattress Discounters IP, LLC	USA	5239543	100%	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	Y
Mattress Discounters Group, LLC	USA	S2754036	100%	CORPORATION SERVICE COMPANY, 100 Shockoe Slip Fl 2, Richmond VA 23219	Y	Y
Custom Fundraising Solutions, LLC	USA	1769508	100%	28711 NORTH, LINCOLN ROAD, BAY VILLAGE OH 4140	Y	Y
CXV Holdings, LLC	USA	5122848	100%	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	Y
CCP IV SBS Holdings, LLC	USA	5122844	100%	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	Y
CCP IV Holdings, LLC	USA	5122846	100%	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	Y
American Internet Sales, LLC	USA	5319077	100%	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	Y
The Sleep Train, Inc.	USA	C1277162	100%	818 W Seventh St, Suite 930, Los Angeles, CA 90017	Y	Y
ST San Diego, LLC	USA	200136210056	100%	818 W Seventh St, Suite 930, Los Angeles, CA 90017	Y	Y
Sleep Country USA, LLC	USA	1785936	100%	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	Y
The Mattress Venture, LLC	USA	800930049	100%	350 North St. Paul, Dallas, TX 75201	Y	Y
Mattress Giant Corporation	USA	122977500	100%	1445 Ross Avenue, Suite 3500, Dallas, TX 75202	Y	Y
Pepco Holdco Limited	GBR	12899084	100%		N	Y
Steenbok Newco 7 Ltd (UK)	GBR	11729104	100%	Pall Mall Works, 17-19 Cockspur Street, London, SW1Y 5BL	Y	Y
Steinhoff UK Holdings Ltd.	GBR	03738136	100%	Pall Mall Works, 17-19 Cockspur Street, London, SW1Y 5BL	Y	Y
Retail Holdings Sarl	LUX	B94093	100%	56 rue Charles Martel, Luxembourg, 230883	Y	Y
Pepco Group Limited (previously Pepkor Europe Ltd)	GBR	09127609	98.79%	Unit B, 120 Weston Street, London, United Kingdom, SE1 4GS	Y	Y
PEU (Fin) Ltd	GBR	11808114	100%	Unit B, 120 Weston Street, London, United Kingdom, SE1 4GS	Y	Y
PEU (Tre) Ltd	GBR	11808312	100%	Unit B, 120 Weston Street, London, United Kingdom, SE1 4GS	Y	Y
Fully Sun China Ltd	HKG	CR 1075298	100%	19/F, Seaview Commercial Building, 21 – 24 Connaught Road West, Hong Kong	Y	Y
Pepkor GPS (Shanghai) Co Ltd.	CHN	310104000350743	100%	8th Floor, H Zone (East), 666 Beijing East Road, Huangpu District, Shanghai	Y	Y
PGS Partner India (Private) Ltd	IND	U74999HR2018FTC073537	100%	Unit No-128, Suncity Success Tower Sector-65, Golf Course Extn Road, Gurugram Gurgaon HR 122005 India	Y	Y
Dealz Poland Sp. z o.o.	POL	KRS 0000692949	100%	Budynek Biurowy OMEGA, ul. J.H. Dąbrowskiego 79A p.4, 60-529 Poznań	Y	Y
Dealz Espana SL	ESP	B86867512	100%	C/Bravo Murillo 192, Madrid, Spain	Y	Y

**OTHER INFORMATION // Statutory list of all subsidiaries and affiliated companies as at 30 September 2020** continued

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Poundland UK and Europe Ltd.	GBR	09127615	100%	Poundland Limited, Wellmans Road, Willenhall, England, WV13 2QT	Y	Y
Poundland Stores Ltd.	GBR	02376949	100%	Wellmans Road, Willenhall, West Midlands, WV13 2QT	Y	Y
Poundland Group Ltd.	GBR	08861243	100%	Poundland Group Holdings Limited, Wellmans Road, Willenhall, WV13 2QT	Y	Y
Poundland Group Holdings Ltd.	GBR	07036164	100%	Wellmans Road, Willenhall, West Midlands, WV13 2QT	Y	Y
Poundland Holdings Ltd.	GBR	04386329	100%	Wellmans Road, Willenhall, West Midlands, WV13 2QT	Y	Y
Poundland Trustee Ltd.	GBR	05018557	100%	C/O Poundland, Wellmans Road, Willenhall, West Midlands, WV13 2QT	Y	Y
M&O Business Systems Ltd.	GBR	01317353	100%	C/O Poundland, Wellmans Road, Willenhall, West Midlands, WV13 2QT	Y	Y
Homes & More Ltd.	GBR	03501298	100%	C/O Poundland, Wellmans Road, Willenhall, West Midlands, WV13 2QT	Y	Y
Family Bargains (Retail) Ltd.	GBR	07248690	100%	1 Reedley Grove, Burnley, United Kingdom, BB10 2LA	Y	Y
Dealz Retailing Ireland Ltd.	GBR	541977	100%	Unit 3 Westend Retail Park, Blanchardstown, Dublin 15	Y	Y
Bargain Ltd.	GBR	03856013	100%	Poundland Limited, Wellmans Road, Willenhall, West Midlands, WV13 2QT	Y	Y
Sheptonview Ltd.	GBR	01721545	100%	C/O Poundland, Wellmans Road, Willenhall, West Midlands, WV13 2QT	Y	Y
Poundland Value Retailing Ltd.	GBR	07115506	100%	Wellmans Road, Willenhall, West Midlands, WV13 2QT	Y	Y
Poundland Retail Ltd.	GBR	07115540	100%	Wellmans Road, Willenhall, West Midlands, WV13 2QT	Y	Y
Poundland Willenhall Ltd.	GBR	04386315	100%	Wellmans Road, Willenhall, West Midlands, WV13 2QT	Y	Y
Poundland Ltd.	GBR	02495645	100%	Wellmans Road, Willenhall, West Midlands, WV13 2QT	Y	Y
Poundland Elgin Limited	GBR	12111238	100%	Wellmans Road, Willenhall, West Midlands, WV13 2QT	Y	Y
Pepkor UK Retail Ltd.	GBR	09288913	100%	Oak House, Reeds Crescent, Watford, England, WD24 4QP	Y	Y
Pepkor Europe Ltd (previously GHM Stores Ltd)	GBR	09015100	100%	Poundland Ltd, Wellmans Road, Willenhall, West Midlands, England, WV13 2QT	Y	Y
Poundland International Ltd.	GBR	03484379	100%	Wellmans Road, Willenhall, West Midlands, WV13 2QT	Y	Y
Vaucluse Diffusion SASU	FRA	RCS 306 487 075	100%	19 Rue du Musée 13001 Marseille, France	Y	Y
Pepkor Retail Espana S.L.	ESP	B86283751	100%	Avda. Baix Llobregat 1-3, Mòdulo A, Planta Baja Par No., Esc. P, El Prat de Llobregat	Y	Y
Pepkor Import B.V.	NLD	KvK 61649112	100%	Noord Brabantlaan 265, 5652LD Eindhoven	Y	Y
Pepkor France SASU	FRA	RCS 805 402 104	100%	1 Place Boieldieu, Paris, 75002, France	Y	Y
Pepkor Europe GmbH	CHE	CH-100.4.795.299-9	100%	c/o Kanzlei Pilatushof, Hirschmattstrasse 15, 6003 Luzern	Y	Y
Pepco, trogvina na drono, d.o.o. (Pepco Slovenia d.o.o.)	SVN	7176457000	100%	Tržaška cesta 515, Brezovica pri Ljubljani, 1351, Slovenia	Y	Y
Pepco d.o.o. (Beograd-Stari Grad, SRB)	SRB	21457345	100%	Francuska 27, 11000 Belgrade, Serbia	Y	Y
Pepco Slovakia s.r.o.	SVK	IĽAO 45 868 674	100%	Nevádzova 6, Ružinov, Bratislava, 821 01, Slovakia	Y	Y
Pepco Retail s.a.	ROU	J40/4655/2013	100%	17 Ceasornicului street, 3rd floor, District 1, Bucharest, Romania	Y	Y
Pepco Lithuania UAB	LTU	304488450	100%	Viršuliškių skg. 34-1, Vilnius, 05131, Lithuania	Y	Y
Pepco Latvia SIA	LVA	40203062113	100%	Strelnieku iela 9 – 7, Riga, LV-1010, Latvia	Y	Y
Pepco Estonia OÜ	EST	14249111	100%	Sõpruse Pst 145, Kristiine District, Tallinn, 13417, Estonia	Y	Y
Pepco Czech Republic s.r.o.	CZE	IĽAO 24294420	100%	Prague 4 – Nusle, Hvězdova 1716/2b, PSČ 14078	Y	Y
Pepco Croatia d.o.o.	HRV	MBS 081038164	100%	Zagreb (Grad Zagreb), Damira Tomljanovića Gavrana 11	Y	Y
Pepco Bulgaria EOOD	BGR		100%	Nikola Tesla №5 str., fl. 4, Building BSR 2, Sofia 1574, Bulgaria	Y	Y
Pepkor Hungary Kft	HUN	Cg. 01-09-192750	100%	H-1138 Budapest, Váci út 187.	Y	Y
Pepco Holdings sp. Z.o.o. (PL)	POL	7811997491	100%	ul. Strzeszyńska 73A, 60-479 Poznań	Y	Y
Pepco Properties sp. z o.o. (previously Pepkor Properties sp. z o.o.)	POL	KRS 0000356422	100%	ul. Strzeszyńska 73A, 60-479 Poznań	Y	Y
Pepco Poland sp. z o.o.	POL	KRS 0000111962	100%	ul. Strzeszyńska 73A, 60-479 Poznań	Y	Y
Konopacka Holdings B.V.	NLD	KvK 58864504	100%	Noord Brabantlaan 265, 5652LD Eindhoven	Y	Y
Evarts Investments sp. z o.o.	POL	KRS 0000471011	100%	ul. Strzeszyńska 73B lok. 4, 60-479 Poznań	Y	Y

**OTHER INFORMATION // Statutory list of all subsidiaries and affiliated companies as at 30 September 2020** continued

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Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
Cardina Investments sp. z o.o.	POL	KRS 0000424893	100%	ul. Strzeszyńska 73B lok. 4, 60-479 Poznań	Y	Y
Pepkor Ingatlan Kft.	HUN	Cg. 01-09-300734	100%	H-1138 Budapest, Váci út 187.	Y	Y
Rawska Holdings B.V.	NLD	KvK 58864385	100%	Noord Brabantlaan 265, 5652LD Eindhoven	Y	Y
Pepco Italy S.r.l.	ITA	10941920968	100%	Via Michelangelo Buonarroti 39, 20145 Milano (MI), Italy	Y	Y
Pepco Group Services Ltd (previously Pepkor Marketing Ltd)	GBR	10972213	100%	Unit B, 120 Weston Street, London, United Kingdom, SE1 4GS	Y	Y
Flow Newco Limited	GBR	12638560	100%	Suite 1, 3rd Floor 11 - 12 St. James's Square, London, United Kingdom, SW1Y 4LB	N	Y
Universal Insurances PCC Ltd (in process of liquidation)	GGY	32243	100%	Guernsey	Y	Y
Homestyle Pension Company Ltd (previously Homestyle 2007 Scheme Pension Company Ltd)	GBR	12035045	100%	Pall Mall Works, 17-19 Cockspur Street, London, SW1Y 5BL	Y	Y
Homestyle 2007 Pension Scheme Trustee Ltd.	GBR	06364468	100%	Pall Mall Works, 17-19 Cockspur Street, London, SW1Y 5BL	Y	Y
Steenbok Newco 8 Ltd (UK)	GBR	11729128	100%	Pall Mall Works, 17-19 Cockspur Street, London, SW1Y 5BL	Y	Y
Stein角度 Holding Beta GmbH	AUT	FN 360096d	100%	2345 Brunn am Gebirge, Rennweg 77	Y	Y
AIH Investment Holding AG	AUT	FN 360230 a	100%	2345 Brunn am Gebirge, Rennweg 77	Y	Y
Laguna Holdings B.V.	NLD	KvK 52198588	100%	Noord Brabantlaan 265, Eindhoven, 5652 LD, Netherlands	Y	Y
Laguna Investments Beta B.V.	NLD	KvK 52199258	100%	Noord Brabantlaan 265, Eindhoven, 5652 LD, Netherlands	Y	Y
Laguna Investments Alpha B.V.	NLD	KvK 52199061	100%	Noord Brabantlaan 265, Eindhoven, 5652 LD, Netherlands	Y	Y
Conforama Investissement SNC	FRA	RCS 530 636 695	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
Conforama Développement SASU	FRA	RCS 530 637 149	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
Tulo France SASU	FRA	RCS 823 294 681	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
Maison Depot SASU	FRA	RCS 823 272 752	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
Digital Inv SASU	FRA	RCS 800 321 382	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
Conforama Holding SA	FRA	RCS 582 014 445	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
Conforama Développement 18 SASU	FRA		100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
Fliba doo	HRV	80220197	100%	Croatia	Y	Y
Emmezeta Srbija d.o.o.	SRB		100%	Serbia	Y	Y
Emma Real Estate d.o.o.	SRB		100%	Serbia	Y	Y
Conforama Développement 15 SASU	FRA	RCS 830 937 389	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
SNC Baptiste	FRA	RCS 837 559 525	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
SCI Stella	FRA	RCS 800 540 304	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
SCI Ophelia	FRA	RCS 819 922 733	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
SCI Chloe	FRA	RCS 819 941 691	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
Alpha I Beta Omega SNC	FRA	RCS 750 366 213	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
SCI Manda	FRA	RCS 791 955 396	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
SCI La Vallee	FRA	RCS 750 787 459	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
SCI EVA	FRA	RCS 750 790 628	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
SCI Dina	FRA	RCS 791 955 537	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
Alpha II Beta Omega SCI	FRA	RCS 750 366 346	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
Adour Expansion (ADEX) SA	FRA	RCS 384 699 864	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
Stein角度 International Sourcing and Logistics SASU	FRA	RCS 518 495 619	99.99%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
Conforama Luxembourg SA	LUX	RCS B48369	100%	Luxembourg	Y	Y
Conforama Espana SA	ESP	CIF A-79103222	100%	Spain	Y	Y
Realinvest Conforama SL	ESP	CIF B-64762354	100%	Spain	Y	Y

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Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
Conforama Portugal SA	PRT	NIPC 500625980	100%	Portugal	Y	Y
Immoconfo 2 SA	PRT	NIF 513596275	100%	Portugal	Y	Y
Immoconfo 1 SA	PRT	NIF 513596259	100%	Portugal	Y	Y
Conforama Italy SpA	ITA	REA 1646414	100%	Italy	Y	Y
Emmezeta Moda Srl	ITA	REA 7776860	100%	Italy	Y	Y
Conforama Développement 6 SASU	FRA	RCS 814 646 550	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
SICA International Services SARL	CHE	CHE-429.218.390	50%	Switzerland	Y	Y
Conforama-Casino-Achats SARL (MANO)	FRA	RCS 823 395 686	50%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
Conforama Développement 14 SASU	FRA	RCS 831 498 787	100%	80 Boulevard du Mandinet, 77185 Lognes, France	Y	Y
LIPO Beteiligungen AG	CHE	CH-270.3.001.910-6	100%	Switzerland	Y	Y
LIPO Service AG	CHE	CH-320.3.007.687-9	100%	Switzerland	Y	Y
LIPO Einrichtungsmärkte AG	CHE	CH-270.3.001.072-7	100%	Switzerland	Y	Y
Steenbok Lux Finco 1 SARL (LUX)	LUX	B 230 883	100%	56 rue Charles Martel, Luxembourg, 230883	Y	Y
Steinhoff Finance Holding GmbH	AUT	FN 345159m	100%	2345 Brunn am Gebirge, Rennweg 77	Y	Y
Hemisphere International Properties B.V.	NLD	KvK 17228592	100%	Noord Brabantlaan 265, Eindhoven, 5652 LD, Netherlands	Y	Y
HIP DutchCo 1 B.V.	NLD	74299611	100%	Noord Brabantlaan 265, Eindhoven, 5652 LD, Netherlands	Y	Y
HIP DutchCo 2 B.V.	NLD	74299484	100%	Noord Brabantlaan 265, Eindhoven, 5652 LD, Netherlands	Y	Y
Genesis Properties Investment GmbH	AUT	FN 265906 p	100%	Rennweg 77, Brunn am Gebirge, 2345, Austria	Y	Y
Standard Properties Sp. z o.o.	POL	KRS 0000011112	100%	Ruska 37/38, Wroclaw, 50- 079, Poland	Y	Y
Nova Properties Kft.	HUN	Cg. 20-09-068522	100%	Szemere u. 4., Nagykanisza, 8800, Hungary	Y	Y
MIVG Upravljanjenekretninama d.o.o.	HRV	MBS 080769092	100%	Velimira Skorpika 25, Zagreb, 10090, Croatia	Y	Y
Kika Upravljanjenekretninama d.o.o.	HRV	MBS 030098550	100%	Velimira Skorpika 25, Zagreb, 10090, Croatia	Y	Y
Kappa Immobilien Investment GmbH	DEU	HR B 120873	100%	Langebrugger Strasse 5, Westerstede, 26655, Germany	Y	Y
Gamma Enterprises GmbH	DEU	HR B 200922	100%	Langebrugger Strasse 5, Westerstede, 26655, Germany	Y	Y
Hemisphere Zagreb Properties d.o.o.	HRV	080170626	100%	Velimira Skorpika 25, Zagreb, 10090, Croatia	Y	Y
Alvaglen Estates Ltd	BHS	IBC 84615 B	100%	3 Bayside Executive Park, West Bay Street & Blake Road, PO Box N04875, Nassau, The Bahamas	Y	Y
Steinhoff Properties AG	CHE	CH-170.3.038.665-0	100%	Sihlbruggstrasse 105, Baar, 6340, Switzerland	Y	Y
Steinhoff International Investment HK Ltd (previously Steinhoff Global Sourcing Ltd)	HKG	CR 2584507	100%	19/F Seaview Commercial Building, 21-24 Connaught Road West, Hong Kong	Y	Y
Standard France SARL	FRA	RCS 821 510 427	100%	80 Boulevard du Mandinet (Lognes), Marne-La-Valee Cedex 2, 77432, France	Y	Y
Relyon Holland B.V.	NLD	KvK 16081779	100%	Noord Brabantlaan 265, Eindhoven, 5652 LD, Netherlands	Y	Y
Steinhoff Investment Holdings Limited	ZAF	1954/001893/06	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Taycol Investments Proprietary Limited	ZAF	1973/007137/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Steinhoff International Holdings Proprietary Limited	ZAF	1998/003951/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Steinhoff Africa Holdings Proprietary Limited	ZAF	1969/015042/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Steinbuild Holdings Proprietary Limited	ZAF	1995/008188/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Newsshelf 1093 Proprietary Limited	ZAF	2010/018630/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Loungefoam Proprietary Limited (Dormant)	ZAF	1996/001546/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
IB Investment Holdings Proprietary Limited (Dormant) (in process of deregistration)	ZAF	1994/003585/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Boundary Terraces No 012 (RF) (Pty) Limited (in process of deregistration)	ZAF	2017/227519/07	70%	7th Floor Letterstedt House, Cnr Main and Campground Roads, Newlands, Cape Town, 7700, South Africa	Y	Y

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Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
Ainsley Holdings Proprietary Limited	ZAF	1964/010191/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Pepkor Holdings Limited (previously Steinhoff Africa Retail Limited)	ZAF	2017/221869/06	67.75%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pepkor Holdco Proprietary Limited (previously Pepkor Holdings Proprietary Limited)	ZAF	2003/020009/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pepkor Capital (RF) Proprietary Limited	ZAF	2017/515996/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pepkor Proprietary Limited	ZAF	1965/007765/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pepkor Manufacturing Proprietary Limited	ZAF	1969/009505/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pepkor IP Proprietary Limited	ZAF	2004/014533/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pepkor Clothing Industries Proprietary Limited	ZAF	1965/005478/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pep Proprietary Limited	ZAF	1945/018945/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Beneficiary of: Pep Limited Share Incentive Trust No. 2	ZAF		100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Beneficiary of: Pep Limited Share Incentive Trust	ZAF		100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Ultimo Properties Proprietary Limited	ZAF	1960/003498/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
IL Black Properties Aandeleblokmaatskappy Proprietary Limited	ZAF	1958/002836/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Ultimo Holdings Proprietary Limited	ZAF	1980/000294/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pep Beleggings Proprietary Limited (Pep Investments)	ZAF	1969/004549/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pep Angola Wholesale Limitada	AGO	3.656/2010	100%	Angola	Y	Y
Pep Angola Retail Limitada	AGO	3.667/2010	100%	Angola	Y	Y
Translink Services S.a.r.l (Luxemburg) (in voluntary liquidation)	LUX	B92931	100%	Luxembourg	Y	Y
Tendril S.a.r.l. (Luxemburg)	LUX	B149493	100%	Luxembourg	Y	Y
Pep Stores Zambia Limited	ZMB	31470	100%	Zambia	Y	Y
Pep Mozambique Limitada	ZAF	7205	100%	Mozambique	Y	Y
Pep Limited (Ghana)	GHA	79/073	100%	Ghana	Y	Y
Pep Botswana Holdings Limited	BWA	1151/72	100%	Botswana	Y	Y
Pep Africa Limited (Malawi)	MWI	4717	100%	Malawi	Y	Y
Harties Stores Botswana Proprietary Limited	BWA	1988/892	100%	Botswana	Y	Y
At the Ready Wholesalers Limited (Zambia)	ZMB	48312/01	100%	Zambia	Y	Y
Pepkor Africa Proprietary Limited	ZAF	1983/010915/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pep Vervaardiging Proprietary Limited	ZAF	1985/005679/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Printkor Proprietary Limited	ZAF	1974/003641/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pepclo Proprietary Limited	ZAF	1953/001317/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Mfumu Clothing Proprietary Limited Malawi	MWI		100%	Malawi	Y	Y
Pep Stores Uganda Limited	UGA	206990	100%	Uganda	Y	Y
Pep Stores Proprietary Limited (Nigeria)	NGA	969937	100%	Nigeria	Y	Y
Pep Retail Proprietary Limited	ZAF	1984/002042/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pep Reef Properties Proprietary Limited	ZAF	1989/004910/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pep Namibia Holdings Limited	ZAF	1987/086	100%	Namibia	Y	Y
Pep Stores Proprietary Limited (Lesotho)	LSO	72/15	100%	Lesotho	Y	Y
Pep Stores Proprietary Limited (Swaziland)	SWZ	77/72	100%	Swaziland	Y	Y
Pep Stores Peninsula Holdings Proprietary Limited	ZAF	1973/012536/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pepprop Mitchells Plain Proprietary Limited	ZAF	1985/000662/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pep Stores (Pvt) Ltd Zimbabwe	ZWE	93/72	100%	Zimbabwe	Y	Y
Pep SA Limited	ZAF	1972/010710/06	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Odvest 155 Proprietary Limited	ZAF	2011/001544/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y



**OTHER INFORMATION // Statutory list of all subsidiaries and affiliated companies as at 30 September 2020** continued

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Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
N Jacobs and Company (Pty) Ltd t/a Pepkor Installations	ZAF	1980/005783/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Manrotrade Four Proprietary Limited	ZAF	2001/004514/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
John Craig Proprietary Limited	ZAF	1950/036084/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
John Craig Namibia Proprietary Limited	NAM	2011/0678/07	100%	Namibia	Y	Y
Metrotoy Proprietary Limited	ZAF	1924/008058/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Jofander Proprietary Limited	ZAF	1984/002078/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Capfin Proprietary Limited	ZAF	1980/005783/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Zamori 339 Proprietary Limited	ZAF	2010/002397/07	50%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Africa Retail Properties Limited	ZMB		100%	Zambia	Y	Y
Pepkor IT Proprietary Limited	ZAF	1946/022121/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Formatix Ten Proprietary Limited	ZAF	2001/021137/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Flat Rock Mobility Solutions Proprietary Limited	ZAF	2008/026096/07	15%	101 Rubicor House, 17 Old Stanhope Road, Claremont, 7708	Y	Y
Flash Mobile Vending Proprietary Limited	ZAF	2010/000777/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Flash IP Proprietary Limited	ZAF	2010/001879/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Eezi Global Limited (previously Sapphire 117 Ltd)	GBR	09000588	100%	Unit B, 120 Weston Street, London, United Kingdom, SE1 4GS	Y	Y
Capfin SA Proprietary Limited (previously Southern View Finance SA Proprietary Limited)	ZAF	2011/126985/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Ackermans Proprietary Limited	ZAF	1921/002170/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Ackermans Namibia Proprietary Limited	ZAF	90/393	100%	Namibia	Y	Y
Ackermans Lesotho Proprietary Limited	ZAF	88/229	100%	Lesotho	Y	Y
Ackermans Botswana Proprietary Limited	ZAF	95/1379	100%	Botswana	Y	Y
Ackermans Bophuthatswana Proprietary Limited	ZAF	1991/070355/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Tots n Teens Clothing Proprietary Limited	ZAF	1981/003196/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Refinery Stores (Namibia) Proprietary Limited	NAM	2010/0416/07	100%	Namibia	Y	Y
K Fashion Group Proprietary Limited (Previously Justcor Fashion Group (Pty) Ltd)	ZAF	2006/015570/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Ackermans Zambia Proprietary Limited	ZMB		100%	Zambia	Y	Y
Ackermans Transvaal Proprietary Limited	ZAF	1926/008492/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Ackermans Transkei Proprietary Limited	ZAF	1990/060196/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Ackermans Swaziland Proprietary Limited	SWZ	32/1972	100%	Swaziland	Y	Y
W M Twee Proprietary Limited	ZAF	1986/000789/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Van As and Associates Recoveries Proprietary Limited	ZAF	2014/074508/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Tenacity Financial Services Proprietary Limited	ZAF	2007/003071/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Sim Dynamix Proprietary Limited	ZAF	2011/008149/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Sim Dynamix IP Proprietary Limited	ZAF	2012/025212/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
S Ya Phanda (Pty) Ltd	ZAF	2019/431627/07	46%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Maplewave Holdings (Pty) Ltd	ZAF	2013/155357/07	76.5%	1 Johann Birkart Road, Spartan, Kempton Park, 1619	N	Y
Bradian Logistics (Pty) Ltd	ZAF	1999/009646/07	100%	1 Johann Birkart Road, Spartan, Kempton Park, 1619	N	Y
S Ya Phanda Trading (Pty) Ltd (previously Ackermans Management Services (Pty) Ltd)	ZAF	1984/010534/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pepkorfin Proprietary Limited	ZAF	1980/003231/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pepkor Trading Proprietary Limited	ZAF	1958/003362/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y

**OTHER INFORMATION // Statutory list of all subsidiaries and affiliated companies as at 30 September 2020** continued

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Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
Moreprop Property Holdings Cape Proprietary Limited (to be de-registered)	ZAF	1987/004969/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Maravedi Group Proprietary Limited	ZAF	1998/023066/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
JD Group International Proprietary Limited	ZAF	1965/004413/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
JD Group Botswana t/a Hi - Finance	ZAF	88/220	100%	Botswana	Y	Y
JD Group (Swaziland) Proprietary Limited t/a Bradlows	ZAF	181/1972	100%	Swaziland	Y	Y
JD Group (Namibia) Proprietary Limited t/a Morkels and Joshua Doore (Dormant)	ZAF	93/208	100%	Namibia	Y	Y
JD Group (Lesotho) Proprietary Limited (Dormant)	ZAF	Nov-85	100%	Lesotho	Y	Y
JD Financial Services Proprietary Limited (in Namibia)	ZAF	2008/0148	100%	Namibia	Y	Y
Secureco Three Proprietary Limited (in Namibia) (Dormant)	ZAF	2001/090	100%	Namibia	Y	Y
Connection Group Holdings Proprietary Limited	ZAF	1997/005390/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Cloverpark Investments Proprietary Limited (to be deregistered)	ZAF	2001/000108/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Sleepmasters Proprietary Limited	ZAF	2011/112932/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Profurn Limited	ZAF	1968/015363/06	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Profurn (Mozambique) Limitada (to be dissolved)	MOZ		100%	Mozambique	Y	Y
JD Consumer Electronics and Appliances Proprietary Limited	ZAF	1963/002315/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Incredible Connection (Namibia) Proprietary Limited	NAM	2001/475	100%	Namibia	Y	Y
Incredible Connection (Botswana) Proprietary Limited	BWA	2001/2501	100%	Botswana	Y	Y
HiFi Corp Zambia Limited	ZMB	97974	100%	Zambia	Y	Y
Finserve Mauritius Limited (in process of de-registration)	MUS	19561/3643	100%	Mauritius	Y	Y
Prosure Insurance Limited (in process of de-registration)	MUS	19548/3639	100%	Mauritius	Y	Y
Connect Financial Solutions Proprietary Limited	ZAF	2018/431596/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Supreme Furnishers Proprietary Limited	ZAF	1961/001935/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Supreme Furnishers (Namibia) Proprietary Limited	NAM	93/451	100%	Namibia	Y	Y
Protea Furnishers (Namibia) Proprietary Limited t/a Hi - Finance	NAM	93/450	100%	Namibia	Y	Y
Supreme Furnishers (Lesotho) Proprietary Limited	LSO	1992/002839/10	100%	Lesotho	Y	Y
Protea Furnishers (Botswana) Proprietary Limited (in process of de-registration)	BWA	84/4992	100%	Botswana	Y	Y
Joshua Doore Russells (Botswana) Proprietary Limited	BWA	89/166	100%	Botswana	Y	Y
Sovereign Proprietary Limited (Botswana)	BWA	99/4755	100%	Botswana	Y	Y
Hi - Fi and Electric Warehouse Proprietary Limited (Botswana) t/a Hi - Fi Corp	BWA	99/1776	100%	Botswana	Y	Y
Hi - Fi and Electric City (Namibia) Proprietary Limited	NAM	98/339	100%	Namibia	Y	Y
Gomotsa Proprietary Limited (in process of de-registration)	BWA	99/4849	100%	Botswana	Y	Y
Furniture Traders (Botswana) Proprietary Limited (Dormant)	BWA	89/1217	100%	Botswana	Y	Y
Barnetts (Swaziland) Proprietary Limited	SWZ	778/9/1966	100%	Swaziland	Y	Y
Aazad Electrical Construction (Botswana) Proprietary Limited t/a Morkels	BWA	98/497	100%	Botswana	Y	Y
The Tax Free Warehouse Proprietary Limited Namibia	NAM	97/427	100%	Namibia	Y	Y
Pepkor Speciality Proprietary Limited (previously Steinhoff Speciality Fashion and Footwear Proprietary Limited)	ZAF	1998/007991/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
New Dunns Proprietary Limited	ZAF	1972/013426/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Dunns Stores Botswana Proprietary Limited	BWA	87/840	100%	Botswana	Y	Y



**OTHER INFORMATION // Statutory list of all subsidiaries and affiliated companies as at 30 September 2020** continued

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Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
Shoe City Holdings Proprietary Limited	ZAF	1996/008674/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Shoe City Proprietary Limited	ZAF	1995/010615/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
SPCC Clothing Company (Pty) Ltd	ZAF	2018/590277/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	N	Y
Pepkor Speciality Stores Swaziland Proprietary Limited	SWZ	65/1972	100%	Swaziland	Y	Y
Pepkor Speciality Stores Proprietary Limited (Namibia)	NAM	79/064	100%	Namibia	Y	Y
Pepkor Speciality Stores Lesotho Proprietary Limited	LSO	73/21	100%	Lesotho	Y	Y
Pepkor Retail Proprietary Limited	ZAF	1986/003435/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pepkor Retail Learning Academy (previously D and A Timbers (Pty) Ltd)	ZAF	1998/025853/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
JD Group Proprietary Limited (to be deregistered)	ZAF	1981/009108/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Abacus Holdco Proprietary Limited	ZAF	2008/004217/07	100%	Building 3, 171 Katherine Street, Sandown, 2196, South Africa	N	Y
Abacus Resources Proprietary Limited	ZAF	2018/280731/07	100%	Building 3, 171 Katherine Street, Sandown, 2196, South Africa	N	Y
Abacus Life Limited	ZAF	2007/032597/06	100%	Building 3, 171 Katherine Street, Sandown, 2196, South Africa	N	Y
Abacus Insurance Limited	ZAF	2007/035136/06	100%	Building 3, 171 Katherine Street, Sandown, 2196, South Africa	N	Y
The Building Company Proprietary Limited (previously Steinhoff Doors and Building Materials Proprietary Limited)	ZAF	1972/004708/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Swish Global Trading (Mauritius)	MUS		100%	Mauritius	Y	Y
Sean Gannon Building Materials Trust	ZAF	IT3560/2004	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
RG Williams Buildings Materials Trust	ZAF	IT1865/2004	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pennypinchers Trusses Western Cape Proprietary Limited	ZAF	2011/127617/07	79%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pennypinchers Sand and Stone Proprietary Limited	ZAF	2007/027317/07	50%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pennypinchers Port Alfred Building Materials Trust	ZAF	IT584/2007	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pennypinchers George Trust	ZAF	IT1184/96	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pennypinchers East London Building Materials Trust	ZAF	IT604/2004	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Pefki Wood Products Proprietary Limited	ZAF	1993/004401/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Patin Trading 222 Proprietary Limited	ZAF	2007/020531/07	100%	Patin Trading 222 Proprietary Limited	Y	Y
Matola Buildware Limitada (Mozambique)	MOZ		100%	Mozambique	Y	Y
Marais Schonfeldt Building Materials Trust	ZAF	IT3691/97	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
KH International Proprietary Limited	ZAF	1944/016830/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
John Mager Timbercity East London Trust	ZAF	IT1461/2006	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Johann van Schalkwyk Boards Trust	ZAF		100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
James Bruce Sholto Douglas Building Materials Trust	ZAF	IT413/2006	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Iliad Africa Limited	ZAF	1997/011938/06	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Iliad Africa Investments (Pty) Ltd	ZAF	1999/010559/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Iliad Africa Trading (Pty) Ltd	ZAF	1997/010059/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
D and A Truss Company (Pty) Ltd (Dormant)	ZAF	2002/019276/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Cachet International Holdings (Pty) Ltd (trading as Cachet)	ZAF	1997/013442/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
CMG Holdings (Pty) Ltd (Dormant)	ZAF	1999/004206/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
BYM Building Supplies (Pty) Ltd (Dormant)	ZAF	1995/003883/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y

**OTHER INFORMATION // Statutory list of all subsidiaries and affiliated companies as at 30 September 2020** continued

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Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
BUCO Western Cape Proprietary Limited (previously Campwell Hardware (Pty) Ltd)	ZAF	2006/016431/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
B One Holdings (Pty) Ltd (trading as B One)	ZAF	1988/006069/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
United Steel and Pipe Supplies (Pty) Ltd	ZAF	1994/003538/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Henk Louwrens Building Materials Trust	ZAF	IT3788/99	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Hardware Warehouse Limited	ZAF	2007/004302/06	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Golden Dividend 235 Proprietary Limited	ZAF	2005/034562/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
In line Trading 142 Proprietary Limited	ZAF	2003/011574/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Gunnar Jensen Building Materials Trust (Namibia)	NAM	T130/05	100%	Namibia	Y	Y
Frans Loots Building Materials Trust	ZAF	IT3317/96	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Chris Eloff Building Material Trust (Namibia)	NAM	T2/07	100%	Namibia	Y	Y
Building Supply Group Proprietary Limited	ZAF	2010/008725/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Tiletoria Cape Proprietary Limited	ZAF	2007/002174/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Next SA Trading Proprietary Limited	ZAF	2009/012785/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Link International (L) BHD (Malaysia)	MYS		100%	Malaysia	Y	Y
Link Quality Control and Services Co (China)	CHN		100%	China	Y	Y
Link International KL Limited (Malaysia)	MYS		100%	Malaysia	Y	Y
Floormark Proprietary Limited	ZAF	2013/058548/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Tiletoria Supplies Western Africa (Pty) Limited (Namibia)	NAM		100%	Namibia	Y	Y
Tiletoria Spec Studio Proprietary Limited	ZAF	1996/017299/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
MacNeil Proprietary Limited	ZAF	1985/005691/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
MacNeil JHB Proprietary Limited	ZAF	1998/012832/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Brands 4 Africa Distribution and Logistics Proprietary Limited	ZAF	2005/036944/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
One Owl Enterprises Proprietary Limited	ZAF	1999/014348/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Lodge Stock and Barrel Proprietary Limited	ZAF	2005/011901/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
MacNeil George Proprietary Limited	ZAF	MacNeil George	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
MacNeil Eastern Cape Proprietary Limited	ZAF	2002/010074/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
MacNeil Durban Proprietary Limited	ZAF	2006/026347/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
DCLSA Proprietary Limited	ZAF	2005/041644/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Yebomanzi Proprietary Limited	ZAF	2005/038950/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Erf 117746 Nourse Avenue Proprietary Limited	ZAF	2012/203652/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Anthony Wentworth Building Materials Trust	ZAF	IT5717/96	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Wayne Gerber Building Materials Trust	ZAF	IT1456/98	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Warren Collier Building Materials Trust	ZAF	IT1305/98	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Timbercity Witbank Trust	ZAF	IT4540/2007	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Timbercity Roodepoort Boards Trust	ZAF	IT8273/2005	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Timbercity Lowveld Proprietary Limited	ZAF	2001/008196/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Timbercity Alberton Trust	ZAF	IT3754/2007	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
The Unitraco Trust	ZAF	IT1028/2000	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y

**OTHER INFORMATION // Statutory list of all subsidiaries and affiliated companies as at 30 September 2020** continued

This list forms part of the notes to the 2020 separate financial statements and has been referenced therein.

Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
The Timbercity Potchefstroom Trust	ZAF	IT1758/2008	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
The Steinbuild William Moffett Trust	ZAF	IT1119/2006	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
The Pennypinchers Uitenhage Building Materials Trust	ZAF	IT2397/2007	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
The Pennypinchers Longbeach Trust	ZAF	IT1868/2004	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
The Pennypinchers Knysna Trust	ZAF	IT2472/2000	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
The Pennypinchers Kimberley Trust	ZAF	IT1757/2008	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
The Pennypinchers Hermanus Trust	ZAF	IT1983/98	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
The Pennypinchers Claremont Trust	ZAF	IT5/97	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
The Pennypinchers City Trust	ZAF	IT3789/99	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
The Pennypinchers Brackenfell Trust	ZAF	IT40/99	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
The I-Glaze Trust	ZAF	IT4242/2007	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Tekkie Town Proprietary Limited	ZAF	2007/020629/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Tekkie Town Lesotho Proprietary Limited	LSO		100%	Lesotho	Y	Y
Tekkie Town Footwear Namibia Proprietary Limited	NAM		100%	Namibia	Y	Y
SA POCO Retail Proprietary Limited	ZAF	1996/011622/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Roadway Properties Proprietary Limited	ZAF	1997/008647/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Victoria Lewis Furniture Manufacturers Proprietary Limited (Dormant)	ZAF	1973/016301/07	100%	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Town Investments Proprietary Limited	ZAF	2016/159084/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Steinhoff Services Proprietary Limited	ZAF	1983/006201/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Steinhoff Finance Investments Proprietary Limited	ZAF	2002/010738/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Mons Bella Private Partner Investments Proprietary Limited	ZAF	2015/363987/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Steinhoff Manufacturing Proprietary Limited	ZAF	1968/007966/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Steinhoff Bedding (Namibia) Proprietary Limited - Namibia (Dormant)	NAM	2001210	100%	Windhoek, Namibia	Y	Y
Steinhoff At Work Proprietary Limited	ZAF	1950/037849/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Steinhoff Africa Internal Audit Services Proprietary Limited	ZAF	1988/000809/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Rainford Aviation Investments Proprietary Limited	ZAF	1994/004899/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Phahamiso Trading and Investments Proprietary Limited	ZAF	2010/003510/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Oshikango Foam and Mattress Company Proprietary Limited - Namibia	NAM	1997162	100%	Windhoek, Namibia	Y	Y
Hallie Investments Number Three Thousand And Fifty One Proprietary Limited Namibia	NAM	2011/0811	100%	Windhoek, Namibia	Y	Y
Steinhoff Secretarial Services Proprietary Limited	ZAF	1992/004646/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Steinhoff Group Services Proprietary Limited (Dormant)	ZAF	1988/000802/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Steinhoff Africa Property Services Proprietary Limited	ZAF	1997/007703/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y

**OTHER INFORMATION // Statutory list of all subsidiaries and affiliated companies as at 30 September 2020** continued

This list forms part of the notes to the 2020 separate financial statements and has been referenced therein.

Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
Makhutzi Wild Ondernemings Eiendoms Beperk	ZAF	1971/003354/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Lurand Investments Proprietary Limited	ZAF	1962/004286/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
JD Group Property Holdings Proprietary Limited	ZAF	2011/006582/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Edidor 197 Proprietary Limited (in process of deregistration)	ZAF	2011/006996/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Copperzone 185 Proprietary Limited	ZAF	2011/006981/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Ansec 223 Proprietary Limited (Dormant) (in process of deregistration)	ZAF	2011/007487/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Valuline 203 Proprietary Limited	ZAF	2011/010601/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Tanzanite Treasure Trading 7 Proprietary Limited	ZAF	2011/006190/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Showboat Trade and Invest 17 Proprietary Limited	ZAF	2008/018137/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Dhlamini 2389 Proprietary Limited (previously Bisonbord Properties Proprietary Limited)	ZAF	1966/009368/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Attstein Proprietary Limited	ZAF	2005/028978/07	50%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Nulane Investments 40 Proprietary Limited	ZAF	2004/027788/07	75%	Die Klubbuis, Cnr 18th Street and Pi, Hazelwood, 0081, South Africa	Y	Y
Adoscore Proprietary Limited	ZAF	2016/003567/07	50%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
263 Oxford Road Proprietary Limited	ZAF	1959/001962/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Steinhoff Properties Proprietary Limited	ZAF	2001/005911/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
EastWest Real Estate Investments Proprietary Limited (previously Greggaleighk)	ZAF	2008/010249/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Broadway Business Centre Proprietary Limited	ZAF	2006/029967/07	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Steinhoff UK Group Services Ltd	GBR	10068169	100%	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Rainford Isle of Man Ltd (IoM) (will be liquidated)	IMN	014512V	100%	Douglas Chambers, North Quay, Douglas, IM1 4LA, Isle of Man	Y	Y
Steinhoff US Holdings I, Inc (previously Sherwood Group Holdings, Inc)	USA	6454341	100%	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	Y
Steinhoff US Holdings II, LLC (previously Sherwood Acquisition Holdings LLC)	USA	6438336	80%	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	Y
5113 Inc,	USA	2016-000735689	Company was administratively dissolved on 02/08/2019	1013 Centre Rd, Suite 403-A, Wilmington, DE, 19805, USA	Y	N
ABRA SA	PL	KRS 0000003143	Company sold on 18/09/2019	Poland	Y	N
Sherwood West LLC	USA	4866401	Company sold on 24/01/2020	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	N
Sherwood Southwest LLC	USA	11000140802	Company sold on 24/01/2020	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	N

**OTHER INFORMATION // Statutory list of all subsidiaries and affiliated companies as at 30 September 2020** continued

This list forms part of the notes to the 2020 separate financial statements and has been referenced therein.

Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
Sherwood Southeast LLC	USA	11000140797	Company sold on 24/01/2020	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	N
Sherwood Midwest LLC	USA	1600002518	Company sold on 24/01/2020	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, New Castle County	Y	N
Pep Stores Retail (Pty) Ltd (Namibia)	NAM	89/208	Company deregistered on 16/03/2020	Namibia	Y	N
Big D Discount Hyper (Pty) Ltd	ZAF	1948/031045/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
Cash-Hold (Pty) Ltd	ZAF	1986/001922/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
Greatermans Department Stores (Pty) Ltd	ZAF	1915/001079/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
H and A Payne (Pty) Ltd	ZAF	1934/005558/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
Pepkor Finance (Pty) Ltd	ZAF	1968/000148/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
Wilfred Meyersohn and Company (Pty) Ltd	ZAF	1960/000576/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
Garhold (Pty) Ltd	ZAF	1990/003284/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
Garlick Department Stores (Pty) Ltd	ZAF	1988/004196/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
Swanvest 85 (Pty) Ltd	ZAF	1998/004099/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
Tulip Investments (Pty) Ltd	ZAF	1967/003861/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
Tulip Investments 2 (Pty) Ltd	ZAF	1984/009235/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
Garlick Holdings (Pty) Ltd	ZAF	1988/005200/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
Pepkor Investments (Pty) Ltd	ZAF	1965/004401/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
Pepkor SA (Pty) Ltd	ZAF	1990/003289/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
Rotrustfin (Pty) Ltd	ZAF	1984/009246/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
Unitrans Motor Enterprises (Pty) Ltd	ZAF	1989/000813/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
Jemade Financing (Pty) Ltd	ZAF	1970/001929/07	Company deregistered on 29/09/2020	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	N
SCI Flavia	FRA	RCS 794 225 110	Company liquidated on 07/05/2020		Y	N
Conforama Investissement 2 SAS	FRA	RCS 814 646 717	Company liquidated on 27/04/2020		Y	N
Cofel SA	FRA	RCS 382 286 904	Company sold on 24/07/2020		Y	N
Euroventes SPRL	BE	0432 106 789	Company sold on 24/07/2020		Y	N
Copirel SA	FRA	RCS 443 681 903	Company sold on 24/07/2020		Y	N

**OTHER INFORMATION // Statutory list of all subsidiaries and affiliated companies as at 30 September 2020** continued

This list forms part of the notes to the 2020 separate financial statements and has been referenced therein.

Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
Literie Italia	IT	BO 503448	Company sold on 24/07/2020		Y	N
Conforama Suisse SA	CH	CH-550.0.013.020-6	Company sold on 31/07/2020	Switzerland	Y	N
Conforama France SA	FRA	RCS 414 819 409	Company sold on 23/09/2020	80 Boulevard du Mandinet, 77185 Lognes, France	Y	N
Confimo Flers SNC	FRA	RCS 397 589 243	Company sold on 23/09/2020		Y	N
S.F.G.R SNC	FRA		Company sold on 23/09/2020		Y	N
Conforama Developpment 12 SASU	FRA	RCS 830 008 397	Company sold on 23/09/2020	80 Boulevard du Mandinet, 77185 Lognes, France	Y	N
Conforama Developpment 11 SASU	FRA	RCS 829 013 473	Company sold on 23/09/2020	80 Boulevard du Mandinet, 77185 Lognes, France	Y	N
Conforama Developpment 17 SASU	FRA		Company sold on 23/09/2020	80 Boulevard du Mandinet, 77185 Lognes, France	Y	N
Eco-Mobilier SAS	FRA	RCS 538 495 870	Company sold on 23/09/2020		Y	N
Citeo SA	FRA	RCS 388 380 073	Company sold on 23/09/2020		Y	N
ESR SAS	FRA	RCS 830 339 362	Company sold on 23/09/2020		Y	N
CONFO! SAS	FRA	RCS 823 272 489	Company sold on 23/09/2020	80 Boulevard du Mandinet, 77185 Lognes, France	Y	N
Conforama Developpment 7 SASU	FRA	RCS 823 272 430	Company sold on 23/09/2020		Y	N
Mon Lit Et Moi SASU	FRA	RCS 819 996 596	Company sold on 16/07/2020	80 Boulevard du Mandinet, 77185 Lognes, France	Y	N
Mon Lit Et Moi Developpement S.A.S.U	FRA	RCS 513 144 972	Company sold on 16/07/2020	80 Boulevard du Mandinet, 77185 Lognes, France	Y	N
Fantastic Holdings Hong Kong Limited	HK	CR1933659	Company and its subsidiaries sold to joint venture partner on 19/10/2020		Y	N
Blue Group Hold Co Limited	GBR	12040448	Blue Group and subsidiaries sold with effect from 26/02/2020	3rd Floor, The Globe Centre, 1 St James Square, Accrington, Lancashire, England, BB5 0RE	Y	N
Poundland Far East Ltd	HK	CR 0579535	Company was deregistered on 29/05/2020	Suite 701, 168 Queen's Rd. Central, HK	Y	N
Steinhoff Risk Solutions Ltd	GBR	10161665	Company was dissolved on 29/09/2020		Y	N
Fantastic Furniture Ltd	GBR	10734076	Company was dissolved on 28/09/2020	5th Floor, Festival House, Jessop Avenue, Cheltenham, England, GL50 3SH	Y	N
The Package Deal Kings Ltd	GBR	10769195	Company was dissolved on 22/09/2020	5th Floor Festival House, Jessop Avenue, Cheltenham, Gloucestershire, GL50 3SH	Y	N
CapFin Ltd	GBR	4959055	Company was dissolved on 19/08/2020	100 Avebury Boulevard, Milton Keynes, United Kingdom, MK9 1FH	Y	N
Southern View Finance UK Ltd	GBR	08428498	Company dissolved on 09/09/2020	100 Avebury Boulevard, Milton Keynes, United Kingdom, MK9 1FH	Y	N

**OTHER INFORMATION // Statutory list of all subsidiaries and affiliated companies as at 30 September 2020** continued

This list forms part of the notes to the 2020 separate financial statements and has been referenced therein.

Entity Name	Incorp.	Reg. No.	Shareholding	Principal place of Business	FY2019	FY2020
Poundland Far East Limited (HK)	HK	CR 0579535	Company was deregistered on 29/05/2020		Y	N
Steinhoff International Sourcing Limited - G2 Branch	HK	22233821	Company was terminated with effect from 12/05/2020		Y	N
Steinhoff International Sourcing Limited - India RO	IN	F04370	Liaison office terminated on 30/04/2020	Suncity Success Tower, Unit No.124, 1st Floor, Golf Course Extension Road, Sector 65, Gurgaon, 122005, Haryana, India.	Y	N
Greenlit Brands General Merchandise Pty Ltd	AUS	081408791	Company and its subsidiaries sold on 01/12/2019	Company sold on 01/12/2019. (Supposed previous address: Legal & Compliance Department, Level 4, 1 Epping Road, North Ryde NSW 2113, Australia)	Y	N
GLB General Merchandise IP Company Pty Ltd	AUS	636261875	New company incorporated on 17/09/2019 and sold on 01/12/2019		Y	N
IEP Group Proprietary Limited	ZAF	2015/173069/07	25.99%	15 Chaplin Road, 3rd Floor Illovo, Gauteng, 2196, South Africa	Y	Y
Beneficiary of Steinhoff International Share Trust	ZAF	T9633/98	deemed control	Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch, 7600, South Africa	Y	Y
Business Venture Investments No 1499 (RF) Proprietary Limited	ZAF	2011/002155/07	deemed control	36 Stellenberg Road, Parow Industria, 7493, South Africa	Y	Y
Aru Game Lodges Proprietary Limited	NAM	CY/2005/0072	49%	Namibia	Y	Y
Aru Hunting Proprietary Limited	NAM	CY/1998/0383	49%	Namibia	Y	Y
Veronica Farming Proprietary Limited	NAM	CY/1970/4770	49%	Namibia	Y	Y
Micawber 455 Proprietary Limited	ZAF	M2005036638	deemed control	Silver Steam Business Park, 10 Muswell Road, Bryanston, 2060, South Africa	Y	Y



# GLOSSARY OF TERMS APPLIED TO THE ANNUAL REPORT

The capitalised words and expressions used herein shall have the respective meanings attributed thereto below:

<b>2017 Consolidated Financial Statements</b>	Consolidated Financial Statements of the Group for the financial year ended 30 September 2017.
<b>2018 Consolidated Financial Statements</b>	Consolidated Financial Statements of the Group for the financial year ended 30 September 2018.
<b>2019 Consolidated Financial Statements</b>	Consolidated Financial Statements of the Group for the financial year ended 30 September 2019.
<b>2020 Consolidated Financial Statements</b>	Consolidated Financial Statements of the Group for the financial year ended 30 September 2020.
<b>2018 Reporting Date</b>	30 September 2018.
<b>2019 Reporting Date</b>	30 September 2019.
<b>2020 Reporting Date or Reporting Date</b>	30 September 2020.
<b>2018 Reporting Period</b>	Period starting on 1 October 2017 up to and including 30 September 2018.
<b>2019 Reporting Period</b>	Period starting on 1 October 2018 up to and including 30 September 2019.
<b>2020 Reporting Period or Reporting Period</b>	Period starting on 1 October 2019 up to and including 30 September 2020.
<b>2021 Reporting Period</b>	Period starting on 1 October 2020 up to and including 30 September 2021.
<b>Affiliated Company</b>	Each legal entity belonging to the same group as the Company or in which the Company has a direct or indirect equity interest of more than ten per cent. (10 %).
<b>AFM</b>	Dutch Authority for the Financial Markets ( <i>Autoriteit Financiële Markten</i> ).
<b>Africa Group</b>	SINVAH, together with its subsidiaries, amongst others Pepkor Africa Group, IEP Group Proprietary Limited and the African property portfolio.
<b>AGM</b>	Annual General Meeting.
<b>AGM 2020</b>	The annual general meeting of the Company held on 28 August 2020.
<b>Annual Report</b>	Management report ( <i>bestuursverslag</i> ) as referred to in section 2:391 of the Dutch Civil Code.
<b>Articles</b>	Articles of association of the Company, as amended from time to time.
<b>Audit and Risk Committee</b>	Audit and risk committee established by the Supervisory Board.
<b>BSG</b>	Building Supply Group Proprietary Limited, a company incorporated under the laws of South Africa, which is a subsidiary of Pepkor Africa.
<b>BVI</b>	Business Venture Investments 1449 (RF) Proprietary Limited, a company incorporated under the laws of South Africa and registered under number 2011/002155/07.
<b>CEO</b>	Chief executive officer of the Company.
<b>CFO</b>	Chief financial officer of the Company.
<b>CGU</b>	Cash-generating unit.



<b>Chief Compliance and Risk Officer or CCRO</b>	Chief compliance and risk officer of the Company.
<b>Christo Wiese</b>	Christo Wiese, former member and Chairman of the Company's Supervisory Board.
<b>Code of Conduct</b>	Code of conduct of the Company.
<b>Cofel SAS</b>	Cofel SA, a company incorporated under the laws of France, and registered under number RCS 382 286 904.
<b>Company</b>	Steinhoff International Holdings N.V., and, where appropriate, the Subsidiaries and possible other Group companies, whose financial information is incorporated in the consolidated financial statements of the Company.
<b>Company Secretary</b>	Company secretary of the Company or, in absence of the Company Secretary, his or her deputy designated by the Management Board in the manner provided for in the Articles.
<b>Conforama and/or Conforama Group</b>	Conforama Investissement SNC, the holding company of Conforama Holdings SA, a company incorporated under the laws of France together with its subsidiaries and registered under number RCS 582 014445, together with its subsidiaries.
<b>Contractual claims</b>	Claims by those claimants who, in accordance with the terms of the contractual arrangement involving the Company, sold businesses, shares or otherwise received consideration directly
<b>Corporate Action</b>	Corporate action that is required by the scheme if the Company is taken over, delisted or becomes the subject of a merger which results in the listing of the Steinhoff Shares being suspended or terminated.
<b>Corporate Scorecard</b>	A list of performance conditions that sets out the deliverables by Managing Directors in order to achieve the Company's short- to medium-term strategy.
<b>COVID-19</b>	An ongoing pandemic of coronavirus disease 2019 (COVID-19) caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The pandemic has led to severe global socioeconomic disruption, the closure of a number of businesses and widespread shortages of supplies.
<b>CPU</b>	Contingent Payment Undertaking.
<b>CVA</b>	Company Voluntary Arrangements, in respect of SEAG CVA and/or the SFHG CVA (as applicable).
<b>DCC</b>	Dutch Civil Code.
<b>DCGC</b>	2016 Dutch Corporate Governance Code.
<b>Decree</b>	Decree Additional Requirements Annual Report ( <i>Vaststellingsbesluit nadere voorschriften inhoud bestuursverslag</i> ).
<b>Deloitte</b>	Deloitte Accountants B.V.
<b>Dutch Financial Supervision Act</b>	Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht</i> ).
<b>Dutch SoP</b>	Dutch Suspension of Payments procedure ( <i>surseance van betaling</i> )
<b>EBIT</b>	Operating profit or loss adjusted for capital and reclassification items.
<b>EBITDA</b>	Operating profit or loss before depreciation and amortisation adjusted for capital and reclassification items.
<b>Enterprise Chamber</b>	Enterprise Chamber of the Amsterdam Court of Appeal.
<b>ESRS</b>	Employee Share Right Scheme of the Company.
<b>EU</b>	European Union.
<b>Europe Group</b>	SFHG, together with its subsidiaries, amongst others Pepco Group, Greenlit Brands, European Properties and Conforama.
<b>Executive Committee</b>	Executive committee designated as such in clause 6 of the Regulations of the Management Board.
<b>External Auditor</b>	Organisation in which certified public accountants cooperate, as referred to in section 2:393 paragraph 1, of the Dutch Civil Code, that is charged with the audit of the financial statements ( <i>jaarrekening</i> ).
<b>Fantastic</b>	Fantastic Holdings Limited.
<b>FCTR</b>	Foreign currency translation reserve.
<b>FSE</b>	Frankfurt Stock Exchange ( <i>Frankfurter Wertpapierbörse</i> ).

<b>General Meeting</b>	The body of the Company consisting of the person or persons to whom as a Shareholder or otherwise, voting rights attached to Steinhoff shares accrue, or (as the case may be) a meeting of such persons (or their representatives) and other persons with Meeting Rights.
<b>Group</b>	The group of companies consisting of Steinhoff International Holdings N.V. together with its subsidiaries.
<b>Group Company</b>	Group company of the Company as referred to in section 2:24b of the Dutch Civil Code.
<b>Group Risk function</b>	The Group Risk and Internal Audit function of the Company headed by the CCRO of the Company.
<b>Group Services</b>	Group functions outside of OpCos and Subsidiaries, including the following functions: Finance, Treasury, Tax, Human Resources, Legal, Company Secretarial, Compliance, Risk, Internal Audit and IT.
<b>Hemisphere</b>	Hemisphere International Properties B.V., a company incorporated under the laws of the Netherlands and registered under number 17228592, which is an indirect wholly owned subsidiary of Steinhoff N.V. and holds a portfolio of European properties and property companies.
<b>Human Resources and Remuneration Committee or Remcom</b>	Human resources and remuneration committee established by the Supervisory Board.
<b>IAS</b>	International Accounting Standards.
<b>IASB</b>	International Accounting Standards Board.
<b>IEP</b>	IEP Group Proprietary Limited, a South African investment holding company with controlling and scalable strategic interests in a number of select investment platforms, including the Bud Group.
<b>IFRIC</b>	International Financial Reporting Interpretations Committee.
<b>IFRIC 23</b>	IFRIC 23: Uncertainty over Income Tax Treatments
<b>IFRS</b>	International Financial Reporting Standards.
<b>IFRS 5</b>	IFRS 5: Non-current Assets Held-for-Sale and Discontinued Operations
<b>IFRS 9</b>	IFRS 9: Financial Instruments
<b>IFRS 16</b>	IFRS 16: Leases
<b>Internal Auditor</b>	Internal auditor as referred to in principle 1.3 of the DCGC.
<b>IT</b>	Information technology.
<b>JD Group</b>	JD Group Proprietary Limited, a company incorporated under the laws of South Africa and registered under number 1981/009108/07.
<b>JSE</b>	JSE Limited.
<b>KAP</b>	KAP Industrial Holdings Limited
<b>Lancaster 101</b>	Lancaster 101 (RF) Proprietary Limited.
<b>Lancaster 102</b>	Lancaster 102 Proprietary Limited.
<b>Lancaster Group</b>	Lancaster Group Proprietary Limited, together with its subsidiaries.
<b>Lipo</b>	LIPO Beteiligungen AG, a company incorporated under the laws of Switzerland together with its subsidiaries and registered under number CH-040.3.001.910-6.
<b>Litigation Settlement Proposal</b>	A proposal for the settlement of the outstanding litigation announced on 27 July 2020 and detailed in the Steinhoff Global Settlement Proposal Term sheet.
<b>Lock-Up Agreement</b>	Agreement entered into between the Company and creditor groups to create an extended period of time to ensure fair treatment across the various creditor groups, allow management to focus on delivering value at the Group's operating business, and achieve a deleveraging of the Group and a detailed assessment of all contingent litigation claims, which became effective on 20 July 2018.
<b>LTIs</b>	Long-term incentive schemes are awarded with the primary aim of promoting the sustainability of the company through business cycles, aligning performance of key management with the interests of investors and retaining key management, all over the longer term. The LTIs can comprise of a share rights scheme and/or and a cash settled scheme.
<b>Management Board</b>	Management board of the Company.

<b>Managing Director</b>	Member of the Management Board.
<b>Market purchase claimants</b>	Market purchase claims arise in respect of market traded securities. In respect of the period prior to the Company's Frankfurt Stock Exchange listing becoming effective on 7 December 2015, any such claims are in respect of shares of SIHPL (the former holding company of the Group) and, following such event, any such claims are in respect of shares of the Company.
<b>Mattress Firm</b>	Mattress Firm Holding Corp, a company incorporated under the laws of the United States of America and registered under number EIN – 20-8185960, together with its subsidiaries, Mattress Firm Inc.
<b>Mazars</b>	Mazars Accountants N.V., the Company's external auditor appointed for the financial years 2019, 2020 and 2021.
<b>Meeting Rights</b>	Right to be invited to General Meetings and to speak at such meetings, as a Shareholder or as a person to whom these rights have been attributed in accordance with the Articles.
<b>Newco 2A</b>	Steenbok Newco 2A Limited, a company incorporated and registered under the laws of Jersey with registered number 127926 and with its registered address at 3rd Floor, 44 Esplanade, St Helier, Jersey.
<b>Newco 3</b>	Steenbok Newco 3 Limited, a private limited company incorporated under the laws of England and Wales, having its registered office at Pall Mall Works, 17-19 Cockspur Street, London, SW1Y 5BL and company number 11728460.
<b>Nomination Committee</b>	Nomination committee established by the Supervisory Board.
<b>OpCos</b>	The operating companies, amongst others Pepkor Africa, Conforama, Hemisphere, Greenlit, Mattress Firm and Pepco Group.
<b>Pepkor Africa</b>	Pepkor Holdings Limited, a public company incorporated under the laws of the Republic of South Africa and registered under number 2017/221869/06, which is an indirect subsidiary of Steinhoff N.V.
<b>Pepkor Africa Group</b>	Pepkor Africa, together with its subsidiaries.
<b>Pepco Group</b>	The pan-European discount variety retailer that includes the brands PEPCO, Poundland and Dealz.
<b>Poundland</b>	Poundland Group Limited.
<b>Preference Share</b>	Non-cumulative financing preference share in the capital of the Company.
<b>PwC</b>	PricewaterhouseCoopers.
<b>Regulations of the Management Board</b>	Rules effective as at 17 December 2020 regarding the working methods and decision-making process of the Management Board, in addition to the relevant provisions of the Articles.
<b>Regulations of the Supervisory Board</b>	Rules effective as at 11 July 2019 regarding the working methods and decision-making process of the Supervisory Board, in addition to the relevant provisions of the Articles.
<b>Remediation Plan</b>	Plan of the Management Board – forming part of its duty to monitor the operation of the internal risk management and control systems and to carry out a systematic assessment of their design and effectiveness – containing appropriate measures to prevent any reoccurrence of the irregularities and non-compliance with laws and regulations in the future.
<b>Remuneration Policy</b>	Policy as referred to in article 15.11 of the Articles and as adopted by the General Meeting on 1 December 2015.
<b>S155 Scheme</b>	Statutory compromise process under South African law.
<b>SEAG</b>	Steinhoff Europe AG, a company incorporated under the laws of Austria and registered under number FN 38031d, which is a wholly owned subsidiary of the Company.
<b>SEAG CVA</b>	English law company voluntary arrangement proposed by SEAG dated 28 November 2018.
<b>Segmental EBITDA</b>	EBITDA adjusted to exclude exceptional expenses incurred as disclosed in note 4.2.
<b>Seifert</b>	Dr. Andreas Seifert and entities affiliated to Seifert.
<b>Senior Managers</b>	Employees with a direct reporting line to the Management Board as a whole or to a Managing Director.
<b>SFHG</b>	Steinhoff Finance Holdings GmbH, a company incorporated under the laws of Austria, registered under number FN345159m.
<b>SFHG CVA</b>	English law company voluntary arrangement proposed by SFHG dated 28 November 2018.
<b>Share</b>	A share in the capital of the Company. Unless the contrary is apparent, this shall include each ordinary share and each preference share.

<b>Shareholder</b>	Holder of one or more Shares.
<b>Share Issue Authorisation</b>	Authorisation of the Management Board granted by the General Meeting to issue Ordinary Shares and to grant rights to subscribe for Ordinary Shares.
<b>Sherwood</b>	Steinhoff US Holdings I Inc. (formerly: Sherwood Group Holdings Inc), a company incorporated under the laws of the United States of America, registered under number 6454341.
<b>SIHPL</b>	Steinhoff International Holdings Proprietary Limited, a company incorporated under the laws of South Africa, registered under number 1998/003951/06, previously listed on the JSE and known as Steinhoff International Holdings Limited.
<b>SINVH</b>	Steinhoff Investment Holdings Limited, a company incorporated under the laws of the Republic of South Africa, registered under number 1954/001893/06.
<b>SSUK</b>	Sutherland Investment Partner UK Limited, a company incorporated under the laws of the United Kingdom and registered under number 9803849 and Sunnyside Investment Partners Limited, a company incorporated under the laws of the United Kingdom and registered under number 9892333, collectively.
<b>Steinhoff Africa</b>	Steinhoff Africa Holdings Proprietary Limited, a company incorporated under the laws of the Republic of South Africa, registered under number 1969/015042/07.
<b>Steinhoff at Work</b>	Steinhoff at Work Proprietary Limited, a company incorporated under the laws of the Republic of South Africa, registered under number 1950/037849/07.
<b>Steinhoff Global Settlement Proposal Term sheet</b>	A document detailing the terms of the Litigation Settlement Proposal and placed on the Steinhoff N.V. website.
<b>Steinhoff N.V. or the Company</b>	Steinhoff International Holdings N.V., a public limited liability company incorporated under the laws of the Netherlands, having its corporate seat in Amsterdam, the Netherlands, and its head office in South Africa, and registered with the Trade Register in the Netherlands under number 63570173.
<b>Steinhoff N.V. Scheme</b>	English law scheme of arrangement that Steinhoff N.V. launched to implement the consents required from certain financial creditors to pursue the proposed global settlement of contingent and litigation claims against the Group arising from legacy accounting issues first announced in December 2017.
<b>Steinhoff shares or Ordinary Shares</b>	Ordinary shares in the capital of the Company.
<b>Subsidiary</b>	Subsidiary of the Company as referred to in section 2:24a of the Dutch Civil Code.
<b>Supervisory Board</b>	Supervisory board of the Company.
<b>Supervisory Board Remuneration Policy</b>	Policy as referred to in article 24.12 of the Articles and as adopted by the General Meeting on 28 August 2020.
<b>Supervisory Director</b>	Member of the Supervisory Board.
<b>SUSHI</b>	Stripes US Holding Inc., a company incorporated under the laws of the United States of America, registered under number EIN-38-4012800, which is the holding company of Mattress Firm.
<b>SUSHI Scheme</b>	English law scheme of arrangement that SUSHI launched as part of the restructuring plan.
<b>Steenbok Group</b>	Certain companies were incorporated within the Group to create a new intermediate holding structure below the Company but above the key no-South African businesses and assets of the Steinhoff Group (the "Steenbok Group"). The newly incorporated parent company of the Steenbok Group is Newco 3.
<b>Tekkie Town</b>	Tekkie Town Proprietary Limited, a company incorporated under the laws of the Republic of South Africa, registered under number 2007/020629/07.
<b>Term Sheet</b>	The Litigation Settlement Proposal term sheet
<b>Thibault</b>	Thibault Square Financial Services Proprietary Limited.
<b>Titan</b>	Titan Premier Investments Proprietary Limited, a company incorporated under the laws of the Republic of South Africa, registration number 1979/000776/07.
<b>Town Investments</b>	Town Investments Proprietary Limited, a company incorporated under the laws of South Africa and registered under number 2016/159084/07. The company served as a special purpose vehicle during the acquisition of Tekkie Town Proprietary Limited.
<b>Unitrans</b>	Unitrans Motor Holdings Proprietary Limited, a company incorporated under the laws of the Republic of South Africa, registered under number 1997/017428/07.

**GLOSSARY OF TERMS APPLIED TO THE ANNUAL REPORT** continued

<b>WACC</b>	Weighted average cost of capital.
<b>Warrants</b>	A total of 205,242,947 warrants issued by Conforama Holding SA on 29 May 2019 which, if and when exercised, are “convertible” into 205,242,947 Class 2 Preference Shares.

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