



**STEINHOFF**

INTERNATIONAL HOLDINGS N.V.

**UNAUDITED RESULTS**  
FOR THE SIX MONTHS ENDED 31 MARCH 2021



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# **UNAUDITED RESULTS**

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# MESSAGE FROM THE MANAGEMENT BOARD

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Dear Stakeholders,

During the reporting period the operations managed the threats and opportunities, relative to their own specific business environments, within the constraints of the COVID-19 pandemic, keeping colleagues and customers safe and adhering to all government guidance, while maximising the trading opportunity. Simultaneously, we also moved ahead with the pillars of the strategic plan to resolve legacy issues.

Critically, the operating companies continue to trade well, and as COVID-19 restrictions have begun to reduce in most markets, they are benefitting from their geographic diversity and value positioning. A number of key operational achievements were also delivered, and these are discussed below.

## Strategic update

The primary focus of the Group remained the successful completion of steps two and three of the three-step strategic plan.



Step 2, securing a Litigation Settlement Proposal, was a key priority of the Management Board during the period. While the scope and complexity of the issues continue to make this an extremely challenging task, sufficient progress was made to allow the implementation process to begin in February 2021 with the commencement of the necessary legal proceedings in the Netherlands and in South Africa. It should be noted, however, that various risks to the successful completion remain.

Further restructuring and debt reduction measures were also executed in line with Step 3, with a continuation of the process to dispose of various properties and non-core assets, a further simplification of the group structure and a successful IPO of Pepco subsequent to the Reporting Period.

## Management priorities in the period

As we focus on the objectives of the strategic plan, management is concentrating on the following priorities:

### 1. Business optimisation and balance sheet restructuring

Steinhoff N.V. is managed as 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.

During the Reporting Period many countries in Europe tightened COVID-19 restrictions or re-imposed lock downs which impacted on store operations and trading hours. Against this backdrop of trading restrictions and economic uncertainty relating to the pandemic, all operating businesses have traded exceptionally well, with the breadth of their operations, and their value focus, enabling them to perform strongly. In local currencies revenue at Pepco Group was +9%, Pepkor Africa +8%, Greenlit Brands +28% and Mattress Firm +28%.

A programme of operational improvements has been implemented enhancing performance and efficiency to combat the impact of COVID-19, and culminating in:

- A series of positive trading updates from the Pepco Group, followed by a successful IPO on the Warsaw Stock Exchange in May 2021 which raised proceeds of approximately €1 billion for the Group most of which was used to reduce debt;
- A successful R2.2 billion bond issue for Pepkor Africa in April 2021, in order to replace shorter termed debt, and the announcement of strong Interim Results in May 2021;
- Mattress Firm receiving a positive outlook rating from Moody's as a reflection of its improved operating performance; and
- All brands in the Greenlit Brands portfolio out-performing expectations.

Having completed the implementation of the Remediation Plan during 2020, strengthened governance structures and processes are in place throughout the Group. Steinhoff N.V. remains committed to maintaining or improving governance at all levels.

Further details on the operational performance of the individual Group businesses are provided in the accompanying Operations Report.

### 2. Financial Reporting

The financial reporting for Steinhoff Investment Holdings Ltd was brought back up to date with the publication of accounts for the 2016–2020 financial years, which allowed a resumption of trading in the preference shares on the JSE Limited.

### 3. Litigation Settlement

The Company has been presented with many challenges as it strives to implement a proposal to settle Group litigation. We are committed to resolving the outstanding issues, obtaining all of the required approvals and implementing a proposal.

### 4. Suspension of payments

On 15 February 2021 Steinhoff N.V. announced that it had resolved to lodge an application for a Dutch suspension of payments procedure with the Amsterdam District Court to implement its proposal to settle certain multi-jurisdictional legacy litigation proceedings and various claims against Steinhoff N.V. The Amsterdam District Court approved the application and appointed two administrators, namely Mr. F. Verhoeven and Mr. C.R. Zijderveld. The S155 process in respect of SIHPL was similarly initiated in South Africa.

In both proceedings, plans have been presented that we believe to be in the best interests of all creditors and stakeholders involved. Through these plans we will also implement and settle certain multi-jurisdictional legacy litigation proceedings and various claims against Steinhoff N.V. as referred to in a Litigation Settlement Proposal. These plans will offer all stakeholders, in particular litigants and their clients, a fair and, in terms of timing, a more certain recovery than a possible liquidation. Completing this important task is our principle strategic priority in the months ahead.

### 5. Stakeholder interaction – including Regulators

The Group remains committed to co-operating and maintaining open communication lines with all stakeholders. Regular meetings are held with the Group's lenders and on 30 April 2021 Steinhoff N.V. successfully hosted a hybrid annual meeting of shareholders. We also remain committed to regular and co-operative dialogue with all regulators and enforcement agencies, as required.

## Outlook

Trading conditions in the early months of the second half of this financial year have been cautiously encouraging. While the COVID-19 pandemic is still with us, it appears to be in gradual retreat in many of our major markets, as vaccination roll-outs progress and restrictions begin to lift. The operating companies continue to perform robustly and are well positioned for a full return to more normal trading conditions.

As we look ahead, it is important to implement a Litigation Settlement Proposal. Achieving this will allow us to focus exclusively on step 3 of the strategic plan – reducing our debt and financing costs. At the same time, it will allow the operating companies to run and build their businesses free from any external distractions.

## Appreciation

We continue to owe our thanks to many organisations, teams and individuals for their continued hard work and commitment.

We are particularly proud of the way the businesses and staff have responded to the multiple challenges we have faced, including the COVID-19 crisis, and thank all colleagues for their unwavering support through another 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.

**L.J. (Louis) du Preez**

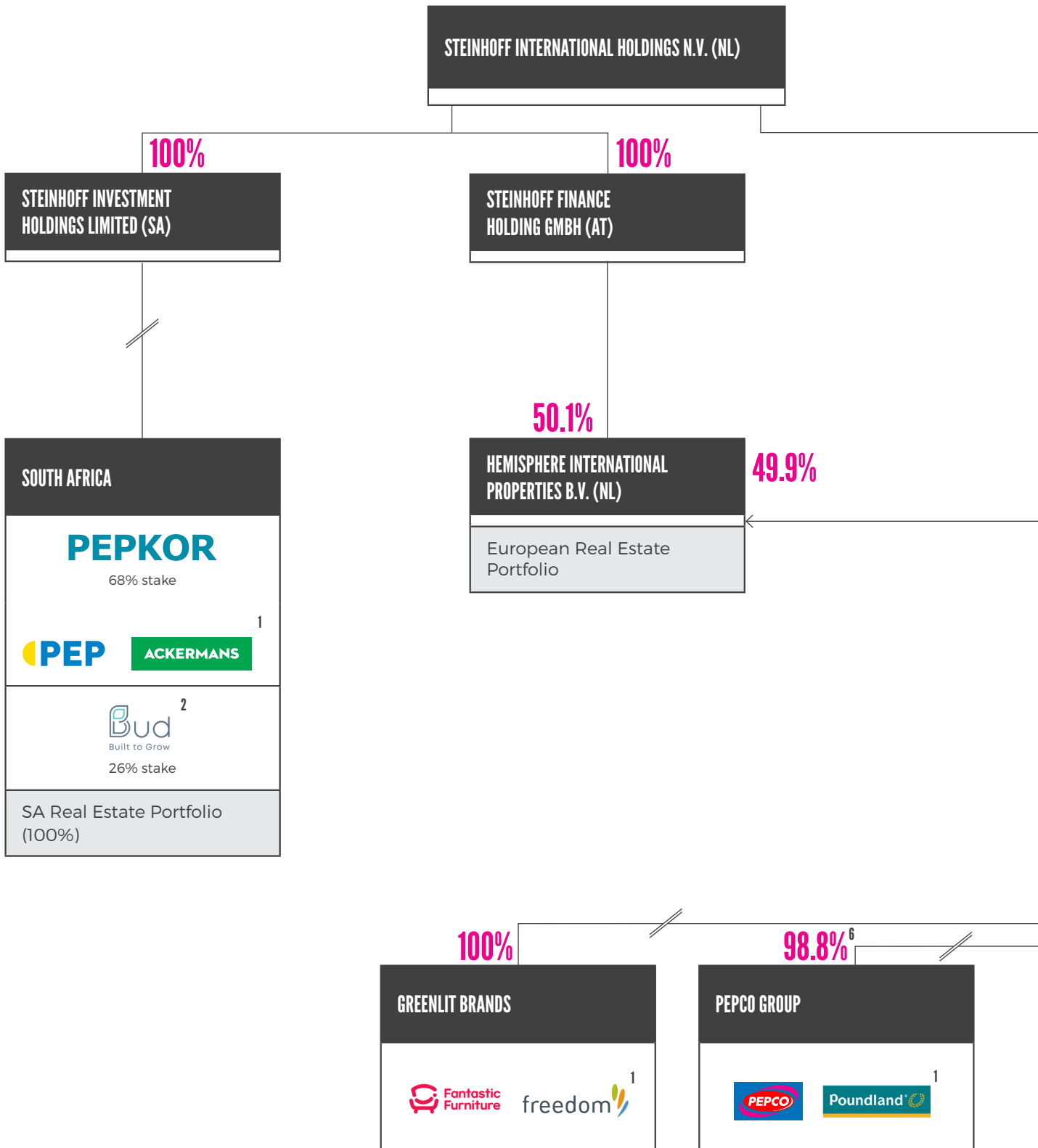
*Chief executive officer*

25 June 2021

**T.L. (Theodore) de Klerk**

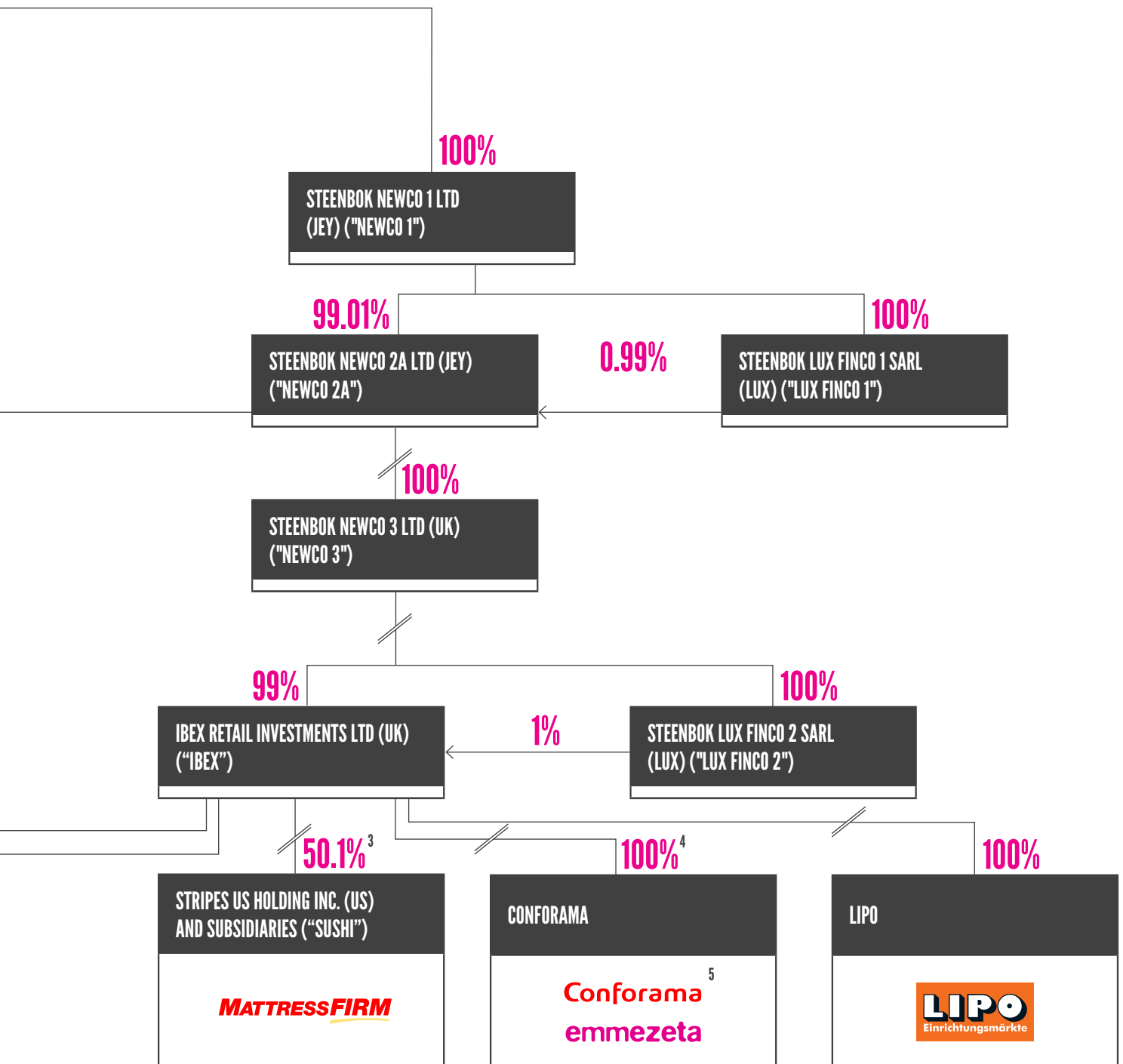
*Chief financial officer*

# SUMMARISED GROUP STRUCTURE AS AT 31 MARCH 2021



Refer to note 10 to the 2021 Condensed Financial Statements for a breakdown of the loans and borrowings as at 31 March 2021.

- <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
- <sup>6</sup> During May 2021 Pepco Group was listed on the Warsaw Stock Exchange resulting in Steinhoff N.V.'s holding reducing to 78.9%.



# MANAGEMENT BOARD RESPONSIBILITY STATEMENT

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## Introduction

The Management Board comments on the results for the six months ended 31 March 2021 of 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, with its principal place of business at Building B2, Vineyard Office Park, Cnr Adam Tas and Devon Valley Road, Stellenbosch 7600, South Africa, registered with the Trade Register in the Netherlands under number 63570173, and with tax residency in South Africa (the "Company"). The Company has a primary listing on the Frankfurt Stock Exchange in Germany with a secondary listing on the JSE Limited in South Africa.

The 2021 Half-year Report consists of this Responsibility Statement, the Financial and Business Review, the Operations Review and the 2021 Condensed Financial Statements.

## Management Board Statement

The Management Board draws specific attention to the going concern statement included in both the Financial and Business Review as well

as the Basis of Preparation section of the 2021 Condensed Financial Statements in which a number of assumptions have been detailed, namely:

- Litigation and Regulation, and
- COVID-19.

Based on these assumptions, the Management Board remains of the opinion that the going concern basis is appropriate for the preparation of the financial reporting. The Management Board has discussed the above opinion and conclusions with the Audit and Risk Committee and the Supervisory Board.

## Responsibility Statement

As required pursuant to section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act, each of the Managing Directors hereby confirms that, subject to the items mentioned above enabling the Group to continue as a going concern for the foreseeable future, as far as each of them is aware:

- (i) subject to the judgements and estimates set out in the Financial and Business Review as well as the Basis of Preparation section the 2021 Condensed 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 2021 Half-year Management Report gives a true and fair overview of the information required pursuant to section 5:25d paragraphs 8 and 9 of the Dutch Financial Supervision Act.

Steinhoff International Holdings N.V.

### The Management Board

**L.J. (Louis) du Preez**

*Chief executive officer*

25 June 2021

**T.L. (Theodore) de Klerk**

*Chief financial officer*



# FINANCIAL AND BUSINESS REVIEW

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## 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.

On 15 February 2021, the Amsterdam District Court approved the application by the Company for a Dutch suspension of payments procedure (“Dutch SoP”) and appointed two administrators, namely Mr. F. Verhoeven and Mr. C.R. Zijderveld. At the date of this report the Company remains under the Dutch SoP.

This Financial and Business Review covers the six-month period ended 31 March 2021 and also addresses the material events subsequent to the Reporting Date and up to the authorisation date of this Half-year Report. The Half-year Report has not been audited or reviewed by the Company’s auditors.

## 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. During the Reporting Period, the Management Board focused on making further operational improvements within the Group’s businesses; appropriate governance at all levels; finalising and releasing the audited 2020 financial results; and dealing with the ongoing impact of the global COVID-19 pandemic. In parallel, the Group is attempting to implement a solution to the ongoing litigation challenges through a Litigation Settlement Proposal. Further details are provided throughout this Half-year Report and on [www.steinhoffsettlement.com/](http://www.steinhoffsettlement.com/).

Stakeholders are 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 impacted the performance of all businesses during the Reporting Period, 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 Greenlit Brands Group reported strong trade as restrictions moderated and the operations focused strategically on consumers investing in their homes. The accompanying Operational Review deals with the performance in more detail.

## Reportable segment information

In compliance with IFRS, and in line with the prior full year presentation, the Group reports on five continuing business segments.

Conforama was discontinued as a segment during the second half of the prior year while Sourcing and Logistics (previously part of All other) has also been discontinued. The comparative figures have been restated – please refer to note 1 to the 2021 Condensed Financial Statements for details. This presentation is aligned with the way in which 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 which are also applicable to the 2021 Condensed Financial Statements. Readers should take note of the following judgements and estimates:

### 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 was €9 836 million (FY2020: €9 461 million), calculated as total debt less cash and cash equivalents.

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 from €1 571 million to €1 406 million over the Reporting Period.

Total Group Services debt, however, increased further from €9 873 million to €10 396 million as the interest accrued exceeded the amount of debt repaid. For further details please refer to note 10 to the 2021 Condensed Financial Statements.

For further details refer to the Consolidated Statement of Cash Flows.

## Geographic context and impact of foreign currencies

The Group earned circa 88% (1H2020 restated: 91%) of its revenue from continuing operations outside of the eurozone. 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 3 to the 2021 Condensed Financial Statements. The more material items are as follows:

### Litigation Settlement Proposal provision

A provision relating to the expected cost of the Litigation Settlement Proposal of €882 million was raised in the comparative Reporting Period, and this was increased to €943 million in the 2020 full year results. This provision has increased to €1 026 million in the Reporting Period as a result of changes from the initial term sheet as well as changes in the exchange rate as detailed in notes 3.4 and 11.1 to the Condensed Financial Statements.

In addition, costs of €14 million in relation to a forward exchange agreement, a provision of €28 million for ACG lawyers' fees and a provision of €19 million were all raised in connection with the Litigation Settlement Proposal, as detailed in note 3.5 to the Condensed Financial Statements.

### Advisory fees

As a consequence of the continued extensive litigation processes, the work in trying to secure a Litigation Settlement Proposal and

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 previous reporting periods have been significant.

Advisory fees for the Reporting Period, at €29 million (1H2020: €58 million), have reduced significantly compared with the prior period, as disclosed in note 3.3 of the 2021 Condensed Financial Statements.

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

#### Impairments

The total impairment of intangibles for the Reporting Period amounted to €nil million (1H2020: €44 million). The impairments in the prior year 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 3.1 to the 2021 Condensed Financial Statements for further information.

#### Finance costs

The total finance costs for the Reporting Period decreased marginally to €597 million (1H2020: €599 million – restated for discontinued operations).

Within the OpCos total finance costs on borrowings decreased from €81 million in the prior half-year to €37 million in the current year as a result of the reduction in average debt levels.

The finance costs relating to Group Services debt increased from €456 million to €488 million mainly due to the higher average debt levels.

For further details please refer to note 4 and note 10 to the 2021 Condensed Financial Statements.

#### Tax

Tax remains an area of focus for management. Significant work has been done in collating information, completing entity stand-alone financial statements and filing of tax returns.

#### 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.

Refer to note 14 of the 2021 Condensed Financial Statements for an overview of the most important transactions with related parties.

#### Governance and leadership

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

Subsequent to the period end, Ms. Khanyisile Kweyama resigned from the Supervisory Board on 19 April 2021. We thank Khanyisile for her service to Steinhoff N.V.

#### 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 N.V. 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 December 2017, including asset disposals and debt restructuring. Further details are disclosed in the respective Annual Reports.

#### Corporate activity during the 2021 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 consisted of retail outlets, offices, warehouses, dealerships, truck shops, vacant land and residential properties, and included properties tenanted by the Group and third parties. Twelve of the remaining properties are leased by Pepkor Africa. As announced on 14 April 2021 the transaction for Pepkor Africa to acquire these twelve properties received the necessary approvals and all conditions precedent have been fulfilled. As these properties will remain within the Group after the transaction, they no longer meet the criteria to be classified as held-for-sale and have been reclassified to Property, Plant and Equipment. At 31 March 2021, the Africa property portfolio, excluding the properties purchased by Pepkor Africa, met the criteria to be classified as held-for-sale. The disposal process remains ongoing.

##### Hemisphere

Hemisphere was previously the Group's major European property-owning subsidiary. Most of the properties have been sold. The directors continue to believe that the held-for-sale classification remains appropriate for the remaining assets.

##### Pepkor Africa

In August 2020, 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 R1.1 billion. Completion of the transaction was subject to approval by the Competition Authorities in South Africa at the Reporting Date. The Competition Authorities announced their recommendation on 28 May 2021 that the transaction be prohibited. The recommendation made by the Competition Authorities will be considered by the Competition Tribunal at a hearing where arguments from all parties will be considered.

### Conforama Iberia, Italy and Balkans

During the 2020 Reporting Period the Group decided to dispose of its remaining investments in the Conforama businesses and embarked on a process to identify potential buyers. These businesses met the criteria to be classified as held-for-sale on 31 March 2021.

### Greenlit Brands

On 21 February 2021, Greenlit Brands Pty Limited completed a restructure of the ownership of the Fantastic Furniture business resulting in Greenlit Brands Pty Limited's shareholder, APAC HoldCo Ltd, a subsidiary of the Group, having a direct interest in Fantastic Furniture. This restructure has resulted in Greenlit Brands Pty Limited repaying in full the outstanding secured loans payable to the parent group lenders.

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. During the Reporting Period all decisions relating to the IPO process were postponed until later in the 2021 Reporting Period when it is expected that COVID-19-related uncertainty should reduce, 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.

### Legal provision

The litigation with Seifert relating to the Conforama Group is ongoing and 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. 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. In light of these negotiations, management decided to raise a settlement provision. It was 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 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.

### 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 of their real estate properties for a consideration of €107 million, with certain conditions precedent. On completion of those conditions precedent, ownership of the real estate properties will be transferred. The main terms of the corresponding lease contract of each property have already been 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 was subject to a number of standard terms and conditions and became unconditional after the Reporting Date. The new shares will be issued on a proportional basis as the transfer of each property is completed.

## Corporate activity after the Reporting Date

### Pepco Group

On 25 January 2021 Steinhoff N.V. announced that the Group had resumed its evaluation of a range of strategic options for Pepco Group. Following receipt of the necessary consents from its financial creditors and after consultation with the financial institutions advising on a possible IPO of Pepco Group, on 26 April 2021 the Group decided to proceed further with an IPO of Pepco Group on the Warsaw Stock Exchange and the Intention To Float announcement was made available on the Pepco Group website.

On 5 May 2021 Steinhoff N.V. launched the IPO of Pepco Group on the Warsaw Stock Exchange. The IPO included a public offering of up to 101 343 568 existing Pepco Group shares to retail investors and institutional investors in Poland and an offering to institutional investors in selected other countries. The final number of shares, and the offer price, were determined and published on 14 May 2021 and the first day of trading on the Warsaw Stock Exchange was 26 May 2021.

As a result of the IPO the Group received proceeds of approximately €1 billion, most of which was used to reduce debt. The Group's shareholding in the Pepco Group reduced to 78.9% following the full exercise of the over-allotment option.

### Pepkor Africa

Pepkor Africa successfully raised R2.2 billion in the South African bond market following an auction held on 30 April 2021. Strong demand from institutional investors resulted in an oversubscription of 2.8 times.

The Domestic Medium Term Note Programme ("Programme") is part of Pepkor Africa's strategy to diversify its sources of funding and to reduce its cost of funding. Proceeds from the notes issued were used to replace existing term debt due for repayment in 2022 - thereby strengthening Pepkor Africa's liquidity and debt repayment profile.

Pepkor Africa further notified shareholders and noteholders that the JSE Limited had granted the listing of the PEP03 and PEP04 Senior Unsecured Floating Rate Notes effective 05 May 2021, in terms of its Programme dated 2 March 2020 and guaranteed by Pepkor Trading Proprietary Limited.

## Group debt restructure

As part of the Litigation Settlement Proposal and related lender consent requests, the Group proposed that the financial creditors extend the common maturity date of its outstanding debt. 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.

## Litigation

Litigation remains a significant outstanding challenge for the Group. 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 the implementation of a Litigation Settlement Proposal as explained below.

On 12 May 2021, a provisional liquidation application was filed by entities affiliated with the former shareholders of Tekkie Town Proprietary Limited in the Western Cape Division of the High Court of South Africa. Steinhoff N.V. is opposing this application. The hearing has been scheduled for 1 – 3 September 2021.

### 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 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 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 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 [www.steinhoffinternational.com/settlement-litigation-claims.php](http://www.steinhoffinternational.com/settlement-litigation-claims.php).

As this proposal has not yet been agreed to by any party, the outstanding legal claims are still being disclosed as contingent liabilities in the Group accounts.

A 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. 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 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 process, which the Court approved, to implement a proposal to settle certain multi-jurisdictional legacy litigation and various claims against the Group including those against the former holding company, SIHPL. In parallel, the board of SIHPL resolved to commence a S155 Scheme in South Africa, also as part of the implementation of a Litigation Settlement Proposal.

Steinhoff N.V., together with SIHPL, subsequently reached a bilateral conditional agreement with Deloitte Accountants B.V. and Deloitte & Touche South Africa (together "Deloitte") pursuant to which Deloitte agreed to support the proposed Steinhoff N.V. global settlement as announced on 27 July 2020 (and as subsequently revised).

Steinhoff N.V. further announced that, together with SIHPL, it had also reached a conditional agreement with certain insurance companies underwriting Steinhoff N.V.'s (primary and excess) Directors and Officers insurance policy (the "D&O Insurers") and certain former directors and officers who have worked for or been associated with a Steinhoff N.V. Group company (the "Settling D&Os"). In addition to the compensation made available to certain claimants by Steinhoff N.V., Deloitte (up to €78 million) and the D&O Insurers (up to €78 million), on behalf of the Settling D&Os, are making additional compensation

available to certain Steinhoff N.V. claimants, including the market purchase claimants, in exchange for certain waivers and releases, provided that Steinhoff N.V. successfully completes the Dutch SoP process commenced on 15 February 2021 and SIHPL successfully implements the S155 Scheme. Deloitte, the D&O Insurers and the Settling D&Os do not in any way admit liability for the losses incurred by Steinhoff N.V. and its stakeholders as a result of the alleged accounting irregularities.

### 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. has co-operated and / or is co-operating with the various prosecution authorities and regulators in South Africa and other jurisdictions as they investigate various individuals and entities implicated in relation to the events uncovered in December 2017.

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.

The Group remains committed to co-operating, and maintaining open communication lines with all regulators.

### Shareholder meetings

A hybrid annual meeting of shareholders was held on 30 April 2021.

### 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.

Initially the focus was 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.

Trading has continued to be better than expected since reopening. The Group's main trading subsidiaries, with their more resilient and defensive discount and value offering remain 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. During 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 fluid. The developments and the mitigating actions are being kept under constant review.

## Going concern

In determining the appropriate basis of preparation of the 2021 Condensed Financial Statements, the Management Board is required to consider whether the Group and the Company can continue in operational existence for the foreseeable future. The Group's going concern assessment is similar to the going concern assessment included in the 2020 Consolidated Financial Statements.

However, the Management Board draws attention to the fact that the current liabilities exceed the current assets at 31 March 2021, which is mainly due to the common maturity date of 31 December 2021 for the implemented CVA ("CVA debt").

The Group's cash flow forecasts were adjusted for the impact of a Litigation Settlement Proposal, as detailed in note 11, as well as reasonable downside sensitivities including an assessment of the impact of the COVID-19 global pandemic. Subject to the successful implementation of a Litigation Settlement Proposal, a further term extension will be granted, initially to 30 June 2023, with a further 6 months extension to 31 December 2023 subject to simple majority financial creditor consent. At the time of authorisation of these 2021 Condensed Financial Statements, the Management 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 2021 Condensed Financial Statements.

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

### Litigation and Regulation

The Group and the Company are subject to several legal claims and regulatory investigations (refer to Note 24 – Commitments and Contingencies of the 2020 Consolidated Financial Statements). A key assumption in both the Group and the Company's cash flow forecasts is that no material judgements or fines are issued against the Group or Company that will become payable during the next 12 months. The Supervisory Board and the Management Board, assisted by the Litigation Working Group, and in consultation with the Group's attorneys, continue to assess the merits of, and responses to, these claims, and provide feedback to the regulatory bodies. Pleadings and notices have been filed by the Group in various legal proceedings and the Company and applicable subsidiaries have co-operated with various regulators in their investigations. However, there remains a material uncertainty as to the ultimate impact of litigation and regulatory enforcement on the liquidity of the Group. Refer to note 11 for more information on claims and fines.

Notwithstanding the ongoing litigation and claims that the Group has received, and continues to defend, it has announced a proposed settlement to conclude substantially all the various litigation proceedings. A Litigation Settlement Proposal has been initiated but implementation thereof remains subject to completion of the requisite legal processes.

The quantum of the provision raised is based on the estimated financial outcome of a Litigation Settlement Proposal as announced on 27 July 2020 and amended for additional items as announced subsequent to that date. Management draws attention to the fact that the above litigation has not been resolved and any form of the proposed settlement, if implemented, could differ from the provision raised.

### Classification of debt as short term

The Group's debt under Corporate and treasury services, the CVA debt, amounts to €10.4 billion and has a maturity date at the Reporting Date of 31 December 2021. The debt has therefore been classified as current liabilities, as required by IFRS. Due to this classification the Group's current liabilities exceed its current assets. Refer to note 10 for more information on the CVA debt.

Subject to the successful implementation of a Litigation Settlement Proposal, a further term extension will be granted, initially to 30 June 2023, with a further 6 months extension to 31 December 2023. Prior to the successful implementation of a Litigation Settlement Proposal, Steinhoff N.V. has the option to seek an interim extension on debt maturities for up to 12 months (i.e. 31 December 2022) subject to the approval of a simple majority financial creditor consent.

No cash interest is payable as interest accrues 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.

### 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.

The full impact of COVID-19 on the performance of the Group for the 2021 Reporting Period 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 situation remains volatile.

### Conclusion

Based on the Group's cash flow forecasts and financial projections, alongside an assessment of a robust set of plausible 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.

The Management Board draws attention to the following facts:

- At 31 March 2021, the Group's current liabilities exceed its current assets;
- At 31 March 2021, 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 a Litigation Settlement Proposal is accepted by all parties and becomes effective uncertainty regarding the success thereof, the final settlement amount and the impact on going concern will remain;
- Subject to the successful implementation of a Litigation Settlement Proposal, a further payment extension will be granted to 30 June 2023, with the option to seek a further 6 months extension to 31 December 2023 subject to the approval of a simple majority financial creditor consent. Prior to the successful implementation of a Litigation Settlement Proposal, Steinhoff N.V. (on behalf of itself

and other Steinhoff holding company obligors) has the option to seek an interim extension on debt maturities for up to 12 months (i.e. 31 December 2022) including under the SIHPL CPU subject to the approval of a simple majority financial creditor consent. To date this option has not been exercised by Steinhoff N.V.;

- Even though the boards embarked on the Dutch SoP, this does not impact the liquidity of the Group which continues to pay its debts as they fall due. The Group's 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 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 31 December 2021 in the absence of the implementation of a Litigation Settlement Proposal.

### The company's dividends on ordinary shares

Given the Group's ongoing liquidity constraints and the negative reserves, 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 authorisation of this report, the Ordinary Shares remain listed and traded on the FSE and the JSE.

### Risk management

The Management Board has established a clear risk management framework, based on the principles of ISO 31 000 and the Dutch Corporate Governance Code, 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.

The principal risks faced by the Company are presented in the table below:

#### Principal risks

Material uncertainty	Risk Classification
Litigation	External: Legal and compliance risk
Financial stability	Internal: Financial risk
Tax compliance	External: Legal and compliance risk
Regulatory compliance	Internal: Legal and compliance risk

#### Risk summary

The uncertainty relating to legal actions against the Company and the Group is critical, with potential liabilities resulting in material exposure. The fact that multiple actions, including class actions, have been filed by, and on behalf of, individual and institutional investors in various countries adds additional complexity to this risk. The outcome of litigation against current and past directors of Group entities is uncertain. A Litigation Settlement Proposal, referred to earlier in this report, is an attempt to address and resolve these risks. Managing both solvency and liquidity risks remains a primary concern and focus area to ensure the ongoing financial stability of the Group. The Group's current liabilities exceed its current assets and the Group's total liabilities exceed its total assets. As the Group holds investments across several jurisdictions, each with their own tax regulations, in-depth knowledge is required to ensure ongoing tax

compliance. Consequently, reliance is placed on in-country advisors. Tax reviews by authorities in these jurisdictions may result in additional taxes. The risk of failure to comply with laws or regulations extends across several jurisdictions, is significant and could result in liability, including, but not limited to, financial penalties, and injunctive action. The Group continues to face material risks in respect of the COVID-19 pandemic and the related impact on the financial well-being and performance of the operating companies. The Management Board is closely involved with the operational management teams in monitoring and managing the risks associated with the pandemic in the retail industry including the health and safety of employees and customers and the financial needs of the operating companies due to lock down restrictions at a local level.

As a result of the events of December 2017 the Company has experienced significant reputational damage, which continues to impact negatively on stakeholder confidence. The stability in the Management Board, finalisation of annual financial reporting and transparent processes initiated with all stakeholders further contribute towards rebuilding stakeholder confidence.

#### Principal risks (Operating entities)

Operational management is responsible for managing risk and ensuring an effective control environment within each operating company. Each operating company is continuously reviewing its governance, risk and compliance policies and approach. Operational matters relating to governance, risk and compliance are identified and reported to operational management and to local audit and risk governance structures. The operational management structure is responsible for reviewing assurance of controls, addressing identified discrepancies and reporting material breaches to the Management Board and the Audit and Risk Committee. The material risks identified at operating companies include the following (not classified according to significance):

- The impact of the increased cost of labour and logistics on supplies;
- Supply chain failure;
- Failure to deliver on performance objectives and strategies;
- COVID-19 pandemic impact;
- Failure to meet customer needs;
- Health, Safety and Wellbeing of staff and customers;
- Successful conversion to new Enterprise Resource Planning (ERP) system;
- Competition; and
- Technology infrastructure failure and cyber security.

### Events after the reporting date

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

### Appreciation

The Group made significant progress during the period, as detailed above, and that required a tremendous effort by all involved. 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.

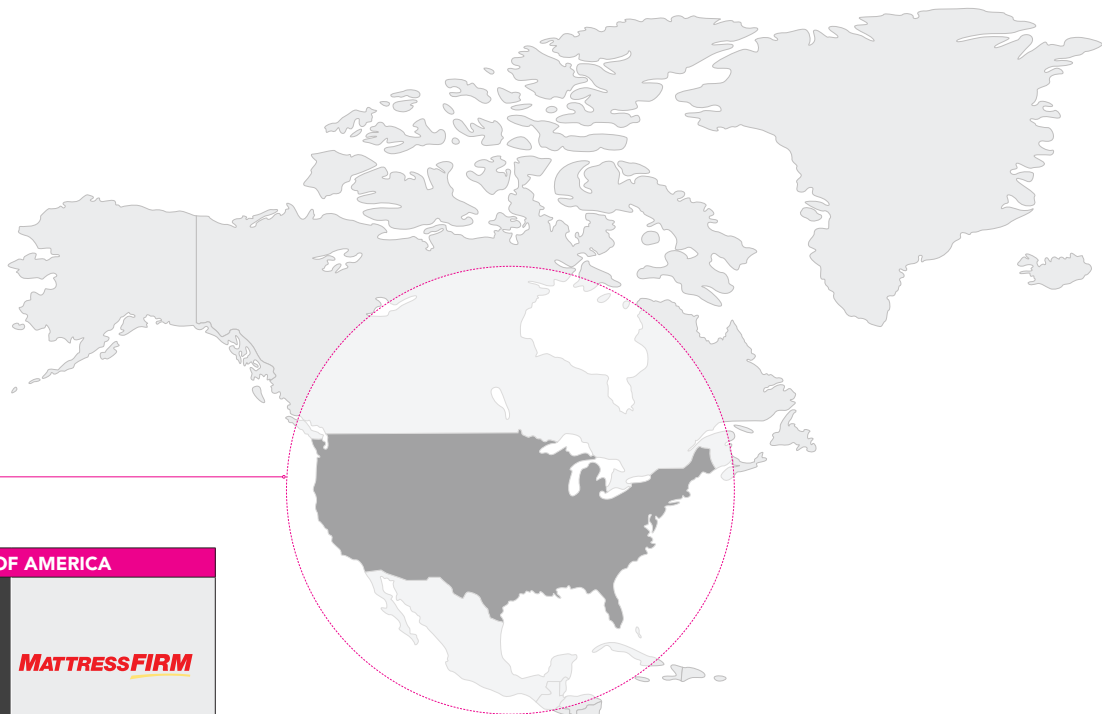
We would also like to thank all members of the Supervisory Board, who have provided guidance and support.

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.

# STEINHOFF N.V.



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

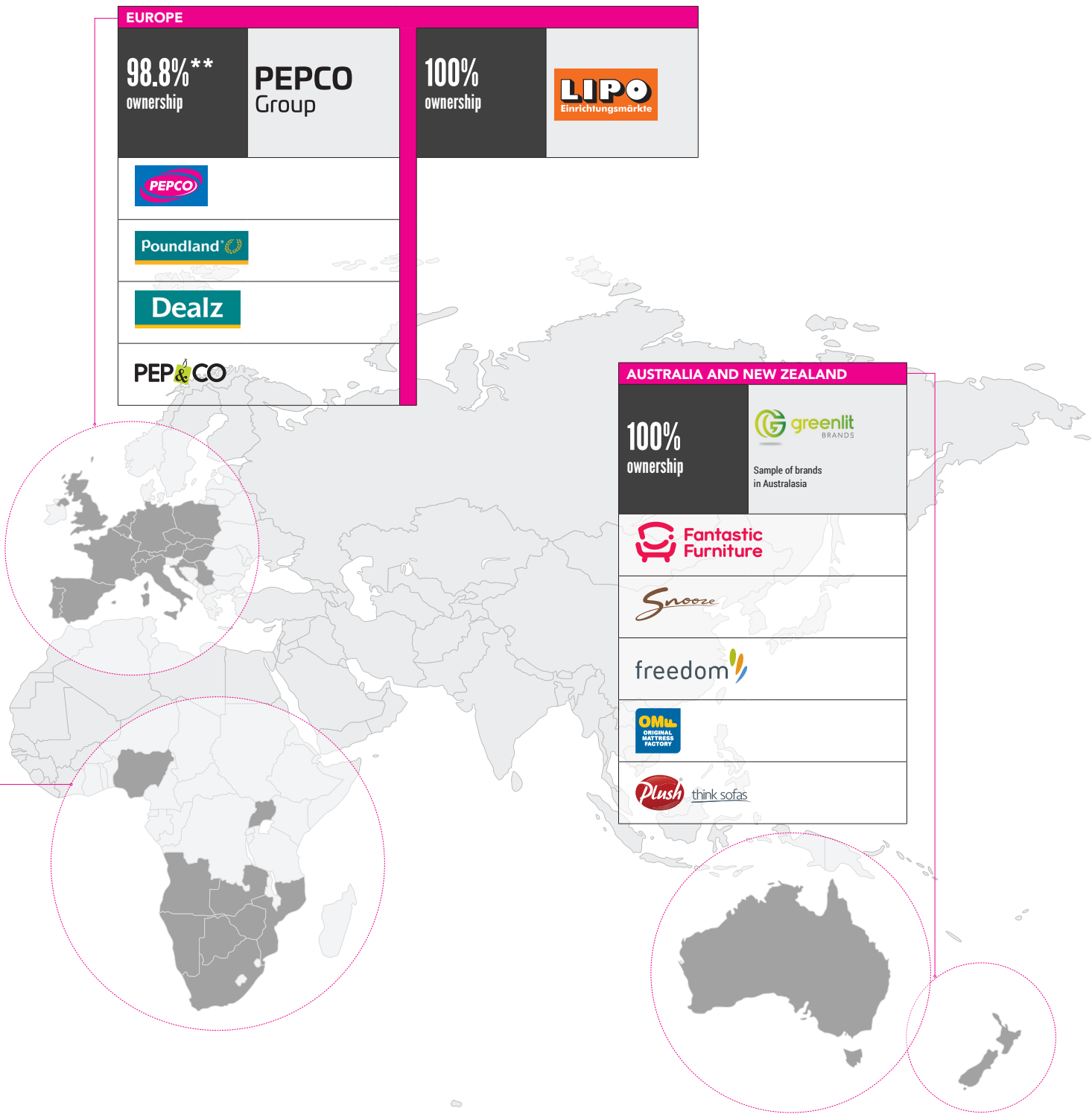


UNITED STATES OF AMERICA	
50%* ownership	<b>MATTRESSFIRM</b>

\* Subject to future dilution by the new management incentive plan

AFRICA	
68% ownership	<b>PEPKOR</b> <i>Holdings Limited</i> Separately listed on the JSE Sample of Pepkor brands
<b>ACKERMANS</b>	





\*\* During May 2021 Pepco Group was listed on the Warsaw Stock Exchange resulting in Steinhoff N.V.'s holding reducing to 78.9%.

# OPERATIONAL REVIEW

This report covers the Reporting Period (1 October 2020 to 31 March 2021) and it has not been audited or reviewed.

## Introduction

Despite the many challenges faced in the 2021 half-year, including the restrictions on trade as a result of COVID-19 and a weakening average ZAR/EUR exchange rate, the Group reported a resilient performance overall. Total revenue, from continuing operations, for the half-year increased by 4% to €4 497 million (2020: €4 342 million – restated for discontinued operations), a creditable outcome in challenging circumstances considering that the 2020 results took place predominantly before the outbreak of the COVID-19 pandemic. Pepco Group (+5%) and Greenlit Brands (+33%) continued their strong performance. Pepkor Africa delivered an 8% growth in local currency, however the weakening of the average exchange rate translated their performance into a decrease of 2% in the reporting currency.

EBITDA from continuing operations increased by 7% to €686 million (2020 restated: €639 million), reflecting the operational improvements

despite the impact of lost sales during varying periods during the two Reporting Periods.

Operating profit before capital items ("EBIT") increased by 10% to €381 million (2020 restated: €346 million).

Management within the various businesses continued to focus on operational improvements, cash flow and liquidity, expense management and profitability. Employee and customer safety were further prioritised as a result of COVID-19 while supply-side management and working collaboratively with key suppliers to ensure that the stores are appropriately stocked while continuing to expand the operational footprints continued to receive the required focus.

The results for the discontinued operations are excluded from this operational review.

REVENUE FROM CONTINUING OPERATIONS (€M)	1H2021	1H2020	% change	Constant currency %
Pepco Group	1 994	1 905	5	
Pepkor Africa	1 987	2 031	(2)	8
Greenlit Brands	418	315	33	28
LIPO	98	88	11	12
Corporate and treasury services	–	3	(100)	(100)
<b>Total Group revenue from continuing operations</b>	<b>4 497</b>	<b>4 342</b>	<b>4</b>	

EBITDA FROM CONTINUING OPERATIONS (€M)	1H2021	1H2020	% change	Constant currency %
Pepco Group	316	271	17	
Pepkor Africa	346	341	1	12
Greenlit Brands	66	–	>100	>100
LIPO	12	7	71	72
Corporate and treasury services	(54)	20	>(100)	
<b>Total segmental EBITDA from continuing operations</b>	<b>686</b>	<b>639</b>	<b>7</b>	

OPERATING PROFIT/(LOSS) ADJUSTED FOR MATERIAL NON-OPERATIONAL ITEMS ("EBIT") FROM CONTINUING OPERATIONS (€M)	1H2021	1H2020	% change	Constant currency %
Pepco Group	154	129	19	
Pepkor Africa	249	233	7	18
Greenlit Brands	30	(35)	>100	>100
LIPO	2	(1)	>100	>100
Corporate and treasury services	(54)	20	>(100)	
<b>Total segmental EBIT from continuing operations</b>	<b>381</b>	<b>346</b>	<b>10</b>	

The 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)	1H2021	1H2020	% change	Constant currency %
Total revenue	1 994	1 905	5	
PEPCO	1 015	925	10	15
Poundland (including Dealz)	979	980	–	3
EBITDA	316	271	17	
Operating profit	154	129	19	

Comparative trading patterns in 1H2021 were heavily distorted by year-on-year COVID-19 patterns with no COVID-19 impact experienced in the prior year until March 2020. The restrictions implemented at that point generated the most significant sales reduction experienced throughout the entirety of the pandemic. While COVID-19-related restrictions have adversely impacted the Pepco Group's sales over the past year, the business continues to perform strongly outside of closure periods and the Pepco Group remains confident on its full year guidance. Furthermore, Pepco Group remains confident that factors such as reductions in employment and disposable income resulting from tightening government fiscal policy post the COVID-19 pandemic will benefit the discount sector in the medium term and, as market leader, the Group is strongly placed to take advantage of these trends.

Trading in the Reporting Period is summarised as follows:

1. Revenue increased by 9% in constant currency (5% reporting currency) benefiting from the Pepco Group's continued investment in opening new stores, with 225 stores opened in the first half of FY2021 (including the acquisition of 82 Fultons Frozen Foods stores in October 2020). While reflecting COVID-19 closures all store like-for-like ("LFL") revenue declined by 2.1% in the half

year (Quarter 1: (2.1%), Q2: (1.9%)), trading store LFL revenue, a measure which only takes into account stores that traded at any point in any reporting week, expanded by 5% over the Reporting Period.

2. The 5% growth in trading store LFL revenue was achieved despite reduced customer visits and a general reduction in consumer activity during lock-downs. Overall, in the year-to-date in excess of 11 900 store trading weeks have been lost to COVID-19 (representing approximately 15% of total trading weeks in period) with closures being mandated in PEPCO and voluntary in Poundland. This compares to 1 468 weeks impacted in the first half of FY2020 and 8 517 through the entirety of FY2020.
3. Benefiting from the Group's continued store expansion, improved gross margin driven by margin driving initiatives and increased general merchandise mix and the benefit from UK government support, underlying profit before tax increased by c. 50% year on year with growth achieved in both quarters and within both PEPCO and Poundland/Dealz.

EBITDA increased 17% to €316 million while operating profit rose 19% to €154 million.

## 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)	1H2021	1H2020	% change	Constant currency %
Total revenue	1 987	2 031	(2)	8
EBITDA	346	341	1	12
Operating profit	249	233	7	18

The Pepkor Africa Group continued to outperform and expand its market share in a challenging and uncertain South African consumer retail market. Pepkor increased revenue from continuing operations by 8% in constant currency for the six months ended 31 March 2021, however the weakening of the average exchange rate translated their performance into a decrease of 2% in the reporting currency. This is in context of the comparable six-month period ended 31 March 2020 which was largely unaffected by COVID-19.

Strong trading and continued market share gains in nearly all retail brands supported performance despite volatile operating conditions. The period under review included restrictions imposed to deal with the second wave of COVID-19 and the delayed start to the academic school year. From a Pepkor Africa Group perspective, in constant currency, cash sales increased by 11% while credit sales decreased by 4%. The credit contribution to total sales reduced to 7% for the Reporting Period from 8% in the comparable period. Credit book collections were satisfactory and resulted in a reduction in the provision levels.

Conservative credit granting across all credit books in addition to lower interest rates, negatively impacted growth in revenue earned from the Tenacity, Connect and Capfin credit books. When revenue from these credit books is excluded, revenue growth of 10% was achieved (in constant currency).

Performance in PEP and Ackermans was underpinned by the leadership of these two retail brands in the discount and value segments of the market. In constant currency PEP and Ackermans in aggregate increased sales by 9% and like-for-like sales increased by 7%.

PEP Africa increased sales in the respective country currencies by 7% while like-for-like sales increased by 13%.

The Speciality business benefited from consumer demand for casual wear and branded footwear in the value segment. Sales increased by 11% including John Craig, which was disposed of in February 2021. Excluding John Craig, sales increased by 17% and like-for-like sales increased by 14% – all in constant currency.

The furniture, appliances and electronics segment increased revenue by 13% in constant currency. Sales of merchandise increased by 16% and like-for-like sales increased by 18% as consumers continue to upgrade technology to support working or studying remotely and investing in their homes in terms of furniture and appliances.

Revenue growth momentum in the Flash business continued at double digits as it invested in new products, channels and geographies.

Strong operational performance in addition to a significantly lower level of debt resulted in Pepkor growing operating profit by 7% to €249 million.

## 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)	1H2021	1H2020	% change	Constant currency %
Total revenue	418	315	33	28
EBITDA	66	–	>100	>100
Operating profit/(loss)	30	(35)	>100	>100

Greenlit Brands enjoyed strong trading during the second half of the prior year and this performance continued into the current Reporting Period for the Greenlit Brands portfolio. Overall revenue was up 33% (28% in constant currency) driven primarily by consumer spending shifting from travel/entertainment to home improvement. This performance is the result of the strong execution of brand strategies designed to capitalise on the potent consumer confidence and aided by government stimulus.

All retail brands recorded strong trading with like-for-like sales growth delivering an increase of 29% on the prior year. All brands performed exceedingly well with the largest brand, Fantastic Furniture, recording an increase of 17% for the Reporting Period, which was lower than other brands due to its relative out performance in prior year. Online trading for the Greenlit Brands group, driven in part by COVID-19-related lockdowns during 2020, was up 49% on the prior period, delivering 16% of gross sales and providing a strong foundation for continued trade during any potential further COVID-19 interruptions.

Overall EBITDA increased significantly to €66 million (2020: €nil million) while operating profit turned around, rising to €30 million (2020: €35 million loss). A softening in the Australian dollar during the early stages of the prior Reporting Period placed pressure on margins at that stage, however a recovery in the rate and an easing of supply chain constraints has seen the margin improve since then.

In November 2020 the Greenlit Brands group decided not to proceed with a planned 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 later in 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.

## LIPO

LIPO is one of the largest furniture brands in Switzerland and offers customers everything they need to create a stylish, trendy home with guaranteed quality products at the lowest prices.

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

LIPO (€M)	1H2021	1H2020	% change	Constant currency %
Total revenue	98	88	11	12
EBITDA	12	7	71	72
Operating profit/(loss)	2	(1)	>100	>100

In a competitive Swiss market, the furniture retailer LIPO reported an 11% increase in turnover to €98 million (2020: €88 million). When measured in constant currency against the Swiss franc, LIPO's total revenue increased by 12%. Strong sales post COVID-19 restriction assisted LIPO to achieve a profitable result for the Reporting Period and good cash flow generation. During 2020 LIPO expanded its store network to 23 stores in Switzerland and during the Reporting Period

eCommerce turnover more than doubled compared to the previous period. In addition, an initial repositioning of the business, including a redesigned corporate identity, together with further improvements to the product ranges all contributed positively to the financial performance.

The business produced €12 million EBITDA (2020: €7 million) and €2 million operating profit (2020: €1 million loss).

## 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 3 of the 2021 Condensed Financial Statements.

CORPORATE AND TREASURY SERVICES (€M)	1H2021	1H2020	Constant currency %
Total operating (loss)/gain	(54)	20	>(100)
Head office costs	(15)	(22)	32
Insurance costs	(18)	(2)	>100
Corporate closure costs	(19)	15	>100
Audit fees	(4)	(7)	43
Forex gains	2	36	(94)

### Head office costs

This total includes costs such as salaries; running costs including rent, travel and consultancy fees.

### Audit fees

In terms of accounting principles, expenses can only be recognised once incurred. As the Annual Reports are only finalised after the year-end, certain audit fees relating to these Annual Reports are included within the following 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 the Reporting Date.

## Mattress Firm – equity accounted

Mattress Firm is the leading speciality bed retailer in the United States, with its 2 368 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 the results of Steinhoff N.V. The operating information below, in euro under IFRS, is shown at 100% for the full period and is provided for information purposes only.

MATTRESS FIRM (€M)	1H2021 Reported under IFRS	1H2020 Reported under IFRS	% change	Constant current %
Total revenue	1 691	1 430	18	28
Revenue excluded (equity accounted)	(1 691)	(1 430)		
Revenue included in segmental results	–	–		
EBITDA <sup>2</sup>	446	80	>100	>100
Profit/(loss) <sup>1</sup>	139	(10)	>100	>100
Share of profit/(loss) included under equity accounted investments (50.1%)	71	(5)		

<sup>1</sup>Included in the current period's profit is an expense of €63 million (USD75 million) relating to the early debt retirement of the USD465 million and USD192 million facilities respectively. Historically a fair value derivative was recognised for these loans, on early retirement of the debt the derivative was released through the Statement of Profit or Loss.

<sup>2</sup>The current period's EBITDA includes the adoption of IFRS 16, Leases. Therefore, EBITDA in the current period excludes operating lease expenditure of €188 million, this is now disclosed as an interest expense of €65 million and amortisation of €114 million, in accordance with the standard. The prior period disclosure is still based on IAS 17 principles. The IFRS 16 adjustment is a high-level estimate as, in accordance with US GAAP ASC842, the transition to lessee reporting is not yet implemented.

Despite a 5% reduction in the store base year-on-year and store closures due to COVID-19 as explained below, revenue increased by 18% for the Reporting Period (constant currency 28%). Encouragingly, like-for-like sales increased by 31%. In addition, store productivity and product margins continued to improve. eCommerce sales grew 136% year-on-year and contributed 7% of the total sales for the Reporting Period.

Operating performance improved significantly compared to the prior period, with EBITDA increasing 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. These restrictions, while reduced from the middle of 2020, continued to inhibit operations to various degrees,

however sales momentum since the lockdown has continued to improve and the resulting cash position at Mattress Firm remains strong.

During 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 of existing cash resources, 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.

Mattress Firm's results are prepared under US GAAP whereas the Group reports under IFRS. Refer to note 8.3 for adjustments made to bring Mattress Firm's financial results in line with IFRS.



**STEINHOFF**  
INTERNATIONAL HOLDINGS N.V.

## **UNAUDITED RESULTS**

**FOR THE SIX MONTHS ENDED 31 MARCH 2021**

<b>Condensed Consolidated Statement of Profit or Loss</b>	<b>23</b>
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# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## FOR THE PERIOD ENDED 31 MARCH 2021

	Notes	Six months ended 31 March 2021 Unaudited €m	Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited €m
<b>Continuing operations</b>			
Revenue	2	4 497	4 342
Cost of sales <sup>2</sup>		(2 695)	(2 600)
<b>Gross profit</b>		<b>1 802</b>	1 742
Other income		44	35
Distribution expenses		(339)	(249)
Administration expenses		(1 119)	(1 180)
Other expenses	3	(117)	(1 003)
<b>Operating profit/(loss)</b>		<b>271</b>	(655)
Finance costs	4	(597)	(599)
Income from investments		36	49
Share of profit/(loss) of equity accounted companies		71	(10)
Impairment of equity accounted companies		-	(25)
<b>Loss before taxation</b>		<b>(219)</b>	(1 240)
Taxation		(100)	(76)
<b>Loss from continuing operations</b>		<b>(319)</b>	(1 316)
<b>Discontinued operations</b>			
Loss from discontinued operations	1.2	(40)	(204)
Loss for the period		(359)	(1 520)
<b>(Loss)/profit attributable to:</b>			
Owners of Steinhoff N.V.		(404)	(1 523)
Non-controlling interests		45	3
Loss for the period		(359)	(1 520)
<b>Basic and diluted loss per share (cents)</b>			
From continuing operations	6	(8.7)	(32.3)
From discontinued operations	6	(0.9)	(4.4)
		(9.6)	(36.7)

<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 comprise the cost of sales of inventory (€2.54 billion), import, customs and excise duties (€33 million), personnel cost (€21 million) and depreciation/amortisation (€9 million).

The accompanying notes form an integral part of the 2021 Condensed Financial Statements.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE PERIOD ENDED 31 MARCH 2021

	Notes	Six months ended 31 March 2021 Unaudited €m	Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited €m
<b>Loss for the period</b>		<b>(359)</b>	(1 520)
<b>Other comprehensive income/(loss)</b>			
<b>Items that will not be reclassified subsequently to profit or loss (net of tax):</b>			
Net remeasurement adjustments on defined benefit plans		16	–
		<b>16</b>	–
<b>Items that may be reclassified subsequently to profit or loss (net of tax):</b>			
Net exchange gains/(losses) on translation of foreign operations and translation of net investment in foreign operations <sup>2</sup>		508	(785)
Foreign currency translation reserve and cash flow hedge reclassified to profit or loss on disposal of investment - Discontinued operations	1.2	–	34
Net fair value (loss)/gain on cash flow hedges and other assets and liabilities measured at fair value through other comprehensive income		(2)	53
Other comprehensive income of equity accounted companies	8.2	2	–
		<b>508</b>	(698)
<b>Total other comprehensive income/(loss) for the period</b>		<b>524</b>	(698)
<b>Total comprehensive income/(loss) for the period</b>		<b>165</b>	(2 218)
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of Steinhoff N.V.		12	(2 066)
Non-controlling interests		153	(152)
<b>Total comprehensive income/(loss) for the period</b>		<b>165</b>	(2 218)

<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 gains recognised in Comprehensive Income during the 2021 Half-year Reporting Period and losses in the 2020 Half-year Reporting Period resulted mostly from the translation of the Group's investment in its South African operations. The foreign currency transactions are translated at an average rate and the Financial Position of the foreign operation is being translated at the closing rate. The exchange rates used to translate the South African operations during the 2021 Half-year Reporting Period were EUR:ZAR 17.3484 (2020: EUR:ZAR 19.6095) for the closing translation rate.

The accompanying notes form an integral part of the 2021 Condensed Financial Statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2021**

	Notes	31 March 2021 Unaudited €m	30 September 2020 Audited €m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	7	3 870	3 555
Intangible assets	7	1 494	1 312
Property, plant and equipment		763	683
Right-of-use assets		1 810	1 689
Investments in equity accounted companies	8	226	136
Other financial assets	9	466	425
Deferred tax assets		228	203
Trade and other receivables		–	4
		<b>8 857</b>	<b>8 007</b>
<b>Current assets</b>			
Inventories		1 398	1 250
Trade and other receivables		619	524
Taxation receivable		189	144
Other financial assets	9	1	–
Cash and cash equivalents	2.5	1 966	1 983
		<b>4 173</b>	<b>3 901</b>
Assets classified as held-for-sale and disposal groups	15	1 084	1 193
		<b>5 257</b>	<b>5 094</b>
<b>Total assets</b>		<b>14 114</b>	<b>13 101</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Ordinary share capital (net of treasury shares)		42	41
Share premium (net of treasury shares)		10 552	10 538
Other reserves		(1 442)	(1 855)
Accumulated losses		(14 418)	(13 999)
<b>Total equity attributable to owners of Steinhoff N.V.</b>		<b>(5 266)</b>	<b>(5 275)</b>
Non-controlling interests		1 242	1 084
<b>Total equity</b>		<b>(4 024)</b>	<b>(4 191)</b>
<b>Non-current liabilities</b>			
Borrowings	10 & 2.5	617	10 744
Employee benefits		36	64
Deferred tax liabilities		272	245
Provisions		15	24
Lease liabilities		1 762	1 620
Trade and other payables		2	2
		<b>2 704</b>	<b>12 699</b>
<b>Current liabilities</b>			
Trade and other payables		1 526	1 388
Taxation payable		285	295
Employee benefits		121	84
Provisions		197	139
Provision – Litigation Settlement Proposal	11.1	1 026	943
Lease liabilities		443	411
Borrowings	10 & 2.5	11 185	700
		<b>14 783</b>	<b>3 960</b>
Liabilities directly associated with assets classified as held-for-sale and disposal groups	15	651	633
		<b>15 434</b>	<b>4 593</b>
<b>Total equity and liabilities</b>		<b>14 114</b>	<b>13 101</b>

The accompanying notes form an integral part of the 2021 Condensed Financial Statements.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE PERIOD ENDED 31 MARCH 2021

Notes	Ordinary share capital and Treasury share capital €m	Share premium and Treasury share premium €m	Accumulated losses €m
<b>Balance at 30 September 2020 – Audited</b>	<b>41</b>	<b>10 538</b>	<b>(13 999)</b>
(Loss)/profit for the period	–	–	(404)
Other comprehensive income for the period	–	–	–
<b>Total comprehensive (loss)/income for the period</b>	<b>–</b>	<b>–</b>	<b>(404)</b>
<b>Transactions with the owners in their capacity as owners</b>			
Preference dividends	–	–	–
Share-based payments	–	–	–
Transactions with non-controlling interests without change in control <sup>1</sup>	–	–	–
Treasury shares sold <sup>2</sup>	<b>1</b>	<b>14</b>	<b>(15)</b>
<b>Total equity at 31 March 2021 – Unaudited</b>	<b>42</b>	<b>10 552</b>	<b>(14 418)</b>
<b>Balance at 30 September 2019 – Audited</b>	<b>41</b>	<b>10 537</b>	<b>(11 719)</b>
Effect of adopting IFRS 16 Leases	–	–	(76)
<b>Restated balance at beginning of the period</b>	<b>41</b>	<b>10 537</b>	<b>(11 795)</b>
Loss for the period	–	–	(1 523)
Other comprehensive income for the period	–	–	–
<b>Total comprehensive (loss)/income for the period</b>	<b>–</b>	<b>–</b>	<b>(1 523)</b>
<b>Transactions with the owners in their capacity as owners</b>			
Ordinary dividends	–	–	–
Preference dividends	–	–	(4)
Share-based payments	–	–	–
Transfers to/(from) other reserves upon disposal of subsidiaries and equity accounted investments	–	–	(7)
<b>Restated balance at 31 March 2020 – Unaudited</b>	<b>41</b>	<b>10 537</b>	<b>(13 329)</b>

<sup>1</sup> During the Reporting Period Pepkor Africa issued 6 234 974 of its shares to qualifying employees under the Pepkor share-rights scheme. This diluted the Company shareholding in Pepkor Africa from 67.75% to 67.64%.

<sup>2</sup> During the Reporting Period subsidiary companies of the Group sold 42 722 416 shares it held in the Company.

The accompanying notes form an integral part of the 2021 Condensed Financial Statements.

Foreign currency translation reserve €m	Sundry reserves €m	Total ordinary equity attributable to owners of Steinhoff N.V. €m	Non-controlling interests €m	Total €m
(1 615)	(240)	(5 275)	1 084	(4 191)
-	-	(404)	45	(359)
389	27	416	108	524
389	27	12	153	165
-	-	-	(3)	(3)
-	4	4	1	5
-	(7)	(7)	7	-
-	-	-	-	-
(1 226)	(216)	(5 266)	1 242	(4 024)
(1 025)	(205)	(2 371)	1 273	(1 098)
-	-	(76)	(43)	(119)
(1 025)	(205)	(2 447)	1 230	(1 217)
-	-	(1 523)	3	(1 520)
(596)	53	(543)	(155)	(698)
(596)	53	(2 066)	(152)	(2 218)
-	-	-	(14)	(14)
-	-	(4)	-	(4)
-	4	4	-	4
-	-	(7)	7	-
(1 621)	(148)	(4 520)	1 071	(3 449)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE PERIOD ENDED 31 MARCH 2021

	Notes	Six months ended 31 March 2021 Unaudited €m	Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited €m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	12	577	472
Ordinary and preference dividends paid		(3)	(28)
Interest received		28	21
Finance lease interest paid <sup>1</sup>		(103)	–
Interest paid	10.2	(45)	(87)
Taxation paid		(168)	(130)
Net cash inflow from operating activities		286	248
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment and investment property		(77)	(141)
Proceeds on disposal of property, plant and equipment and intangible assets		124	144
Additions to intangible assets		(47)	(22)
Acquisition of businesses, net of cash on hand at acquisition		–	(2)
Clawback on acquisition of business		–	2
Disposal of businesses net of cash	1.3	2	251
Proceeds from the disposal of investments in equity accounted companies		(1)	–
Net cash inflow from investing activities		1	232
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Sale of treasury shares, net of transaction costs		1	–
Payment of leases commitments <sup>1</sup>		(182)	(269)
Repayments of borrowings	10.2	(271)	(295)
Proceeds from borrowings	10.2	9	161
Net cash outflow from financing activities		(443)	(403)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Effects of exchange rate translations on cash and cash equivalents		67	(218)
Cash and cash equivalents at beginning of the period		2 166	1 951
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>2 077</b>	<b>1 810</b>
<b>Reconciliation of Cash and Cash Equivalents at end of period</b>			
Cash and cash equivalents		1 966	1 810
Cash and cash equivalents held-for-sale		111	–
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>2 077</b>	<b>1 810</b>

<sup>1</sup> During the 2020 Half-year Reporting Period the finance cost relating to lease payments were included as part of 'Payments of lease commitments'.

The accompanying notes form an integral part of the 2021 Condensed Financial Statements.

# BASIS OF PREPARATION

## FOR THE PERIOD ENDED 31 MARCH 2021

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### Reporting entity

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. The 2021 Condensed Financial Statements of Steinhoff N.V. comprise the Group and the Group's interest in equity accounted companies. The Group is primarily a global holding company currently holding investments in retail businesses in Africa, Australasia, Europe, the United Kingdom and the United States of America.

Refer to the Glossary of Terms in the Annexures applicable to this report.

### Basis of preparation

#### Statement of compliance

The 2021 Condensed Financial Statements have been prepared in accordance with IFRS, as endorsed by the European Union ("EU"). All standards and interpretations issued by the IASB and the IFRIC, effective for periods starting on 1 October 2020, 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.

The accounting policies applied for these 2021 Condensed Financial Statements are unchanged from those used for the 2020 Consolidated Financial Statements and are included in the 2020 Annual Report on the Group's website [www.steinhoffinternational.com](http://www.steinhoffinternational.com). The Group adopted all the IFRS and interpretations that were effective for financial periods beginning on or after 1 October 2020.

#### Presentation and functional currency and historical cost convention

The 2021 Condensed Financial Statements have been presented in millions of euros (€m) and are prepared on the historical-cost basis, except for certain assets and liabilities carried at amortised cost, certain financial instruments and defined benefit pension plans which are carried at fair value, assets held-for-sale which are carried at the lower of carrying amount and fair value less cost of disposal and accounting for operations for which hyperinflationary accounting is applied.

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 2021 Condensed Financial Statements, the Management Board is required to consider whether the Group and the Company can continue in operational existence for the foreseeable future.

The Group's going concern assessment is similar to the going concern assessment included in the 2020 Consolidated Financial Statements. However, the Management Board draws the user of these financial statements' attention to the fact that the current liabilities exceed the current assets at 31 March 2021, which is mainly due to the common maturity date of 31 December 2021 for the implemented CVA ("CVA debt").

The Group's cash flow forecasts were adjusted for the impact of a Litigation Settlement Proposal, as detailed in note 11, as well as reasonable downside sensitivities including an assessment of the impact of the COVID-19 global pandemic. Subject to the successful implementation of a Litigation Settlement Proposal, a further term extension will be granted, initially to 30 June 2023, with a further 6 months extension to 31 December 2023. At the time of authorisation of these 2021 Condensed Financial Statements, the Management 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 2021 Condensed Interim Financial Statements.

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

### *Litigation and Regulation*

The Group and the Company are subject to several legal claims and regulatory investigations (refer to Note 24 – Commitments and Contingencies of the 2020 Consolidated Financial Statements). A key assumption in both the Group and the Company's cash flow forecasts is that no material judgements or fines are issued against the Group or Company that will become payable during the next 12 months. The Supervisory Board and the Management Board, assisted by the Litigation Working Group, and in consultation with the Group's attorneys, continue to assess the merits of, and responses to, these claims, and provide feedback to the regulatory bodies. Pleadings and notices have been filed by the Group in various legal proceedings and the Company and applicable subsidiaries have co-operated with various regulators in their investigations. However, there remains a material uncertainty as to the ultimate impact of litigation and regulatory enforcement on the liquidity of the Group. Refer to note 11 for more information on claims and fines.

Notwithstanding the ongoing litigation and claims that the Group has received, and continues to defend, it has announced a proposed settlement to conclude substantially all the various litigation proceedings. A Litigation Settlement Proposal has been initiated but implementation thereof remains subject to completion of the requisite legal processes.

The quantum of the provision raised is based on the estimated financial outcome of a Litigation Settlement Proposal as announced on 27 July 2020, and amended for additional items as announced subsequent to that date. Management draws attention to the fact that the above litigation has not been resolved and that any form of the proposed settlement, if implemented, could differ from the provision raised.

### *Classification of debt as short term*

The Group's debt under Corporate and treasury services, the CVA debt, amounts to €10.4 billion and has a maturity date at the Reporting date of 31 December 2021. The debt has therefore been classified as current liabilities, as required by IFRS. Due to this classification the Group's current liabilities exceed its current assets. Refer to note 10 for more information on the CVA debt. Subject to the successful implementation of a Litigation Settlement Proposal, a further term extension will be granted, initially to 30 June 2023, with a further 6 months extension to 31 December 2023 subject to the approval of a simple majority financial creditor consent. No cash interest is payable as interest accrues 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.

### *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.

The full impact of COVID-19 on the performance of the Group for the 2021 Reporting Period 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 situation remains volatile.

Conclusion based on the Group's cash flow forecasts and financial projections, alongside an assessment of a robust set of plausible 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.

The Management Board draws attention to the following facts:

- At 31 March 2021, the Group's current liabilities exceed its current assets;
- At 31 March 2021, 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 a Litigation Settlement Proposal is implemented, and becomes effective, uncertainty regarding the success thereof, the final settlement amount and the impact on going concern will remain;
- Subject to the successful implementation of a Litigation Settlement Proposal, a further payment extension of the CVA debt will be granted to 30 June 2023, with the option to seek a further 6 months extension to 31 December 2023 subject to the approval of a simple majority financial creditor consent. Prior to the successful implementation of a Litigation Settlement Proposal, Steinhoff N.V. (on behalf of itself and other Steinhoff holding company obligors) has the option to seek an interim extension on debt maturities for up to 12 months (i.e. 31 December 2022) including under the SIHPL CPU subject to the approval of a simple majority financial creditor consent. To date this option has not been exercised by Steinhoff N.V.;
- Even though the boards embarked on the Dutch SoP, this does not impact the liquidity of the Group which continues to pay its debts as they fall due. The Group's 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 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 31 December 2021 in the absence of the implementation of a Litigation Settlement Proposal.



### **Areas of critical judgements and estimates**

The preparation of the 2021 Condensed Financial Statements requires management to make judgements and estimates that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ materially from estimates, and judgements have been made after taking into account all currently available information but could change if additional relevant information comes to light.

Critical accounting estimates are those which involve complex or subjective judgements or assessments.

Refer to the 2020 Consolidated Financial Statements for a list of critical accounting estimates and judgements that are also applicable to the 2021 Condensed Financial Statements.

The results of operations for the six months ended 31 March 2021 are not necessarily indicative of the results to be expected for the entire financial period.

## 1. DISCONTINUED OPERATIONS

In order to 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 2020 Half-year Reporting Period, the 2020 Reporting Period and the Reporting Period. These businesses have been presented as discontinued operations:

Identified for inclusion in 2021 Half-year Reporting Period: Segment	Businesses
All Other segments	European Manufacturing, Sourcing and Logistics

Identified for inclusion in the 2020 Reporting Period: Segment	Businesses
Conforama	Conforama
Pepkor Africa	The Building Company

These disposals have also necessitated a restatement of segmental reporting (refer note 2).

Identified for inclusion in 2020 Half-year Reporting Period: Segment	Businesses
European Properties	Hemisphere properties
Greenlit Brands	General Merchandise division
Automotive	Unitrans
All Other segment	Abra
	Blue Group
	Properties – Africa
	Sherwood

Refer to note 15 for more information on the held-for-sale assets and liabilities.

### European Manufacturing, Sourcing and Logistics

The European Manufacturing, Sourcing and Logistics segment comprises a group of companies that historically supported the retail operations of the Group. A project was undertaken to either merge these entities or to sell them. Management is of the view that these entities will be either deregistered or sold within the next 12 months.

These businesses met the criteria to be classified as held-for-sale on 31 March 2021.

Comparative information has been restated accordingly.

### 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. 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, S.à r.l. ("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 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 the Group to exit from the French market. The Group believed the sale of the business was 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.

Mobilux also acquired 18 real estate properties that were owned by other subsidiaries of Conforama Holding SA and operated by Conforama France for €70 million. These properties were transferred during the Reporting Period.

#### 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 closed end of July 2020.

1. **DISCONTINUED OPERATIONS** (continued)

**Conforama (continued)**

**Conforama Iberia, Italy and Balkans**

During the 2020 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.

During the Reporting Period, an additional impairment of €28 million relating to the Group's investment in the Conforama Group was recognised.

**Pepkor Africa – The Building Company**

Pepkor Africa entered into a sale and purchase agreement with Cashbuild Limited for the disposal of the entire issued share capital of The Building Company for a total purchase price, including permitted leakages, of €64.5 million (R1.1 billion). Completion of the transaction was subject to approval by the Competition Authorities in South Africa at the Reporting Date. The Competition Authorities announced its recommendation on 28 May 2021 that the transaction be prohibited. The recommendation made by the Competition Authorities will be considered by the Competition Tribunal at a hearing where arguments from all parties will be considered in finalisation of its ruling.

During the Reporting Period, an additional impairment of €14 million (R264 million) relating to the Group's investment in The Building Company was recognised.

These businesses met the criteria to be classified as held-for-sale on 30 September 2020.

Comparative information has been restated accordingly.

**European Properties**

**Hemisphere properties**

Hemisphere is an indirect wholly owned subsidiary of Steinhoff N.V. which previously held a portfolio of European properties. Most of the properties have been sold. The directors continue to believe that the held-for-sale classification remains appropriate for these remaining assets.

**Greenlit Brands – General Merchandise**

On 18 November 2019 Greenlit Brands announced its agreement to divest its General Merchandise division to Allegro Funds for circa €39 million. The brands that were disposed included 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 (previously Australasia) segment.

At 30 September 2019 Greenlit Brands - General Merchandise met the criteria to be classified as held-for-sale.

**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 regarding the possible disposal had been ongoing since May 2018. From 30 September 2018 the Automotive business met the criteria to be classified as held-for-sale.

The effective sale date 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 empowerment consortium Kapela Holdings, a black-owned investment holding company, on 19 December 2019.

**All Other segments**

**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 Group's household goods division, Blue Group Holdco Limited to Alteri Investors.

At 30 September 2019 the Blue Group met the criteria to be classified as held-for-sale.

1. DISCONTINUED OPERATIONS (continued)

**Properties – Africa**

The Group commenced a process post March 2019 to dispose of the properties in the African property portfolio. The portfolio has been materially disposed of.

Twelve of the remaining properties are leased by Pepkor Africa (“Pepkor Leased Properties”). As announced on 14 April 2021 the transaction for Pepkor Africa to acquire these twelve properties from Properties - Africa received the necessary approvals and all conditions precedent were fulfilled. Pepkor Africa will issue a total of 70 million new Pepkor Africa shares as consideration. The new shares will be issued by Pepkor Africa on a proportional basis as the transfer of each property is completed. As these properties will remain within the Group after the transaction, they no longer meet the criteria to be classified as held-for-sale and have been reclassified to Property, plant and equipment.

The disposal processes for the remaining property portfolio, excluding the Pepkor Leased Properties, 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. Negotiations are ongoing with regard to the disposal of the remaining properties.

At 30 September 2019 the Africa property portfolio met the criteria to be classified as held-for-sale.

**Sherwood**

The Group disposed of its 80% interest in Sherwood during January 2020 to Tempur Sealy for approximately €47 million. At 30 September 2019 Sherwood met the criteria to be classified as held-for-sale.

The businesses described 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 periods ended 31 March 2021, 31 March 2020 and 30 September 2020, as required by IFRS.

The detail of assets classified as held-for-sale is presented in note 15.

1.1 ADJUSTMENT OF THE PRIOR PERIOD STATEMENT OF PROFIT OR LOSS ON CONTINUING OPERATIONS FOR THE RESTATED DISCONTINUED OPERATIONS

	Six months ended 31 March 2020		
	Previously reported €m	Adjustment for discontinued operations €m	Continuing operations presented €m
<b>Continuing operations</b>			
Revenue	6 241	(1 899)	4 342
Cost of sales	(3 829)	1 229	(2 600)
<b>Gross profit</b>	<b>2 412</b>	<b>(670)</b>	<b>1 742</b>
Other income	62	(27)	35
Distribution expenses	(306)	57	(249)
Administration expenses	(1 846)	666	(1 180)
Other expenses	(1 003)	–	(1 003)
<b>Operating loss</b>	<b>(681)</b>	<b>26</b>	<b>(655)</b>
Finance costs	(698)	99	(599)
Income from investments	59	(10)	49
Share of loss of equity accounted companies	(10)	–	(10)
Impairment of equity accounted companies	(25)	–	(25)
<b>Loss before taxation</b>	<b>(1 355)</b>	<b>115</b>	<b>(1 240)</b>
Taxation	(83)	7	(76)
<b>Loss for the period</b>	<b>(1 438)</b>	<b>122</b>	<b>(1 316)</b>
<b>Loss attributable to:</b>			
Owners of Steinhoff N.V.	(1 441)	101	(1 340)
Non-controlling interests	3	21	24
<b>Loss from continuing operations</b>	<b>(1 438)</b>	<b>122</b>	<b>(1 316)</b>
<b>Basic loss per share (cents)</b>	<b>(34.7)</b>	<b>2.4</b>	<b>(32.3)</b>

## 1. DISCONTINUED OPERATIONS (continued)

## 1.2 STATEMENT OF PROFIT OR LOSS FOR DISCONTINUED OPERATIONS

	Notes	Six months ended 31 March 2021 Unaudited €m	Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited €m
Revenue		605	2 483
Cost of sales		(402)	(1 628)
<b>Gross profit</b>		<b>203</b>	855
Other income		5	42
Distribution expenses		(26)	(63)
Administration expenses		(126)	(887)
Other expenses		(38)	(15)
Impairments	15	(43)	–
Net gain on disposal of property, plant and equipment		5	52
Loss on disposal of discontinued operations/disposal group	1.3	–	(33)
Foreign currency translation reserve reclassified to profit or loss		–	(34)
<b>Operating profit/(loss)</b>		<b>18</b>	(68)
Finance costs		(50)	(120)
Income from investments		–	10
Share of loss of equity accounted companies		(1)	–
<b>Loss before taxation</b>		<b>(33)</b>	(178)
Taxation		(7)	(26)
<b>Loss for the period</b>		<b>(40)</b>	(204)
<b>Loss attributable to:</b>			
Owners of Steinhoff N.V.		(40)	(183)
Non-controlling interests		–	(21)
<b>Loss for the period</b>		<b>(40)</b>	(204)

<sup>1</sup> Comparative numbers have been restated as a result of classifying certain segments as discontinued operations.

## 1.3 DETAILS OF THE DISPOSAL OF SUBSIDIARIES CLASSIFIED AS DISCONTINUED OPERATIONS

31 March 2021	Broadway* €m	Total Unaudited €m
Carrying amount of net assets sold	2	2
Profit on disposal of discontinued operations/disposal group	–	–
<b>Total consideration</b>	<b>2</b>	<b>2</b>
<b>Net cash inflow arising on disposals</b>		
Total consideration	2	2
Less cash on hand at date of disposal	–	–
<b>Net cash inflow</b>	<b>2</b>	<b>2</b>

\* Broadway Business Centre Proprietary Limited formed part of the Properties – Africa segment

31 March 2020	Unitrans €m	Sherwood €m	Greenlit €m	Blue Group €m	Abra €m	Total Unaudited €m
Carrying amount of net assets sold	230	37	34	37	2	340
(Loss)/profit on disposal of discontinued operations/disposal group	(3)	8	(10)	(26)	(2)	(33)
<b>Total consideration</b>	<b>227</b>	<b>45</b>	<b>24</b>	<b>11</b>	<b>–</b>	<b>307</b>
<b>Net cash inflow arising on disposals</b>						
Total consideration	227	45	24	11	–	307
Less cash on hand at date of disposal	(46)	(1)	(6)	(1)	(2)	(56)
<b>Net cash inflow/(outflow)</b>	<b>181</b>	<b>44</b>	<b>18</b>	<b>10</b>	<b>(2)</b>	<b>251</b>

1. DISCONTINUED OPERATIONS (continued)

1.4 SEGMENTAL INFORMATION RELATING TO DISCONTINUED OPERATIONS

Segmental revenue

	Six months ended 31 March 2021 Unaudited	Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited		
	Discontinued operations €m	Previously reported €m	Adjustment for discontinued operations €m	Discontinued operations presented €m
<b>Segmental revenue from discontinued operations</b>				
European Properties	1	7	–	7
Automotive	–	281	–	281
Greenlit Brands – General Merchandise	–	109	–	109
Pepkor Africa – The Building Company	229	–	230	230
Conforama	368	–	1 666	1 666
All Other				
Blue Group	–	147	–	147
Properties – Africa	2	3	–	3
Sherwood	–	37	–	37
European Manufacturing, Sourcing and Logistics	5	–	3	3
<b>Net external revenue from discontinued operations*</b>	<b>605</b>	584	1 899	2 483

\* Revenue between discontinued operations have been eliminated.

<sup>1</sup> Comparative numbers have been restated as a result of classifying certain segments as discontinued operations.

1. DISCONTINUED OPERATIONS (continued)

1.4 SEGMENTAL INFORMATION RELATING TO DISCONTINUED OPERATIONS (continued)

Operating loss before depreciation and amortisation adjusted for material items ("EBITDA")

	Notes	Six months ended 31 March 2021 Unaudited €m	Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited €m
<b>EBITDA reconciles to the operating profit/(loss) per statement of profit or loss from discontinued operations as follows:</b>			
Operating profit/(loss) from discontinued operations		18	(68)
Depreciation and amortisation		-	111
Other expenses considered material items	1.2	38	15
Intercompany elimination with continuing operations		7	2
<b>EBITDA per segment reporting from discontinued operations</b>		<b>63</b>	<b>60</b>
European Properties		(10)	(17)
Automotive		-	6
Greenlit Brands – General Merchandise		-	27
Pepkor Africa – The Building Company		17	12
Conforama		57	49
All Other		(1)	(17)
<b>EBITDA from discontinued operations as presented</b>		<b>63</b>	<b>60</b>

Operating loss adjusted for material items ("EBIT")

	Notes	Six months ended 31 March 2021 Unaudited €m	Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited €m
<b>EBIT reconciles to the operating profit/(loss) per statement of profit or loss from discontinued operations as follows:</b>			
Operating profit/(loss) from discontinued operations		18	(68)
Other expenses considered material items	1.2	38	15
Intercompany eliminations with continuing operations		7	2
<b>EBIT per segment reporting from discontinued operations</b>		<b>63</b>	<b>(51)</b>
European Properties		(10)	(31)
Automotive		-	6
Greenlit Brands – General Merchandise		-	25
Pepkor Africa – The Building Company		17	6
Conforama		57	(33)
All Other		(1)	(24)
<b>EBIT from discontinued operations as presented</b>		<b>63</b>	<b>(51)</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 2021 Half-year Reporting Period and has restated the segment disclosures of the 2020 Half-year 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 five 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 and eastern Europe) and Poundland (operating mostly in the United Kingdom and Republic of Ireland). These businesses' performances are reviewed together as Pepco Group by the chief operating decision maker.

- **Greenlit Brands**

The Australasia segment comprises the household goods retailers based in Australasia (majority of the retail stores are in Australia). 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 ("FMCG"). Pepkor Africa also operates in the building supplies and furniture divisions where revenue is derived from sales of do-it-yourself building supplies and materials and furniture and appliances respectively. The Pepkor Africa 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.

- **LIPO**

LIPO is one of the largest furniture brands in Switzerland.



2. SEGMENT INFORMATION (continued)

Measures reported to the chief operating decision maker

2.1 Revenue

Segment revenue excludes Value Added Taxation. Intersegment revenue is eliminated in the segment from which it was sold.

No single customer contributes 10% or more of the Group's revenue.

Segment revenue from continuing operations

	Six months ended 31 March 2021 Unaudited			Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited		
	Total segment revenue €m	Inter- segment revenue €m	Revenue from external customers €m	Total segment revenue €m	Inter- segment revenue €m	Revenue from external customers €m
Pepco Group	1 997	3	1 994	1 917	12	1 905
Greenlit Brands	418	–	418	315	–	315
Pepkor Africa	1 987	–	1 987	2 031	–	2 031
Corporate and treasury services	–	–	–	3	–	3
LIPO	98	–	98	88	–	88
	<b>4 500</b>	<b>3</b>	<b>4 497</b>	4 354	12	4 342
Intercompany revenue from discontinued operations*	–	–	–	–	–	–
	<b>4 500</b>	<b>3</b>	<b>4 497</b>	4 354	12	4 342

\* The intercompany revenue from discontinued operations has already been eliminated from 'Revenue from external customers'.

Revenues from external customers – by geography from continuing operations

	Six months ended 31 March 2021 Unaudited €m	Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited €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 a global retailer and operates within many geographies. The amount of its revenue from external customers is presented below based on the geographies that contribute materially to the Group's revenue.		
Australasia	418	315
Poland	499	457
Rest of Africa	213	264
Rest of Europe	548	388
South Africa	1 773	1 765
Switzerland	98	306
United Kingdom	948	847
	<b>4 497</b>	4 342

<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 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.

2.2 Operating profit or loss before depreciation and amortisation adjusted for material 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 items as included in note 3.

Segment expenses include distribution expenses and administration expenses.

EBITDA reconciles to the operating profit/(loss) per statement of profit or loss as follows:

		Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited			
	Notes	Six months ended 31 March 2021 Unaudited €m	Previously reported €m	Adjustment for discontinued operations €m	
				Continuing operations presented €m	
Operating profit/(loss) per statement of profit or loss		271	(681)	26	(655)
Depreciation and amortisation		305	382	(89)	293
Other expenses considered material items	3	117	1 003	–	1 003
Intercompany eliminations (discontinued operations)		(7)	(2)	–	(2)
<b>EBITDA per segment reporting</b>		<b>686</b>	702	(63)	639
<b>EBITDA per segment:</b>					
Conforama		–	49	(49)	–
Pepco Group		316	271	–	271
Greenlit Brands		66	–	–	–
Pepkor Africa		346	353	(12)	341
Corporate and treasury services		(54)	20	–	20
LIPO		12	9	(2)	7
		<b>686</b>	702	(63)	639

<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)

## 2.3 Operating profit or loss adjusted for material items ("EBIT")

Segment performance is measured on continuing operations' EBIT and represents segment revenue less segment expenses excluding material items included in note 3.

Depreciation and amortisation have been allocated to the segments to which they relate.

**EBIT reconciles to the operating loss per statement of profit or loss as follows:**

		Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited		
	Notes	Six months ended 31 March 2021 Unaudited €m	Previously reported €m	Adjustment for discontinued operations €m
				Continuing operations presented €m
Operating profit/(loss) per statement of profit or loss		271	(681)	26
Other expenses considered material items	3	117	1 003	–
Intercompany eliminations (discontinued operations)		(7)	(2)	–
<b>EBIT per segment reporting</b>		<b>381</b>	<b>320</b>	<b>26</b>
<b>EBIT per segment:</b>				
Conforama		–	(33)	33
Pepco Group		154	129	–
Greenlit Brands		30	(35)	–
Pepkor Africa		249	239	(6)
Corporate and treasury services		(54)	20	–
LIPO		2	–	(1)
		<b>381</b>	<b>320</b>	<b>26</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.

## 2.4 Segmental assets

Segmental assets are measured in the same way as in the 2020 Consolidated Financial Statements. Assets that are not considered to be segmental 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**

	31 March 2021 Unaudited €m	30 September 2020 Audited €m
Total assets per statement of financial position	14 114	13 101
Less: Cash and cash equivalents	(1 966)	(1 983)
Less: Investments in equity accounted companies	(226)	(136)
Less: Non-current other financial assets	(466)	(425)
Less: Current other financial assets	(1)	–
Less: Assets classified as held-for-sale	(1 084)	(1 193)
<b>Segmental assets</b>	<b>10 371</b>	<b>9 364</b>
<b>Segmental assets:</b>		
Pepco Group	3 794	3 660
Greenlit Brands	693	684
Pepkor Africa*	5 310	4 634
Corporate and treasury services	374	191
LIPO	200	182
European Manufacturing, Sourcing and Logistics	–	13
	<b>10 371</b>	<b>9 364</b>

\* Includes properties that will be disposed from Properties - Africa to Pepkor Africa which were reclassified from held-for-sale to property, plant and equipment during the Reporting Period.

2. SEGMENT INFORMATION (continued)

2.4 Segmental assets (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 tax 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

	31 March 2021 Unaudited €m	30 September 2020 Audited €m
Total non-current assets per statement of financial position	8 857	8 007
Less: Deferred taxation assets	(228)	(203)
Less: Non-current other financial assets	(466)	(425)
<b>Segmental non-current assets</b>	<b>8 163</b>	<b>7 379</b>
Africa	4 219	3 704
Europe (including the United Kingdom)	3 448	3 167
Australasia	496	508
	<b>8 163</b>	<b>7 379</b>

2.5 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>31 March 2021 – Unaudited</b>			
Conforama	–	(113)	(113)
Pepco Group	481	(497)	(16)
Greenlit Brands	87	–	87
Pepkor Africa	247	(627)	(380)
Corporate and treasury services	1 079	(10 396)	(9 317)
European Properties	35	(169)	(134)
LIPO	13	–	13
European Manufacturing, Sourcing and Logistics	24	–	24
	<b>1 966</b>	<b>(11 802)</b>	<b>(9 836)</b>
<b>30 September 2020 – Audited</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)
LIPO	16	–	16
European Manufacturing, Sourcing and Logistics	31	–	31
	<b>1 983</b>	<b>(11 444)</b>	<b>(9 461)</b>

3. MATERIAL ITEMS INCLUDED IN PROFIT OR LOSS AND BREAKDOWN OF EXPENSES BY NATURE

	Six months ended 31 March 2021 Unaudited €m	Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited €m
<b>OTHER EXPENSES</b>		
The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.		
<b>3.1 Impairment/(reversal of impairment)</b>		
Goodwill	–	44
Property, plant and equipment	2	9
Right of use asset	(1)	20
	1	73
<b>3.2 Loss/(profit) on disposal of property, plant and equipment and intangible assets</b>	1	(10)
<b>3.3 Fees relating to legal advisory and regulatory support</b>	29	58
As a result of the December 2017 events, it has been necessary for the Group to engage a wide range of professional advisors to assist the Group with its investigative, legal, financial and regulatory requirements. The scale and complexity of this task has meant that the aggregate advisor costs for the previous reporting periods have been significant. Advisory fees for the Reporting Period have reduced significantly compared with the prior period. The principal advisor relationships included legal advisors, and corporate advisory functions that support the Group on discussions and engagement with its litigants, creditors, forensic investigation services and regulatory and taxation advisory services.		
<b>3.4 Litigation Settlement Proposal provision raised</b>	25	882
Legal claims, as set out in note 24 of the 2020 Consolidated Financial Statements, have been received by the Group and are all being defended. For updates during and after the Reporting Period refer to note 11.		
On 27 July 2020 and 16 February 2021, 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.		
The increase in the provision through profit or loss during the 2021 Half-year Reporting Period relates to changes from the initial term sheet as announced in July 2020, which was updated in October and November 2020, respectively. The provision also increased during the Reporting Period due to foreign exchange losses recognised through Other comprehensive income ("OCI"). Refer to note 11.1B for a full reconciliation of the provision.		
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.		

## 3. MATERIAL ITEMS INCLUDED IN PROFIT OR LOSS AND BREAKDOWN OF EXPENSES BY NATURE (continued)

		Six months ended 31 March 2021 Unaudited €m	Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited €m
<b>3.5</b>	<b>Costs associated with the Proposed Litigation Settlement Provision</b>		
	<b>Fair value adjustment – Synthetic Forward</b>	<b>14</b>	–
	Steinhoff Africa agreed to fund a portion of a Litigation Settlement Proposal provision on behalf of Steinhoff N.V. As a result, Steinhoff Africa has during the 2020 Reporting Period entered into a forward exchange agreement with multiple banks in order to hedge against the foreign currency risk.		
	<b>Provision – ACG Lawyers' fees</b>	<b>28</b>	–
	In order to improve recoveries to market purchase claimants the Group will be making available an amount of up to R520 million (€28 million at an average translation rate and €30 million at a closing translation rate which forms part of general provisions), subject to the implementation of a Litigation Settlement Proposal, to pay in respect of certain fees, costs and work undertaken by the ACGs on the terms to be specified in the settlement documents. The specific terms of the proposal remain under consideration.		
	<b>Provision – SRF Cost contribution</b>	<b>19</b>	–
	Subject to the implementation of a Litigation Settlement Proposal, the Group will establish new Dutch foundation ( <i>stichting</i> ) 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 R347 million (€19 million at an average translation rate and €20 million at a closing translation rate which forms part of general provisions) 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.		
		<b>61</b>	–
	<b>TOTAL OTHER EXPENSES FROM CONTINUING OPERATIONS</b>	<b>117</b>	1 003

## 4. FINANCE COSTS

	Notes	Six months ended 31 March 2021 Unaudited €m	Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited €m
Borrowings	10.2	<b>525</b>	537
Lease liabilities		<b>62</b>	45
Other		<b>10</b>	17
		<b>597</b>	599

<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.

## 5. TAXATION

Steinhoff N.V. is a South African tax resident.

For the six-month reporting periods ended 31 March 2021 and 31 March 2020 the corporate tax rate in South Africa is 28%. Capital gains is taxed at 22.4%.

### Significant accounting estimate and judgments

#### 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 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 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 significantly from the current estimates.

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 continue, 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. LOSS PER SHARE

		Six months ended 31 March 2021 Unaudited Cents	Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited 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		(8.7)	(32.3)
From discontinued operations		(0.9)	(4.4)
Basic and diluted loss per share		(9.6)	(36.7)
<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 JSE requires all listed companies, including those whose listing on the JSE is a secondary listing to report headline earnings as defined by Circular 4/2018. The starting point is the 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. 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		(8.6)	(30.3)
From discontinued operations		(0.2)	(3.8)
Headline loss per share		(8.8)	(34.1)
<b>Normalised basic loss per share</b>			
The Company regards normalised earnings as the appropriate basis to evaluate business performance as it eliminates the impact of the provision for the proposed settlement, refer to note 11.			
From continuing operations		(7.0)	(11.0)
From discontinued operations		(0.9)	(4.4)
Normalised basic loss per share		(7.9)	(15.4)

All potential ordinary shares were anti-dilutive and therefore diluted per share numbers are the same as basic or headline per share numbers.

**RECONCILIATIONS OF DENOMINATOR AND NUMERATOR**

**6.1 Weighted average number of ordinary shares**

	Notes	Six months ended 31 March 2021 Unaudited Million	Restated <sup>1</sup> Six months ended 31 March 2021 Unaudited Million
Issued ordinary shares at beginning of the period	13.2	4 310	4 310
Effect of treasury shares held (weighted average)		(81)	(161)
Weighted average number of ordinary shares at end of the period for the purpose of basic loss per share and headline loss per share		4 229	4 149

<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. LOSS PER SHARE (continued)

RECONCILIATIONS OF DENOMINATOR AND NUMERATOR (continued)

6.2 Basic loss and headline loss attributable to owners of Steinhoff N.V.

	Notes	Continuing operations €m	Discontinued operations €m	Total €m
<b>Six months ended 31 March 2021 Unaudited</b>				
Basic loss for the period attributable to owners of Steinhoff N.V.		(364)	(40)	(404)
Adjusted for remeasurement items	6.4	2	29	31
<b>Headline loss attributable to owners of Steinhoff N.V.</b>		<b>(362)</b>	<b>(11)</b>	<b>(373)</b>
<b>Restated<sup>1</sup> Six months ended 31 March 2020 Unaudited</b>				
Basic loss for the period attributable to owners of Steinhoff N.V.		(1 340)	(183)	(1 523)
Adjusted for remeasurement items	6.4	82	26	108
<b>Headline loss attributable to owners of Steinhoff N.V.</b>		<b>(1 258)</b>	<b>(157)</b>	<b>(1 415)</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.

6.3 Normalised basic loss attributable to owners of Steinhoff N.V.

	Notes	Continuing operations €m	Discontinued operations €m	Total €m
<b>Six months ended 31 March 2021 Unaudited</b>				
Basic loss for the period attributable to owners of Steinhoff N.V.		(364)	(40)	(404)
Adjusted for Litigation Settlement Proposal provision raised and fees relating to a Litigation Settlement Proposal	3.4 & 3.5	72	-	72
<b>Normalised basic loss attributable to owners of Steinhoff N.V.</b>		<b>(292)</b>	<b>(40)</b>	<b>(332)</b>
<b>Six months ended 31 March 2020 Unaudited</b>				
Basic loss for the period attributable to owners of Steinhoff N.V.		(1 340)	(183)	(1 523)
Adjusted for Litigation Settlement Proposal provision raised	3.4	882	-	882
<b>Normalised basic loss attributable to owners of Steinhoff N.V.</b>		<b>(458)</b>	<b>(183)</b>	<b>(641)</b>

## 6. LOSS PER SHARE (continued)

## RECONCILIATIONS OF DENOMINATOR AND NUMERATOR (continued)

## 6.4 Remeasurement items as defined by the JSE

	Six months ended 31 March 2021 Unaudited		Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited	
	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.				
<b>Continuing operations</b>				
Impairment	1	1	98	90
Goodwill	-	-	44	44
Property, plant and equipment	2	2	9	7
Investments in equity accounted companies	-	-	25	25
Right of use asset	(1)	(1)	20	14
Loss/(profit) on disposal of property, plant and equipment and intangible assets	1	1	(10)	(8)
	<b>2</b>	<b>2</b>	<b>88</b>	<b>82</b>
<b>Discontinued operations</b>				
Impairment				
Assets held-for-sale	43	33	-	-
Foreign currency translation reserve and cash flow hedge reserve reclassified to profit or loss on disposal of investment	-	-	34	34
Profit on disposal of property, plant and equipment and intangible assets	(5)	(4)	(52)	(41)
Loss on sale of disposal of discontinued operations/disposal group	-	-	33	33
	<b>38</b>	<b>29</b>	<b>15</b>	<b>26</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. INTANGIBLE ASSETS**
**Reconciliation of closing balance**

	<b>31 March 2021 Unaudited €m</b>	30 September 2020 Audited €m
<b>Goodwill</b>		
Carrying amount at beginning of the period	3 555	4 295
Acquired on acquisition of businesses	–	6
Impairment from continuing and discontinued operations	–	(300)
Exchange differences on translation of foreign operations	315	(446)
Carrying amount at end of the period	<b>3 870</b>	3 555
<b>Intangible assets (excluding goodwill)</b>		
Carrying amount at beginning of the period	1 312	1 676
Additions	47	64
Amortisation from continuing and discontinued operations	(8)	(27)
Disposals	–	(29)
Eliminated on disposal of subsidiaries	–	(133)
Reclassification from property, plant and equipment	–	1
Impairment from continuing and discontinued operations	–	(6)
Transferred to discontinued operations and assets classified as held-for-sale	–	(51)
Exchange differences on translation of foreign operations	143	(183)
Carrying amount at end of the period	<b>1 494</b>	1 312
Intangible assets comprise the Group's trade and brand names, software and ERP systems.		
<b>Carrying amount per category of intangible assets:</b>		
Goodwill	3 870	3 555
Trade and brand names	1 378	1 241
Software and ERP systems	106	63
Other intangibles assets	10	8
	<b>5 364</b>	4 867

The carrying amount per segment is presented below:

	<b>Goodwill</b>		<b>Trade and brand names</b>	
	<b>31 March 2021 Unaudited €m</b>	30 September 2020 Audited €m	<b>31 March 2021 Unaudited €m</b>	30 September 2020 Audited €m
Goodwill and trade and brand names are considered a significant class of intangible assets to the Group.				
Greenlit Brands – Household Goods	145	138	63	81
Pepco Group	1 576	1 527	293	257
Poundland	700	651	150	114
Pepco Poland	876	876	143	143
Pepkor Africa	2 149	1 890	1 012	891
LIPO	–	–	10	12
	<b>3 870</b>	3 555	<b>1 378</b>	1 241

## 8. INVESTMENTS IN EQUITY ACCOUNTED COMPANIES

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.

### 8.1 Detail of the equity accounted investments of the Group

Name of business	Place of business/ country of incorporation	Nature of business	Nature of relationship	% holding		Carrying value €m	
				31 March 2021 Unaudited	30 September 2020 Audited	31 March 2021 Unaudited	30 September 2020 Audited
<b>Unlisted*</b>							
IEP Group Proprietary Limited	South Africa	Investment company	Associate	26.0	26.0	145	125
Mattress Firm	USA	Speciality bed retailer	Associate	50.1	50.1	78	7
Various other immaterial equity accounted companies	Various	Consulting and other services	Associates	24.5 – 50.0	24.5 – 50.0	3	4
						<b>226</b>	<b>136</b>

\* Associate and joint venture entities are owned by private equity – no quoted prices are available.

### 8.2 Reconciliation of the aggregate carrying values of equity accounted companies

	31 March 2021 Unaudited €m	30 September 2020 Audited €m
Balance at the beginning of the period	136	208
Additions	-	1
Impairments:		
From continuing operations	-	(18)
Disposals	-	(5)
Share of:		
Profit or loss:		
From continuing operations <sup>1</sup>	71	(7)
From discontinued operations	(1)	-
Other comprehensive income	2	-
Sundry reserves	-	(15)
Exchange differences on translation of investments in equity accounted investments <sup>2</sup>	18	(28)
Carrying values of equity accounted companies at the end of the period	<b>226</b>	<b>136</b>

<sup>1</sup> Profit from continuing operations in the current Reporting Period relates predominantly to Mattress Firm (€71 million).

<sup>2</sup> The net exchange gains/(losses) relate mainly to the translation of the IEP investment due to the strengthening of the South African rand to the euro during the 2021 Half-year Reporting Period and deterioration during the 2020 Half-year Reporting Period.

8. INVESTMENTS IN EQUITY ACCOUNTED COMPANIES

8.3 Summarised information in respect of adjustments made to bring Mattress Firms' financial statements in line with IFRS

The Group has made the following adjustments for Mattress Firm to bring its financial statements in line with IFRS and the unwinding of fair value adjustments at acquisition date.

		Mattress Firm		
		Period ended 31 March 2021		
	Notes	Reported by Mattress Firm under US GAAP €m	IFRS adjustments and fair value at acquisition unwinding €m	Adjusted for accounting policy changes and fair value at acquisition unwinding €m
Revenue		1 691	–	1 691
<b>EBITDA</b>	a	<b>258</b>	188	<b>446</b>
Loss on early debt retirement	b	(393)	330	(63)
Other items excluded from EBITDA due to their nature		(8)	–	(8)
Depreciation and amortisation	a	(23)	(114)	(137)
Interest expense	a	(30)	(65)	(95)
Income tax expense		–	(4)	(4)
<b>(Loss)/profit for the period</b>		<b>(196)</b>	335	<b>139</b>

- a. IFRS16 was adopted by the Group on 1 October 2019. Under IFRS 16 the lessees no longer classify their leases between operating- and finance leases, however under US GAAP ASC 842 it continues to do so. Therefore, under US GAAP Mattress Firm still recognises rental expenses for operating leases as part of EBITDA whereas these expenses will form part of finance cost and amortisation under IFRS 16 due to the recognition of the right-of-use asset and lease obligation. The IFRS 16 adjustment is a high-level estimate as, in accordance with US GAAP ASC842, the transition to lessee reporting is not yet implemented.
- b. In November 2020 Mattress Firm raised new debt facilities of USD550 million. These proceeds, together with USD184 million of existing cash resources, were used to repay two existing facilities of USD465 million and USD192 million respectively. Historically a fair value derivative was recognised as per US GAAP for the debt. Due to the early retirement of these loans, the derivative was released through the Statement of Profit or Loss. As the fair value of the loan approximated its carrying value at the date on which significant influence was acquired, the impact on the early debt settlement was reduced from €393 million to €63 million, of which 50.1% was included in the Group's results. No further adjustments on fair value of the debt-derivative are expected between the two accounting standards going forward.

9. OTHER FINANCIAL ASSETS

	Notes	31 March 2021 Unaudited €m	30 September 2020 Audited €m
<b>Non-current other financial assets</b>			
At amortised cost	9.1	466	425
<b>Current other financial assets</b>			
At amortised cost	9.1	1	–
Total other financial assets		467	425

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.

9.1 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	31 March 2021 Unaudited €m	30 September 2020 Audited €m
Unlisted preference shares – Lancaster 102	a	296	253
Unlisted bonds	b	3	3
Interest-bearing loans	c	168	168
Non-interest bearing loans		–	1
		467	425

a) Unlisted preference shares

The unlisted preference shares increased by €8 million as a result of additional accrued dividends on the investment in preference shares issued by Lancaster 102, the remaining increase of €35 million arose as a result of the strengthening of the Rand. On 1 October 2017, 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 10.

b) Unlisted bonds

Unlisted bonds held by Pepkor Africa consist of:

	31 March 2021 Unaudited €m	30 September 2020 Audited €m
Standard Bank bond: issued by Standard Bank Angola <sup>1</sup>	3	3

<sup>1</sup> Angola government bonds held by Pepkor Africa are denominated in Angola Kwana, with a coupon interest rate of 17% and maturity date of 2021/12/11.

9. OTHER FINANCIAL ASSETS (continued)

9.1 At amortised cost

c) 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 31 March 2021 (30 September 2020: €165 million). The loan originated when a prepayment of €200 million was made by the Group in November 2017 to an entity related to Christo Wiese (Steinhoff's Supervisory Board Chairman 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 Ltd (Jersey).

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 a 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 a Litigation Settlement Proposal has been successfully implemented, have been applied for IFRS 9 purposes.

In addition to a Litigation Settlement Proposal of relevant MPC Claimants and Contractual Claims it is proposed that with effect from the effective date of the global settlement (Refer to note 24 of the 2020 Consolidated Financial Statements):

- 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 R3.4 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 a Litigation Settlement Proposal effective date and voluntarily repayable without penalty at any time;
- partially 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.

## 10. BORROWINGS

## 10.1 Analysis of closing balance

Notes	31 March 2021 Unaudited			30 September 2020 Audited		
	Current €m	Non-current €m	Total €m	Current €m	Non-current €m	Total €m
<b>Operating companies</b>						
Hemisphere	169	–	169	218	–	218
Pepco Group	486	11	497	5	489	494
Conforama	113	–	113	188	–	188
Greenlit Brands	–	–	–	24	–	24
Pepkor Africa	21	606	627	12	635	647
	<b>789</b>	<b>617</b>	<b>1 406</b>	<b>447</b>	<b>1 124</b>	<b>1 571</b>
<b>Corporate and treasury services</b>						
<b>Steenbok Lux Finco 1</b>						
21/22 Term loan facility	2 060	–	2 060	–	1 961	1 961
23 Term loan facility	1 408	–	1 408	–	1 340	1 340
<b>Steenbok Lux Finco 2</b>						
First lien term loan facility	2 164	–	2 164	–	2 081	2 081
Second lien term loan facility	4 468	–	4 468	–	4 238	4 238
<b>Africa Group (excl. Pepkor Africa)</b>						
Loan – Lancaster	296	–	296	253	–	253
	<b>10 396</b>	<b>–</b>	<b>10 396</b>	<b>253</b>	<b>9 620</b>	<b>9 873</b>
<b>Total borrowings</b>	<b>11 185</b>	<b>617</b>	<b>11 802</b>	<b>700</b>	<b>10 744</b>	<b>11 444</b>

- a. On 23 April 2021, the Pepco Group refinanced its existing borrowings arrangements with a senior facilities agreement comprising:
- a 3 year €300 million term loan facility;
  - a 5 year €250 million term loan facility; and
  - a €190 million multi-currency revolving credit facility maturing after 5 years (the New Senior Facilities Agreement).
- b. The Corporate and treasury services debt has a maturity date of 31 December 2021 and is therefore due less than twelve months from the Reporting Date. As a result, in accordance with IAS 1, the debt is classified as current as at 31 March 2021. 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. Subject to the successful implementation of a Litigation Settlement Proposal, a further term extension will be granted, initially to 30 June 2023, with a further 6 months extension to 31 December 2023 subject to approval by simple majority financial creditors. 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.
- c. Financial creditors have continuing recourse to Steinhoff N.V. under the Contingent Payment Undertaking (“CPU”).



## 10. BORROWINGS (continued)

## 10.2 Reconciliation of borrowings balances

	Corporate and treasury services €m	Hemisphere €m	Pepkor Africa €m	Pepco Group €m	Conforama €m	Greenlit Brands €m	Total €m
<b>Opening balance – 1 October 2020</b>	<b>9 873</b>	<b>218</b>	<b>647</b>	<b>494</b>	<b>188</b>	<b>24</b>	<b>11 444</b>
Repayable within one year	253	218	12	5	188	24	700
Repayable after one year	9 620	–	635	489	–	–	10 744
Repayment of debt	–	(51)	(109)	–	(87)	(24)	(271)
Payment of interest	–	(7)	(21)	(16)	–	(1)	(45)
Additional financing	–	–	9	–	–	–	9
Interest accrued	488	9	21	19	12	–	549
From continuing operations	488	–	18	19	–	–	525
From discontinued operations	–	9	3	–	12	–	24
Foreign exchange gains or losses	35	–	80	–	–	1	116
<b>Closing balance – 31 March 2021</b>	<b>10 396</b>	<b>169</b>	<b>627</b>	<b>497</b>	<b>113</b>	<b>–</b>	<b>11 802</b>
Repayable within one year	10 396	169	21	486	113	–	11 185
Repayable after one year	–	–	606	11	–	–	617
<b>Opening balance – 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	(152)	(67)	(60)	(2)	(5)	(9)	(295)
Repayment of interest	(3)	(16)	(50)	(16)	–	(2)	(87)
Additional financing	–	–	72	53	17	19	161
Interest accrued	456	16	50	13	24	2	561
From continuing operations <sup>1</sup>	456	16	50	13	–	2	537
From discontinued operations <sup>1</sup>	–	–	–	–	24	–	24
Foreign exchange gains or losses	(49)	–	(164)	–	–	1	(212)
<b>Closing balance – 31 March 2020</b>	<b>9 439</b>	<b>294</b>	<b>897</b>	<b>532</b>	<b>292</b>	<b>44</b>	<b>11 498</b>
Repayable within one year	278	294	55	1	77	–	705
Repayable after one year	9 161	–	842	531	215	44	10 793

<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.

## 11. COMMITMENTS, CONTINGENCIES AND PROVISIONS

### Contingent liabilities and other litigation

#### Legal claims

The detail of all legal claims is set out in the 2020 Consolidated Financial Statements in note 24.3. The disclosures below only include relevant updates to legal claims/proceedings since the previous reporting date, 30 September 2020.

The base currency of the claims has been converted to the reporting currency by using the closing exchange rates of the 2021 Half-year Reporting Period.

#### 11.1 Litigation Settlement Proposal provision

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 Steinhoff N.V. and SIHPL in the Netherlands, Germany and South Africa.

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.

#### A) The following events occurred since the previous reporting period:

- **1 December 2020:** During October 2020, Steinhoff N.V. applied to the Finsurv for consent to the cross-border payments to be made as part of a Litigation Settlement Proposal. On 1 December 2020 Steinhoff N.V. announced that it had satisfied another key condition after it received approval from Finsurv, on 25 November 2020, for the cross-border transfers contemplated by the proposed legal settlement. The approval, on its terms, is valid for 12 months from the date of grant (25 November 2021);
- **14 February 2021:** Steinhoff N.V. informed the market that following a number of constructive engagements between the parties an agreement was reached between, among others, Steinhoff N.V., SIHPL, Conservatorium and certain entities linked to Christo Wiese. The agreement was subject to a number of conditions.

By way of background, Conservatorium had brought significant claims arising out of its ownership of certain margin loans which financed Upington's acquisition of shares in Steinhoff N.V. which represent non qualifying claims in the October 2020 settlement term sheet (refer to the disclosure contained in Steinhoff N.V.'s Annual report published on 26 February 2021, Upington 3 Claim/Lenders Claim on page 196).

As announced, 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 a 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 R1.058 billion (€61 million) in settlement of the remaining claims.

- **14 February 2021:** Steinhoff N.V. also announced that together with SIHPL that it reached an agreement with Deloitte Accountants B.V. and Deloitte & Touche South Africa (together: "Deloitte") pursuant to which Deloitte will support the proposed Litigation Settlement Proposal announced on 27 July 2020. This means that Deloitte will make additional compensation available to certain Steinhoff claimants, including the MPC Claimants in exchange for certain waivers and releases, provided that Steinhoff successfully completes the contemplated Dutch SoP and the S155 Scheme. A settlement between Deloitte and the Dutch Vereniging van Effectenbezitters ("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 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.

- **15 February 2021:** Steinhoff N.V. announced that it had resolved to lodge with the Amsterdam District Court an application for Dutch SOP as soon as practicable to implement its proposal to settle certain multi-jurisdictional legacy litigation and various claims against Steinhoff N.V.;
- **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 court 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.

11. COMMITMENTS, CONTINGENCIES AND PROVISIONS (continued)

11.1 Litigation Settlement Proposal provision (continued)

A) The following events occurred since the previous reporting period (continued):

- **24 February 2021:** Notice was given to inter alia certain creditors ("Scheme Creditors") of SIHPL, of the S155 Scheme, and of the availability of the proposal / Scheme document (the "Proposal"). SIHPL took steps to launch its statutory compromise process under section 155 of the South African Companies Act. Scheme Creditors were advised on 25 March 2021 that the voting deadline date was 5 May 2021, and accordingly any Scheme Creditors wishing to participate in and vote at the meeting must file their claims prior to such date;

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 Group nor any of its operating businesses.

The purpose of the Dutch SoP process and the S155 Scheme is to implement a Litigation Settlement Proposal to settle certain multi-jurisdictional legacy litigation and various claims against Steinhoff N.V. and SIHPL.

Implementation of a 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.

- **23 March 2021:** Director and Officer ("D&O") Insurers and certain former D&Os supported a Litigation Settlement Proposal. As a result, the bilateral agreement with Deloitte dated 14 February 2021, will be replaced by a comprehensive Steinhoff Settlement Support Agreement ("SSSA") entered into by inter alia Steinhoff N.V., SIHPL, Deloitte, the D&O Insurers and the Settling D&Os. The settlement agreement reached between Deloitte and the VEB was unaffected;

Steinhoff N.V. further announced that, together with SIHPL, it had also reached an agreement with certain insurance companies underwriting Steinhoff N.V.'s (primary and excess) D&O Insurers and certain former D&Os who have worked for or been associated with a Steinhoff N.V. Group company (the "Settling D&Os"). In addition to the compensation made available to certain claimants by Steinhoff N.V., Deloitte (up to €78 million) and the D&O Insurers (up to €78 million), on behalf of the Settling D&Os, are making additional compensation available to certain Steinhoff N.V. claimants, including the MPC Claimants, in exchange for certain waivers and releases, provided that Steinhoff N.V. successfully completes the Dutch SoP commenced on 15 February 2021 and SIHPL successfully implements the S155 Scheme. Deloitte, the D&O Insurers and the Settling D&Os do not in any way admit liability for the losses incurred by Steinhoff N.V. and its stakeholders as a result of the alleged accounting irregularities.

- **31 March 2021:** The four ACGs who represent MPC Claimants based in South Africa and elsewhere, have confirmed their support for, and will recommend that their respective constituents support, a Litigation Settlement Proposal and its implementation by way of the Dutch SoP and the S155 Scheme. Any litigation initiated by these ACGs against Steinhoff and its former D&Os was suspended immediately. After the successful implementation of the Dutch SoP and the S155 Scheme, this litigation will be terminated. The four ACGs include: Burford Capital LLC, Deminor Recovery Services (Luxembourg), SA/DRS Belgium SC and DRRT/Therium (Stichting Steinhoff International Compensation Claims);

- **12 May 2021:** Entities affiliated with the former shareholders of Tekkie Town Proprietary Limited ("Tekkie Town Claimants") filed the application for inter alia the provisional liquidation of Steinhoff N.V. in the Western Cape Division of the High Court of South Africa. The Tekkie Town Claimants have requested the matter be heard on an urgent basis on 24 May 2021. On 25 May 2021, the Court directed that the hearing will take place between 1 September and 3 September 2021. The Court also set a timetable for the parties, including any intervening parties, to deliver papers in the Liquidation Application and / or in support of applications to intervene in the liquidation application, prior to the hearing of the liquidation application;

- **25 May 2021:** The Court decided to hear the uniliteral requests made by parties other than the court-appointment administrators (the "Administrators") (i.e. Hamilton and Lancaster) on 4 June 2021. In short the uniliteral requests were:
  - interim measures related to the claim analysis (Hamilton);
  - the termination of the Dutch SoP (Lancaster);
  - certain information (Lancaster); and
  - the appointment of experts (Lancaster) and;
  - the adjournment of the creditor meeting and voting date as currently scheduled for 30 June 2021 (Lancaster).

On 4 June 2021, the court heard the above requests, which Steinhoff N.V. opposed. During and by the conclusion of the hearing, Lancaster withdrew all of its requests. As a consequence, these requests are no longer pending and do not need to be resolved by the Court. Hamilton, however, continued with its request for interim measures. Steinhoff N.V., the Administrators and other attending parties all opposed this request. Refer to 16 June 2021 for the Court ruling regarding Hamilton. Shortly following the hearing Hamilton lodged an appeal against the 28 May 2021 decision to appoint the committee of representation ("CoR"). Steinhoff N.V. will continue its defence against any attempt to disrupt a Litigation Settlement Proposal and Steinhoff N.V.'s ongoing Dutch SoP.

11. COMMITMENTS, CONTINGENCIES AND PROVISIONS (continued)

11.1 Litigation Settlement Proposal provision (continued)

A) The following events occurred since the previous reporting period (continued):

- **28 May 2021:** Steinhoff N.V. announced that further to the announcement of the Administrators in the Dutch SoP on 23 April 2021, the Amsterdam District Court (the "Court") has rendered its decision on the Administrators' application for the appointment of a CoR and for measures regarding the list of claims as referred to in Article 259 of the Dutch Bankruptcy Act (*Faillissementswet*). This means that the members of the CoR will vote on the composition plan as proposed by Steinhoff N.V. (the "Composition Plan") instead of the creditors in a creditors meeting. The principal consideration was the large number of Steinhoff N.V. MPC Claimants (as defined in the Composition Plan) in the proceedings. All ordinary non-preferred creditors of Steinhoff N.V. ("Creditors") are still eligible to file their claims in the Dutch SoP ultimately on 15 June 2021.
- **16 June 2021:** The Court refused to grant the additional requests made by Hamilton for interim measures related to the Dutch SoP claim analysis and voting process. Steinhoff N.V., Steinhoff N.V.'s administrators and certain other parties to the proceedings had previously opposed those requests. The ruling of the Court of 16 June 2021 is non-appealable.

As announced previously, Hamilton has separately lodged an appeal against the 28 May 2021 decision of the Court to appoint the CoR. That appeal is currently pending before the Amsterdam Court of Appeal with a hearing on the admissibility of the appeal being scheduled for 22 June 2021. Steinhoff N.V. will continue its defence against any attempt to disrupt a Litigation Settlement Proposal and Steinhoff N.V.'s ongoing Dutch SoP.

The appeal lodged by Hamilton has not caused the Court to reschedule the deadline of 15 June 2021 for the submission of claims against Steinhoff N.V. ('voting record date'). The claims administrator will now commence a review of the claims that have been received in the Dutch SoP.

Steinhoff N.V.'s administrators have requested the supervisory judges in the Dutch SoP to defer the creditors' meeting of 30 June 2021. This request is currently pending, and no revised date for the creditors' meeting has yet been scheduled.

B) Impact on and 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 ZAR17.35 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 sheets as published on 27 July 2020 and 9 October 2020. All qualifying claims are still disclosed as contingent liabilities to the point of implementation of a Litigation Settlement Proposal.

Notes	Six months ended 31 March 2021 €m
<b>Balance at 30 September 2020 – Audited</b>	<b>943</b>
Adjusted for:	
Changes from initial term sheet as announced on July 2020 which was updated in October and November 2020, respectively.	3.4 <b>25</b>
Net exchange loss on translation of foreign operations <sup>1</sup>	<b>58</b>
<b>Balance at 31 March 2021 – Unaudited</b>	<b>1 026</b>

<sup>1</sup> A portion of the Litigation Settlement Proposal provision form part of the SIHPL investment which is denominated in South African Rands. The provision will be translated at the closing rate to Euros for the Reporting Period and differences on translation will be recognised in Statement of Comprehensive Income as Exchange gains on translation of foreign operations.

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.

Management draws the user of these financial statements' attention to the fact that any form of a Litigation Settlement Proposal, if implemented, could differ from the provision raised.

The Group's view remains that a Litigation Settlement Proposal, provides the means to substantially resolve the historical claims against it and remains firmly in the best interests of all stakeholders.

For further information refer to [www.steinhoffsettlement.com](http://www.steinhoffsettlement.com).

11.2 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 Steinhoff N.V. 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 Steinhoff N.V. that ultimately succeeds will be entitled to settlement consideration at the same rate as MPC Claimants and Contractual Claims. A non-qualifying claim against SIHPL that ultimately succeeds will be entitled to the amount awarded in court proceedings.

Following implementation of the settlement, 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.

## 12. CASH FLOW INFORMATION

## 12.1 Cash generated from operations

	Notes	Six months ended 31 March 2021 €m	Restated <sup>1</sup> Six months ended 31 March 2020 Unaudited €m
Operating (loss)/profit from:			
Continuing operations		271	(655)
Discontinued operations		18	(68)
Adjusted for non-cash adjustments included in continuing and discontinued operations:			
Profit or loss movement in provision for doubtful debt		25	51
Depreciation and amortisation:			
Property, plant and equipment, Intangible assets		95	137
Right-of-use asset		210	267
Net impairment on investments in equity accounted companies		-	25
Unrealised foreign exchange (gains)/losses		3	(7)
Impairments/(Reversal of impairments):			
Goodwill	3.1	-	44
Property, plant and equipment	3.1	2	9
Right of use asset	3.1	(1)	20
Assets held-for-sale	15	43	-
Inventories written down to net realisable value and movement in provision for inventories		27	-
Remeasurement of lease liability and right-of-use assets		(20)	-
Net profit on disposal and scrapping of property, plant and equipment, vehicle rental fleet and intangible assets		(4)	(62)
Gain on disposal, part disposal and bargain purchase of investments		-	33
Cumulative other comprehensive income reclassified to profit or loss on disposal or derecognition of investment		-	34
Proposed settlement provision raised	3.4	25	882
ACG lawyer fees	3.5	28	-
SRF Cost contribution	3.5	19	-
Other non-cash adjustments		2	(10)
<b>Cash generated before working capital changes</b>		<b>743</b>	<b>700</b>
Working capital changes:			
(Increase)/decrease in inventories		(140)	185
Increase in trade and other receivables		(152)	(42)
Movement in net derivative financial liabilities/assets		33	(15)
Increase/(decrease) in trade and other payables		93	(356)
<b>Net changes in working capital</b>		<b>(166)</b>	<b>(228)</b>
<b>Cash generated from operations</b>		<b>577</b>	<b>472</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.

13. ORDINARY SHARE CAPITAL

	31 March 2021 Number of shares	30 September 2020 Number of shares
<b>13.1 Authorised</b>		
Ordinary shares of €0.01 each	16 000 000 000	16 000 000 000
<b>13.2 Issued</b>		
Balance at beginning of the period	4 309 727 144	4 309 727 144
Reduction in share capital <sup>1</sup>	(40 118 093)	–
Balance at the end of the period	4 269 609 051	4 309 727 144
<b>13.3 Treasury shares</b>		
Balance at beginning of the period	(137 564 468)	(161 385 688)
Disposal of Steinhoff N.V. shares by subsidiary companies	42 722 416	23 821 220
Shares cancelled <sup>1</sup>	40 118 093	–
Balance at the end of the period	(54 723 959)	(137 564 468)
<b>Total issued ordinary share capital</b>	<b>4 214 885 092</b>	<b>4 172 162 676</b>

<sup>1</sup> Effective as of 3 November 2020, the issued share capital of Steinhoff N.V. was reduced by 40 118 093 ordinary shares.

14. RELATED-PARTY TRANSACTIONS

During the Reporting Period, the Group entered into related-party transactions in the ordinary course of business, the substance of which is similar to those disclosed in the Group's annual financial statements for the year ended 30 September 2020. There were no material movements in the balances for the six months ended 31 March 2021.

**15. 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 31 March 2021. The balances disclosed below include impairments recognised on the date of classification as held-for-sale.

Balance at 31 March 2021 – Unaudited	Notes	European Properties €m	Africa Properties €m	Conforama €m	European Manufacturing, Sourcing and Logistics	Pepkor - The Building Company	Total €m
<b>Assets</b>							
Intangible assets		-	-	47	-	-	47
Property, plant and equipment		1	3	196	1	16	217
Right-of-use asset		-	-	178	-	22	200
Investment properties		-	30	-	-	-	30
Investment in equity accounted companies		-	9	-	-	-	9
Other financial assets		-	-	25	-	-	25
Deferred tax assets		-	-	10	-	24	34
Inventories		-	1	173	-	87	261
Trade receivables		5	2	61	9	45	122
Other receivables		21	1	5	-	1	28
Cash and cash equivalents		-	-	72	-	39	111
<b>Total assets</b>		<b>27</b>	<b>46</b>	<b>767</b>	<b>10</b>	<b>234</b>	<b>1084</b>
<b>Liabilities</b>							
Lease liabilities		-	-	(193)	-	(51)	(244)
Provisions		-	-	(29)	(1)	(5)	(35)
Deferred tax liabilities		-	-	7	-	(13)	(6)
Trade payables		(8)	(2)	(238)	(4)	(77)	(329)
Other payables		(9)	-	(15)	(1)	-	(25)
Bank overdraft		-	-	(2)	-	(10)	(12)
<b>Total liabilities</b>		<b>(17)</b>	<b>(2)</b>	<b>(470)</b>	<b>(6)</b>	<b>(156)</b>	<b>(651)</b>
<b>Net assets after impairments</b>		<b>10</b>	<b>44</b>	<b>297</b>	<b>4</b>	<b>78</b>	<b>433</b>
<b>Impairments recognised through profit or loss</b>	1.2	-	1	28	-	14	43

**Reconciliation of assets and liabilities classified as held-for-sale balances**

	Assets €m	Liabilities €m	Net assets €m
<b>Classified as held-for-sale on 30 September 2020 – Audited</b>	<b>1 193</b>	<b>(633)</b>	<b>560</b>
European Properties	28	(23)	5
Africa Properties	103	(2)	101
Pepkor Africa – The Building Company	207	(142)	65
Conforama	855	(466)	389
<b>Change in carrying values</b>	<b>(109)</b>	<b>(18)</b>	<b>(127)</b>
European Properties	(1)	6	5
Africa Properties <sup>1</sup>	(57)	-	(57)
Pepkor Africa – The Building Company	27	(14)	13
European Manufacturing, Sourcing and Logistics	10	(6)	4
Conforama <sup>2</sup>	(88)	(4)	(92)
<b>Classified as held-for-sale 31 March 2021 – Unaudited</b>	<b>1084</b>	<b>(651)</b>	<b>433</b>
European Properties	27	(17)	10
Africa Properties	46	(2)	44
Pepkor Africa – The Building Company	234	(156)	78
European Manufacturing, Sourcing and Logistics	10	(6)	4
Conforama	767	(470)	297

<sup>1</sup> The decrease in Africa Properties' carrying value relates largely to twelve properties owned by Africa Properties that are used by Pepkor Africa's operating entities. On 18 December 2020, Africa Properties entered into a framework agreement with Pepkor Africa to purchase these twelve properties. As these properties will remain within the Group after the disposal, they no longer meet the criteria to be classified as held-for-sale and have therefore been reclassified to Property, plant and equipment.

<sup>2</sup> The decrease in Conforama's carrying value relates mainly to the 18 properties sold to Mobilux, for €70 million during the Reporting Period. An impairment of €28 million was also recognised during the Reporting Period to write the net asset value down to its fair value less cost to sell.

## 16. EVENTS OCCURRING AFTER THE REPORTING PERIOD

### Corporate activity after the reporting date

- **Pepkor Africa Domestic Medium Term Note Programme**

Pepkor Africa successfully raised R2.2 billion in the South African bond market following an auction held on 30 April 2021. The Domestic Medium Term Note Programme is part of Pepkor Africa's strategy to diversify its sources of funding and to reduce its cost of funding. Proceeds from the notes issued will be used to replace existing term debt due for repayment in 2022 – thereby strengthening the Pepkor Africa Group's liquidity and debt repayment profile.

Pepkor Africa further notified shareholders and noteholders that the JSE Limited had granted the listing of its PEP03 and PEP04 Senior Unsecured Floating Rate Notes effective 05 May 2021, in terms of its Programme dated 2 March 2020 and guaranteed by Pepkor Trading Proprietary Limited.

- **Supervisory Board Change**

On 19 April 2021 Ms. Khanyisile Kweyama tendered her resignation as a member of the Supervisory Board of the Company with immediate effect. Ms. Kweyama has been a member of the Supervisory Board since early 2018 and has resigned in order to pursue a business opportunity which may conflict with her role at the Company.

- **Pepco Group refinancing existing borrowings**

On 23 April 2021, the Pepco Group refinanced its existing borrowings arrangements with a senior facilities agreement comprising:

- (i) a 3 year €300 million term loan facility;
- (ii) a 5 year €250 million term loan facility; and
- (iii) a €190 million multi-currency revolving credit facility maturing after 5 years (the New Senior Facilities Agreement).

### Pepco Group IPO

On 26 May 2021, following a successful IPO process, shares in Pepco Group began trading on the Warsaw Stock Exchange with the ticker symbol "PCO". The final offer price of shares in the initial public offering was PLN 40 per share, giving Pepco Group an implied market capitalisation of approximately PLN 23 billion (€5 billion). Steinhoff received proceeds of approximately €1 billion from the sale of shares in the IPO most of which was used to reduce debt.

As a result of the IPO and following the full exercise of the over-allotment option, Steinhoff N.V.'s shareholding in Pepco Group has reduced to 78.9%.

### Legal proceedings

Various legal proceedings have been instituted against the Group and there are continuous movement on these claims.

Updates regarding legal proceedings during and after the Reporting Period are discussed in note 11.

### The Management Board

**L.J. (Louis) du Preez**

*Chief executive officer*

25 June 2021

**T.L. (Theodore) de Klerk**

*Chief financial officer*





**STEINHOFF**  
INTERNATIONAL HOLDINGS N.V.

## **ANNEXURES**

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# STORE NETWORK DEVELOPMENT

		STORE			Retail m <sup>2</sup> ('000)	
		30 Sept 2020	Openings	Closings		31 March 2021
<b>CONTINUING OPERATIONS</b>						
<b>PEPCO GROUP</b>		3 021	225	–	3 246	1 754
PEPCO	Poland, Romania, Czech, Hungary, Slovakia, Croatia, Lithuania, Slovenia, Latvia, Bulgaria, Estonia, Italy	2 100	129	–	2 229	877
Poundland and Dealz (including PEP&CO stand-alone stores)	United Kingdom, Republic of Ireland, Spain, Poland	921	96	–	1 017	877
<b>PEPKOR AFRICA</b>		5 254	108	(69)	5 293	2 073
PEP	Southern Africa	2 384	46	(12)	2 418	855
Ackermans	Southern Africa	861	19	(5)	875	506
PEP Africa	Rest of Africa	301	2	(17)	286	110
Speciality	Southern Africa	829	31	(18)	842	219
Furniture and appliances	Southern Africa	751	9	(16)	744	308
Appliances and electronics	Southern Africa	128	1	(1)	128	75
<b>LIPO</b>		23	–	–	23	75
<b>GREENLIT BRANDS</b>		313	5	(5)	313	376
Fantastic	Australia	166	4	(2)	168	182
Snooze	Australia	85	1	(3)	83	74
Freedom	Australia and New Zealand	62	–	–	62	120
<b>TOTAL CONTINUING OPERATIONS</b>		8 611	338	(74)	8 875	4 278
<b>MATERIAL ASSOCIATE</b>						
<b>MATTRESS FIRM</b>		2 419	15	(66)	2 368	1 128

# EXCHANGE RATES

	AVERAGE TRANSLATION RATE			CLOSING TRANSLATION RATE		
	1H2021	1H2020	% change	31 Mar 2021	31 Mar 2020	% change
EUR:ZAR	18.3376	16.6270	10.3	17.3484	19.6095	(11.5)
EUR:PLN	4.5251	4.3056	5.1	4.6508	4.5506	2.2
EUR:GBP	0.8889	0.8615	3.2	0.8521	0.8864	(3.9)
EUR:AUD	1.5963	1.6498	(3.2)	1.5412	1.7967	(14.2)
EUR:USD	1.1988	1.1049	8.5	1.1725	1.0956	7.0
EUR:CHF	1.0845	1.0815	0.3	1.1070	1.0585	4.6

# SHARE STATISTICS

STOCK EXCHANGE	SHARE STATISTICS	
	FSE	JSE
Stock symbol	SNH Xetra	SNH SJ
Listing type	Primary	Secondary
ISIN	NL0011375019	NL0011375019
Initial listing	Dec 2015	Sep 1998
Opening share price	€0.04	R0.70
Closing share price	€0.14	R2.34
Highest share price during period	€0.16	R2.93
Lowest share price during period	€0.04	R0.68
Volume traded during period (million)	2 492	937
Value traded during period (million)	€224	R1 615
Market capitalisation (million)	€570	R9 863
Number of shares in issue (million) <sup>1</sup>	4 215	4 215

<sup>1</sup>As at 31 March 2021, net of treasury shares.

# FINANCIAL CALENDAR

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 Half-year 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 N.V.'s ability to control or estimate precisely, including but not limited to, Steinhoff N.V.'s ability to successfully implement and complete its plans and strategies and to meet its targets, the benefits from Steinhoff N.V.'s plans and strategies being less than anticipated, the effect of general economic or political conditions, Steinhoff N.V.'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 Half-year Report, in particular the paragraphs on how we manage risk and in Steinhoff N.V.'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 Half-year Report. Steinhoff N.V. does not assume any obligation to update any public information or forward-looking statement in this Half-year Report to reflect events or circumstances after the date of this Half-year Report, except as may be required by applicable laws.

# GLOSSARY OF TERMS

2020 Annual Report	The management report ( <i>bestuursverslag</i> ) as referred to in section 2:391 of the Dutch Civil Code for the financial year ended 30 September 2020, together with the 2020 Consolidated Financial Statements.
2020 Condensed Financial Statements	The unaudited condensed consolidated half-year financial statements for the six months ended 31 March 2020.
2020 Consolidated Financial Statements	The audited consolidated financial statements for the Group for the financial year ended 30 September 2020.
2020 Half-year Management Report	The half-year management report ( <i>halfjaarlijkse bestuursverslag</i> ) as referred to in section 5:25d paragraph 2(b) of the Dutch Financial Supervision Act for the six months ended 31 March 2020.
2020 Half-year Report	The 2020 Half-year Management Report, the Management Board Responsibility Statement and the 2020 Condensed Financial Statements.
2020 Reporting Period	Period starting 1 October 2019 up to and including 30 September 2020.
2021 Condensed Financial Statements	The unaudited condensed consolidated half-year financial statements for the six months ended 31 March 2021.
2021 Half-year Management Report	The half-year management report ( <i>halfjaarlijkse bestuursverslag</i> ) as referred to in section 5:25 paragraph 2(b) of the Dutch Financial Supervision Act for the six months ended 31 March 2021.
2021 Half-year Report	The 2021 Half-year Management Report, the Management Board Responsibility Statement and the 2021 Condensed Financial Statements.
2021 Half-year Reporting Period or Reporting Period	Period starting 1 October 2020 up to and including 31 March 2021.
ACGs	Certain active claimant groups that represent or in which many of the potential MPC Claimants had their interests vested in connection with the complex legal claims, and ongoing and pending litigation proceedings, arising from the legacy accounting issues first announced in December 2017.
Audit and Risk Committee	Audit and risk committee established by the Supervisory Board.
AFM	Dutch Authority for the Financial Markets ( <i>Autoriteit Financiële Markten</i> ).
Conforama or Conforama Group	Conforama Investissement SNC, the holding company of Conforama Holdings S.A., a company incorporated under the laws of France and registered under number RCS 582 014445, where applicable together with its subsidiaries.
Conservatorium	Conservatorium Holdings LLC, the legal successor in title to Uington Investment Holdings B.V.'s (an erstwhile subsidiary of Titan) lenders.
Contractual Claims	Claims against Steinhoff N.V. or SIHPL by those claimants who, in accordance with the terms of the contractual arrangement involving the Company, sold businesses, shares or otherwise received consideration directly.
COVID-19	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.

CVA	Company Voluntary Arrangements, in respect of SEAG CVA and/or the SFHG CVA (as applicable).
DCC	Dutch Civil Code.
Dutch Financial Supervision Act	Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht</i> ).
Dutch SoP	Dutch suspension of payments procedure ( <i>surseance van betaling</i> ).
EBIT	Operating profit or loss adjusted for capital and reclassification items.
EBITDA	Operating profit or loss before depreciation and amortisation adjusted for capital and reclassification items.
Fantastic	Fantastic Holdings Limited.
Finsurv	Financial Surveillance Department, the regulatory body that regulates and monitors cross-border transactions, prevents the abuse of the financial system and supports prudential regulation of financial institutions in South Africa.
FSE	Frankfurt Stock Exchange ( <i>Frankfurter Wertpapierbörse</i> ).
Group	The group of companies consisting of Steinhoff International Holdings N.V. together with its subsidiaries.
Group Services	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.
Hemisphere	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.
IEP Group	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.
IFRIC	International Financial Reporting Interpretations Committee.
IFRS	International Financial Reporting Standards.
IPO	Initial Public Offering; the process by which a private company goes public by sale of its shares to the general public.
JSE	JSE Limited.
Lancaster 101	Lancaster 101 (RF) Proprietary Limited.
Lancaster 102	Lancaster 102 Proprietary Limited.
Litigation Settlement Proposal	A proposal by Steinhoff N.V. and the former South African holding company of the Group, SIHPL for the global settlement of the outstanding litigation initially announced on 27 July 2020 and detailed in the Steinhoff Global Settlement Proposal Term sheet.
Management Board	Management board of the Company.
Management Board Responsibility Statement	Management board responsibility statement as referred to in section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act.
Managing Director	Member of the Management Board.

Market Purchase Claimants or MPC Claimants	Holders of claims against Steinhoff N.V. or SIHPL that arose in respect of market traded securities, which in respect of the period prior to the Company's FSE listing becoming effective on 7 December 2015, are claims in respect of shares of SIHPL (the former holding company of the Group) and, following such event, are claims in respect of shares of the Company.
Mattress Firm	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, including amongst others Mattress Firm Inc.
OpCos	The operating companies within the Group, amongst others Pepkor Africa Group, Conforama, Greenlit, Mattress Firm and Pepco Group.
Pepkor Africa, PPH or Pepkor Africa Group	Pepkor Holdings Limited, a public company incorporated under the laws of the Republic of South Africa and registered under number 2017/221869/06, where applicable together with its subsidiaries.
Pepco or Pepco Group	Pepco Group N.V., a public company incorporated under the laws of the Netherlands and registered under number 81928491, where applicable together with its subsidiaries.
Reporting Date	31 March 2021.
S155 Scheme	The statutory compromise process under South African law.
Finsurv	Financial Surveillance Department, regulatory body that regulates and monitors cross-border transactions, prevents the abuse of the financial system and supports prudential regulation of financial institutions in South Africa.
SEAG	Steinhoff Europe AG, a company incorporated under the laws of Austria and registered under number FN 38031d, a wholly owned subsidiary of Steinhoff N.V.
SEAG CVA	English law company voluntary arrangement proposed by SEAG dated 28 November 2018.
SFHG	Steinhoff Finance Holdings GmbH, a company incorporated under the laws of Austria, registered under number FN345159m.
SFHG CVA	English law company voluntary arrangement proposed by SFHG dated 28 November 2018.
SIHPL	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.
SINVH	Steinhoff Investment Holdings Limited, a company incorporated under the laws of the Republic of South Africa, registered under number 1954/001893/06.
Steinhoff Africa	Steinhoff Africa Holdings Proprietary Limited, a company incorporated under the laws of the Republic of South Africa, registered under number 1969/015042/07.
Steinhoff N.V. or the Company	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.
Steinhoff shares or Ordinary Shares	Ordinary shares in the capital of the Company.
SUSHI	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.
Titan	Titan Premier Investments Proprietary Limited, a company incorporated under the laws of the Republic of South Africa, registration number 1979/000776/07.
Upington	Upington Investment Holdings B.V.



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