

**STEINHOFF**  
INTERNATIONAL HOLDINGS N.V.



**QUARTERLY**  
**UPDATE** FOR THE THREE  
MONTHS ENDED  
31 DECEMBER 2022

# MESSAGE FROM THE MANAGEMENT BOARD

---

Dear Stakeholders,

During December 2022 Steinhoff released details of the proposed Maturity Extension Transaction. In January 2023 the Company provided further details throughout the 2022 Annual Report. Finally the circular to shareholders (“Shareholder Circular”), including the full details and explanations, was issued in February 2023.

In the 2022 Annual Report we stated that implementation of the Maturity Extension Transaction will result in:

- the creation of a stable platform across the Group to optimise the orderly, expeditious and value enhancing monetisation of assets;
- achieving the consents necessary to extend the maturity of the Group Services’ Debt from the current maturity date of 30 June 2023 to at least 30 June 2026; and
- significant changes to equity voting and economic rights, and is expected to result in the delisting of the Company.

The equity elements of the proposed transaction will be subject to a shareholders’ general meeting scheduled to take place on 22 March 2023. That meeting has been called with the publication of the Notice of Annual General Meeting (“AGM Notice”) and related documents on 8 February 2023. The proposed resolutions for the meeting have been explained and set out in that AGM Notice and further explained in the Shareholder Circular.

We urge all shareholders to carefully consider the Shareholder Circular and vote, either in person, by electronic means or by proxy at the Annual General Meeting (“AGM”), in support of the proposed transaction (comprising a maturity extension and an equity reorganisation), and related resolutions.

## 2022 Annual Report

The 2022 Annual Report, in respect of which the independent auditors once again issued an unqualified audit opinion, was released on 27 January 2023. There is a reasonable and informed expectation that the Maturity Extension Transaction will be implemented and therefore in preparing the 2022 Annual Report the going concern basis was not adopted. This Annual Report contains a significant amount of financial and other information in relation to the 2022 Reporting Period as well as at the 2022 Reporting Date. Investors are encouraged to support the adoption thereof at the AGM.

## Annual General Meeting

As announced on 8 February 2023, the Company is hosting a hybrid AGM on 22 March 2023. The meeting will be accessible via a webcast for shareholders who register themselves for the AGM and for other observers via a live webcast, the details of which will be made available on the Steinhoff website.

## EY SaT fairness opinion

On 17 February 2023 the management board of the Company (the “Management Board”) and the supervisory board of the Company (the “Supervisory Board”, and together with the Management Board referred to as the “Boards”), received a fairness opinion, dated 17 February 2023 (the “Opinion”), from EY Strategy & Transactions (“EY SaT”), stating that the Transaction (as defined in the Opinion) is fair, from a financial point of view, to the Company’s shareholders. The Opinion is based upon and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken as more fully described in such Opinion.

# Message from the Management Board continued

The Opinion of EY SaT is provided for the information of the Boards in connection with its continued evaluation of the Transaction and does not constitute advice or a recommendation to any holder of the Company's securities, any creditor of the Company, or any other person as to how to vote or act with respect to any matter relating to the Transaction.

The full text of the Opinion is available on the Company's website (<https://www.steinhoffinternational.com/shareholder-meeting.php>).

## Mattress Firm

In light of the ongoing volatility in the IPO market and following careful consideration with external advisors, Mattress Firm elected to withdraw its registration statement on Form S-1 on 9 January 2023. The Form S-1 was confidentially submitted to the U.S. Securities and Exchange Commission in September 2021 and publicly filed in January 2022. Mattress Firm continues to actively explore all options and paths forward.

## Equity Placements

On 18 January 2023 Steinhoff announced that it had sold 38 million ordinary shares in the capital of Pepco Group raising PLN1 480.1 million (EUR315.2 million). Following the sale, Steinhoff holds 415 594 616 ordinary shares representing approximately 72.3% of Pepco Group's issued share capital. The proceeds from the placement were used to reduce Group Services' Debt.

More recently, on 9 February 2023, Steinhoff announced the placement of 265 million Pepkor Holdings shares, raising total gross proceeds of R4.9 billion (c. EUR257 million). Following the sale, Steinhoff's interest in Pepkor Holdings reduced from 51.0% to approximately 43.8%. It is intended that the proceeds from the placement will be used to reduce Group Services' Debt.

## Conditional settlement with LSW

On 20 February 2023 Steinhoff and certain LSW Entities reached a full and final settlement of all outstanding litigation between the parties to be concluded before the Commercial Court of Vienna for total payment of €202.12 million ("the Settlement"). The Settlement is subject to the fulfilment of certain conditions, including Steinhoff Group lender consent.

## Outlook

As we look ahead, it is important that we make further progress with step 3 of the strategic plan – restructuring the Group Services' Debt. While the Group believes that the Maturity Extension Transaction constitutes an important and positive step towards extending the Group Services' Debt, there is no certainty that the necessary approvals will be obtained to successfully implement the proposed transaction.

## Appreciation

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

**Louis du Preez**  
*Chief executive officer*

**Theodore de Klerk**  
*Chief financial officer*

24 February 2023

# OPERATIONAL REVIEW

This report covers the period 1 October 2022 to 31 December 2022 (the "Reporting Period") and has not been audited or reviewed by the Company's auditors.

REVENUE (€M)	3M2023	3M2022	% change	Constant currency %
Pepco Group	1 654	1 352	22	n/a
Pepkor Holdings	1 352	1 294	4	7
Greenlit Brands	204	181	13	12
<b>Total</b>	<b>3 210</b>	<b>2 827</b>	<b>14</b>	<b>n/a</b>

MATTRESS FIRM (€M)	3M2023	3M2022	% change	Constant currency %
Revenue	953	987	(3)	(14)

## Introduction

Total revenue increased by 14% to €3 210 million for the Reporting Period (3M2022: €2 827 million). In addition, in constant currency Mattress Firm recorded a 14% decrease in revenue which resulted, due to US dollar strength, in a 3% decrease in revenue to €953 million (3M2022: €987 million).

Management of the various companies are focusing on enhancing revenue, reducing costs, managing cash flow and improving supply chain efficiencies.

The supply chain challenges have stabilised and distribution costs reduced, however the operating environment remains difficult as further described in each business's section in this report.

The broad operational strategy within the companies is to provide affordable and accessible products that serve the needs of customers in the current tough consumer and macroeconomic environment.

The revenue of each business is disclosed above at 100%.

## Pepco Group

Pepco Group is a fast-growing pan-European discount variety retailer, trading through c. 4 000 stores in 17 territories across Europe. Pepco Group owns the Pepco and Dealz brands present across Europe and the Poundland brand in the United Kingdom and has a clear vision to become Europe's pre-eminent discount variety retailer.

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

TOTAL REVENUE (€M)	3M2023	3M2022	% change	Constant currency %
Pepco Group	1 654	1 352	22	n/a

Pepco Group revenue for Q1 FY2023 increased by 22% to €1 654 million. The Pepco Group continued to progress their accelerated store expansion programme, the Pepco Group's single biggest driver of value creation, during the quarter. The Pepco Group plans to accelerate their openings through the year, and they remain on track to deliver their target of 550 net new stores in FY2023:

- Pepco Group: 105 net new stores opened this quarter, including their new market of Greece where they introduced Pepco in October 2022 and now have eight stores which are performing strongly;
- Pepco: 100 new store openings in Q1, including 15 in Spain which have been converted from Dealz into Pepco;
- Poundland Group: store estate increased by five stores with 25 new stores opened, of which the majority were in Dealz Poland; while 20 Dealz stores in Spain were closed and converted into Pepco (five had not been completed by the end of the quarter).

Trading continued to be strong in Q1 FY2023 across the Pepco Group, led by Pepco and supported by good performances in Poundland and Dealz Poland. The like-for-like ("LFL") benefited in part from a

COVID-19-impacted comparative Q1 in FY2022 where trading across a number of stores was disrupted by government restrictions. In Q1 FY2023, Pepco Group delivered record trading days in all the brands. Pepco, in particular, capitalised on very strong Christmas trading where they benefited from enhanced stock levels in Q4 FY2022. Pepco Group's price leadership strategy, focused on delivering the best value to their customers, continued to prove successful in the current environment. Pepco Group believe that they are well positioned to continue to outperform in their underlying markets in clothing, GM and FMCG categories. Inflation remains at elevated levels across the Pepco Group markets, albeit with inflation in clothing and footwear running significantly below the headline inflation rates.

While trading conditions continue to be challenging, the Pepco Group is confident in the structural advantages of their discount customer proposition and their continued strategic progress. Assuming the macro trading environment performs as expected, Pepco Group remains on track for another year of consistent performance, with an increased store opening target and robust underlying LFL for Pepco, Poundland and Dealz Poland.

# Operational review continued

## Pepkor Holdings

Pepkor Holdings has the largest retail store footprint in southern Africa, with more than 5 900 stores operating across 10 African countries. It also has stores in Brazil. 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).

TOTAL REVENUE (€M)	3M2023	3M2022	% change	Constant currency %
Pepkor Holdings	1 352	1 294	4	7

Group revenue for the three months ended 31 December 2022 increased by 4% to €1 352 million. From a traditional retail perspective, the Clothing and general merchandise, Furniture, appliances and electronics and Building materials segments in aggregate ("Retail segments"), increased revenue by 8% in constant currency. Revenue in the FinTech segment decreased by 10% due to the planned change in the product mix of the Flash business, as previously reported.

Turnover in the Retail segments increased by 8% for the quarter (constant currency) while group like-for-like sales (which exclude the newly acquired Avenida business) decreased by 1%. During the quarter the Retail segments opened a total of 132 new stores (112 on a net basis), expanding the retail store base to 5 942 stores.

Trading performance during the quarter was negatively impacted by unprecedented levels of electricity disruptions in South Africa, notwithstanding 70% of stores being able to trade during load shedding through back-up power systems. The impact of load shedding was more pronounced in the rural and deeper outlying areas where the group's retail footprint has higher representation. The number of trading hours lost during the quarter increased by 221% on the comparable quarter last year.

The group remains highly cash generative with 91% of sales generated in cash. Cash sales increased by 2% for the quarter while credit sales increased by 21% (excluding Avenida). Credit is not a material sales

enabler for the group and growth in credit granting is achieved on a prudent basis within the group's credit methodologies. Collections and non-performing loans remain at satisfactory levels across all four credit books.

In constant currency the Clothing and general merchandise segment increased sales by 10%. Like-for-like sales (which exclude Avenida) decreased by 2% and were negatively impacted by the poor performance in Ackermans where trading continued to be impacted by a suboptimal merchandise mix in its summer 2022 range, as communicated in Pepkor's trading update.

At the start of the second quarter, trading in Clothing and general merchandise brands during January 2023 was supported by a very successful back-to-school season. PEP, Ackermans and Shoe City achieved double-digit sales growth in back-to-school trade, on a strong base in the prior year. This performance was underpinned by the ability of these brands to offer customers best value through their unrivalled volume and scale of operations.

Looking ahead, higher levels of inflation are expected in the coming winter season in the southern hemisphere and customer affordability remains a key priority for merchandise teams. Supply chains have stabilised and distribution costs have reduced. The operating environment remains challenging. Consumers remain financially constrained and the worsening situation in terms of electricity supply is detrimental to consumer confidence and economic growth.

# Operational review continued

## 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).

TOTAL REVENUE (€M)	3M2023	3M2022	% change	Constant currency %
Greenlit Brands	204	181	13	12

In Q1 FY2023 Greenlit Brands produced a strong result with sales increasing by 13% to €204 million. In the month of December the increase was 15% in constant currency.

Disruptions around supply chain continued to normalise throughout the second half of calendar year 2022. The group successfully brought down the undelivered sales pool to AUD73 million in December 2023 which is an AUD31 million reduction compared with the last quarter average.

Online trading for the Greenlit Brands group delivered 20% of gross sales. This is down 6% on the higher base of the comparative period which was driven partially by COVID-19-related lockdowns for an extended period. This channel is providing a solid foundation for continued trade during any potential further COVID-19 interruptions.

# Operational review continued

## Mattress Firm

Mattress Firm is the largest omnichannel mattress speciality retailer in the United States, with more than 2 300 retail stores nationwide, giving it the largest national, coast-to-coast retail footprint of any mattress speciality retailer in the United States.

For more information refer to [www.mattressfirm.com](http://www.mattressfirm.com).

TOTAL REVENUE (€M)	3M2023	3M2022	% change	Constant currency %
Mattress Firm	953	987	(3)	(14)

Revenue decreased by 3% on the comparative quarter (decreased by 14% in constant currency) to €953 million (2022: €987 million).

This performance was primarily driven by a 13% decrease in comparable sales, which was driven by a 17% decrease in the number of customer transactions, partially offset by a 4% increase in average order value for comparable sales. The decrease in number of customer transactions includes a 15% decrease in brick and mortar sales as well as a 14% decrease in digital sales due to a general deterioration in the macroeconomic environment as consumers delay discretionary spending.

The increase in average order value was driven by an increase in attachment rates for adjustable bases and accessories. Revenue was favourably impacted by an increase in net revenue from Mattress Firm's "Other

Business" operating segment, which is largely reliant on large gatherings of potential customers (rodeos, state fairs, fundraisers, etc.), which continue to increase as COVID-19 restrictions ease.

There are a number of macroeconomic factors and uncertainties that have affected, and will continue to impact, the overall economic environment, such as the conflict in Ukraine, inflation, both in labour and supply costs, housing market headwinds, rising interest rates and general market volatility. These factors may have a number of adverse effects on overall economic conditions and the markets in which Mattress Firm operates. In addition, a continuing slowdown in the housing market or elevated volatility in stock markets, rising interest rates or inflation could have a negative impact on Mattress Firm's customers and therefore demand for their products.

# SHARE CAPITAL

The number of shares in issue at 31 December 2022 and at 31 December 2021 was **4 270 million** shares.

## Notes to investors

The revenue and other financial information on the Group contained in this quarterly update are unaudited.

## Forward-looking statements

This Quarterly Update contains management's view on future developments based on information currently available and is subject to risks and uncertainties, as described in the risk management section in the

2022 Annual Report, which can be accessed on the Group's website at [www.steinhoffinternational.com](http://www.steinhoffinternational.com). These risks are outside the control of management, and in the event that underlying assumptions turn out to be inaccurate, or risks contained in the risk report materialise, actual results may differ materially from those included in these statements. Management and the Group do not assume any obligation to update any forward-looking statements made beyond statutory disclosure obligations.

# EXCHANGE RATES

	AVERAGE TRANSLATION RATE		
	3M2023	3M2022	% change
EUR:ZAR	17.9871	17.6240	2.1
EUR:PLN	4.7280	4.6160	2.4
EUR:GBP	0.8696	0.8479	2.6
EUR:AUD	1.5538	1.5689	(1.0)
EUR:USD	1.0209	1.1438	(10.7)
EUR:BRL	5.3748	6.3821	(15.8)
EUR:CHF	0.9832	1.0543	(6.7)

# CORPORATE AND CONTACT INFORMATION

## Commercial register 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, South Africa  
(PO Box 61150, Marshalltown 2107)

RMB  
(A division of FirstRand Bank Limited)  
(Registration number 1929/001225/06)  
Think Precinct, 1 Merchant Place  
Cnr Fredman Drive & Rivonia Road  
Sandton 2196, South Africa  
(PO Box 786273, Sandton 2146)

In addition, the Group has commercial facilities with various other banking and financial institutions worldwide.

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