STEINHOFF
INVESTMENT HOLDINGS LTD
Registration number: 1954/001893/06

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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Preparation supervised by: TLR de Klerk (director); BCom (Hons), CTA, Hdip (Tax), CFM

DIRECTORS' RESPONSIBILITY AND APPROVAL STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors are required in terms of the Companies Act 71 of 2008 (the "**Companies Act**" or the "**Act**") to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the Consolidated and Separate Annual Financial Statements fairly present the state of affairs of Steinhoff Investment Holdings Limited and its subsidiaries (the "**Company**" or "**Steinhoff Investments**" and together with its subsidiaries, the "**Steinhoff Investments Group**" or the "**Group**") as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards ("**IFRS**") and interpretations of IFRS standards, as issued by the International Accounting Standards Board ("**IASB**") and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The Consolidated and Separate Annual Financial Statements have been audited by Mazars in compliance with the Companies Act.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Steinhoff Investments Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Steinhoff Investments Group and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Steinhoff Investments Group is on identifying, assessing, managing and monitoring all known forms of risk across the Steinhoff Investments Group. While operating risk cannot be fully eliminated, the Steinhoff Investments Group endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Going Concern

In determining the appropriate basis of preparation of the 2022 Consolidated and Separate Annual Financial Statements, the board of directors is required to consider whether the Steinhoff Investments Group and the Company can continue in operational existence for the foreseeable future.

The board of directors draws attention to the critical assumptions listed and disclosures made in the 2022 Consolidated and Separate Annual Financial Statements. The sole significant matter considered by the board of directors for the Steinhoff Investments Group's going concern assessment is:

S155 Settlement Note

The SIHPL S155 Scheme is a statutory compromise with creditors in terms of section 155 of the Companies Act, where the Facility A1 Lenders (as defined in the SFHG 21/22 Facilities Agreement) (the "**SIHPL CPU Creditors**") have agreed to compromise any and all claims and actions against Steinhoff International Holdings Proprietary Limited ("**SIHPL**") arising under, out of, or in connection with the Contingent Payment Undertaking ("**CPU**") of SIHPL, the Convertible Bonds, the Guarantees and/or any other related matter on the terms set out in the SIHPL S155 Scheme.

In consideration of the compromise described above, SIHPL executed the S155 Settlement Note to the amount of €1.581 billion on 15 February 2022, which was the date on which all suspensive conditions and conditions precedent as defined in the SIHPL S155 Scheme were fulfilled ("**Settlement Effective Date**"). The loan note has a third ranking security over SIHPL's assets and has limited recourse. The limited recourse is in terms of the Intercreditor Agreement ("**ICA**") entered into on Settlement Effective Date by SIHPL, various Steinhoff International Holdings N.V. ("**Steinhoff N.V.**") group creditors (including the SIHPL CPU Creditors) and certain fellow subsidiaries. The ICA governs various aspects of the rights and obligations of SIHPL and its creditors, in terms of the ICA the SIPHL CPU Creditors have agreed that SIHPL's obligation in terms of the S155 Settlement Loan Note will be limited to the proceeds from the realisation of SIHPL's available assets for third ranking liabilities, ("**Limited recourse**").

The loan note carries no interest, has a maturity date of the earlier of 15 August 2027 or an event of default. An event of default could occur if Steinhoff N.V., the holding company, cross defaults on its 21/22 Contingent Payment Undertaking ("**21/22 CPU**"), or if Steenbok Lux Finco 1 S.A.R.L ("**Lux Finco 1**"), a fellow subsidiary, cross defaults on its Lux Finco 1 21/22 Facilities Agreement ("**21/22 Facilities**") (collectively referred to as "**Cross Default**"). The 21/22 CPU and the SFHG 21/22 Facilities forms part of Steinhoff N.V. Group Services Debt with a current maturity date of 30 June 2023.

Steinhoff N.V. announced subsequent to the Reporting Date, on 15 December 2022, that it entered into a framework support agreement ("**Support Agreement**") with its largest financial creditors (the "**Original Participating Lenders**") representing approximately 64% of the total Group Services Debt (excluding intercompany holdings). The Support Agreement provides a stable platform for Steinhoff N.V. to achieve the consents necessary to extend the maturity of the Group Services Debt from the current maturity date 30 June 2023 to at least 30 June 2026, together with various related re-organisation steps and transactions. It is therefore the board of directors' view that while the Cross Default remains in force, it is highly unlikely that it will be triggered in the foreseeable future. Refer to note 37 for further detail. In the unlikely scenario that there is a Cross Default and SIHPL is required to perform on the S155 Settlement Note, the obligation remains limited to the proceeds from the realisation of SIHPL's available assets for third ranking liabilities, and the S155 Settlement Note liability has been recognised accordingly to that extent. The creditors have waived their rights to claim any shortfalls from SIHPL and/or Steinhoff Investments Group. Refer to note 17.6 for further detail.

The board of directors draws attention to the following facts:

- at 30 September 2022, the Group's current assets exceed it current liabilities;
- at 30 September 2022, the Group and Company's assets exceeds its liabilities;
- on Settlement Effective Date, SIHPL and the SIHPL CPU Creditors entered into the ICA. In terms of the ICA, SIHPL's obligations to the SIHPL CPU Creditors are limited to the proceeds from the realisation of SIHPL's available assets and therefore SIHPL and/or Steinhoff Investments will have no liability to pay any shortfall. The SIHPL CPU Creditors waived their rights to claim such shortfalls from SIHPL. The effect thereof is that the third ranking liabilities, from 15 February 2022, are recognised to the extent that SIHPL has sufficient assets to repay it;
- the Group will be able to meet its liabilities, as they become due, as at the Reporting Date; and
- management does not intend to liquidate the Group or the Company and plans to recover its assets and settle its debt as it becomes due.

Given due cognisance of the Steinhoff Investments Group's current financial position, we are of the opinion that the Steinhoff Investments Group will be able to meet its liabilities as they become due and therefore is a going concern for the 12 month period following the date of issue of these 2022 Consolidated and Separate Annual Financial Statements.

The Consolidated and Separate Annual Financial Statements are prepared on a going concern basis. After considering the item listed above, nothing has come to the attention of the directors to indicate that the Steinhoff Investments Group will not remain a going concern.

The external auditors are responsible for independently auditing and reporting on the Consolidated and Separate Annual Financial Statements. The Consolidated and Separate Annual Financial Statements have been examined by the Company's external auditors and their reports are presented on pages 16 to 30.

The Consolidated and Separate Annual Financial Statements set out on pages 1 to 15 and 31 to 154, respectively, were approved by the board on 15 December 2022 and were signed on their behalf by:

STATEMENT OF THE GROUP CHIEF EXECUTIVE OFFICER AND THE GROUP FINANCIAL DIRECTOR'S RESPONSIBILITY

Each of the directors, whose names are stated below, hereby confirm that:

- the Consolidated and Separate Annual Financial Statements set out on pages 31 to 154, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

Louis du Preez *Executive director*	Theodore de Klerk *Executive director*

SECRETARY CERTIFICATION
FOR THE YEAR ENDED 30 SEPTEMBER 2022

We certify, in accordance with section 88(2)(e) of the Companies Act that to the best of our knowledge, the Company lodged with the Companies and Intellectual Properties Commission all such returns as are required for a public company in terms of the Act and that all such returns are true, correct and up to date for the Company's 2022 financial year.

Steinhoff Secretarial Services Proprietary Limited
Company secretary

15 December 2022
On behalf of Steinhoff Investment Holdings Limited

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors submit their report on the Consolidated and Separate Annual Financial Statements of Steinhoff Investments for the twelve months ended 30 September 2022.

NATURE OF BUSINESS

Steinhoff Investments is a wholly-owned subsidiary of Steinhoff International Holdings N.V. ("**Steinhoff N.V.**" and together with its subsidiaries, the "**Steinhoff N.V. Group**") and, through its subsidiaries, is primarily involved in the retailing of general merchandise. The Steinhoff Investments Group currently operates predominantly in Africa and Brazil. The Company is incorporated in South Africa and holds investments in and intercompany loans with fellow subsidiaries in the greater Steinhoff N.V. Group both in South Africa and Europe.

Steinhoff Investments is the issuer of variable rate, cumulative, non-redeemable, non-participating preference shares with a capital value of R1.5 billion. The preference shares are listed on the Johannesburg Stock Exchange ("**JSE**"). All preference shares are held by public shareholders.

COMPLIANCE WITH LAWS AND REGULATIONS

Steinhoff Investments' directors have confirmed that, to the best of their knowledge, Steinhoff Investments:

i) complied with its laws of incorporation; and
ii) operated in accordance with its memorandum of incorporation, during the year under review.

HOLDING COMPANY

The Company's holding company and ultimate parent entity is Steinhoff N.V., incorporated in the Netherlands, which holds 100% of the issued ordinary shares.

Steinhoff N.V. holds a number of investments in retail businesses that operate in Africa, Australasia, Europe, the United States of America and South America.

FINANCIAL REVIEW

The results for the 2022 Reporting Period are fully set out in the attached Consolidated and Separate Annual Financial Statements.

The Board of Directors wants to emphasise the following key elements included in the Consolidated and Separate Annual Financial Statements of Steinhoff Investments for the year ended 30 September 2022:

Corporate activity

Pepkor Holdings

- **Share Capital**

  The following movements in the ordinary shares of Pepkor Holdings Limited ("**Pepkor Holdings**", or together with its subsidiaries, the "**Pepkor Holdings group**") were recorded during the 2022 Reporting Period:

  a) The Pepkor Holdings group issued 11.8 million ordinary shares on 1 March 2022 for share rights that vested under the Pepkor Holdings Executive Share Rights Scheme.
  b) The Pepkor Holdings group issued 1.3 million ordinary shares to Africa Properties in September 2022 as consideration for the transfer by way of cession and delegation of a long-term material lease in respect of a property.
  c) The Pepkor Holdings group repurchased and cancelled 32.2 million ordinary shares during the financial year from the open market on the JSE.
  d) A subsidiary within the Pepkor Holdings group purchased 427 651 ordinary shares during the current financial year from the open market on the JSE.

- **Effect of South Africa's political and social unrest during July 2021**

  The Pepkor Holdings group suffered damage to 549 stores which were looted and damaged in the social unrest that erupted in South Africa during July 2021. The Pepkor Holdings group carries comprehensive insurance cover in terms of South African Special Risks Insurance Association (SASRIA) for material damage and business interruption and has recovered the total loss suffered of R1.5 billion.

- **Acquisition of Grupo Avenida**

  Effective 3 February 2022, the Pepkor Holdings group acquired an effective shareholding of approximately 87% in the Brazilian retailer Grupo Avenida S.A. ("**Avenida**") for a total cash consideration representing less than 4% of Pepkor Holdings' market capitalisation at the time. Avenida is a Brazilian value apparel retail business established by the Caseli family and has operated successfully for more than 42 years in the low end of the retail market. It has a highly regarded management team with a proven track record and a culture that resonates with the group's own values and beliefs. Between the two organisations there is great opportunity for synergies for Avenida to leverage from the core assets and competencies of Pepkor Holdings. This platform allows Pepkor Holdings the ideal opportunity to enter the Brazilian market and enable Avenida to fulfil its potential over time. Refer to note 27 for further detail.

- **Board Appointment and Resignation - Pepkor Holdings**

  Mr. Pieter Erasmus was appointed as a non-executive director to the board of Pepkor Holdings with effect from 12 January 2022 and resigned from that position to become the Chief executive officer effective 1 October 2022.

  Mr Leon Lourens resigned as Chief executive officer of Pepkor Holdings effective 30 September 2022.

- **Interest-bearing loans and borrowings**

  During March 2022, the Pepkor Holdings group replaced Term Loan D of R2.5 billion, which carried interest at three-month JIBAR plus 205 bps, and revolving credit facility B of R2.5 billion, which carried interest at three-month JIBAR plus 210 bps, with the following two term loans and revolving credit facility:

  a) Term loan H: four-year term loan of R1 billion at three-month JIBAR plus 150 bps
  b) Term loan I: five-year term loan of R2.5 billion at three-month JIBAR plus 155 bps
  c) Revolving credit facility C: three-year facility of R1.5 billion at three-month JIBAR plus 140 bps

- **Impact of KwaZulu-Natal Floods on Pepkor Holdings**

  During April 2022, KwaZulu-Natal experienced severe weather conditions which led to wide-scale flooding across the region. PEP's distribution centres sustained significant damage. It took 16 weeks to fully restore operations. The total damage is estimated to be c. R800 million and the Pepkor Holdings group has received an interim insurance payment of R396 million for material damage and business interruption.

Steinhoff Investments Group

- **Global Litigation Settlement**

  The Steinhoff N.V. Group confirmed that the following steps were taken on 15 February 2022 pursuant to the Global Litigation Settlement:

  - Payment of the settlement funds required under the Composition Plan and the SIHPL S155 Scheme to Stichting Steinhoff Recovery Foundation ("**SRF**"), which is independent of the Group and holds the settlement funds for the benefit of valid Market Purchase Claimants ("**MPCs**") and the Steinhoff N.V. Contractual Claimants. The SRF's individual claims verification process remains ongoing and they have informed the Company that claimants can expect payments at the earliest opportunity in 2023;
  - Payment or initiation of payment arrangements in respect of Steinhoff's contribution to the costs of the Active Claimant Groups ("**ACGs**") as required under the Composition Plan;
  - Payment of €66 million to the Hemisphere Facility Agent for application in discharge of an equivalent amount of indebtedness of Hemisphere International Properties BV;
  - Payments of cash and transfers of Pepkor Holdings shares to the SIHPL Contractual Claimants which were required to be paid or transferred on or around Settlement Effective Date;
  - SIHPL acquired a receivable owing by Titan Premier Investments Proprietary Limited ("**Titan Receivable**") to Steenbok Newco 2A Limited ("**Newco 2A**") from Newco 2A for €220 million on loan account. The Newco 2A loan payable is interest free, repayable on 15 August 2027 and has a first ranking over SIHPL's assets ("**Newco 2A Loan Note**");
  - The Titan Receivable was restructured as a rand denominated receivable to the value of R3.4 billion, accruing no interest and repayable in 10 years following Settlement Effective Date. As SIHPL had already entered into a loan commitment in the 2021 Reporting Period to obtain a financial asset at more than its fair value, a R2.2 billion loan commitment was accounted for in the 2021 Reporting Period. This provision was derecognised against the Titan Receivable on initial recognition. An additional loss to the amount of R484 million was recognised on initial recognition by SIHPL through the Statement of Profit or Loss on acquisition of the receivable. The receivable is also secured by a cession of up to 14 813 923 ordinary shares in Shoprite Holdings Limited;
  - In consideration for Steinhoff N.V. undertaking the MPC settlement on behalf of SIHPL, SIHPL shall be liable to Steinhoff N.V. for the amounts paid by Steinhoff N.V. pursuant to the MPC settlement. A loan to the amount of €164 million is therefore payable to Steinhoff N.V. by SIHPL ("**Steinhoff N.V. Loan Note**"). The Steinhoff N.V. Loan Note is interest free, repayable on 15 August 2027 and has a second ranking security over SIHPL's assets; and
  - The financial creditors have agreed to compromise any and all claims and actions against SIHPL arising under, out of, or in connection with the SIHPL CPU, the Convertible Bonds, the Guarantees and/or any other related matter on the terms set out in the SIHPL S155 Scheme. In consideration for the compromise described above, SIHPL issued the S155 Settlement Note to the amount of €1.581 billion on 15 February 2022.

Further steps have been taken since Settlement Effective Date in accordance with the terms of the Composition Plan, SIHPL S155 Scheme and related contractual settlements.

As a result of the occurrence of Settlement Effective Date, the pending legal proceedings against the Steinhoff Group, that have been compromised under the Global Litigation Settlement, were withdrawn and discontinued.

- **Steinhoff N.V. Managing Directors - Shareholding Notifications**

  At the Steinhoff N.V. Annual General Meeting ("**AGM**") held on 25 March 2022, the amended share plan was not approved by the requisite simple majority of shareholders. As a result, in accordance with their terms, the conditional share awards that were granted to the Steinhoff N.V.'s managing directors automatically converted into phantom shares, which are directly linked to the Steinhoff NV shares prices and will be settled in cash upon vesting. Apart from the change to phantom shares, the other conditions remained unchanged. Refer to note 35.2 for further detail.

- **Appointment of independent directors**

  On 23 February 2022, David Pauker (a supervisory board director of Steinhoff N.V.) was appointed as an independent, non-executive director and a member of the Audit and Risk Committee of the Company.

- **Lancaster 102, Thibault vs Steinhoff Africa proceedings**

  Arbitration proceedings were initiated by Lancaster 102 Proprietary Limited ("**Lancaster 102**") against Thibault Square Financial Services Proprietary Limited ("**Thibault**"), to which Steinhoff Africa Holdings Proprietary Limited ("**Steinhoff Africa**") was not a party (the "**Arbitration Proceedings**"). On 28 April 2021, Thibault applied to the High Court of South Africa for a declaratory order that (i) the Arbitration be referred to and determined by the High Court of South Africa; and (ii) that Steinhoff Africa be joined as a party (the "**Override Application**"). Steinhoff Africa initiated separate proceedings seeking to declare all of the agreements in the loop transaction invalid, alternatively void (the "**Invalidity Application**").

  During May 2022, the Arbitration Proceedings, the Override and the Invalidity Application were withdrawn. In addition a settlement agreement was reached whereby all previous preference share agreements were cancelled, resulting in the derecognition of both the preference share investment and the Lancaster 102 financial liability. Refer to note 12 and 17. This brings the various matters between the parties to an end and the removal/closure of the Lancaster 102 loop transaction.

  In February 2022, the settlement for claims of the Public Investment Corporation ("**PIC**") against the Steinhoff Group, dated 18 August 2021, was amended in accordance with which Steinhoff Africa paid the PIC R400 million to resolve the ongoing matter with the PIC and Lancaster parties. Payment to the PIC was executed during May 2022.

SHARE CAPITAL

The Company's authorised share capital comprises R505 000, divided into 101 000 000 ordinary shares of 0.5 rand cents each and the authorised preference share capital comprises R495 000, divided into 495 000 000 non-redeemable, cumulative, non-participating preference shares of 0.1 rand cent each.

No ordinary shares or preference shares were issued during the 2022 Reporting Period.

SHAREHOLDING

As mentioned above, Steinhoff Investments is a wholly-owned subsidiary of Steinhoff N.V.

As at the Reporting Date the preference shares were held as follows:

	Shareholders	Shares held	
		Number	%
Public shareholders	2 318	15 000 000	100.00%
Non-public shareholders	-	-	0.00%
	2 318	15 000 000	100.00%

The investors holding more than 5% of the preference shares as at the Reporting Date were:

SBSA ITF PGR CAP High Growth H4 QHF	18.7%
LAURIUM L/S PRESCIENT RI HEDGE FUND	7.1%
NED ITF LAURIUM FLEX PRESCIENT FUND	6.9%
SBSA ITF PGR CAP PURE HEDGE H4 RHF	6.4%
SBSA ITF PGR CAP High Growth H4 RHF	5.6%
SBSA ITF PGR CAP PURE HEDGE H4 QHF	5.5%

None of the directors held any ordinary or preference shares in the Company in either the 2021 or 2022 Reporting Periods. This has not changed since the Reporting Date.

DIVIDENDS TO ORDINARY SHAREHOLDERS

On 15 February 2022, the Company declared a gross dividend of R8.7 billion to Steinhoff N.V.. R8.5 billion of this dividend relates to payments made by the Group on behalf of Steinhoff N.V. as part of the implementation of the Global Litigation Settlement.

DIVIDENDS TO PREFERENCE SHAREHOLDERS

The following preference dividends were declared and paid by Steinhoff Investments during the 2022 Reporting Period to preference shareholders of the 15 000 000 cumulative, non-redeemable, non-participating, variable rate preference shares issued by Steinhoff Investments:

Period applicable	Date paid	Gross dividend per share R cents
1 July 2021 to 31 December 2021	Monday, 25 April 2022	293.55
1 January 2022 to 30 June 2022	Monday, 24 October 2022	315.59

CONTRACTS

No contracts, other than those disclosed in note 32, in which directors and officers of the Company had an interest and that significantly affected the affairs or business of the Company, or which could have resulted in a conflict of interest, were entered into during the period.

EVENTS AFTER THE REPORTING DATE

Management carefully considered each subsequent event to assess if any of these events classify as adjusting events. The material events after the 2022 Reporting Period are listed below.

Non-adjusting subsequent events

- **Dividend to Preference Shareholders**

  The board of directors of the Company declared a gross dividend on 29 September 2022 of 315.59 rand cents per share in respect of the period 1 January 2022 to 30 June 2022, payable to the shareholders of the 15 000 000 cumulative, non-redeemable, non-participating, variable rate preference shares issued by the Company. The dividend was paid on 24 October 2022.

- **Pepkor Holdings - Dividend declaration**

  The board of directors of Pepkor Holdings, declared a dividend of 55.2 rand cents per ordinary share, which is payable to shareholders on 23 January 2023 in respect of the twelve months ended 30 September 2022. The dividend will be payable to the holders of ordinary shares in the share capital of the company recorded in the securities register of the company on 20 January 2023. The last date to trade in order to be eligible to receive the dividend will be 17 January 2023, and the ex-dividend date will be 18 January 2023.

- **IEP dividend declaration and share buy-back**

  The board of directors of IEP Group Proprietary Limited ("**IEP**") declared a dividend to its ordinary shareholders of R1.33 per share. A total dividend of R33.25 million was paid to Mons Bella Private Partner Investments Proprietary Limited ("**Mons Bella**"), a subsidiary of the Group and the holder of the investment in IEP, on 1 December 2022. A portion of this dividend was used to purchase additional shares in IEP from an existing minority shareholder. This forms part of the greater plan to exit the investment in IEP.

- **Sale of Steinhoff N.V. shares by Steinhoff Africa**

  Subsequent to the Reporting Date, Steinhoff Africa disposed of 3 652 584 Steinhoff N.V. shares in the open market for a total consideration of R6.3 million.

- **Ordinary dividend declared to Steinhoff N.V.**

  Subsequent to the Reporting Date, the board of directors of the Company declared an ordinary dividend to Steinhoff N.V. of EUR 6 million (c. R109 million). As at the date of this report, the dividend was not yet paid.

- **Proposal to extend upcoming maturities of Steinhoff N.V. Group Services Debt**

  Subsequent to the Reporting Date, Steinhoff N.V., the holding company, entered into a framework support agreement ("**Support Agreement**") with its largest financial creditors (the "**Original Participating Lenders**") representing approximately 64% of the total Group Service Debt (excluding intercompany holdings). The Support Agreement provides a stable platform for Steinhoff N.V. to achieve the consents necessary to extend the maturity of the Group Service Debt Facilities from the current maturity of 30 June 2023 to at least 30 June 2026, together with various related re-organisation steps and transactions.

  Refer to announcement by Steinhoff N.V. on 15 December 2022 for further information.

GOING CONCERN

In determining the appropriate basis of preparation of the 2022 Consolidated and Separate Annual Financial Statements, the board of directors is required to consider whether the Steinhoff Investments Group and the Company can continue in operational existence for the foreseeable future.

The board of directors draws attention to the critical assumptions listed and disclosures made in the 2022 Consolidated and Separate Annual Financial Statements. The sole significant matter considered by the board of directors for the Steinhoff Investments Group's going concern assessment is:

S155 Settlement Note

The SIHPL S155 Scheme is a statutory compromise with creditors in terms of section 155 of the Companies Act, where the SIHPL CPU Creditors have agreed to compromise any and all claims and actions against SIHPL arising under, out of, or in connection with the SIHPL CPU, the Convertible Bonds, the Guarantees and/or any other related matter on the terms set out in the SIHPL S155 Scheme.

In consideration of the compromise described above, SIHPL issued the S155 Settlement Note to the amount of €1.581 billion on 15 February 2022, which was the date on which all suspensive conditions and conditions precedent as defined in the SIHPL S155 Scheme were fulfilled ("**Settlement Effective Date**"). The loan note has a third ranking security over SIHPL's assets and has limited recourse. The limited recourse is in terms of the ICA entered into on Settlement Effective Date by SIHPL, various Steinhoff N.V. group creditors (including the SIHPL CPU Creditors) and certain fellow subsidiaries. The ICA governs various aspects of the rights and obligations of SIHPL and its creditors, in terms of the ICA the SIHPL CPU Creditors have agreed that SIHPL's obligation in terms of the S155 Settlement Loan Note will be limited to the proceeds from the realisation of SIHPL's available assets for third ranking liabilities, ("**Limited recourse**").

The loan note carries no interest, has a maturity date of the earlier of 15 August 2027 or an event of default. An event of default could occur if Steinhoff N.V. cross defaults on its 21/22 CPU, or if Lux FinCo 1, cross defaults on its Lux Finco 1 21/22 Facilities (collectively referred to as "**Cross Default**"). The 21/22 CPU and the SFHG 21/22 Facilities forms part of Steinhoff N.V. Group Services Debt with a current maturity date of 30 June 2023.

Steinhoff N.V. announced subsequent to the Reporting Date, on 15 December 2022, that it entered into a framework support agreement ("**Support Agreement**") with its largest financial creditors (the "**Original Participating Lenders**") representing approximately 64% of the total Group Services Debt (excluding intercompany holdings). The Support Agreement provides a stable platform for Steinhoff N.V. to achieve the consents necessary to extend the maturity of the Group Services Debt from the current maturity date 30 June 2023 to at least 30 June 2026, together with various related re-organisation steps and transactions. It is therefore the board of directors' view that while the Cross Default remains in force, it is unlikely that it will be triggered in the foreseeable future. Refer to note 37 for further detail. In the unlikely scenario that there is a Cross Default and SIHPL is required to perform on the S155 Settlement Note, the obligation remains limited to the proceeds from the realisation of SIHPL's available assets for third ranking liabilities, and the S155 Settlement Note liability has been recognised accordingly to that extent. The creditors have waived their rights to claim any shortfalls from SIHPL and/or Steinhoff Investments Group. Refer to note 17.6 for further detail.

Conclusion

The board of directors draws attention to the following facts:

- at 30 September 2022, the Group's current assets exceed it current liabilities;
- at 30 September 2022, the Group and Company's assets exceeds its liabilities;
- on Settlement Effective Date, SIHPL and the SIHPL CPU Creditors entered into the ICA. In terms of the ICA, SIHPL's obligations to the SIHPL CPU Creditors are limited to the proceeds from the realisation of its available assets and therefore SIHPL and/or Steinhoff Investments will have no liability to pay any shortfall. The SIHPL CPU Creditors waived their rights to claim such shortfalls from SIHPL. The effect thereof is that the third ranking liabilities, from 15 February 2022, are recognised to the extent that SIHPL has sufficient assets to repay it;
- the Group will be able to meet its liabilities, as they become due, as at the Reporting Date; and
- management does not intend to liquidate the Group or the Company and plans to recover its assets and settle its debt as it becomes due.

Given due cognisance of the Steinhoff Investments Group's current financial position, we are of the opinion that the Steinhoff Investments Group will be able to meet its liabilities as they become due and therefore is a going concern for the 12 month period following the date of issue of these 2022 Consolidated and Separate Annual Financial Statements.

CORPORATE GOVERNANCE

JSE Listings Requirements

The JSE has granted the Company the following dispensations from the JSE Listings Requirements ("**LRs**"):

- The requirement to appoint a chief executive officer in terms of LR 3.84(b);
- The requirement to appoint a Financial Director in terms of LR 3.84(f);
- The requirement to appoint a remuneration committee, and the obligations pertaining to the preparation of a remuneration policy and implementation report in terms of LR 3.84(c) and (j); and
- The requirement to publish a notice of AGM in terms of LR 3.19(a).

Balance of Power and Authority of the Board of Directors

The Steinhoff Investments board is comprised of independent non-executive directors and executive directors, the majority of whom are independent non-executive directors as determined by the board. A delegation of authority framework has been adopted by the board, enabling the efficient administration of the day to day affairs of the Company. All other matters beyond the administrative scope of the delegation of authority framework are considered and determined by the full board, acting collectively. The board has appointed an independent non-executive chairman who does not hold the position of chief executive officer.

Board Committees

An Audit and Risk Committee and a Social and Ethics Committee have been appointed in accordance with the requirements of the Companies Act and King IV™.

The Social and Ethics Committee operates under terms of reference that are aligned with the requirements of the Companies Act and King IV™ The Social and Ethics Committee is responsible for various statutory duties, with regard to relevant legislation, other legal requirements and prevailing codes of best practice. The committee monitors the Company's activities with regards to ethics, social and economic development, good corporate citizenship, customer relations, environment, health and public safety, broad-based black economic empowerment, labour and employee engagement and compliance with applicable laws and regulations. As per the recommendations of King IV™, the committee meets the composition requirement of executive and non-executive directors, with a majority being non-executive members.

Policies on Broader Diversity at Board Level

On 17 June 2021, the board approved a policy on broader diversity at board level in accordance with changes to the JSE Listings Requirements. In terms of the policy, appointments to the board are based on levels of skill, acumen and experience with due regard to gender, race, culture, age, field of knowledge. No voluntary targets have been set by the Company.

Corporate Governance Codes

As the Company is a direct wholly owned subsidiary of Steinhoff N.V., the principles of the Dutch Corporate Governance Code are considered and applied under direction of the Management and Supervisory Boards of Steinhoff N.V. in conjunction with the application of King IV™ as appropriate. Steinhoff Investments' King IV™ Compliance Checklist and more information on the Steinhoff Group's application of the Dutch Corporate Governance Code, as contained in Steinhoff N.V.'s annual report is available on the Company's website at www.steinhoffinternational.com/steinhoff-investments.php.

MATERIAL RISKS

A description of all immediately identifiable material risks which are specific to Steinhoff Investments, its industry and/or its issued preference shares are available on www.steinhoffinternational.com/steinhoff-investments.php.

AUDITOR

Mazars were appointed as external auditors for the financial period ended 30 September 2022 and will remain in office in accordance with Section 90(6) of the Companies Act.

EXTERNAL AUDIT

The 2022 Consolidated and Separate Annual Financial Statements have been audited by the external auditor, Mazars, and their audit opinion is set out on page 16 to 30. The Consolidated and Separate Annual Financial Statements present fairly, in all material respects, the Consolidated and Separate financial position of Steinhoff Investments as at 30 September 2022, and consolidated and separate financial performance and Consolidated and Separate cash flows for the year then ended in accordance with the IFRS and the requirements of the Companies Act.

DIRECTORATE

Directorate in office at date of signature of Consolidated and Separate Annual Financial Statements:

	Type	Date of appointment
Theodore de Klerk	Executive	30 August 2019
Louis du Preez	Executive	2 February 2018
Moira Moses	Independent non-executive	29 October 2018
Hugo Nelson	Independent non-executive	30 August 2019
David Pauker	Independent non-executive	23 February 2022
Alex Watson	Independent non-executive	29 October 2018

None of the independent directors have long-term services contracts with the Company or any of its controlled entities. Executive directors have employment contracts with the Company and/or its subsidiaries.

Composition of board committees

	Audit and Risk Committee	Social and Ethics Committee
Non-executive directors		
Moira Moses	-	-
Hugo Nelson	✓	✓
David Pauker	✓	-
Alex Watson	Chairperson	Chairperson
Executive directors		
Louis du Preez	-	✓
Theodore de Klerk	-	-

Attendance of meetings

Board meetings	Theodore de Klerk	Louis du Preez	Moira Moses	Hugo Nelson	David Pauker	Alex Watson
13 December 2021	✓	✓	✓	✓	N/A	✓
15 December 2021	✓	✓	✓	✓	N/A	✓
15 June 2022	✓	✓	✓	✓	✓	✓

Audit and Risk Committee meetings	Moira Moses	Hugo Nelson	David Pauker	Alex Watson
13 December 2021	✓	✓	N/A	✓
15 December 2021	✓	✓	N/A	✓
15 June 2022	✓	✓	✓	✓

Social and Ethics Committee meetings	Hugo Nelson	Louis du Preez	Alex Watson
10 May 2022	✓	✓	✓

As part of the negotiations for the Global Litigation Settlement it was agreed with the Steinhoff N.V. Group's financial creditors that David Pauker (a supervisory board director of Steinhoff N.V.) would be nominated for appointment by Steinhoff N.V. (Steinhoff Investments, sole ordinary shareholder) as a non-executive director of Steinhoff Investments. On 23 February 2022, David Pauker was appointed as an independent, non-executive director and a member of the Audit and Risk Committee (therefore only attended board and Audit and Risk Committee meetings subsequent to his appointment date). On the same day, Moira Moses stepped down as member of the Audit and Risk Committee.

SECRETARY

Steinhoff Secretarial Services Proprietary Limited acts as secretary to the Company. The board of directors considered and satisfied itself of the competence, qualifications and experience of the Company secretary pursuant to paragraph 3.84(h) of the JSE LR's.

CLOSING

The Steinhoff Investments board and management wish to thank their stakeholders for their continued support.

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Stellenbosch
Western Cape
7600

POSTAL ADDRESS
PO Box 122
Stellenbosch
Western Cape
7599

AUDIT AND RISK COMMITTEE REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

BACKGROUND

The audit and risk committee of Steinhoff Investments ("**Audit Committee**") is pleased to present its report for the year ended 30 September 2022 as recommended by the King IV™ Report on Corporate Governance and in line with the Companies Act.

The Audit Committee's operation is guided by a formal detailed charter that is in line with the Act and is approved by the board. The Audit Committee has discharged all its responsibilities as contained in the charter. This process is supported by the audit subcommittees that are in place for all significant operating divisions and subsidiaries. These subcommittees meet in terms of formal mandates and deal with all issues arising at the operational division or subsidiary level. These subcommittees elevate any unresolved issues of concern to the Audit Committee.

MEMBERSHIP

Audit Committee members	Type	Date of appointment
Alex Watson	Chairman	29 October 2018
Moira Moses (until 23 February 2022)	Member	29 October 2018
Hugo Nelson	Member	30 August 2019
David Pauker	Member	23 February 2022

The board of directors is satisfied that the Audit Committee members have the required knowledge and experience as set out in section 94(5) of the Companies Act and regulation 42 of the Companies Regulations, 2011. The appointment of Audit Committee members will be a matter for consideration by shareholders at the forthcoming AGM.

The executive directors, internal and external auditors and specialist members of the Group finance function attended the Audit Committee meetings by invitation. The Company secretary of the Company acted as the secretary to this Audit Committee.

For the members' qualifications refer to the Steinhoff N.V.'s company website.

OBJECTIVE AND SCOPE

The overall objectives of the Audit Committee are as follows:

- To review the principles, policies and practices adopted in the preparation of the accounts of companies in the Group and to ensure that the Consolidated and Separate Annual Financial Statements of the Group and any other formal announcements relating to the financial performance comply with all statutory, regulatory and Steinhoff Investments' requirements as may be required.
- To ensure that the Consolidated and Separate Annual Financial Statements of the Group, comply with all statutory, regulatory and Steinhoff Investments' requirements.
- To annually assess the appointment of the auditors and confirm their independence, recommend their appointment to the annual general meeting and approve their fees.
- To ensure that all financial information contained in any consolidated submissions to Steinhoff Investments is suitable for inclusion in its Consolidated and Separate Annual Financial Statements of the Group in respect of any Reporting Period.
- To review the work of the Group's external and internal auditors to ensure the adequacy and effectiveness of the Group's financial, operating, compliance and risk management controls.
- To review the management of risk and the monitoring of compliance effectiveness within the Group.
- To perform duties that are attributed to it by the Act, the JSE and the King IV™ Report.

Activities of the Audit Committee in respect of the 2022 Reporting Period

- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes.
- Reviewed the reports of both internal and external auditors detailing their concerns arising out of their audits and requested appropriate responses from management resulting in their concerns being addressed.
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings.
- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence.
- Reviewed and recommended for adoption, by the board of directors, the Consolidated and Separate Annual Financial Statements of the Group for the year ended 30 September 2022.
- Considered the effectiveness of internal audit, approved the one-year operational strategic internal audit plan and monitored adherence of internal audit to its annual plan.
- Held meetings with the internal and external auditors, where management was not present, and no matters of concern were raised pursuant to paragraph 3.84(g)(ii) of the JSE LR's.
- Considered the appropriateness of the experience and expertise of the holding company CFO and concluded that these were appropriate.
- Considered the expertise, resources and experience of the finance function and concluded that these were appropriate.
- Considered the appropriateness and adequate functioning of the Company's financial reporting procedures as contemplated in paragraph 3.84(g)(ii) and concluded that they are working.
- Reviewed the accounting policies and financial statements for the year ended 30 September 2022 and, based on the information provided to the Audit Committee, considers that the Company and Group comply, in all material respects, with the JSE Listings Requirements; IFRS; the interpretations adopted by the IASB; the IFRS Interpretations Committee of the IASB ("**IFRIC**"); the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; and the manner required by the Companies Act.
- Executed its responsibilities pursuant to paragraph 22.15(h) of the JSE LR's.
- Considered the JSE's proactive monitoring of financial statements report.

The Audit Committee is of the opinion that the objectives of the Audit Committee were met during the Reporting Period under review and up to the approval date of these annual financial statements.

ACCOUNTING PRACTICES AND INTERNAL CONTROL

Since the widely published December 2017 events, the Group has implemented many steps to enhance and extend the controls over financial reporting. The Steinhoff N.V. Group prepared a Remediation Plan which was implemented and resulted in overall improvements in controls throughout the Group. More details are available in the already published 2017, 2018, 2019, 2020 and 2021 annual reports of Steinhoff N.V.. Where weaknesses in specific controls were identified, management implemented appropriate corrective actions to mitigate the weaknesses identified.

Following the December 2017 events, internal controls and systems were designed to provide reasonable assurance as to the integrity and reliability of the financial information presented in the financial statements, and to safeguard, verify and maintain the assets of the Group. The Audit Committee considers the Group's current accounting policies, practices and financial statements to be appropriate.

EXTERNAL AUDIT

The Audit Committee has satisfied itself through enquiry that the auditors of Steinhoff Investments are independent as defined by the Act.

The Audit Committee, in consultation with executive management, agreed to the audit fee for the 2022 financial year. Audit fees are disclosed in Note 4.3.2 to the Consolidated Annual Financial Statements.

There is a formal procedure that governs the process whereby the external auditor is considered for the provision of non-audit services, and each request for additional services is considered in accordance with our set policy and procedure.

Meetings were held with the auditor, where management was not present, and no matters of concern were raised.

The Audit Committee has reviewed the performance of the external auditors, nominated for approval and ensured that the appointment of Mazars as the external auditor for the 2022 financial year, and Yolandie Ferreira as the designated auditor was presented and included as a resolution at the annual general meeting pursuant to section 61(8) of the Act. This was her fourth year as auditor of the Company.

The Audit Committee was satisfied that Mazars and Yolandie Ferreira had fulfilled all pre-requisites for reappointment and recommended that Mazars, as the independent external audit firm of Steinhoff Investments, and Yolandie Ferreira, as audit engagement partner, be reappointed for the 2023 financial year, subject to shareholder approval at the upcoming AGM.

The Audit Committee notes the Key Audit Matters set out in the independent auditor's report. The Audit Committee has considered and evaluated these matters and is satisfied that it is represented correctly.

MATTERS AND RISK AREAS PERTAINING TO THE 2022 ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

With reference to the Group's results for the current financial year, the Audit Committee paid specific attention to the matters highlighted below:

- Considered transactions for related-party entity disclosure.
- Goodwill and indefinite life intangible asset impairment assessments of all operating segments, and the headroom estimated for each segment, which resulted in the impairment of the goodwill and other intangible assets.
- Management's assessment of Steinhoff Investments' going concern.
- The expected credit losses raised on financial assets. The model methodology and application of the methodology are in line with the requirements of IFRS 9: Financial Instruments. The degree of judgement and estimation applied by management in determining the Expected Credit Loss ("**ECL**").
- Provision for taxation, including deferred taxation, the factors impacting the effective rate of taxation, and remedial measures possible within the scope of taxation regulations of the countries within which the Group is doing business, which may improve the effective rate.
- The recognition, derecognition, measurement and subsequent measurement of financial liabilities (including the S155 Settlement Note) and financial assets.

The Audit Committee, in forming a view of the specific matters highlighted, considered the opinion of the external auditor and management on all these matters, refer to Mazars' audit opinion set out on page 16 to 30. The Audit Committee considers the Group's accounting policies, accounting practices and financial disclosures, as amended, to be appropriate.

EVALUATION OF CHIEF FINANCIAL OFFICER

As required by JSE Listing Requirement 3.84(g)(i), as well as the recommended practices as per King IV, the Audit Committee has assessed the competence and performance of the current Group chief financial officer and believes that he possesses the appropriate expertise and experience to meet his responsibilities in that position. The Audit Committee is satisfied with the expertise and adequacy of resources within the finance function and the experience of financial staff in this function.

ANNUAL FINANCIAL STATEMENTS

The Audit Committee has evaluated the Consolidated and Separate Annual Financial Statements for the year ended 30 September 2022, and considers that they comply, in all material aspects, with the requirements of the Act and IFRS. The Audit Committee has therefore recommended the Consolidated and Separate Annual Financial Statements, for approval to the board. The board has subsequently approved the Consolidated and Separate Annual Financial Statements.

A Watson
Audit Committee chairperson
15 December 2022

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Independent Auditor's Report

30 September 2022

To the Shareholder of Steinhoff Investment Holdings Limited and its subsidiaries ("the Group")

Report on the Audit of the Consolidated Annual Financial Statements

Opinion

We have audited the consolidated annual financial statements of Steinhoff Investment Holdings Limited and its subsidiaries ("the Group") set out on pages 31 to 136, which comprise the consolidated statement of financial position as at 30 September 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated annual financial statements present fairly, in all material respects, the consolidated financial position of Steinhoff Investment Holdings Limited as at 30 September 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

<u>Global Litigation Settlement</u>

The Global Litigation Settlement which concluded certain of the complex legal claims and ongoing pending litigation proceedings arising from the historic events first announced in December 2017 was sanctioned and Settlement Effective Date (“SED”) occurred on 15 February 2022.

Litigation Settlement (Note 24.4)

Cash settlement, call options and share settlements were made during the current financial year directly to Claimants and other non-qualifying claimants, or to the Stichting Steinhoff Recovery Foundation (“SRF”), which holds the settlement funds for distribution in accordance with the terms of the Global Litigation Settlement to valid Market Purchase Claimants and Steinhoff International Holdings N.V. (“SIHNV”) Contractual Claimants. The SRF is considered an unconsolidated structured entity.

We considered the accounting for the litigation settlements and the related disclosures to be a matter of most significance to our current year audit due to the following:

• the significance of the settlements reached in terms of the historic irregularities;

• the previous critical judgement applied by management in the estimation and recognition of the Global Litigation Settlement provision;

• the complex legal requirements applicable to the settlement;

• the magnitude of the Litigation Settlements that occurred during the year; and

• the appropriateness of the presentation and disclosure of the Litigation Settlement.

</td><td>

Our audit procedures included an assessment of the litigation settlements by management in the current year, the detailed procedures are as follows:

• we inspected the acceptance of the claimants of the Dutch Suspension of Payments (“SoP”) and the Section 155 (“S155”) proposal and inspected court approvals confirming the sanctioning of the SoP process by the Dutch court and the S155 proposal by the Western Cape Court;

• we considered the results of the procedures performed in regards of media coverage and whether there is any indication of other possible SoP and S155 litigation facing the Group that has not been settled or taken into account and that was not included in the settlement process;

• we inspected the withdrawals of the claims in the applicable courts that verified the acceptance of the settlement terms;

• we reviewed the work performed by management’s experts and assessed the reasonableness of their conclusions;

• we discussed with management and management experts to assess accuracy and completeness of the settlements made and corroborated the evidence obtained with legal agreements;

• we agreed the settlement pay-outs to payment confirmations and bank statements, call options issued to call option

</td></tr>
</table>

	agreements and share transfers to security transfer forms; • we agreed the prior year settlement provision and tested any differences with applicable supporting documentation arising out of the settlement; • we obtained legal confirmations verifying the status of the legal process; • we reviewed management's assessment and conclusion as to whether the Group controls or has significant influence over the SRF; and • we assessed and evaluated the presentation and disclosure of the above matter.
S155 Settlement Note (Note 17) During the previous years, Steinhoff International Holdings Proprietary Limited, "SIHPL", (a wholly owned subsidiary of Steinhoff Investment Holdings Limited) served as a co-guarantor with SIHNV (ultimate holding company of Steinhoff Investment Holdings Limited) for the 2021 and 2022 convertible bonds issued by Steinhoff Finance Holdings GmbH. As part of the Company Voluntary Arrangement implementation in August 2019, the 2021 and 2022 convertible bonds were restructured into the 21/22 Term Loan Facility on terms set out in the SIHPL Contingent Payment undertaking ("CPU"). SIHPL's obligation under the SIHPL CPU was limited to the principal amount of the facility. On SED the SIHPL CPU Creditors have agreed to compromise any and all claims and actions against SIHPL arising under, out of, or in connection with the CPU of SIHPL, the Convertible Bonds, the Guarantees and/or any other related matter on the terms set out in the SIHPL S155 Scheme. In consideration of the compromise described above, SIHPL executed the S155 Settlement Note (as contemplated in SIHPL's proposal made in terms of section 155 of the Companies Act, 71 of 2008) on SED, which was the date on which all suspensive conditions and conditions precedent as defined in the SIHPL S155 Scheme were fulfilled. The S155 Settlement note has a third ranking security over SIHPL's assets and has limited recourse. The S155 Settlement note carries no interest, has a maturity date of the earlier of 15 August 2027 or an Event of Default (as defined therein).	As part of the audit work performed, we have evaluated the Litigation Settlement (as described above) and the S155 Settlement Note: • we performed an assessment of the new contractual arrangements entered into with the previous CPU creditors and inspected the details of the S155 contractual arrangement; • we assessed whether the derecognition of the SIHPL CPU and the recognition and subsequent measurement of the S155 Settlement Note is in terms of contractual arrangements entered into; • we assessed whether the derecognition of the SIHPL CPU and the recognition and subsequent measurement of the S155 Settlement Note is in terms of contractual arrangements entered into and are in accordance with IFRS requirements; • we used our internal IFRS experts to assess management's assessment of the carrying values of the SIHPL assets to the respective recoverable amounts; • we assessed the implication of the S155 arrangement in terms of going concern assumption (refer to the Going Concern Key Audit Matter below); and • we assessed and evaluated the presentation and disclosure of the above matter.

As a result of the S155 Settlement Note being a limited recourse loan with third ranking security over SIHPL's assets, the liability is limited to SIHPL's available net assets after taking into account the available assets required to settle the first and second ranking security liabilities. As a result the obligation remains limited to the proceeds from the realisation of SIHPL's assets available for third ranking liabilities, and the S155 Settlement Note liability has been recognised accordingly to that extent. The creditors have waived their rights to claim any shortfalls from SIHPL On initial recognition, the S155 Settlement Note was recognised at its fair value (based SIHPL's available assets for third ranking liabilities) and subsequently measured at amortised cost, taking into account expected future cash flows from realisation of SIHPL's available assets for third ranking liabilities. The effect of the compromise and contractual arrangements entered into on the valuation of the S155 Settlement Note and the impact on the going concern assumption, are considered significant matters to our current year audit.	
Going Concern **(Basis of preparation – Going concern)** Management has prepared the consolidated annual financial statements on the basis that the Group is a going concern. In connection with the S155 Settlement Note (as described above), the S155 Settlement Note has a third ranking security over SIHPL's assets and has limited recourse. The limited recourse is in terms of the Inter Creditor Agreement ("ICA") entered into on SED by SIHPL and various SIHNV group creditors (including the SIHPL CPU Creditors) and certain SIHNV subsidiaries. The ICA governs various aspects of the rights and obligations of SIHPL and its creditors. In terms of the ICA, the SIPHL CPU Creditors have agreed that SIHPL's obligation in terms of the S155 Settlement Note will be limited to the proceeds from the realisation of SIHPL's available assets, ("Limited recourse"). The creditors have waived their rights to claim any shortfalls from SIHPL and/or Steinhoff Investment Holdings Group. An event of default could occur if SIHNV cross defaults on its 21/22 CPU, or if Steenbok Lux Finco 1 S.A.R.L ("Lux Finco 1") cross defaults on its Lux Finco 1 21/22 Facilities (collectively referred to as "Cross Default") which has a maturity date of 30 June 2023. Subsequent to year-end a Framework Support Agreement was entered into by SIHNV with its	As part of the audit work performed to assess the appropriateness of Going Concern assumption, we have evaluated the impact of the Steinhoff N.V. and SIHPL debt on the Group. Our audit procedures included the following: • we obtained a copy of and reperformed the calculations included in management's going concern assessment; • we reviewed the reasonability of the period covered by and the assumptions underlying management's assessment; • we examined the results of cash flow forecasts and evaluated whether management's conclusion regarding the impact on going concern is appropriate; • we inspected the contractual arrangements entered into with the previous CPU creditors and inspect the details of the new S155 contractual arrangement; • we evaluated the adequacy and appropriateness of management's assessment and disclosure in respect of the critical assumptions and the possible impact on the going concern assumption for the Group;

largest financial creditors (the " Original Participating Lenders") seeking maturity extension of the Group Service Debt as disclosed in the Basis of Preparation (Going concern) and Note 37 (Events occurring after the reporting period). The potential impact of the above cross defaults on the going concern assumption on the Steinhoff Investment Holdings Limited Group is considered a significant matter to our current year audit.	• we inspected the Framework Support Agreement that was entered into subsequent to the year-end; and • we assessed and evaluated the adequacy and appropriateness of management's presentation and disclosure of the above matters in the consolidated annual financial statements, as set out in the basis of preparation (Going Concern).
Recoverability of financial and other assets (Basis of Preparation - Recoverability of financial and other assets) (Note 33) As described within the Basis of preparation – areas of critical judgements and estimates, it is noted that the recoverability of loans and assets with counterparties have been assessed as required under IFRS 9 Financial Instruments. Refer to Note 33 (Transactions and balances with the Steinhoff N.V Group) where it is noted that the estimated disposal values of the underlying assets in the Steinhoff Europe Group are significant estimates in determining the recoverable amounts of the intragroup loans. The valuation techniques used are subject to estimation uncertainty and depends on future performances of the underlying businesses, and potential discounts/taxes payable as a result of future disposals. We considered this area to be a matter of most significance to our current year audit due to the following: • the estimates applied by management in determining the recoverability of the loans receivable; • the magnitude of the loans and the impairments related to the Loans and receivables from the Steinhoff N.V. group; • the complexities of the loan recoverability calculations and complex loan agreements; and • the appropriateness of the presentation and disclosure of the loans from the Steinhoff N.V Group.	Our audit procedures included an assessment of the recoverability of the loans receivables in current year in accordance with IFRS 9: • we compared the carrying values of the loans receivables to the respective recoverable amounts of the entities the loans are held with and assessed for any indicators of impairment or any reversals of impairment; • we assessed and performed procedures over the liquidity of the underlying shares held; • we utilised our internal valuations expertise to test the principles of management's calculation for each model, this included challenging key inputs in the calculations; • we assessed management's forecasts by evaluating sales and margin forecasts and comparing it to the past performance; • we performed independent sensitivity calculations on the impairment and impairment reversal assessments, to assess the degree by which the key assumptions needed to change in order to trigger an impairment or impairment reversal; and • we assessed and evaluated the presentation and disclosure of the above matter.

Tax liability for uncertain tax obligations (Note 6) The Group operates across numerous jurisdictions which have differing tax legislation. Determination of the amounts which should be recognised for uncertain tax liabilities is subject to management's judgement, including consideration of regulations by various tax authorities. Tax liabilities for uncertain tax obligations are provided for in current income tax liabilities as disclosed in the consolidated statement of financial position. Refer to 'Income taxation provisions' accounting policy, included in Note 6 to the consolidated financial statements. Taxation positions are provided for based on either the most probable outcome method or the expected value of the taxation position for each type of taxation exposure. Determining the tax liability amount that should be recognised for uncertain tax positions for the Group was considered to be a matter of most significance to our current year audit due to the significant judgement applied by management in the application of existing tax laws in each jurisdiction and in accordance with relevant tax regulations.	Making use of our tax specialists, we performed the following procedures: • we challenged management's judgement of the most probable outcome by considering alternative views and probability factors in terms of assessing tax risks, legislative developments, tax regulations, contingencies and the recognition thereof; • we inspected correspondence with tax authorities, the Group's reply to these supported by external legal opinions where applicable; • we performed sensitivity analyses around the key assumptions, such as probability, used in management's assessments and the calculation of the tax liability; • making use of the information obtained as referred to above, we independently calculated an expected range in respect of the Group's tax liability; and • we have assessed and evaluated the presentation and disclosure of the above matter in terms of IFRIC 23 (Uncertainty over Income Tax treatment) and IAS 12 (Income Taxes).
Impairment assessments in respect of goodwill and indefinite life intangible assets (Note 8) The Group's net assets include a significant amount of goodwill amounting to R39.2 billion, and trade and brand names amounting to R18.3 billion classified as indefinite life intangible assets, allocated to groups of cash generating units ("CGUs"). Refer to Note 8 (Intangible assets) to the consolidated financial statements. In the current financial year the acquisition of Avenida resulted in R1.7 billion additional goodwill. Management performs annual impairment tests to assess the recoverability of the carrying value of goodwill and indefinite life intangible assets. The recoverable amount of the CGUs to which goodwill has been allocated is based on fair value less cost of disposal calculations, determined using discounted cash flow models. Based on their impairment assessments and calculations, management recognised no impairment losses within goodwill and indefinite life intangible assets in relation to any of its groups of CGUs.	Our audit procedures included testing of the principles, integrity and mathematical accuracy of the Group's discounted cash flow models. The details of these audit procedures are listed below: • through inspection of relevant documentation and discussions, we assessed management's judgements relating to the allocation of goodwill and indefinite life intangible assets into the relevant CGUs against the principles of IAS 36, 'Impairment of Assets' to ensure that they relate to the lowest level of aggregation at which the assets are being monitored; • we utilised our internal valuations expertise to test the principles of management's calculation for each model: • compared the inputs to discount rates used by management to externally obtained data such as risk-free rates,

We considered this area to be a matter of most significance to our current year audit due to the following: • the significant judgement and key assumptions applied by management in performing the impairment assessments, which included the discount rate, long term growth rate, short- to medium term revenue growth rate and future cash flows; and • the magnitude of the related goodwill and indefinite life intangible asset balances.	equity market risk premiums and the betas of comparable companies. We noted no material differences and accepted management inputs to the discount rates; • we challenged management's key assumptions by comparing long term growth rates and short- to medium term revenue growth rates to approved business plans and independent market and economic data as applicable; • in assessing management's forecasts, we evaluated sales and margin forecasts by comparing it to the past performance of each of the groups of CGUs. Where variances were noted we obtained reasons from management and performed independent stress tests to ascertain the impact on the impairment assessment; • we performed independent sensitivity calculations on the impairment assessments, to assess the degree by which the key assumptions needed to change in order to trigger an impairment; and • we have assessed and evaluated the presentation and disclosure of the above matter in terms of IAS 38 (Intangible Assets).
Valuation of intangible assets arising as a result of the acquisition of Avenida (Note 8 and Note 27) The Group acquired Avenida, effective 3 February 2022 for a consideration of R2.8 billion. As a result of this acquisition, the Group recognised intangible assets of R745 million and goodwill of R1.7 billion. Please refer to Note 8 (Intangible Assets) and Note 27 (Business Combination) to the consolidated financial statements. In accordance with IFRS 3, 'Business Combinations', the accounting for this acquisition requires management to perform a purchase price allocation which requires significant judgement by management to determine the fair value of the identifiable assets and liabilities and the resulting goodwill. As part of the valuation process, management involved external valuation experts to assist in the determination of the purchase price allocation and valuation of identified assets and liabilities. The valuation of the intangible assets arising as a result of acquisitions was a matter of significance due to the judgement and complexity involved in performing the purchase	Using our valuation expertise, we performed, among others, the following procedures: • we agreed transaction details to supporting documentation such as signed purchase agreements and proof of payment; • we evaluated the competence, capabilities and objectivity of valuation experts engaged by the Group by assessing their professional qualifications, experience and objectivity of these experts with reference to the profiles of the valuation company and individual experts; • we assessed the appropriateness and completeness of the identifiable intangible assets identified by management and their valuation experts based on our knowledge of the business models of similar business as Avenida; • we assessed the methodologies utilised by their valuation expert in determining the fair

price allocations, specifically the underlying estimates involved in forecasting cash flows and other significant assumptions used in the valuation. Therefore, we considered the accounting for the valuation of the intangible assets as a key audit matter.	value of the intangible assets against the requirements of IAS 38 Intangible Assets; • we independently calculated the discount rate with our own assumptions and publicly available data such as risk-free rates, equity market risk premiums and the betas of comparable companies; • we tested the mathematical accuracy of the fair value measurement calculations prepared by management and their valuation experts; • we assessed the reasonability of management's forecasted cash flows by reconciling the business valuation with the purchase consideration; and • we assessed and evaluated the presentation and disclosure of the above matter in terms of the requirements of IFRS 3 (Business Combinations).

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Steinhoff Investment Holdings Limited Consolidated Annual Financial Statements for the year ended 30 September 2022”, which includes the Directors’ Report, the Audit Committee’s Report and the Company Secretary’s Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated annual financial statements and our auditor’s reports thereon.

Our opinion on the consolidated annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated annual financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial statements, the directors are responsible for assessing the group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of Steinhoff Investment Holdings Limited for 4 years.

Mazars
Partner: Yolandie Ferreira
Registered Auditor
Date: 15 December 2022
Cape Town

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Independent Auditor's Report

30 September 2022

To the Shareholder of Steinhoff Investment Holdings Limited

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the separate annual financial statements of Steinhoff Investment Holdings Limited (the company) set out on pages 138 to 154, which comprise the separate statement of financial position as at 30 September 2022, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate annual financial statements present fairly, in all material respects, the separate financial position of Steinhoff Investment Holdings Limited as at 30 September 2022, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Annual Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate annual financial statements of the current period. These matters were addressed in the context of our audit of the separate annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Recoverability of financial and other assets (Basis of Preparation - Recoverability of financial and other assets)	
As described within the Basis of preparation – Significant judgements and sources of estimation uncertainty (Recoverability of financial and other assets, including investment in subsidiaries), it is noted that the determination of the amount and timing of the impairment losses necessitate a number of judgements and estimates. This includes the determination of the recoverable amount which is based, as far as possible, on the fair value of the underlying net assets less costs to sell. In addition, the Basis of preparation (Going concern assessment) includes management's view that the Company will be able to meet its liabilities as they become due. Refer to Note 7 (Investments in subsidiaries), Note 8 (Loans to related parties), Note 12 (Loans from related parties), and Note 4 (Other Expenses) of the separate annual financial statements. The recoverability of financial and other assets and the reversals of impairment losses are material matters, is subjective and involves estimation uncertainty. We considered this area to be a matter of most significance to our current year audit due to the following: • the estimates applied by management in determining the recoverability of the loans receivable from and investments in unconsolidated fellow subsidiaries; and	As part of the audit work performed: • we compared the carrying values of the investments and loans receivables in the subsidiary companies to the respective recoverable amounts of the underlying subsidiaries and assessed for any indicators of impairment; • we performed independent probability default/loss given default considerations on the impairment assessments where no impairments were recognised to assess the degree by which the key assumptions needed to change in order to trigger an impairment; • we assessed and performed procedures over the liquidity of the underlying shares held; and • we have assessed and evaluated the presentation and disclosure of the above matter in terms of IFRS 9 (Financial Instruments).

• management's view is that the Company will be able to meet its liabilities as they become due, in the 12-month period due to the highly liquid underlying shares in Pepkor Holdings Limited, which is separately listed on the JSE.	

Other Information

The directors are responsible for the other information. The other information comprises the information ncluded in the document titled "Steinhoff Investment Holdings Limited Consolidated and Separate Annual Financial Statements for the year ended 30 September 2022", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate annual financial statements and our auditor's reports thereon.

Our opinion on the separate annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Separate Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the separate annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of separate annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Separate Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate annual financial statements, including the disclosures, and whether the separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the separate annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

mazars

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of the company for 4 years.

Mazars
Partner: Yolandie Ferreira
Registered Auditor
Date: 15 December 2022
Cape Town

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 Rm	2021 Rm
Continuing operations			
Revenue	3	**81 396**	77 329
Cost of sales[1]		**(50 947)**	(48 877)
Gross profit		**30 449**	28 452
Other income	4.1	**1 495**	1 085
Distribution expenses	4.3	**(1 635)**	(1 917)
Administration expenses	4.3	**(19 559)**	(18 222)
Debtors' costs	4.3.6	**(995)**	(785)
Net impairment (loss)/gain on financial assets	4.2	**(3 478)**	11 349
Net other income/(expenses)	4.2	**13 744**	(8 052)
Operating profit		**20 021**	11 910
Finance costs	5	**(2 664)**	(2 543)
Income from investments	5	**2 245**	1 463
Share of profit of equity accounted companies	11.2	**153**	111
Impairment of equity accounted companies	11.2	**(556)**	-
Profit before taxation		**19 199**	10 941
Taxation	6	**(2 171)**	(2 800)
Profit from continuing operations		**17 028**	8 141
Discontinued operations			
Profit/(loss) from discontinued operations	1	**31**	(39)
Profit for the period		**17 059**	8 102
Profit attributable to:			
Ordinary shareholders of Steinhoff Investments		**14 225**	6 427
Preference shareholders of Steinhoff Investments		**97**	87
Non-controlling interests	31	**2 737**	1 588
Profit for the period		**17 059**	8 102
Basic and diluted profit/(loss) per share (cents)			
From continuing operations	7	**25 807.2**	11 756.4
From discontinued operations	7	**56.4**	(70.9)
		25 863.6	11 685.5

[1] *The material component of cost of sales comprises the cost of sales of inventory of R50 billion (2021: R49 billion). Cost of sales also include merchandise written off due to the social unrest and KwaZulu-Natal flooding of R318 million (2021: R673 million) and an insurance claim recovery of R464 million (2021: R500 million) that was offset against the write-off.*

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 Rm	2021 Rm
Profit for the period		**17 059**	8 102
Total other comprehensive income/(loss) for the period			
Items that will not be reclassified subsequently to profit or loss:			
Net fair value (loss)/gain on assets measured at fair value through other comprehensive income		**(36)**	95
		(36)	95
Items that may be reclassified subsequently to profit or loss:			
Exchange gain/(loss) on translation of foreign operations		**614**	(77)
Foreign currency translation reserve reclassified to profit or loss		**(50)**	(89)
Net fair value gain/(loss) on cash flow hedges		**1 350**	(740)
Deferred taxation on cash flow hedges		**(60)**	52
Other comprehensive income of equity accounted companies	11.2	**2**	(1)
		1 856	(855)
Total other comprehensive income/(loss) for the period		**1 820**	(760)
Total comprehensive income for the period		**18 879**	7 342
Total comprehensive income attributable to:			
Ordinary shareholders of Steinhoff Investments		**15 145**	5 858
Preference shareholders of Steinhoff Investments		**97**	87
Non-controlling interests		**3 637**	1 397
Total comprehensive income for the period		**18 879**	7 342

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	Notes	30 September 2022 Rm	Restated* 30 September 2021 Rm
ASSETS			
Non-current assets			
Goodwill	8	**39 204**	37 280
Intangible assets	8	**19 004**	18 090
Property, plant and equipment	9	**8 343**	6 877
Right-of-use assets	10	**11 109**	10 239
Investments in equity accounted companies	11	**65**	2 659
Other financial assets	12	**1 299**	5 482
Deferred tax assets	6.3	**3 022**	2 764
Trade and other receivables	13	**5**	-
Intragroup loans and receivables	33	**11 663**	14 008
		93 714	97 399
Current assets			
Inventories	15	**17 066**	13 347
Trade and other receivables*	13	**10 610**	8 554
Taxation receivable		**843**	694
Intragroup loans and receivables	33	**3 117**	11
Other financial assets	12	**110**	31
Cash and cash equivalents	16	**6 522**	28 870
		38 268	51 507
Assets classified as held-for-sale	36	**2 174**	367
		40 442	51 874
Total assets		**134 156**	149 273
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital and premium	29	**119 020**	119 020
Other reserves	28	**2 922**	(429)
Accumulated losses	28	**(92 444)**	(96 991)
Total ordinary equity attributable to owners of Steinhoff Investments		**29 498**	21 600
Preference share capital and premium		**1 382**	1 382
Accumulated profit attributable to preference shareholders		**29**	23
Total equity attributable to preference shareholders of Steinhoff Investments	29	**1 411**	1 405
Non-controlling interests	31	**30 917**	23 665
Total equity		**61 826**	46 670
Non-current liabilities			
Borrowings	17	**20 505**	38 511
Lease liabilities	19	**11 867**	11 960
Employee benefits	23	**233**	146
Deferred tax liabilities	6.3	**4 913**	4 782
Provisions	24	**315**	91
Provision - Global Litigation Settlement	24.4	**761**	-
Put option liability	18	**682**	-
Intragroup loans and payables	33	**5 099**	-
		44 375	55 490
Current liabilities			
Trade and other payables	20	**14 848**	12 736
Taxation payable		**2 302**	2 019
Intragroup loans and payables	33	**4 669**	3 197
Employee benefits	23	**1 362**	1 314
Provisions	24	**224**	3 128
Provision - Global Litigation Settlement	24.4	**-**	16 552
Lease liabilities	19	**2 838**	2 380
Borrowings	17	**1 707**	5 717
		27 950	47 043
Liabilities directly associated with assets classified as held-for-sale	36	**5**	70
		27 955	47 113
Total equity and liabilities		**134 156**	149 273

** Derivative financial assets have been disclosed as part of the trade and other receivables balance in the current Reporting Period as this presentation better reflects the material balance sheet items. Comparatives have been represented accordingly.*

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	Ordinary share capital and premium Rm	Accumulated losses Rm	Foreign currency translation reserve Rm	Excess of consideration (paid to)/received from non-controlling interest Rm	Sundry reserves Rm	Total ordinary equity attributable to owners of Steinhoff Investments Rm	Preference share capital and premium Rm	Accumulated profit/loss due to preference shareholders Rm	Preference equity attributable to preference shareholders Rm	Non-controlling interests Rm	Total Rm
Total equity at 30 September 2020		119 020	(102 997)	(152)	(1 850)	(75)	13 946	1 382	23	1 405	16 988	32 339
Profit for the period		-	6 427	-	-	-	6 427	-	87	87	1 588	8 102
Other comprehensive loss for the period		-	-	(112)	-	(457)	(569)	-	-	-	(191)	(760)
Total comprehensive income/(loss) for the period		-	6 427	(112)	-	(457)	5 858	-	87	87	1 397	7 342
Preference dividends paid		-	-	-	-	-	-	-	(87)	(87)	-	(87)
Ordinary dividends paid by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	(9)	(9)
Eliminated on disposal of subsidiaries		-	(8)	-	-	(1)	(9)	-	-	-	-	(9)
Transactions with non-controlling interests without change in control	31	-	-	-	1 381	(118)	1 263	-	-	-	5 215	6 478
Attributable share of other reserves relating to equity accounted investments	11.2	-	-	-	-	87	87	-	-	-	-	87
Share-based payments		-	37	-	-	155	192	-	-	-	74	266
Release of fair value reserves on disposal of investments		-	(51)	-	-	51	-	-	-	-	-	-
Net fair value gain on cash flow hedges transferred to inventory		-	-	-	-	263	263	-	-	-	-	263
Transfers from other reserves		-	(399)	-	-	399	-	-	-	-	-	-
Other movements in reserves		-	-	-	-	-	-	-	-	-	-	-
Total equity at 30 September 2021		119 020	(96 991)	(264)	(469)	304	21 600	1 382	23	1 405	23 665	46 670
Profit for the period		**-**	**14 225**	**-**	**-**	**-**	**14 225**	**-**	**97**	**97**	**2 737**	**17 059**
Other comprehensive income for the period		**-**	**-**	**284**	**-**	**636**	**920**	**-**	**-**	**-**	**900**	**1 820**
Total comprehensive income for the period		**-**	**14 225**	**284**	**-**	**636**	**15 145**	**-**	**97**	**97**	**3 637**	**18 879**
Preference dividends paid		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(91)**	**(91)**	**-**	**(91)**
Ordinary dividends paid[1]		**-**	**(8 732)**	**-**	**-**	**-**	**(8 732)**	**-**	**-**	**-**	**(671)**	**(9 403)**
Transactions with non-controlling interests without change in control	31.2	**-**	**-**	**-**	**1 946**	**-**	**1 946**	**-**	**-**	**-**	**4 262**	**6 208**
Global Litigation Settlement - settled with Pepkor Holdings shares	24.4	**-**	**-**	**-**	**1 996**	**-**	**1 996**	**-**	**-**	**-**	**4 863**	**6 859**
Pepkor Holdings share buy-back & treasury shares acquired by subsidiary		**-**	**-**	**-**	**(51)**	**-**	**(51)**	**-**	**-**	**-**	**(600)**	**(651)**
Shares issued for properties transaction		**-**	**-**	**-**	**1**	**-**	**1**	**-**	**-**	**-**	**(1)**	**-**
Acquisition of subsidiaries with non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**172**	**172**
Eliminated on disposal of subsidiaries[2]		**-**	**(933)**	**-**	**700**	**-**	**(233)**	**-**	**-**	**-**	**233**	**-**
Attributable share of other reserves relating to equity accounted investments	11.2	**-**	**-**	**-**	**-**	**2**	**2**	**-**	**-**	**-**	**-**	**2**
Recognition of put option reserve[3]	18	**-**	**-**	**-**	**-**	**(357)**	**(357)**	**-**	**-**	**-**	**(249)**	**(606)**
Recognition of call option reserve[4]	24.4	**-**	**-**	**-**	**-**	**500**	**500**	**-**	**-**	**-**	**-**	**500**
Share-based payments	35.1	**-**	**20**	**-**	**-**	**37**	**57**	**-**	**-**	**-**	**223**	**280**
Pepkor Holdings share-based payment expense		**-**	**-**	**-**	**-**	**134**	**134**	**-**	**-**	**-**	**126**	**260**
Pepkor Holdings shares issued under share scheme		**-**	**20**	**-**	**-**	**(97)**	**(77)**	**-**	**-**	**-**	**97**	**20**
Net fair value loss on cash flow hedges transferred to inventory		**-**	**-**	**-**	**-**	**(430)**	**(430)**	**-**	**-**	**-**	**(355)**	**(785)**
Transfers from other reserves		**-**	**(33)**	**-**	**33**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total equity at 30 September 2022		**119 020**	**(92 444)**	**20**	**2 210**	**692**	**29 498**	**1 382**	**29**	**1 411**	**30 917**	**61 826**

[1] *On 15 February 2022, the Company declared a gross dividend of R8.7 billion to Steinhoff N.V. R8.5 billion of this dividend relates to payments made by the Group on behalf of Steinhoff N.V. as part of the implementation of the Global Litigation Settlement. The dividends to non-controlling interest relate to the dividend paid by Pepkor Holdings to the non-controlling shareholders.*

[2] *The disposal relates to Business Venture Investments 1449 (RF) Proprietary Limited ("**BVI**"). BVI settled its outstanding loan with Pepkor Holdings on 28 February 2022 as part of the Global Litigation Settlement. As a result, the Group lost control of BVI from 1 March 2022 and all reserves relating to BVI were released to retained earnings.*

[3] *The put option was recognised by Pepkor Holdings on acquisition of Avenida. Refer to note 18.*

[4] *As part of the Global Litigation Settlement, Trevo Capital Limited ("**Trevo**") and others were granted call options by Ainsley Holdings Proprietary Limited ("**Ainsley**") over 125 million Pepkor Holdings shares which can be exercised at 3 years from inception of the options on Settlement Effective Date at a strike price of R24.9215 per share.*

Refer to note 28 for description of nature and purpose of each reserve.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Notes	2022 Rm	2021 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	26.1	**9 769**	10 624
Dividends received	11.2	**45**	65
Ordinary dividends paid		**(9 173)**	(8)
Preference dividends paid		**(44)**	(44)
Interest received	5.1	**635**	916
Interest paid	5.1	**(2 325)**	(2 143)
Taxation paid		**(2 084)**	(1 982)
Global Litigation Settlement - cash settled	24.4	**(8 968)**	-
Net cash (outflow)/inflow from operating activities		**(12 145)**	7 428
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and investment property	9	**(2 281)**	(1 639)
Additions to intangible assets	8	**(269)**	(212)
Proceeds on disposal of property, plant and equipment and intangible assets	9	**257**	535
Acquisition of subsidiaries and businesses, net of cash on hand at acquisition	27.1 & 27.3	**(1 843)**	-
Disposal of businesses net of cash	1.2	**-**	106
Proceeds on disposal of equity accounted companies		**-**	155
Increase in loans to equity accounted companies	11.2	**(5)**	(1)
(Increase)/decrease in related party loans receivable	33	**(3 078)**	1 270
Advances received from other financial assets	12	**389**	32
Payments made to other financial assets	12	**(25)**	-
Net cash (outflow)/inflow from investing activities		**(6 855)**	246
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares disposed through accelerated bookbuild	31.2	**-**	7 308
Amount paid on share buy-back by Pepkor Holdings	31.2	**(652)**	(762)
Payment of lease liabilities	19.1	**(2 785)**	(2 382)
Transactions with non-controlling interests	31.2	**-**	(68)
Repayment of intergroup loans	33	**(126)**	-
Repayment of borrowings	17.2 & 26.2	**(5 338)**	(6 500)
Proceeds from borrowings	17.2 & 26.2	**5 147**	4 712
Net cash (outflow)/inflow from financing activities		**(3 754)**	2 308
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(22 754)**	9 982
Effects of exchange rate translations on cash and cash equivalents		**409**	13
Cash and cash equivalents at beginning of the period	16 & 36	**28 871**	18 876
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**6 526**	28 871
Reconciliation of Cash and Cash Equivalents at end of period			
Cash and cash equivalents	16	**6 522**	28 870
Cash and cash equivalents included in assets held-for-sale	36	**4**	1
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**6 526**	28 871

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

BASIS OF PREPARATION

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

REPORTING ENTITY

Steinhoff Investments is a South African registered company, with tax residency in South Africa. The Consolidated Annual Financial Statements of Steinhoff Investments for the year ended 30 September 2022 comprise Steinhoff Investments and its subsidiaries and the Group's interest in associate companies and joint-venture companies. The Group is primarily involved in the retailing of general merchandise. The Group operates in Africa and Brazil.

BASIS OF PREPARATION

Statement of compliance

The Consolidated and Separate Annual Financial Statements have been prepared in accordance with IFRS, the interpretations adopted by the IASB, IFRIC, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listing Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the requirements of the Companies Act and have been audited in compliance with all the requirements of section 29(1) of the Companies Act, as required.

Accounting policies set out here have been applied consistently to all periods presented and are consistent with policies applied in previous accounting periods. All new accounting standards that became effective in the 2022 Reporting Period have been adopted, none of which were material.

Historical cost convention

The financial statements are prepared under the historical cost convention adjusted for the effects of inflation where entities operate in hyperinflationary economies and for the revaluation of certain financial instruments to fair value. During the 2022 Reporting Period, the Angolan economy was considered in accordance with the accounting principles set out in IAS 29: Financial Reporting in Hyperinflationary Economies, and has been considered to be out of hyperinflation for the 2022 and 2021 Reporting Periods.

Going concern

In determining the appropriate basis of preparation of the Consolidated and Separate Annual Financial Statements, the board of the Company is required to consider whether the Steinhoff Investments Group and Company can continue in operational existence for the foreseeable future.

The board of directors draws attention to the key assumptions and disclosures made throughout the Consolidated and Separate Annual Financial Statements. The sole significant matter considered by the board of directors for the Steinhoff Investments Group's going concern assessment is highlighted below:

S155 Settlement Note

The SIHPL S155 Scheme is a statutory compromise with creditors in terms of section 155 of the Companies Act, where the SIHPL CPU Creditors have agreed to compromise any and all claims and actions against SIHPL arising under, out of, or in connection with the SIHPL CPU, the Convertible Bonds, the Guarantees and/or any other related matter on the terms set out in the SIHPL S155 Scheme.

In consideration of the compromise described above, SIHPL issued the S155 Settlement Note to the amount of €1.581 billion on 15 February 2022, which was the date on which all suspensive conditions and conditions precedent as defined in the SIHPL S155 Scheme were fulfilled ("**Settlement Effective Date**"). The loan note has a third ranking security over SIHPL's assets and has limited recourse. The limited recourse is in terms of the ICA entered into on Settlement Effective Date by SIHPL, various Steinhoff N.V. group creditors (including the SIHPL CPU Creditors) and certain fellow subsidiaries. The ICA governs various aspects of the rights and obligations of SIHPL and its creditors, in terms of the ICA the SIHPL CPU Creditors have agreed that SIHPL's obligation in terms of the S155 Settlement Loan Note will be limited to the proceeds from the realisation of SIHPL's available assets for third ranking liabilities, ("**Limited recourse**").

The loan note carries no interest, has a maturity date of the earlier of 15 August 2027 or an event of default. An event of default could occur if Steinhoff N.V. cross defaults on its 21/22 CPU, or if Lux FinCo 1, cross defaults on its Lux Finco 1 21/22 Facilities (collectively referred to as "**Cross Default**"). The 21/22 CPU and the SFHG 21/22 Facilities forms part of Steinhoff N.V. Group Services Debt with a current maturity date of 30 June 2023.

Steinhoff N.V. announced subsequent to the Reporting Date, on 15 December 2022, that it entered into a framework support agreement ("**Support Agreement**") with its largest financial creditors (the "**Original Participating Lenders**") representing approximately 64% of the total Group Services Debt (excluding intercompany holdings). The Support Agreement provides a stable platform for Steinhoff N.V. to achieve the consents necessary to extend the maturity of the Group Services Debt from the current maturity date 30 June 2023 to at least 30 June 2026, together with various related re-organisation steps and transactions. It is therefore the board of directors' view that while the Cross Default remains in force, it is unlikely that it will be triggered in the foreseeable future. Refer to note 37 for further detail. In the unlikely scenario that there is a Cross Default and SIHPL is required to perform on the S155 Settlement Note, the obligation remains limited to the proceeds from the realisation of SIHPL's available assets for third ranking liabilities, and the S155 Settlement Note liability has been recognised accordingly to that extent. The creditors have waived their rights to claim any shortfalls from SIHPL and/or Steinhoff Investments Group. Refer to note 17.6 for further detail.

BASIS OF PREPARATION (continued)

Going concern (continued)

Conclusion

The board of directors draw attention to the following facts:

- at 30 September 2022, the Group's current assets exceed it current liabilities;
- at 30 September 2022, the Group and Company's assets exceeds its liabilities;
- on Settlement Effective Date, SIHPL and the SIHPL CPU Creditors entered into the ICA. In terms of the ICA, SIHPL's obligations to the SIHPL CPU Creditors are limited to the proceeds from the realisation of its available assets and therefore SIHPL and/or Steinhoff Investments will have no liability to pay any shortfall. The SIHPL CPU Creditors waived their rights to claim such shortfalls from SIHPL. The effect thereof is that the third ranking liabilities, from 15 February 2022, are recognised to the extent that SIHPL has sufficient assets to repay it;
- the Group will be able to meet its liabilities, as they become due, as at the Reporting Date; and
- management does not intend to liquidate the Group or the Company and plans to recover its assets and settle its debt as it becomes due.

Given due cognisance of the Steinhoff Investments Group's current financial position, we are of the opinion that the Steinhoff Investments Group will be able to meet its liabilities as they become due and therefore is a going concern for the 12 month period following the date of issue of these 2022 Consolidated and Separate Annual Financial Statements.

The Consolidated and Separate Annual Financial Statements are prepared on a going concern basis. Besides the items listed above, nothing has come to the attention of the directors to indicate that the Steinhoff Investments Group will not remain a going concern.

Presentation and functional currency

The Consolidated and Separate Annual Financial Statements are prepared on the accrual basis in millions of Rand (Rm) unless otherwise indicated. The Rand is the Group's presentation currency and the Company's functional currency.

AREAS OF CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of the Consolidated Annual 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 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.

Judgements:		Note reference
Going concern assumption		**Basis of preparation**
Consolidation decisions		
Entity	**Treated as controlled?**	**Note reference**
SRF	No (unconsolidated structured entity)	Basis of preparation

In order to give effect to the Composition Plan and the S155 Scheme upon the Settlement Effective Date, the SRF was incorporated on 24 August 2021. The objective of the SRF is to fulfil its duties as per the S155 Scheme, Composition Plan and various Steinhoff global settlement agreements (together the "**Agreements**"), which is mainly to distribute the settlement funds it received to the relevant MPCs and Contractual Claimants.

The SRF does not have any shareholders. It is governed by a board of directors, of which two directors are independent from the Group. The chairperson is independent and has a casting vote in the event of a deadlock in decision making. The SRF is required to fulfil its duties as set out in the Agreements. The SRF board of directors is bound by the Composition Plan as approved through the Dutch SoP and the objectives as set out in the deed of incorporation.

The Group does not have the current ability to direct the relevant activities and has no exposure to variable returns, the Group does not control the SRF and therefore its results are not consolidated. The Group also does not have significant influence over the SRF.

The SRF have received the total settlement amount to be paid to the Steinhoff N.V. and SIHPL MPCs, the Steinhoff N.V. Contractual Claimants (together the "**SOP settlement fund**") and to the SIHPL MPCs (the "**S155 Settlement Fund**").

In the execution of the Composition Plan, the SRF will distribute the SOP Settlement Fund, S155 Settlement Fund and the additional contributions by the Deloitte Firms and the D&O insurers as announced to the Steinhoff N.V. MPCs, the SIHPL MPCs and certain Steinhoff N.V. Contractual Claimants. The SRF will do so pursuant to the SRF and claims administration conditions in the Composition Plan. The SRF became bound to the Composition Plan as of the Settlement Effective Date by countersigning the Composition Plan, which has occurred close to Settlement Effective Date.

In order to fund its operations, the SRF received a cost contribution of c.R283 million (€16.5 million) from Steinhoff Africa (which has been paid to or on behalf of the SRF, refer to note 4.2.10 and 24.3), c. R19.5 million from Deloitte and c. R19.5 million from the D&O insurers.

In terms of the Steinhoff Settlement Implementation Support Agreement, the SRF shall, from the Settlement Effective Date until the final distribution or repayment by the SRF of the Settlement Funds (as defined in the SRF and Claims Administration Conditions), be entitled to instruct Ainsley by written notice to deliver the required number of Pepkor Holdings shares (as determined at the sole and absolute discretion of the SRF) to the SIHPL Pepkor Holdings Election MPCs on payment by the SRF to Ainsley of only the SRF Option Price, being R19.82. The amount of shares to be delivered is expected to be c. 6.2 million.

AREAS OF CRITICAL JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued):			Note reference
Consolidation decisions (continued)			
Main Group	**Entities related to/subsidiaries of the Main Group**	**Treated as controlled?**	**Note reference**
Steinhoff Africa Group	Steinhoff Africa, together with its subsidiaries, amongst others Pepkor Holdings group, and its associate investment in IEP.	Yes	Basis of preparation

In preparing these Consolidated Annual Financial Statements, Steinhoff Investments had to conclude whether or not it continued to control Steinhoff Africa following a governance structure change resulting from the Global Litigation Settlement on Settlement Effective Date. Concluding that the Group controls Steinhoff Africa, resulted in the full consolidation and disclosure of its debt, assets, cash flow and operating results.

As part of the negotiations for the Global Litigation Settlement it was agreed with the Steinhoff N.V. Group's financial creditors that Steinhoff Africa's governance would be changed. The agreement required Steinhoff Africa to appoint certain Steinhoff N.V. supervisory directors as non-executive directors. In addition, the board of Steinhoff Africa now comprises of a total of one executive director and two non-executive directors. The governance changes were implemented shortly after the Settlement Effective Date.

Entity	**Treated as controlled?**	**Note reference**
Pepkor Holdings Limited	Yes	Basis of preparation

The Group's shareholding in Pepkor Holdings decreased during the Reporting Period, from 58.93% as at 30 September 2021 to 51.03% as at 30 September 2022. The decrease related mostly to Pepkor Holdings shares that were delivered to claimants as part of the Global Litigation Settlement (refer to note 24.4), detail on the movements in shareholding is presented in note 31. Also as part of the Global Litigation Settlement, Trevo and others received options to acquire 125 million Pepkor shares from the Group at a strike price of ZAR24.9215 per share in a 30 day window from 15 December 2024.

In preparing these Consolidated Annual Financial Statements, the Group assessed whether it continued to control Pepkor Holdings. The potential voting rights attached to the call option of Trevo and others were not considered for the control consideration as they will only become substantive from 15 December 2024, the date on which they become exercisable. As the Group still owns 51.03% of the shares in Pepkor Holdings as at 30 September 2022, it continues to hold the majority of voting rights and therefore has the majority of power to appoint members of the Pepkor Holdings board.

Classification of assets and disposal groups as held-for-sale	Note 1 and 36
Recognition and measurement of income tax provision	Note 6
Recoverability of deferred taxation assets	Note 6
Recoverability of financial and other assets	
Financial assets The recoverability of loans and assets with counterparties have been assessed for impairment as required under IFRS 9 Financial Instruments.	Note 12, 22.3 and 33.2

Impairment of intragroup loans	**Note reference**
• Loans with holding company and fellow subsidiaries	Note 33
Recognition and derecognition of liabilities	Note 17
Recognition and measurement of provisions	Note 24
Correct classification and completeness of contingent liabilities	Note 25
Correct classification and completeness of liabilities and events occurring after the Reporting Period	Note 25 and 37

Estimates	Note reference
• **Estimation of future taxable profits in support of recognition of deferred taxation assets**	Note 6
• **Estimation of inputs into discounted cash flow models relating to the impairment of goodwill**	Note 8
• **Estimation of inputs into discounted cash flow models relating to the impairment of intangible assets**	Note 8
• **Estimation of the useful life of intangible assets**	Note 8
• **Estimation of the useful life and residual values of buildings**	Note 9
• **Estimation in determining the lease terms applicable to lease agreements**	Note 10
• **Recognition of put option and non-controlling interest**	Note 18
• **Recognition of call option**	Note 24.4
• **Estimation in determining impairment provisions for financial assets**	Note 22
• **Estimation of fair values in business combinations**	Note 27
• **Estimation in determining recoverable amount of intragroup loans**	Note 33
• **Estimation of subsequent measurement of the S155 Settlement note**	Note 17.6
• **Estimation of inputs into the fair value of financial assets and financial liabilities**	Note 12 and 17
• **Estimation in determining impairment of equity accounted investments**	Note 11.4

ACCOUNTING POLICY ELECTIONS

The following significant accounting policy and disclosure elections have been made by the Group:

Area	Details
Statement of Profit or Loss	
Income from investments	The Group has elected to present income from investments separately on the face of the Statement of Profit or Loss. Income from investments comprise finance income and dividend income.
Discontinued operations	The Group has elected to present the detail of the profit or loss of discontinued operations in a separate note instead of on the face of the Statement of Profit or Loss. Refer to note 1.
Statement of Financial Position	
Owner-occupied properties	The Group has elected to measure all owner-occupied properties using the cost model.
Intangible assets	The Group has elected to measure all intangible assets using the cost model.
Statement of Cash Flows	
Interest paid and received	The Group views interest paid and received as operating activities as these are largely incurred in the funding of operations.
Dividends paid and received	The Group discloses dividends paid and received as operating activities as this demonstrates the Group's ability to pay dividends out of operating cash flows.
Discontinued operations	The Group has elected not to disaggregate cash flows from discontinued operations in the Statement of Cash Flows. The detail of the main components of cash flow from discontinued operations are disclosed in the Notes to the Consolidated Financial Statements. Refer to note 1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

1. DISCONTINUED OPERATIONS

The businesses included in the following former reportable segments were disposed of or classified as held-for-sale during the 2022 Reporting Period and 2021 Reporting Period.

Africa Properties

The Group commenced a process post March 2019 to dispose of the remaining African property portfolio. As at the Reporting Date, all properties within the portfolio have been disposed of and a process is underway to deregister majority of these companies. The portfolio therefore still meets the criteria to be classified as held-for-sale.

Africa Properties is presented as a discontinued operation in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flows for the period ended 30 September 2021 and 2022, as required by IFRS.

The detail of assets classified as held-for-sale is presented in note 36.

ACCOUNTING POLICY

Intercompany transactions between continuing and 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 reporting to present the reportable segments prior to the intercompany eliminations as this more closely reflects the trading conditions within each reportable segment.

The Group has elected to disclose the financial results and cash flows of discontinued operations in a separate note as opposed to on the face of the Statement of Profit or Loss and Statement of Cash Flows.

1. DISCONTINUED OPERATIONS (continued)

1.1 Statement of profit or loss for discontinued operations

	Notes	2022 Rm	2021 Rm
Revenue		**8**	58
Cost of sales		**-**	(5)
Gross profit		**8**	53
Other income		**4**	15
Administration expenses		**8**	(100)
Net other (expenses)/income		**(10)**	46
(Impairments)/reversal of impairments	1.1.1	**(9)**	3
(Loss)/profit on disposal of property, plant and equipment and investment properties	1.1.2	**(1)**	41
Profit on sale or partial sale of investments	1.1.3	**-**	2
Operating profit		**10**	14
Income from investments		**-**	2
Profit before taxation		**10**	16
Taxation		**21**	(55)
Profit/(loss) for the period		**31**	(39)
Profit/(loss) attributable to:			
Owners of Steinhoff Investments		**31**	(39)
Non-controlling interests		**-**	-
Profit/(loss) for the period		**31**	(39)
1.1.1 Impairments/(reversal of impairment)			
Assets held-for-sale		**9**	(3)
1.1.2 Loss/(profit) on disposal of property, plant and equipment and intangible assets		**1**	(41)
1.1.3 Profit on sale and partial sale of investments		**-**	(2)

1.2 Details of the disposal of subsidiaries within segments classified as discontinued operations

	Properties - Africa* Rm	Pepkor Holdings** Rm	Total Rm
30 September 2021			
Carrying amount of net assets sold	120	64	184
Profit/(loss) on disposal of discontinued operations/disposal group	3	(1)	2
Total consideration	123	63	186
Net cash inflow arising on disposals			
Total consideration	123	63	186
Less receivable recognised for consideration payable	(80)	-	(80)
Less cash on hand at date of disposal	(1)	-	(1)
Net cash inflow	42	63	105

** Relates to the disposal of Broadway Business Centre Proprietary Limited and Eastwest Real Estate Investments Proprietary Limited, both of which were subsidiaries of the Properties - Africa segment.*

*** Relates to the disposal of John Craig and other various small subsidiaries that formed part of the Pepkor Holdings group.*

There were no significant disposals of discontinued operations during the 2022 Reporting Period.

1. DISCONTINUED OPERATIONS (continued)

1.3 Presentation of discontinued operations in the Consolidated Statement of Cash Flows

	2022 Rm	2021 Rm
Cash flows from discontinued operations		
Net cash inflow from operating activities	113	240
Net cash inflow from investing activities	218	445
Net cash outflow from financing activities	(328)	(556)
Net cash inflow	3	129

1.4 Segmental information relating to discontinued operations

Segmental revenue from discontinued operations

	2022 Rm	2021 Rm
Africa Properties	8	58
Net external revenue from discontinued operations*	8	58

** Revenue between discontinued operations have been eliminated.*

Operating profit before depreciation and amortisation adjusted for material other expenses ("EBITDA")

EBITDA reconciles to the operating loss per statement of profit or loss from discontinued operations as follows:

	2022 Rm	2021 Rm
Operating profit from discontinued operations	10	14
Depreciation and amortisation	-	-
Other expenses/(income)	10	(46)
Intercompany elimination with continuing operations	-	104
EBITDA per segment reporting from discontinued operations	20	72
Africa Properties	20	72
EBITDA from discontinued operations as presented	20	72

Operating profit adjusted for material other expenses ("EBIT")

EBIT reconciles to the operating loss per statement of profit or loss from discontinued operations as follows:

	2022 Rm	2021 Rm
Operating profit from discontinued operations	10	14
Other expenses/(income)	10	(46)
Intercompany eliminations with continuing operations	-	104
EBIT per segment reporting from discontinued operations	20	72
Africa Properties	20	72
EBIT from discontinued operations as presented	20	72

Material other income and expenses

Material other income and expenses added back in the calculation of EBIT and EBITDA above are allocated to the reportable segments as follows:

	Notes	2022 Rm	2021 Rm
Impairments/(reversal of impairment)	1.2.1	9	(3)
Africa Properties		9	(3)
Loss/(profit) on disposal of property, plant and equipment and intangible assets	1.2.2	1	(41)
Africa Properties		1	(41)
Profit on sale and partial sale of investments	1.2.3	-	(2)
Pepkor Holdings - Zimbabwe & John Craig		-	1
Africa Properties		-	(3)
Net other expenses/(income)		10	(46)

2. SEGMENT INFORMATION

The Group determined the board of directors to be the chief operating decision-makers ("**CODM**") for all periods under review.

The CODM examines the Group's performance both from a product and geographical perspective and has identified the following reportable segments of its business based on how information is accumulated and reported to the CODM:

- **Pepkor Holdings**

  The Pepkor Holdings group is listed on the JSE. Revenue in Pepkor Holdings 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 Holdings also operates in the Building Supplies and Furniture divisions where revenue is derived from sales of DIY building supplies and materials and furniture and appliances, respectively. The Pepkor Holdings group operates within Africa and South America (Brazil) and majority of its revenue is derived from South Africa. The CODM monitors the performance of this listed group on a consolidated basis. The Pepkor Holdings group's annual consolidated financial statements for the year ended 30 September 2022 were released on 12 December 2022 and can be found on the group's website at: www.pepkor.co.za.

- **Group services**

  The Group's corporate offices provide strategic direction and services to the decentralised operations both globally and in Africa. Activities include management of regulator and stakeholder engagement processes, negotiating funding and identifying and implementing corporate activities.

Measures reported to the CODM

2.1 Segmental revenue

Intersegment revenue is eliminated in the segment from which it was sold. Sales between segments are made on an arm's length basis.

Refer to note 1 for the accounting policy on the elimination of intercompany transactions between continuing and discontinued operations.

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

Segment revenue from continuing operations

	2022			2021		
	Total segment revenue Rm	Intersegment revenue Rm	Revenue from external customers Rm	Total segment revenue Rm	Intersegment revenue Rm	Revenue from external customers Rm
Pepkor Holdings**	**81 396**	**-**	**81 396**	77 329	-	77 329
	81 396	**-**	**81 396**	77 329	-	77 329
Intercompany revenue from discontinued operations *	**-**	**-**	**-**	-	-	-
	81 396	**-**	**81 396**	77 329	-	77 329

** Intercompany revenue from discontinued operations has already been eliminated from 'Revenue from external customers'.*

*** For further disaggregation of revenue, refer to the published annual financial statements of Pepkor Holdings.*

Revenue from external customers - by geography from continuing operations

	2022 Rm	2021 Rm
The Company is domiciled in South Africa. The Group operates within Africa and Brazil. The amount of its revenue from external customers are presented below based on the geographies that contribute materially to the Group's revenue.		
South Africa	**71 509**	69 519
Rest of Africa	**7 955**	7 810
Brazil	**1 932**	-
	81 396	77 329

2. SEGMENT INFORMATION (continued)

2.2 Operating performance measures - 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 CODM and are therefore not allocated to the segments.

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

Segment performance is measured on continuing operation's operating profit before depreciation, amortisation and material other items and represents segment revenue less segment expenses, excluding depreciation, amortisation and other material items as included in note 4.2.

Segment expenses include distribution expenses and administration expenses.

Refer to note 1 for the accounting policy on the elimination of intercompany transactions between continuing and discontinued operations.

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

	Notes	2022 Rm	2021 Rm
Operating profit per statement of profit or loss		**20 021**	11 910
Depreciation and amortisation	4.3.1	**4 296**	3 754
Other (income)/expenses	4.2	**(10 266)**	(3 297)
Intercompany eliminations (discontinued operations)		**-**	(104)
EBITDA per segment reporting		**14 051**	12 263
EBITDA per segment:			
Pepkor Holdings		**14 296**	12 644
Group services		**(245)**	(381)
		14 051	12 263

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

Segment performance is measured on continuing operations' operating profit before material items and represents segment revenue less segment expenses, excluding depreciation, amortisation and material items included in note 4.2.

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

Refer to note 1 for the accounting policy on the elimination of intercompany transactions between continuing and discontinued operations.

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

	Note	2022 Rm	2021 Rm
Operating profit per statement of profit or loss		**20 021**	11 910
Other (income)/expenses	4.2	**(10 266)**	(3 297)
Intercompany eliminations (discontinued operations)		**-**	(104)
EBIT per segment reporting		**9 755**	8 509
EBIT per segment:			
Pepkor Holdings		**10 004**	8 895
Group services		**(249)**	(386)
		9 755	8 509

2. SEGMENT INFORMATION (continued)

2.2 Operating performance measures - continuing operations (continued)

Material items

Material items added back in the calculation of EBIT and EBITDA above are allocated to the reportable segments as follows:

	Notes	2022 Rm	2021 Rm
Impairments	4.2.1	**142**	227
Pepkor Holdings		**142**	227
Impairment/(Reversal of impairment) of financial assets	4.2.2	**3 478**	(11 349)
Group services		**3 478**	(11 349)
Loss on disposal of property, plant and equipment and intangible assets	4.2.3	**59**	32
Pepkor Holdings		**59**	26
Group services		**-**	6
(Profit)/loss on sale and partial sale of investments	4.2.4	**(50)**	(70)
Pepkor Holdings		**(50)**	(89)
Group services		**-**	19
Foreign currency (gains)/losses	4.2.5	**(256)**	(2 997)
Group services		**(256)**	(2 997)
Derecognition of SIHPL CPU and recognition of S155 Settlement Note	4.2.6	**(16 972)**	-
Group services		**(16 972)**	-
Loss on recognition of financial assets and liabilities	4.2.7	**3 257**	2 209
Group services		**3 257**	2 209
Fees relating to legal advisory and regulatory support	4.2.8	**105**	259
Group services		**105**	259
Provision – Global Litigation Settlement	4.2.9	**306**	7 173
Group services		**306**	7 173
Costs associated with the Global Litigation Settlement provision	4.2.10	**204**	1 219
Group services		**204**	1 219
Recognition of Steinhoff Africa rights to Tekkie Town proceeds from SRF	4.2.11	**(220)**	-
Group services		**(220)**	-
Proceeds from Mayfair settlement	4.2.12	**(22)**	-
Group services		**(22)**	-
Business interruption insurance income	4.2.13	**(297)**	-
Pepkor Holdings		**(297)**	-
		(10 266)	(3 297)

2. SEGMENT INFORMATION (continued)

2.3 Segmental assets

Assets that are not considered to be segment assets such as cash and cash equivalents, investments in equity accounted companies, other financial assets are excluded from the allocation of assets to segments.

Investment in equity accounted companies and other financial assets are monitored by the CODM 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 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

	Notes	30 September 2022 Rm	30 September 2021 Rm
Total assets per statement of financial position		**134 156**	149 273
Less: Cash and cash equivalents	16 & 2.5	**(6 522)**	(28 870)
Less: Investments in equity accounted companies	11	**(65)**	(2 659)
Less: Non-current other financial assets	12	**(1 299)**	(5 482)
Less: Current other financial assets	12	**(110)**	(31)
Less: Intragroup loans and receivables	33.2	**(14 780)**	(14 019)
Less: Assets classified as held-for-sale	36	**(2 174)**	(367)
Segmental assets		**109 206**	97 845
Segmental assets			
Pepkor Holdings		**108 394**	97 351
Group services		**812**	494
		109 206	97 845

2.4 Segmental non-current assets

The total of non-current assets other than financial instruments and deferred taxation assets is presented per segment below.

Reconciliation between non-current assets per statement of financial position and segmental assets

	Notes	30 September 2022 Rm	30 September 2021 Rm
Total non-current assets per statement of financial position		**93 714**	97 399
Less: Deferred taxation assets	6	**(3 022)**	(2 764)
Less: Non-current other financial assets	12	**(1 299)**	(5 482)
Segmental non-current assets		**89 393**	89 153
Segmental non-current assets			
Africa		**86 177**	89 153
Brazil		**3 216**	-
		89 393	89 153

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 CODM.

	Gross Cash Rm	Gross Debt Rm	Net Debt Rm
30 September 2022			
Pepkor Holdings	**4 947**	**(12 058)**	**(7 111)**
Group services	**1 575**	**(10 154)**	**(8 579)**
	6 522	**(22 212)**	**(15 690)**
30 September 2021			
Pepkor Holdings	6 174	(11 151)	(4 977)
Group services	22 696	(33 077)	(10 381)
	28 870	(44 228)	(15 358)
	Note 16	*Note 17*	

3. REVENUE

	Note	2022 Rm	2021 Rm
Revenue from contracts with customers			
Sale of goods and related revenue		**78 233**	74 644
Service fee income		**469**	397
Other revenue		**213**	167
Other sources of revenue			
Financial services income		**2 150**	1 798
Insurance revenue		**331**	323
Total revenue from continuing operations	2.1	**81 396**	77 329

ACCOUNTING POLICY

Revenue from contracts with customers

Revenue is recognised when the Group satisfies performance obligations and transfers control of goods or services to its customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for these goods or services, allocated to each specific performance obligation.

Revenue is recognised at an amount that reflects the consideration received or receivable for the sale of merchandise from ordinary operating activities of the Group, net of Value Added Tax, rebates and discounts and after eliminating sales within the Group.

As a result of the rights of customer to return goods an estimate is made of the expected return of goods. Revenue is not recognised to the extent that a return of goods is expected. Where the Group acts as agent and is remunerated on a commission basis, only the commission income, and not the value of the business transaction, is included in revenue.

The recovery of duties and taxes payable on imports and exports are not recognised in revenue but netted off against the expense paid on behalf of the customer.

Discounts

Different discounts are recognised depending on the nature of the customer. Some discounts are unconditional, such as cash discounts and early payment discounts. Unconditional discounts are recognised as a reduction in revenue at the same moment as the related sales transaction. Conditional discounts to customers such as volume and promotional rebates are recognised based on estimated target realisation. The estimation is based on accumulated experience supported by historical and current sales information.

Right of return

The Group estimates variable consideration to be included in the transaction price for the sale of goods where customers are entitled to a right of return within a specified time frame. The Group uses projection methods to forecast sales returns that are based on historical return data. Any significant changes in experience as compared to historical return patterns will impact the expected return percentages estimated by the Group. Estimated return percentages are updated regularly and the refund liability adjusted accordingly.

Revenue is recognised for the major business activities using the methods outlined below:

Sale of goods and related revenue

The Group operates retail stores selling clothing, general merchandise, furniture, appliances, electronics and building materials. Revenue from the sale of goods is recognised at a point in time when the performance obligation is met. Performance obligation to customer is met once control of goods transfer to customers.

Payment is usually received via cash, debit card or credit card. Related card transaction costs are recognised in the statement of comprehensive income as other expenses. When goods are sold under instalment sale agreements for the furniture, appliances and electronics segment, the present value of the instalment sale payments is recognised as a receivable using the effective interest rate computed at initial recognition over the 1 to 5 year term of the agreement.

The Group earns ongoing revenue on starter packs that have been sold in stores. The recognition of ongoing revenue under IFRS 15: Revenue from Contracts with Customers requires a certain level of judgement. The Group's policy is only to recognise the variable consideration as revenue as and when it is received, because it is only at this point that it is highly probable that a significant reversal in revenue for that contract will not occur in the future.

Deposits received from customers are recognised as deferred revenue. These balances are considered contract liabilities, as they are received prior to the satisfaction of performance obligations.

Lay-by revenue is recognised on the initiation of the contract with the customer for the clothing and general merchandise segment, as this is deemed to be when control of the goods passes to the customer. The Group recognises revenue at the amount of consideration to which they expect to be entitled and for which a significant reversal of revenue is not considered probable. A contract liability for the expected possible unsuccessful lay-bys is recognised as an adjustment to revenue as well as an asset (with a corresponding adjustment to cost of sales) representing its right to recover the products from the customer. The Group uses projection methods to forecast unsuccessful lay-bys that are based on historical data. Any significant changes in experience as compared to historical patterns will impact the percentages estimated by the Group. Estimated percentages are updated regularly and the contract liability for unsuccessful lay-bys is adjusted accordingly.

3. REVENUE (continued)

ACCOUNTING POLICY (continued)

Revenue from contracts with customers (continued)

Sale of goods and related revenue (continued)

Lay-by revenue is recognised when the final payment for the goods is received from the customer for the furniture, appliances and electronics and building materials segments as this is deemed to be when control of the goods passes to the customer and all performance obligations are met. Proceeds from these lay-by sales are recognised as contract liabilities, and the revenue is deferred until all the performance obligations are met.

Recognising revenue from major business activities

Financial services revenue - effective interest income

Financial services revenue comprises mainly of interest income and financial services fee revenue.

Interest earned is recognised on a time-proportion basis. The Group calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortised cost (gross carrying amount less the allowance for expected credit losses) of the financial asset. If the financial asset is no longer deemed to be credit-impaired, the Group reverts to calculating interest income on a gross basis.

Collection revenue

Service fee revenue is earned based on a fixed percentage of outstanding debtor balances collected on behalf of third parties. Performance obligations are deemed to be met once the Group recovers the outstanding balance from a debtor or portion thereof, at which point the revenue is recognised.

Insurance revenue

Insurance revenue consists of gross insurance premiums and re-insurance commission earned less re-insurance premiums. Insurance premiums are recognised on a straight-line basis over the period of the contract, after an appropriate allowance is made for commission and re-insurance. Re-insurance commissions are earned on a straight-line basis over the period of the contract.

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

4.1 Other income

	2022 Rm	2021 Rm
Commission received[1]	538	528
Business interruption insurance claim recovery - social unrest and KwaZulu Natal floods	510	171
Marketing and advertising income	126	104
Dividend income	72	69
Employee taxation incentives (non-COVID-19-related)	70	56
Cancelled lay-bys	22	52
Other income	157	105
	1 495	1 085

[1] *Relate mainly to commissions received on ancillary services provided by Pepkor Holdings.*

ACCOUNTING POLICY

Commission received

The Pepkor Holdings group acts as an agent for the services and products provided by a variety of third parties to the group's customers through its retail footprint. The agent's commissions received by the businesses, other than the FinTech segment, from the third parties for the services are recognised as other income. Commissions relating to third-party products, money transfers and bill payments are recognised at the point in time when the underlying third-party payment takes place, as control is transferred to the customer and all performance obligations are deemed to be met.

4.2 Other expenses/(income)

	Notes	2022 Rm	2021 Rm
The Group has identified a number of material 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.			
4.2.1 Impairment			
Goodwill	8	-	13
Intangible assets	8	5	-
Property, plant and equipment	9	19	58
Right-of-use assets	10	118	156
		142	227
4.2.2 Impairment of financial assets/(reversal of impairment)			
Intragroup loans and receivables	33.2	3 478	(11 392)
Other loans and receivables		-	43
		3 478	(11 349)
4.2.3 Loss on disposal of property, plant and equipment and intangible assets		59	32
4.2.4 Net profit on sale and partial sale of investments			
Profit on the disposal of Micawber 455 Proprietary Limited ("Micawber")		-	(9)
FCTR released on liquidation of foreign subsidiary		(50)	(89)
Loss on disposal of Steinhoff N.V. shares		-	28
		(50)	(70)

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

4.2 Other expenses/(income) (continued)

	Notes	2022 Rm	2021 Rm
4.2.5 Foreign currency (gains)/losses			
Foreign exchange gain on SIHPL CPU The SIHPL CPU was euro-denominated. The rand/euro exchange rate strengthened from 17.5629 at 30 September 2021 to 17.1539 at 15 February 2022 when the CPU was derecognised (refer to note 4.2.6), resulting in a foreign exchange gain being recognised.	17.6	**(665)**	(3 375)
Foreign currency loss on Ibex Retail Investments (Europe) Limited ("Ibex (Europe)") loans receivable The closing rand/euro exchange rate strengthened from 17.5629 at 30 September 2021 to 17.5353 at 30 September 2022, resulting in a foreign exchange loss being recognised.		**2**	378
Foreign currency loss Steinhoff N.V. Loan Note The rand/euro exchange rate weakened from 17.1539 at 15 February 2022 (initial recognition date) to 17.5353 at 30 September 2022, resulting in a foreign exchange loss being recognised.		**63**	-
Foreign currency loss on Newco 2A Loan Note The rand/euro exchange rate weakened from 17.1539 at 15 February 2022 (initial recognition date) to 17.5353 at 30 September 2022, resulting in a foreign exchange loss being recognised.		**78**	-
Foreign currency loss on Newco 2A loan receivable The closing rand/euro exchange rate strengthened from 17.5629 at 30 September 2021 to 17.5353 at 30 September 2022, resulting in a foreign exchange loss being recognised.		**170**	-
Realised foreign currency loss on funds held for Global Litigation Settlement Foreign currency losses were recognised on funds held in the bank accounts of Steinhoff Africa in anticipation of the Global Litigation Settlement until final settlement, when most of the foreign currency exchange hedges were exercised (from 15 February 2022 until the end of March 2022).		**96**	-
		(256)	(2 997)

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

4.2 Other expenses/(income) (continued)

		Notes	2022 Rm	2021 Rm
4.2.6	**Derecognition of SIHPL CPU and recognition and subsequent measurement of S155 Settlement Note**			
	Under IFRS, when a debt instrument is restructured or refinanced and the terms have been substantially modified, the transaction is accounted for as an extinguishment of the old debt instrument, with a gain or loss. The new debt instrument is recognised at fair value.			
	The terms between the SIHPL CPU liability and the S155 Settlement Note were substantially different based on the maximum recoveries, the change in terms whereby the S155 Settlement Note now has a third ranking, the maturity date that was extended to 2027 and the limited recourse on the S155 Settlement Note. The SIHPL CPU was accordingly derecognised and the S155 Settlement Note recognised at fair value			
	In connection with the SIHPL S155 Scheme, and with the occurrence of the Settlement Effective Date, the financial creditors had agreed to a compromise of any and all claims and actions against SIHPL arising under, out of, or in connection with the SIHPL CPU, the Convertible Bonds, the Guarantees and/or any other related matter on the terms set out in the SIHPL S155 Scheme.			
	In consideration of the compromise described above, SIHPL had agreed to issue to the creditors a loan note to the amount of €1.581 billion, the S155 Settlement Note. The S155 Settlement Note has a third ranking security over SIHPL's available assets and has limited recourse. The limited recourse is in terms of the ICA entered into between SIHPL and its financial creditors on Settlement Effective Date. The ICA governs various aspects of the rights and obligations of SIHPL and its creditors. In terms of the ICA, the creditors have agreed that SIHPL's obligation in terms of the S155 Settlement Note will be limited to the proceeds from the realisation of SIHPL's available assets. The S155 Settlement Note carries no interest and has a maturity date of the earlier of 5 years and 6 months following the Settlement Effective Date or an event of default. The obligation under the S155 Settlement Note is limited to the proceeds from the realisation of SIHPL's available assets due to the Limited Recourse. The creditors waived their rights to claim such shortfalls from SIHPL, the S155 Settlement Note liability is only recognised up to value of the net asset value in SIHPL based on its third ranking.			
	Gain on substantial debt modification	17.6	(15 571)	-
	Gain on derecognition of SIHPL CPU		(27 125)	-
	Loss on initial recognition of S155 Settlement Note		11 554	-
	Subsequent measurement of S155 Settlement Note	17.6	(1 401)	-
	Foreign currency loss		54	-
	Limited recourse adjustment - S155 Settlement Note*		(1 455)	-
	** Includes the unwinding of the liability, effect of change in foreign currency exchange rates and other limited recourse adjustments to limit the total liability recognised to the available net assets of SIHPL.*			
			(16 972)	-

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

4.2 Other expenses/(income) (continued)

		Notes	2022 Rm	2021 Rm
4.2.7	**Loss/(gain) recognised on financial assets and liabilities**			
	Loss on recognition of Steinhoff N.V. Loan Note	33.3.	**2 813**	-
	All or certain of the MPCs against SIHPL have been settled (in full or in part) by Steinhoff N.V. on behalf of SIHPL from funds which was made available by Steinhoff N.V. and will be paid via the SRF. In consideration for Steinhoff N.V. undertaking the MPC Settlement on behalf of SIHPL, SIHPL is liable to Steinhoff N.V. for the amounts paid by Steinhoff N.V. pursuant to the MPC Settlement. The Steinhoff N.V. Loan Note to the amount of €164 million is therefore payable to Steinhoff N.V. The Steinhoff N.V. Loan Note is interest free, repayable on 15 August 2027 and has a second ranking over SIHPL's assets. Since the Steinhoff N.V. Loan Note is euro-denominated, a monthly forex adjustment is recognised on the loan. The loan is a limited recourse loan. Based on SIHPL's available assets and the loan's ranking, the full loan amount could be paid.			
	Limited recourse adjustment on Steinhoff N.V. loan	33.3.	**(40)**	-
	In terms of the SIHPL ICA entered into on 15 February 2022, the loan has a third ranking over SIHPL's assets and has become a limited recourse loan. Based on SIHPL's available assets, only a portion of this loan will be payable. An adjustment was therefore recognised to reduce the loan amount to the balance that will be payable based on the available assets of SIHPL.			
	Loss on initial recognition of Titan Receivable	12.1.5	**484**	2 209
	The Titan Receivable is a rand denominated receivable to the value of R3.4 billion, accruing no interest and repayable in 10 years following Settlement Effective Date. As SIHPL had already entered into a loan commitment in the 2021 Reporting Period to obtain a financial asset at more than its fair value, a R2.2 billion loan commitment was accounted for in the 2021 Reporting Period. This provision was derecognised against the Titan Receivable on initial recognition. An additional loss to the amount of R484 million was recognised on initial recognition by SIHPL through the Statement of Profit or Loss on acquisition of the receivable. The receivable is secured by a cession of up to 14 813 923 ordinary shares in Shoprite Holdings Limited.			
			3 257	2 209
4.2.8	**Fees relating to legal advisory and regulatory support**		**105**	259
	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.			
4.2.9	**Movement in Global Litigation Settlement Provision**	24.4	**306**	7 173
	As announced by the Steinhoff Group, Settlement Effective Date for the purpose of the Global Litigation Settlement occurred on 15 February 2022. For further details refer to note 24.			

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

4.2 Other expenses/(income) (continued)

	Notes	2022 Rm	2021 Rm
4.2.10 Costs associated with the Global Litigation Settlement provision			
Fair value adjustment - Synthetic Forward		**285**	341
Steinhoff Africa paid a portion of the Global Litigation Settlement provision on behalf of Steinhoff N.V.. As a result, Steinhoff Africa has, since December 2020, entered into forward exchange agreements with multiple banks in order to hedge against the foreign currency risk. All hedges have been exercised during the 2022 Reporting Period and foreign exchange losses realised.			
Provision - ACG lawyer fees	24.3	**(13)**	527
In order to improve recoveries to MPCs, the Steinhoff N.V. Group made available an amount of up to R520 million (€30 million), to pay in respect of certain fees, costs and work undertaken by the ACGs on the terms specified in the settlement documents.			
Provision - SRF cost contribution	24.3	**(68)**	351
A provision of up to €20 million was provided for during the 2021 Reporting Period as the Steinhoff N.V. Group's contribution to cover the costs of the SRF. On finalisation of the agreements between the Steinhoff N.V. Group and the SRF a total contribution of €16.5 million was agreed on, resulting in a reduction of R62 million in the provision in the 2022 Reporting Period. The remaining movements during the 2022 Reporting Period mostly relate to foreign exchange movements.			
		204	1 219
4.2.11 Recognition of Steinhoff Africa rights to Tekkie Town proceeds from SRF		**(220)**	-

As part of the Global Litigation Settlement with the former Tekkie Town owners (of which the terms were agreed on 15 December 2021), it was agreed that the former Tekkie Town owners will transfer control of all their Steinhoff related claims to Steinhoff Africa on Settlement Effective Date in exchange for the settlement as set out in the 2021 Consolidated Annual Financial Statements.

On 15 February 2022, Steinhoff Africa's claim against the SRF became virtually certain and was therefore recognised through the Statement of Profit or Loss. The value of the claim is dependent on the final pay-out ratio based on the total number and value of claims received by the SRF.

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

4.2 Other expenses/(income) (continued)

		Note	2022 Rm	2021 Rm
4.2.12	**Proceeds from Mayfair settlement**	24.4	**(22)**	-
	Mayfair Speculators Proprietary Limited ("**Mayfair**") issued a summons on 26 November 2020 against Steinhoff N.V., SIHPL and Markus Jooste claiming up to R4 billion (€247 million) on a joint and several basis. The claim is founded on damages suffered as a result of a share swap transaction in respect of shares in PSG Group Limited swapped by Mayfair for shares in SIHPL. The parties have settled the proceedings in terms of which Mayfair has agreed that its claim (as listed in SIHPL's S155 Scheme) will be fully compromised and limited to an amount of R1.00 (one rand). In exchange, certain other Steinhoff Group companies have agreed to limit their claims against Mayfair in Mayfair's own S155 proceedings to an amount of R200 million of which R22.1 million was recovered by the Group (a total of R44.3 million was recovered by the greater Steinhoff N.V. Group.)			
4.2.13	**Business interruption insurance income**		**(297)**	-
	During the prior year a total of 549 stores across the Pepkor Holdings group were impacted by the unrest and subsequent looting in July 2021. Stores were burnt, looted or damaged to varying degrees. In addition one of the distribution centres was looted. This lead to an impairment and scrapping of various categories of property, plant and equipment to the value of R76 million in the prior year. The Pepkor Holdings group submitted a claim to its insurers on the replacement value of the covered property, plant and equipment, which was paid out during September 2022 to the value of R297 million.			
4.2.14	**Derecognition of Lancaster 102 preference share investments and liability**	12.1.1 & 17.7		
	During the 2022 Reporting Period, a settlement agreement was reached whereby all previous preference share agreements were cancelled resulting in the derecognition of both the preference share investment and the Lancaster 102 financial liability.			
	Loss on derecognition of the Lancaster 102 preference share investment		**5 479**	-
	Gain on derecognition of the Lancaster 102 liability		**(5 479)**	-
			-	-
TOTAL OTHER INCOME FROM CONTINUING OPERATIONS			**(10 266)**	(3 297)
Reconciliation of Total other expenses/(income) from continuing operations				
Net impairment loss/(gain) on financial assets			**3 478**	(11 349)
Net other (income)/expenses			**(13 744)**	8 052
TOTAL OTHER INCOME FROM CONTINUING OPERATIONS			**(10 266)**	(3 297)

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

4.3 Operating expenses by nature

	Notes	2022 Rm	2021 Rm
Distribution expenses relates to selling activities which mainly include delivery costs, rent paid on warehouses and distribution centres and salaries and wages relating to logistics staff.			
Other distribution and administrative expenses include general administration expenses such as electricity, cleaning, stationery, repairs and other general operating costs.			
The material items included in distribution and administration expenses are set out below:			
4.3.1 Depreciation and amortisation			
Depreciation - Property, plant and equipment	9	**1 259**	1 203
Depreciation - Right-of-use assets	10	**2 819**	2 411
Amortisation	8	**218**	140
		4 296	3 754
Included in distribution and administration expenses		**4 291**	3 750
Included in cost of sales		**5**	4
		4 296	3 754
4.3.2 Auditor's remuneration			
Audit fees expensed		**63**	54
4.3.3 Employee benefit expenses			
Salaries and wages		**8 664**	8 105
Share-based payments (Pepkor Holdings Executive Share Right Scheme)	35.1	**260**	229
Share-based payments (cash-settled)	35.2	**5**	-
Contributions to defined benefit plans (post-retirement benefit expenses)		**229**	242
Contributions to defined contribution plans (post-retirement benefit expenses)		**102**	345
		9 260	8 921
The Group's manufacturing entities do not comprise a material part of the business and any employee benefit expense included in cost of sales is not considered material.			
4.3.4 Net foreign exchange losses/(gains)			
Net loss on forward exchange contracts		**172**	352
Net loss on conversion of monetary assets - realised		**165**	180
Net (gain)/loss on conversion of monetary assets - unrealised		**(125)**	38
		212	570
4.3.5 Lease related expenses			
Short-term rentals		**348**	434
Low value asset rentals		**13**	11
Variable lease payment not included in the measurement of the right of use asset/lease liability		**556**	442
		917	887
4.3.6 Debtors' costs			
Debtor/loan balances written off		**1 322**	1 395
Decrease in ECLs		**(155)**	(472)
Debtor/loan balances recovered		**(172)**	(138)
		995	785
4.3.7 Other distribution and administration expenses		**6 025**	5 625
TOTAL DISTRIBUTION AND ADMINISTRATION EXPENSES FROM CONTINUING OPERATIONS		**21 194**	20 139
Distribution expenses		**1 635**	1 917
Administration expenses		**19 559**	18 222
TOTAL DISTRIBUTION AND ADMINISTRATION EXPENSES FROM CONTINUING OPERATIONS		**21 194**	20 139

5. FINANCE COSTS AND INCOME FROM INVESTMENTS

	Finance Costs Rm	Finance income Rm	Net income/ (cost) Rm
2022			
Dividends received*	**-**	**192**	**192**
Finance costs and income from investments			
(Bank overdrafts)/Cash and cash equivalents	**(170)**	**588**	**418**
Lease liabilities	**(1 384)**	**-**	**(1 384)**
Loans and liabilities	**(947)**	**-**	**(947)**
Put option liability	**(52)**	**-**	**(52)**
Intragroup loans	**-**	**1 303**	**1 303**
Other	**(111)**	**162**	**51**
	(2 664)	**2 245**	**(419)**
2021			
Dividends received*	-	287	287
Finance costs and income from investments			
(Bank overdrafts)/Cash and cash equivalents	(162)	805	643
Lease liabilities	(1 318)	-	(1 318)
Loans and liabilities	(937)	4	(933)
Intragroup loans	-	255	255
Other	(126)	112	(14)
	(2 543)	1 463	(1 080)

** The majority of the dividends received relates to accrued dividends on the investment in preference shares of Lancaster 102 prior to the settlement. Refer to note 12 for terms of the preference share investment and detail of the settlement.*

5.1 Reconciliation to cash flow statement

	Finance Costs Rm	Finance income Rm	Net income/ (cost) Rm
Finance costs and income from investments recognised in profit or loss	**(2 664)**	**2 245**	**(419)**
Interest accrued but not paid*	**192**	**(1 505)**	**(1 313)**
Amortisation of debt raising fees	**15**	**-**	**15**
Discounting of trade payables/(receivables)	**124**	**(105)**	**19**
Put option liability recognised at amortised cost	**52**	**-**	**52**
Interest capitalised to property, plant and equipment	**(44)**	**-**	**(44)**
Cash (outflow)/inflow per the Consolidated Statement of Cash Flows	**(2 325)**	**635**	**(1 690)**

** Interest accrued but not paid relates mostly to interest on intergroup loans receivable and the Lancaster 102 asset and liability.*

ACCOUNTING POLICY

Interest income, finance costs and other finance income and costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Dividend income is recognised in the statement of profit or loss on the date that the Group's right to receive payment is established.

Other net finance income and expenses comprise unwinding of the discount on provisions recognised on investments.

6. TAXATION

Steinhoff Investments is a South African tax resident.

For periods ending 30 September 2022 and 30 September 2021 the corporate taxation rate in South Africa is 28%. Capital gains are taxed at 22.4%.

On 23 February 2022, the Minister of Finance in South Africa announced that the corporate income tax rate would be reduced to 27%, which will be become effective from the 2023 financial year.

ACCOUNTING POLICY

Current taxation

Included within the tax charge are charges relating to:

- Normal corporate taxation;
- Capital gains taxation;
- Dividends withholding taxation

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the Reporting Date, and any adjustment to tax payable in respect of previous periods.

Each entity in the Group has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing. If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the Reporting Date.

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable, on the basis of all available evidence it is considered more likely than not, that there will be suitable taxable profits against which the reversal of the deferred tax asset can be deducted.

Significant accounting estimate and judgments

Recoverability of deferred taxation assets

Deferred taxation 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 its ability to raise funding to maintain and support its operations.

Income taxation provision

The Group is subject to income taxation in more than one jurisdiction. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate taxation determination is uncertain during the ordinary course of business. Taxation positions are provided for based on either the most probable outcome method (the single most likely amount in a range of possible outcomes: the most likely amount may better predict the resolution of the uncertainty if the possible outcomes are binary or are concentrated on one value) or the expected value of the taxation position (the sum of the probability weighted amounts in a range of possible outcomes: the expected value may better predict the resolution of the uncertainty if there is a range of possible outcomes that are neither binary nor concentrated on one value), for each type of taxation provision.

6. TAXATION (continued)

6.1 Income tax expense recognised in profit or loss

Major components of the tax expense from continuing and discontinued operations:

	2022 Rm	2021 Rm
Current tax		
Income tax		
Current period	**2 166**	1 907
Prior period adjustments	**50**	90
Capital gains tax	**1**	4
Withholding tax	**54**	51
	2 271	2 052
Deferred taxation		
Originating and reversing temporary differences - current period	**55**	749
Changes in taxation rates	**(54)**	-
Adjustments relating to prior period	**(101)**	(1)
	(100)	748
Total tax from continuing operations	**2 171**	2 800
Components of the tax expense from discontinued operations:		
Current tax	**(21)**	55
	(21)	55
Total taxation expense recognised in profit or loss	**2 150**	2 855

Reconciliation of rate of taxation

	2022 Rm	2021 Rm
Profit before income tax from continuing operations	**19 199**	10 941
Profit before income tax from discontinued operations	**10**	16
	19 209	10 957
South African standard rate of taxation at 28%	**(5 379)**	(3 068)
Effect of different statutory taxation rates of subsidiaries in other jurisdictions	**18**	(6)
Effect of non-deductible expenses and tax-exempt income[1]	**2 929**	1 416
Unrecognised tax losses	**(160)**	(1 256)
Change in South African corporate tax rate[2]	**68**	-
Effect of profit of equity accounted companies	**43**	27
Prior period adjustments	**51**	(89)
Withholding taxes	**(50)**	(51)
Utilisation of previously unrecognised tax losses and temporary differences	**284**	205
Previously unrecognised tax losses raised	**7**	(1)
FCTR released through profit and loss	**8**	(28)
Other reconciling items	**31**	(4)
Total taxation expense recognised in profit or loss	**(2 150)**	(2 855)

[1] *Non-deductible expenses/tax-exempt income are largely attributable to impairments of intergroup loans, income/expenses of a capital nature and expenses not incurred in the production of income*

[2] *The corporate tax rate in South Africa reduced to 27%, which will be become effective from the 2023 financial year, the deferred taxation rate was therefore adjusted in the current year for temporary differences expected to reverse after 1 April 2023 to reflect the prospective change.*

6.2 Tax provisions

Tax provisions are included in the taxation payable balance. The taxation receivable and payable balances are disclosed on the face of the Statement of Financial Position.

6. TAXATION (continued)

6.3 Deferred tax assets and liabilities

	30 September 2022 Rm	30 September 2021 Rm
Total deferred tax assets	**3 022**	2 764
Total deferred tax liabilities	**(4 913)**	(4 782)

Recognised deferred tax balances comprises:

	30 September 2022 Rm	30 September 2021 Rm
Intangible assets and goodwill	**(4 042)**	(3 917)
Property, plant and equipment	**(134)**	(73)
Right-of-use assets	**(3 275)**	(3 262)
Lease liability	**4 170**	4 345
Provisions	**1 212**	980
Share-based payments	**163**	144
Taxation losses	**314**	69
Other*	**(299)**	(304)
Balance of net deferred tax assets and deferred tax liabilities at end of the period	**(1 891)**	(2 018)

** Included in Other are deferred taxes attributable to deferred revenue, prepayments, and unrealised foreign currency gains.*

In the 2021 Reporting Period, the deferred tax assets and liabilities were disclosed separately for each category above, however in the current Reporting Period it was decided to only disclose the net deferred tax balances. The disclosure for the 2021 Reporting Period was updated accordingly.

	Notes	30 September 2022 Rm	30 September 2021 Rm
Balance at beginning of period		**(2 018)**	(1 349)
Deferred tax of businesses acquired	27.1	**56**	-
Amounts charged directly to other comprehensive income:			
Cash flow hedging reserve and fair value reserves		**(60)**	52
Amounts charged directly to equity:			
Share-based payment reserves		**15**	37
Current period charge:			
From continuing operations	6.1	**100**	(748)
Other		**1**	-
Exchange differences on translation of foreign operations		**15**	(10)
Balance at end of the period		**(1 891)**	(2 018)

6.3 Deferred tax assets and liabilities

	30 September 2022 Rm	30 September 2021 Rm
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Unrecognised taxation losses	**3 582**	3 985
Deferred tax assets have not been recognised in respect of these items because it is not yet certain that future taxable profits will be available against which the Group can realise the benefits therefrom.		
Taxation losses		
Estimated recognised taxation losses available for offset against future taxable income	**950**	240

6.4 Expiry profile of taxation losses

The majority of the tax losses do not have expiry dates for utilisation.

7. EARNINGS PER SHARE

	2022 R Cents	2021 R 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.		
Basic and diluted earnings/(loss) per share		
From continuing operations	**25 807.2**	11 756.4
From discontinued operations	**56.4**	(70.9)
Basic and diluted earnings per share	**25 863.6**	11 685.5
Headline earnings/(loss) per share		
Headline earnings/(loss) is an additional earnings/(loss) number that is permitted by IAS 33: Earnings per Share ("**IAS 33**"). The starting point is profit/(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 earnings/(loss). This number is required to be reported by the JSE, where the Group is listed, and is defined by Circular 1/2021 Headline Earnings.		
Separately identifiable remeasurements are those where the applicable IFRS explicitly requires separate disclosure of the operating and/or the platform remeasurement in the Consolidated Financial Statements. No adjustments would be permitted on the basis of voluntary disclosure of gains or losses (or components of these).		
From continuing operations	**26 722.5**	11 992.7
From discontinued operations	**74.5**	(149.1)
Headline earnings per share	**26 797.0**	11 843.6

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

7.1 Weighted average number of ordinary shares

	Note	2022 Million	2021 Million
Issued ordinary shares at beginning of the period	29.2	**55**	55
Weighted average number of ordinary shares at end of the period for the purpose of basic earnings/(loss) per share and headline earnings/(loss) per share		**55**	55

7.2 Reconciliation of basic earnings/(loss) and headline earnings/(loss) attributable to the ordinary shareholders of Steinhoff Investments

	Notes	Continuing operations Rm	Discontinued operations Rm	Total Rm
2022				
Basic earnings for the period attributable to Owners of Steinhoff Investments		**14 194**	**31**	**14 225**
Adjusted for remeasurement items	7.3	**503**	**10**	**513**
Headline earnings attributable to Owners of Steinhoff Investments		**14 697**	**41**	**14 738**
2021				
Basic earnings/(loss) for the period attributable to Owners of Steinhoff Investments		6 466	(39)	6 427
Adjusted for remeasurement items	7.3	130	(43)	87
Headline earnings/(loss) attributable to Owners of Steinhoff Investments		6 596	(82)	6 514

7. EARNINGS PER SHARE (continued)

7.3 Remeasurement items as defined by the HEPS circular

	Notes	2022 Gross of taxation and non-controlling interests Rm	2022 Net of taxation and non-controlling interests Rm	2021 Gross of taxation and non-controlling interests Rm	2021 Net of taxation and non-controlling interests Rm
Remeasurement items reflect and affect the resources committed in producing operating/ trading performance and are not the performance itself. These items deal with the platform/capital base of the entity.					
Refer to note 4 for further details regarding the nature of the remeasurement items.					
Continuing operations					
Impairment	4.2.1	**698**	**611**	227	179
Goodwill		**-**	**-**	13	13
Intangible assets		**5**	**2**	-	-
Property, plant and equipment		**19**	**10**	58	45
Right-of-use asset		**118**	**43**	156	121
Investments in equity accounted companies		**556**	**556**	-	-
Loss on disposal of property, plant and equipment and intangible assets	4.2.3	**59**	**29**	32	21
Profit on sale and partial sale of investments	4.2.4	**(50)**	**(26)**	(70)	(70)
Business interruption insurance income	4.2.13	**(297)**	**(111)**	-	-
Remeasurement items - Continuing operations		**410**	**503**	189	130
Discontinued operations					
Impairment		**9**	**9**	-	-
Assets held-for-sale	1.1.1	**9**	**9**	-	-
Loss/(profit) on disposal of property, plant and equipment, intangible assets and scrapping of vehicle rental fleet	1.1.2	**1**	**1**	(41)	(41)
Profit on sale and partial sale of investments	1.1.3	**-**	**-**	(2)	(2)
Remeasurement items - Discontinued operations		**10**	**10**	(43)	(43)

8. INTANGIBLE ASSETS

ACCOUNTING POLICY

Goodwill

Goodwill is recognised as the excess of the:
• consideration transferred, plus
• the amount of any non-controlling interest in the acquired entity, and
• acquisition-date fair value of any previous equity interest in the acquired entity
over the fair value of the net assets acquired in a business combination.

Refer to note 27 for the accounting policy applied to business combinations.

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Calculation of profits and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Other intangible assets

Trade and brand names

Separately acquired trade and brand names are shown at historical cost. Trade and brand names acquired in a business combination are recognised at fair value at the acquisition date. The majority of the Group's trade and brand names have indefinite useful lives and are subsequently carried at cost less accumulated impairment losses. Internally generated trade and brand names are not recognised in the Statement of Financial Position.

Software and ERP systems

Purchased software is measured at cost less accumulated amortisation and impairment losses. Expenditure on internally developed software is capitalised when the expenditure qualifies as development activities, otherwise it is recognised in profit or loss when incurred.

Other intangible assets

Included in other intangible assets are patents, licenses and other contract-related intangible assets.

Amortisation of intangible assets with finite useful lives

Amortisation of intangible assets is recognised in profit or loss on a straight-line basis over the assets' estimated useful lives, unless such lives are indefinite.

Impairment of intangible assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Intangible assets with finite useful lives are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Intangible assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each Reporting Period.

Significant accounting estimates and judgements

Useful life of intangible assets

Software and ERP systems

The Group amortises software and ERP systems over their useful lives ranging between one and eight years using the straight-line method.

Indefinite useful life intangible assets

An indefinite life does not mean an infinite useful life, but rather that there is no foreseeable limit to the period over which the asset can be expected to generate cash flows for the entity.

Trade and brand names

The majority of the Group's trade and brand names have been assessed as having indefinite useful lives. The majority of these trade names and brand names were assessed independently at the time of the acquisitions, and the indefinite useful life assumptions were supported by the following evidence:

- The industry is a mature, well-established industry.
- The trade and brand names are long established, relative to the market, and have been in existence for a long time.
- The trade and brand names are therefore not vulnerable to typical product lifecycles or to the technical, technological, commercial or other types of obsolescence that can be seen to limit the useful lives of other trade names and brand names.
- There is a relatively low turnover of comparable intangible assets, implying stability within the industry.

8. INTANGIBLE ASSETS (continued)

	Notes	Goodwill Rm	Trade and brand names Rm	Software and ERP systems Rm	Other intangibles Rm	Total Rm
Balance at 1 October 2020		37 280	17 573	305	154	55 312
Additions		-	-	147	65	212
Amortisation		-	(1)	(137)	(2)	(140)
From continuing operations	4.3.1	-	(1)	(137)	(2)	(140)
Disposals		-	-	(4)	-	(4)
Acquired on acquisition of businesses	27.3	13	-	-	-	13
Impairment	8.1	(13)	-	-	-	(13)
From continuing operations	4.2.1	(13)	-	-	-	(13)
Transfer to property, plant and equipment		-	-	(10)	-	(10)
Balance at 30 September 2021		**37 280**	**17 572**	**301**	**217**	**55 370**
Additions		**-**	**-**	**219**	**50**	**269**
Amortisation	4.3.1	**-**	**(1)**	**(196)**	**(21)**	**(218)**
Disposals		**-**	**-**	**(7)**	**-**	**(7)**
Acquired on acquisition of businesses	27.1	**1 694**	**655**	**35**	**55**	**2 439**
Impairment	8.1 & 4.2.1	**-**	**(3)**	**(2)**	**-**	**(5)**
Reclassification between categories		**-**	**-**	**107**	**(107)**	**-**
Transfer from property, plant and equipment	9	**-**	**-**	**14**	**-**	**14**
Exchange differences on consolidation of foreign subsidiaries		**230**	**89**	**19**	**8**	**346**
Balance at 30 September 2022		**39 204**	**18 312**	**490**	**202**	**58 208**
Cost		**44 588**	**18 972**	**1 862**	**250**	**65 672**
Amortisation and impairment		**(5 384)**	**(660)**	**(1 372)**	**(48)**	**(7 464)**
Net book value at 30 September 2022		**39 204**	**18 312**	**490**	**202**	**58 208**
Cost		42 664	18 223	1 408	244	62 539
Amortisation and impairment		(5 384)	(651)	(1 107)	(27)	(7 169)
Net book value at 30 September 2021		37 280	17 572	301	217	55 370

	Goodwill Rm	Trade and brand names Rm	Software and ERP systems Rm	Other intangibles Rm	Total Rm
Classification of intangible assets					
2022					
Indefinite useful life assets	**39 204**	**18 297**	**-**	**-**	**57 501**
Definite life assets	**-**	**15**	**490**	**202**	**707**
	39 204	**18 312**	**490**	**202**	**58 208**
2021					
Indefinite useful life assets	37 280	17 556	-	-	54 836
Definite life assets	-	16	301	217	534
	37 280	17 572	301	217	55 370

8. INTANGIBLE ASSETS (continued)

Summary of net carrying value

	30 September 2022 Rm	30 September 2021 Rm
Goodwill	**39 204**	37 280
Indefinite useful life trade and brand names	**18 297**	17 572
Definite useful life intangible assets	**707**	518
	58 208	55 370

Management has identified the following CGUs to which goodwill and trade and brand names have been allocated. These CGUs do not represent a level higher than the operating segments identified in note 2.

	Goodwill		Trade and brand names	
	30 September 2022 Rm	30 September 2021 Rm	30 September 2022 Rm	30 September 2021 Rm
Goodwill and trade and brand names are considered a significant class of intangible assets to the Group. The carrying amount per segment is presented below:				
Pepkor Holdings*	**39 204**	37 280	**18 312**	17 572

** Pepkor Holdings has been identified as one CGU on a Steinhoff Investments Group level. For more detail on the CGUs at a Pepkor Holdings level and the Trade and Brand names included under these CGUs, refer to the published annual financial statements of Pepkor Holdings.*

When the Group acquires a business that qualifies as a business combination in respect of IFRS 3: Business Combinations, the Group determines the fair value of assets acquired, including identifiable intangible assets, and the liabilities assumed. Any excess of the aggregate of the consideration transferred, non-controlling interest in the acquiree and for a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, over the fair value of those net assets, is considered to be goodwill. The goodwill acquired in a business combination is allocated, at acquisition, to the Group of CGUs that is expected to benefit from that business. Goodwill is assessed for impairment annually, irrespective of whether there is any indication of impairment.

8.1 Impairment tests

Review of impairment

The impairment test compares the carrying amount of the CGU, including goodwill to the higher of the value in use, or fair value less cost to sell of the unit. The recoverable amount of the group of CGUs is determined from the fair value less cost to sell calculation, using a discounted cash flow model. The key assumptions for the fair value less cost to sell calculation are those regarding the discount rates, growth rates, expected changes to the revenue growth during the forecast period and working capital requirements. The discount rates are based on the weighted average cost of capital, while growth rates are based on management's experience and expectations. Growth rates used do not exceed the long-term average growth rate for the area in which the group of CGUs operates. Assumptions are based on past practices and expectations of future changes in the market, and are derived from the most recent financial budgets and forecasts that have been prepared by management for the next three years and extrapolated cash flows for the following years based on an estimated growth rate as set out below.

Below, the detailed impairment assessments at a Pepkor Holdings level is discussed based on the CGUs identified at a Pepkor Holdings level. On a Steinhoff Investments Group level Pepkor Holdings has been identified as one CGU.

Goodwill

Management assessed the various CGUs for impairment based on the input factors above and found it to be reasonable to not impair any goodwill. None of the CGUs were identified as being sensitive to further impairments in the current year.

8. INTANGIBLE ASSETS (continued)

8.1 Impairment tests (continued)

Review of impairment (continued)

Goodwill (continued)

An impairment charge is recognised for both goodwill and indefinite life intangible assets when the carrying amount exceeds the recoverable amount. The recoverable amount of the group of CGUs reflected the fair value less cost to sell. During the year no impairment was recognised (2021: R13 million impairment was processed relating to the Eezi CGU).

Intangible assets

An impairment charge is required for both goodwill and other indefinite life intangible assets when the carrying amount exceeds the recoverable amount. The recoverable amount of the group of CGUs reflected the fair value less cost to sell in both the current and prior year. Indefinite useful life intangible assets were tested for impairment during the year and no impairment was required in light of the recovery in the market over the last two years.

There is no indication based on a reasonable fluctuation in the key assumptions that the remaining balance of the indefinite useful life intangible assets should be impaired.

Software and ERP systems to the value of R2 million (2021: Rnil) were impaired in the current year due to the replacement of certain ERP systems.

All impairment testing was done consistently with methods used in the prior year.

The following table sets out the key assumptions for those CGUs that have significant goodwill and/or trade and brand names allocated to them:

	Pre-tax discount rate	Forecasted cash flows	Short- to medium-term revenue (annual growth rate)	Long term growth rate
30 September 2022				
Continuing operations				
Avenida (part of Pepkor Holdings)[1]	**24.9%**	**10 years**	**26.2%**	**6%**
Rest of Pepkor Holdings[2]	**17.9% to 23.1%**	**5 years**	**5% to 11.8%**	**4.5% to 6.0%**
30 September 2021				
Continuing operations				
Pepkor Holdings[2]	17.5% to 21.2%	5 years	3% to 10.4%	4.5% to 6.0%

[1] As Avenida (which forms part of the Pepkor Holdings group) is a newly acquired business, the key assumptions are disclosed separately for the 2022 Reporting Period to ensure comparability of the remaining Pepkor CGU's between the periods. Forecasted cash flows of 10 years was used relating to the calculation of the fair value less cost to sell of Avenida as the Pepkor Holdings group is of the opinion that the synergies and expansion plans for this recent acquisition will only start maturing after 5 years.

[2] This represents a summary of the Pepkor Holdings group's various goodwill models disclosed as part of their published 2022 annual financial statements.

Management has determined the values assigned to each of the above key assumptions as follows:

Pre-tax discount rate	Reflect specific risks relating to the relevant segments and the countries in which they operate.
Revenue	Average annual growth rate over the budgeted period; based on current industry trends and including long-term inflation forecasts for each group of CGUs.
Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rates are consistent with forecasts included in industry reports.
Forecasted cash flows	Management base future cash flow assumptions on historical performance and approved budgets.

Sensitivity analysis

Management has adjusted the cash flows of CGUs for entity-specific risk factors to arrive at the future cash flows expected to be generated from the group of CGUs. There is no indication based on a reasonable fluctuation in those risk factors that the goodwill or indefinite useful life intangible assets are further impaired or that the impairment model is sensitive to a reasonable change in the assumptions.

Based on sensitivity analysis of the post-tax discount rates being adjusted to the low and high of the post-tax discount rates determined, an increase and decrease of 0.5% in the short- to medium-term revenue (compound annual growth rate) and an increase and decrease of 0.5% in the long-term growth rate, no further impairments are required. A decrease in the annual revenue growth over the forecast period together with a decrease in the terminal growth rate of more than 124bps would result in the headroom being depleted (2021: nil).

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Significant accounting estimates

Residual value and useful life of buildings

Management has considered the most recent information regarding the estimated amount that an entity would currently obtain from disposal of the properties, after deducting the estimated costs of disposal, if these were already of the age and in the condition expected at the end of its useful life. The useful life and the residual values of the properties reflects the expected pattern of consumption of the future economic benefits embodied in these assets.

Impairment testing

Property, plant and equipment are only tested if an impairment indicator is identified. The Group evaluates, among other things, losses incurred, duration and the extent of losses and near-term business outlook.

ACCOUNTING POLICY

Owned assets

Property, plant and equipment are stated at cost to the Group, less accumulated depreciation and impairment losses.

Subsequent costs

The cost is recognised in the carrying amount of an item of property, plant and equipment at the cost of replacing part of such an item when the cost is incurred, if it is probable that additional future economic benefits embodied within the item will flow to the Group and the cost of such item can be measured reliably. Costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as an expense when incurred.

Depreciation

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over the estimated useful lives or in the case of leasehold improvements or other leased assets, the shorter lease term as follows:

• Buildings	15 - 50 years
• Plant and machinery	3 - 10 years
• Vehicles	4 - 10 years
• Office equipment and furniture	3 -16 years
• Computer equipment	2 - 4 years

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY (continued)

	Notes	Land and buildings Rm	Plant and machinery Rm	Leasehold improvements Rm	Furniture and fittings Rm	Other assets Rm	Total Rm
Balance at 1 October 2020		1 276	2 577	617	211	866	5 547
Additions		301	612	138	79	491	1 621
Depreciation	4.3.1	(37)	(644)	(187)	(78)	(257)	(1 203)
Disposals		-	(31)	(7)	(12)	(11)	(61)
Impairment	4.2.1	-	(50)	(3)	(2)	(3)	(58)
Acquired on acquisition of businesses		-	-	-	-	-	-
Reclassifications		-	14	46	38	(98)	-
Transfer from intangible assets		-	-	-	-	10	10
Reclassified from assets held-for-sale[1]	36	1 050	-	-	-	-	1 050
Exchange differences on consolidation of foreign operations		(6)	(29)	(2)	-	4	(33)
Balance at 30 September 2021		**2 581**	**2 465**	**602**	**236**	**993**	**6 877**
Additions		**576**	**940**	**242**	**117**	**450**	**2 325**
Depreciation	4.3.1	**(59)**	**(642)**	**(219)**	**(88)**	**(251)**	**(1 259)**
Disposals		**(1)**	**(74)**	**-**	**(2)**	**(14)**	**(91)**
Impairment	4.2.1	**(3)**	**(13)**	**(3)**	**-**	**-**	**(19)**
Acquisition of businesses	27.1	**-**	**17**	**346**	**6**	**29**	**398**
Reclassifications		**-**	**79**	**55**	**48**	**(182)**	**-**
Transfer to intangible assets	8	**-**	**-**	**-**	**-**	**(14)**	**(14)**
Reclassified from assets held-for-sale[1]	36	**19**	**-**	**-**	**-**	**-**	**19**
Exchange differences on consolidation of foreign operations		**23**	**48**	**29**	**1**	**6**	**107**
Balance at 30 September 2022		**3 136**	**2 820**	**1 052**	**318**	**1 017**	**8 343**
Cost		**3 382**	**6 181**	**2 546**	**734**	**2 733**	**15 576**
Accumulated depreciation and impairment		**(246)**	**(3 361)**	**(1 494)**	**(416)**	**(1 716)**	**(7 233)**
Net book value at 30 September 2022		**3 136**	**2 820**	**1 052**	**318**	**1 017**	**8 343**
Cost		2 767	5 664	1 518	656	2 478	13 083
Accumulated depreciation and impairment		(186)	(3 201)	(916)	(420)	(1 483)	(6 206)
Net book value at 30 September 2021		2 581	2 463	602	236	995	6 877

[1] *The properties disposed of by Properties - Africa to Pepkor Holdings were reclassified from held-for-sale to property, plant and equipment as these properties will remain within the Group. Majority of the properties were reclassified in the 2021 Reporting Period. The final property was reclassified from held-for-sale during the 2022 Reporting Period.*

Carrying values of the main components of the other assets per category are; Capital-work-in-progress (2022: R260 million; 2021: R277 million), vehicles (2022: R269 million; 2021: R273 million) and computer equipment (2022: R478 million; 2021: R441 million).

Plant and machinery includes retail shop fittings included under Pepkor Holdings disclosure of furniture and fittings.

Leasehold improvements, land and buildings and plant and machinery are reclassified from capital-work-in-progress when the asset is finished and available for use.

Impairments

The current year impairment losses mainly relate to assets of R14 million of property, plant and equipment damaged in the KwaZulu-Natal floods in April 2022 and R5 million for assets no longer in use.

KwaZulu-Natal flooding

During April 2022, KwaZulu-Natal experienced severe weather conditions which led to wide-scale flooding across the region. PEP's Isipingo distribution centre in Durban sustained significant damage, while the PEP Africa distribution centre was damaged to a lesser extent due to the flooding. An amount of R14 million was written off for property, plant and equipment damaged by the flooding. The Pepkor Holdings group is adequately insured for this type of event and is expected to receive an insurance claim payout relating to the replacement value of these property, plant and equipment in the 2023 financial year.

Social unrest

During the prior year a total of 549 stores across the Pepkor Holdings group were impacted by the unrest and subsequent looting in July 2021. Stores were burnt, looted or damaged to varying degrees. In addition one of the distribution centres was looted. This lead to an impairment and scrapping of various categories of property, plant and equipment to the value of R76 million in the prior year. The Pepkor Holdings group submitted a claim from its insurers on the replacement value of the covered property, plant and equipment, which was paid out during September 2022 to the value of R297 million.

10. RIGHT-OF-USE ASSETS

Significant accounting estimates

Leases

Lease terms applicable to lease agreements, relating to the Group's lease liabilities, are negotiated on an individual basis and contain a wide range of different terms and conditions. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Judgement is exercised in determining the likelihood of exercising termination or extension options in determining the lease term including considerations of the initial term/age of the lease, economic uncertainty of countries the Group trades in and uncertainty over the feasibility of certain business units.

Subsequent to the commencement date of lease agreements, lease terms are reassessed when there is a significant event or change in circumstances that is within the Group's control and affects its ability to exercise or not to exercise the option to renew or to terminate. Significant events could include a change in the Group's assessment of whether it is reasonably certain to exercise a renewal or termination option, which includes if a store is flagged for relocation or closure or if it is more favourable not to exercise the option.

Incremental borrowing rates applied in the measurement of certain lease liabilities are specific to the country, term, currency and start date of the applicable lease agreement. Incremental borrowing rates are based on a series of inputs including the prime lending rate, the JIBAR rate, a credit risk adjustment and a country specific adjustment.

ACCOUNTING POLICY

Leases

The Group's main leasing activities relates to that of retail stores, office space and distribution centres. On entering a contract the Group assesses whether a contract is, or contains, a lease based on the definition of a lease as per IFRS 16: Leases. The criteria to assess a contract includes whether a contract involves the use of an identified asset, the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use and the Group has the right to direct the use of the asset. The Group then allocates the consideration in the contract to each lease component on the basis of their stand-alone prices. The Group has applied the practical expedient to not reassess any contract entered into before the initial recognition date.

If a contract is assessed to be, or contain, a lease the Group recognises a right-of-use asset and corresponding lease liability at the lease commencement date over the lease term. The Group determines the lease term as the non-cancellable period of a lease, including any beneficial occupation periods, together with assessing if the lessee is reasonably certain to exercise an option available on a lease to extend or terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, management exercises judgement to assess the likelihood thereof. The lease term will not include any renewal options where there is no reasonable certainty that the lease will be renewed until the option is exercised.

Right-of-use asset

Initial and subsequent measurement

Right-of-use assets are initially measured at cost, which is made up of the initial measurement of the lease liabilities, any initial direct costs incurred by the Group, and any lease payments made in advance of the lease commencement date, less any lease incentives received. Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the relating lease liabilities as well as modifications of the lease. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life or lease term as noted above. Right-of-use assets are tested for impairment as part of the CGU it relates to (i.e. retail store) when indicators of impairment are identified and periodically reduced by the impairment losses, if required.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Refer to note 19 for initial and subsequent measurement of lease liabilities.

10. RIGHT-OF-USE ASSETS (continued)

	Notes	Land and buildings Rm	Other assets Rm	Total Rm
Balance at 1 October 2020		10 494	3	10 497
Additions		3 579	-	3 579
Remeasurement due to lease modifications and remeasurements		(1 202)	-	(1 202)
Depreciation	4.3.1	(2 409)	(2)	(2 411)
Impairment	4.2.1	(156)	-	(156)
Exchange differences on consolidation of foreign subsidiaries		(68)	-	(68)
Balance at 30 September 2021		**10 238**	**1**	**10 239**
Additions		**5 587**	**-**	**5 587**
Remeasurement due to lease modifications and remeasurements		**(2 269)**	**-**	**(2 269)**
Depreciation	4.3.1	**(2 818)**	**(1)**	**(2 819)**
Impairment	4.2.1	**(118)**	**-**	**(118)**
Acquisition of businesses	27.1	**360**	**-**	**360**
Exchange differences on consolidation of foreign subsidiaries		**129**	**-**	**129**
Balance at 30 September 2022		**11 109**	**-**	**11 109**
Cost		**15 283**	**1**	**15 284**
Accumulated depreciation and impairment		**(4 174)**	**(1)**	**(4 175)**
Net book value at 30 September 2022		**11 109**	**-**	**11 109**
Cost		13 328	9	13 337
Accumulated depreciation and impairment		(3 091)	(7)	(3 098)
Net book value at 30 September 2021		10 237	2	10 239

Remeasurement due to lease modifications

The remeasurement of the right-of-use assets and relating lease liability remeasurement (note 19) mainly relates to the following:

- Favourable lease renewals
- Retail footprint consolidation in specific retail brands

Impairment

The right-of-use assets relating to retail store's, office space and distribution centres are each seen as an individual CGU. The Group assesses each of these CGUs when indicators of impairment are identified, these mainly include loss-making stores and stores marked for closure. The impairment test compares the carrying amount of the CGU to the higher of the value-in-use, or fair value of the unit. For retail stores the recoverable amount of the CGU is determined from the value-in-use calculation, whereas office space and distribution centres CGUs are determined from its fair value. The key assumptions for the value-in-use calculation are those regarding the discount rates and growth rates. The discount rates are based on the pre-taxation weighted average cost of capital of 13.4% (2021: 12.9%) relating to South Africa (other African countries use different weighted average cost of capital rates, but the effect thereof is immaterial), while growth rates are based on management's experience and expectations which are in line with the growth rates used for the goodwill impairment assessment as per note 8. Growth rates used do not exceed the long-term average growth rate for the area in which the CGU operates.

Lease term

Right-of-use assets are written off over the shorter of the useful life or the lease term of the specific right-of-use asset. The lease term of the Group is generally between 3 to 5 years and if a lease contains an option to renew which is included in the lease term and if it is reasonably certain that the option will be exercised, the option period also ranges between 3 - 5 years.

11. INVESTMENTS IN EQUITY ACCOUNTED COMPANIES

ACCOUNTING POLICY

Principles of equity accounting

Associates

Associates are entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost.

Goodwill arising on the acquisition of associates and joint ventures is included in the carrying amount of the associates and joint ventures.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising on the deemed disposal of investments in equity accounted companies are recognised in profit or loss.

When there is a dilution in the Group's shareholding in an investment in an equity accounted company, the dilution ratio is applied to the Group's share of other reserves of the equity accounted company and are released through other comprehensive income or profit or loss depending on the allowable treatment per the IFRS applicable to the transactions that built up that reserve.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where the financial year-end of the equity accounted entity differs by no more than three months from the Group year-end, the Group will adjust the equity accounted carrying value by any known material transactions that took place between the Group year-end and that of the financial year-end of the equity accounted company.

Impairment of investments in equity accounted companies

Investments in equity accounted companies are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use.

Losses in an equity accounted investment are only recognised to the extent of the carrying amount. Excess losses are tracked and any subsequent share in profit of the equity accounted investment will first reduce the excess loss.

11. INVESTMENTS IN EQUITY ACCOUNTED COMPANIES (continued)

Set out below are the associates and joint ventures of the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held, except where indicated otherwise.

11.1 Detail of the equity accounted investments of the Group

Name of business	Place of business / country of incorporation	Nature of business	% holding 30 September 2022	% holding 30 September 2021	Carrying value Rm 30 September 2022	Carrying value Rm 30 September 2021
Unlisted*						
IEP	South Africa	Investment company	**25.99**	25.99	**-**	2 604
S'Ya Phanda Proprietary Limited	South Africa	BEE consulting services	**46.0**	46.0	**65**	55
					65	2 659

** Associates are owned by private equity - no quoted prices are available.*

11.2 Reconciliation of the aggregate carrying values of equity accounted companies

	Notes	30 September 2022 Rm	30 September 2021 Rm
Balance at the beginning of the period		**2 659**	2 526
Loans provided to equity accounted investments	11.3	**5**	1
Impairments:			
From continuing operations	11.4	**(556)**	-
Transferred to assets held-for-sale	36	**(2 155)**	-
Share of profit or loss:			
From continuing operations		**153**	111
Share of other comprehensive income		**2**	(1)
Share of other reserves		**2**	87
Dividends received:			
IEP		**(45)**	(65)
Carrying values of equity accounted companies at the end of the period		**65**	2 659

11.3 Loans provided to equity accounted investments during the period

The Pepkor Holdings group holds 46 shares at R1 each in S'Ya Phanda Proprietary Limited and advanced loan funding to the entity for black supplier development initiatives. The entity provides BEE consulting services and is intended to make strategic investments.

R55 million of the interest in associate relate to a loan that is secured, interest free and is repayable on 396-day notice. The loan was assessed for impairment using the ECL model. Management concluded that the impact is not deemed to be material for both the 2021 and 2022 Reporting Periods.

Through the shareholder agreement, Pepkor Holdings is guaranteed one of three or two of five seats on the board of S'Ya Phanda Proprietary Limited and participates in all significant financial and operating decisions. The Group has therefore determined that it has significant influence over this entity.

11.4 Significant accounting judgements relating to impairment of equity accounted investments

The Group considers whether any impairment indicators are present with regards to its investments in equity accounted companies by reference to the underlying investments profitability, access to operational funding and any other factors that could impact the investment's ability to deliver returns to the Group.

With exception to the impairment of IEP discussed below, no further impairment indicators were identified during the 2022 Reporting Period.

11. INVESTMENTS IN EQUITY ACCOUNTED COMPANIES (continued)

11.4 Significant accounting judgements relating to impairment of equity accounted investments (continued)

IEP

The IEP Group has a majority shareholding in Bud Group. The Bud Group consists of various sub-groups (subsidiaries) and associate investments with businesses in the chemicals, minerals and industrial services sectors.

Held for sale classification

The IEP shareholders have approved a restructure to facilitate an exit by certain IEP shareholders, including the Steinhoff Investments Group through Mons Bella, by way of a share buy-back. The restructure entails the transfer of certain assets to a newco, to facilitate the orderly disposal of those assets. As the newco disposes of the assets, the consideration received for the disposal will be advanced to exiting shareholders on an interest free loan account ("**Exit Loan**") until such time that the share buy-back is complete. The repurchase of the shares by IEP from exiting shareholders will then be settled by offsetting it against the Exit Loan. IEP management is deemed committed to the plan, the assets are in a condition that is ready for disposal, active buyers are being sourced and the assets are being marketed for reasonable price as determined by management. The Group will also no longer have rights to dividends declared after 1 December from operational profits generated by IEP from non-disposal assets, instead this will be offset against the Exit Loans. In substance the Group has entered into an earnout arrangement for the disposal of shares held in IEP. The interest in IEP will change, once all the conditions precedent on the Transaction Implementation Agreement ("**TIA**") are met, from an investment in equity instrument to a contractual right to cash for the future buy-back of shares held in IEP. The last conditions precedent to the TIA was fulfilled on 30 November 2022 and accordingly the restructure is unconditional and the Group will account for IEP as a financial asset from this date. The first disposals are estimated to occur within 12 months, IEP was classified as held-for-sale accordingly.

Impairment

The value of IEP has been written down to the expected realisation value (fair value less cost to sell) of the disposal assets, resulting in an impairment of R556 million being recognised.

11.5 Commitments

The Group's obligation in respect of losses and contingent liabilities from equity accounted companies is limited to the extent of the carrying values of the investments including loans and preference share investments.

11.6 Summarised information in respect of material equity accounted companies

The table below provides summarised financial information for those equity accounted investments that are material to the Group, excluding equity accounted investments that is classified as held-for-sale as at the Reporting Date. The information disclosed reflects the amounts presented in the management accounts or financial statements of the relevant equity accounted companies and not the Group's share of those amounts.

Adjustments are made for material transactions occurring between equity accounted company's reporting date and Steinhoff Investments' Reporting Date (where necessary).

The Group has compared the accounting policies of these companies to those of the Group and have found no material differences that require adjustment.

	IEP 9 Months ended 30 September 2021 Rm
Revenue	11 642
Profit for the period from continuing operations	781
Profit for the period from discontinued operations	-
Profit for the period	781
Other comprehensive loss for the period	(4)
Total comprehensive income for the period	777

	As at 30 September 2021 Rm
Non-current assets	19 728
Current assets	6 170
Non-current liabilities	(8 729)
Current liabilities	(3 044)
Non-controlling interests	(2 825)
Net assets	11 300
% ownership by Group	25.99%
Group's share of net assets	2 937
Adjustment for material transactions and foreign currency differences	-
Cumulative Impairment	(333)
Carrying amount of the Group's interest	2 604

12. OTHER FINANCIAL ASSETS

	Notes	30 September 2022 Rm	30 September 2021 Rm
Non-current other financial assets			
At amortised cost	12.1	**1 204**	5 361
At fair value through other comprehensive income	12.2	**95**	121
		1 299	5 482
Current other financial assets			
At amortised cost	12.1	**110**	31
Total other financial assets		**1 409**	5 513

12.1 At amortised cost

The Group recognises its financial assets 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 after the Reporting Date.

	Notes	30 September 2022 Rm	30 September 2021 Rm
Financial assets at amortised cost including the following debt instruments:			
Unlisted preference shares – Lancaster 102	12.1.1	**-**	5 286
Unlisted bonds	12.1.2	**-**	52
Unlisted investments		**5**	-
Investments with banking institutions serving as security over term loans	12.1.3	**107**	-
Interest-bearing loans	12.1.4	**23**	54
Titan Receivable	12.1.5	**1 162**	-
Non-interest bearing loans		**17**	-
		1 314	5 392

12.1.1 Unlisted preference shares

At the beginning of the 2018 Reporting Period, Steinhoff Africa subscribed for 1 000 preference shares to the value of R4 billion in Lancaster 102. The preference shares accrue dividends at 80% of the SA prime lending rate as quoted by Standard Bank Group Limited or its successor in title in South Africa. The preference shares are redeemable after 5 years from issue with the option to extend for a further 2 years.

During the 2022 Reporting Period, a settlement agreement was reached whereby all previous preference share agreements were cancelled resulting in the derecognition of both the preference share investment and the Lancaster 102 financial liability.

12.1.2 Unlisted bonds

	30 September 2022 Rm	30 September 2021 Rm
Unlisted bonds held by Pepkor Holdings consist of:		
Standard Bank bond: issued by Standard Bank Angola	**-**	52
	-	52

Angola government bonds held by Pepkor Holdings

	Denomination	Issue date	Coupon interest rate	Maturity date
2021				
Standard Bank bond	Angola Kwanza	11/12/2018	17.00%	11/12/2021

The government bonds matured during the current financial year and was reinvested in fixed deposits and bank accounts. (2021: The maximum exposure to credit risk at reporting date was limited to the carrying value. None of the government bonds were past due or impaired. The group did not hold any collateral as security.)

The Moody's credit rating classified the credit risk relating to Angola bonds as at the end of the 2021 Reporting Period at B3.

12.1.3 Investments with banking institutions serving as security over term loans

Investments with banking institutions relates to cash held as security over the Avenida term loans and bank guarantees. The investments held as security bears interest at 100%-103% of the Brazilian Interbank Deposit Certificates rate and are invested mostly with banking institutions with a Ba3 credit rating. These investments approximates 30% of the outstanding term loans and can be redeemed as the term loans are settled.

12. OTHER FINANCIAL ASSETS (continued)

12.1.4 Interest-bearing loans

Pepkor Holdings loans to current and previous members directors and employees

Included in the balance of interest-bearing loans are loans advanced by Pepkor Holdings to current and previous employees in prior years to enable them to purchase shares in BVI. Following the Steinhoff Global Litigation Settlement, BVI distributed Pepkor shares and/or cash to its shareholders (the employees) which resulted in the Pepkor Holdings group recovering loans from employees to the value of R107 million. Following the settlement, only 8 loans are still outstanding to the value of R12 million which the Pepkor Holdings group is in the process of recouping.

The loans to current members of key management bear interest at market-related interest rates. The remaining loans with previous members of key management are repayable in accordance with agreed payment plans, bearing interest at market-related interest rates. These loans are shown net of a provision for expected credit losses of R10 million (2021: R100 million). Refer to note 22 for detail on the ECL assessment.

12.1.5 Titan Receivable

As part of the implementation of the Global Litigation Settlement, SIHPL issued the Newco 2A Loan Note to Newco 2A on Settlement Effective Date, to the amount of €220 million in consideration for SIHPL's acquisition of the Titan Receivable.

The Titan Receivable has the following terms:

- R3.4 billion principal outstanding;
- Zero coupon;
- Repayment date of 10 years plus one day from Settlement Effective Date and voluntarily repayable without penalty at any time; and
- Security in favour of SIHPL over up to 14 813 923 ordinary shares in Shoprite Holdings Limited.

As SIHPL had already entered into a loan commitment in the 2021 Reporting Period to obtain a financial asset at more than its fair value, a R2.2 billion loan commitment was accounted for in the 2021 Reporting Period (refer to note 24.5). This provision was derecognised against the Titan Receivable on initial recognition.

On initial recognition the Titan Receivable was recognised at its fair value, resulting in an additional loss of R484 million being recognised (refer to note 4.2.7).

Interest recognised on the effective interest method

The Titan Receivable's gross carrying amount was calculated using the effective interest method as required by IFRS. The gross carrying amount is calculated by discounting the estimated future cash flows of the financial asset through the expected life of it using the effective interest rate.

The effective interest rate (12.07%) was calculated considering the contractual terms of the instrument and is inclusive of counterparty credit risk. The difference between the effective interest rate and the coupon rate (0%) is the amortisation during the period recognised as interest income in the Statement of Profit or Loss.

ECL

The Titan Receivable is a purchased credit-impaired financial assets, as a result the ECL is calculated on lifetime losses.

As noted, Titan has provided security in the form of 14 813 823 Shoprite ordinary shares. These shares are held in a custody account by RMB (the custodian). Given default, the security is expected to significantly reduce the loss. Management concluded that, based on the current and estimated future value of the shares, which was calculated by using a long-term inflation rate, the security provided will be sufficient to cover the receivable should a default occur. As a result, any ECL is immaterial.

12.2 At fair value through other comprehensive income

Investment in Steinhoff N.V.

Majority of the other financials held at fair value through other comprehensive income relates to the investment in Steinhoff N.V. shares. The investment in Steinhoff N.V. comprises 40 186 472 (2021: 40 186 472) ordinary shares held by various entities in the Group. The investment has been designated to be classified as at fair value through other comprehensive income with the fair value being determined by using the 30-day VWAP of the Steinhoff N.V. share price.

The Steinhoff N.V. shares are not held for trading but rather as a strategic investment for the greater Steinhoff N.V. Group, therefore management deemed the classification at fair value through other comprehensive income as more appropriate.

Amounts recognised in other comprehensive income and profit or loss

	2022 Rm	2021 Rm
(Loss)/gain recognised in other comprehensive income	(35)	96

13. TRADE AND OTHER RECEIVABLES

	Notes	30 September 2022 Rm	30 September 2021 Rm
Financial assets			
Non-current trade and other receivables			
Loans to customers		**5**	-
		5	-
Current trade and other receivables			
Trade receivables		**1 823**	1 636
Instalment sale receivables		**1 751**	1 523
Credit sales through store cards		**4 089**	3 092
Loans to customers		**2 220**	1 886
Gross trade, instalment sale and loan receivables		**9 883**	8 137
Less: Provision for expected credit losses - Trade receivables	22.3	**(196)**	(153)
Less: Provision for expected credit losses - Instalment sale receivables	22.3	**(544)**	(547)
Less: Provision for expected credit losses - Credit sales through store cards	22.3	**(860)**	(633)
Less: Provision for expected credit losses - Loans to customers	22.3	**(378)**	(350)
Net trade, instalment sale and loan receivables		**7 905**	6 454
Other amounts due		**1 394**	1 745
Less: Provision for impairments - Other amounts due	22.3	**(67)**	(113)
Rights to Tekkie Town proceeds from SRF	4.2.11	**220**	-
Derivative financial assets	22.1	**608**	145
		10 060	8 231
Non-financial assets			
Current trade and other receivables			
Prepayments		**299**	197
Value Added Tax receivable		**251**	126
		550	323
Total			
Non-current trade and other receivables		**5**	-
Current trade and other receivables		**10 610**	8 554
		10 615	8 554

Classification of trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Instalment sale and loan receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. For normal trade receivables the credit period on the sale of goods is between 30 and 90 days and are therefore classified as current. The Group has adopted the IFRS 15 expedient where no interest is recognised on trade receivables repayable within 12 months.

Other amounts due

Included in other amounts due are creditors with debit balances and various other receivables.

13. TRADE AND OTHER RECEIVABLES (continued)

Instalment sale receivables, credit sales through store cards and loans to customers

For normal trade receivables the credit period on the sale of goods is between 30 and 90 days, whereas the credit period for credit granted through store cards is between 30 and 360 days, and instalment sales can be up to three to five years. Where relevant, interest is charged at rates as determined by the National Credit Act on the gross outstanding balances, unless the outstanding balance is credit-impaired, in which case interest is calculated on the net outstanding balance.

Before accepting any new customers, credit risk management uses various credit bureaux and performs credit assessments. These customers' credit ratings are reviewed on a regular basis. To assess the new customer's credit potential and credit limit, the credit rating together with the customer affordability, as detailed below, is taken into consideration.

For credit sales through instalment sale receivables customer affordability is also taken into consideration before accepting any new customers. This process involves collecting information regarding the customer's income, current debt obligations and additional expenses. The Group has its own expense model, in addition to the National Credit Regulator's expense table. The following factors are then taken into consideration, in consultation with the customer, to conclude the affordability of each: assessing existing financial means and prospects, existing financial obligations and debt repayment history.

For credit sales through store cards in South Africa and Botswana, Lesotho, Namibia, Eswatini (BLNE) countries, customer affordability is also taken into consideration before accepting any new customers. This process involves collecting information regarding the customer's income and expenses as well as independently obtained data regarding the prescribed minimum expenses and listed credit commitments. The customer's disposable income is then derived and the calculation with the most conservative value is used in determining the potential customer's credit limit.

For credit sales through store cards in Brazil, customer affordability is also taken into consideration before accepting any new customers. This process involves collecting information regarding the customer's income and expenses as well as credit score models obtained from authorised agencies regarding the credit approval and purchase limits.

Given the diverse nature of the Group's operations, it does not have significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers.

No customer represents more than 5% of the total trade receivables at year-end.

Instalment sale receivables are classified as current regardless of the maturity terms as they form part of the normal operating cycle.

Loans to customers consist of unsecured lending with repayment terms of between 3 and 12 months and existing customers rescheduled loans of between 3 and 24 months. These loans attract interest based on rates determined by the National Credit Act.

Fair values of trade and other receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

Derivatives

Refer to note 21 and 22 for details regarding the determination of their fair values and the types of derivatives, respectively.

Impairment and risk exposure

Information about the impairment of trade and other receivables, the calculation of the loss allowance, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 22.

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group holds the following financial assets and financial liabilities:

	Notes	At fair value through profit or loss[1] Rm	At fair value through other comprehensive income[1] Rm	At amortised cost Rm	Total carrying values Rm
30 September 2022					
Other financial assets[3]	12	**-**	**95**	**1 204**	**1 299**
Trade and other receivables	13	**-**	**-**	**5**	**5**
Intragroup loans and receivables	33	**-**	**-**	**11 663**	**11 663**
Non-current financial assets		**-**	**95**	**12 872**	**12 967**
Trade and other receivables	13	**-**	**-**	**9 452**	**9 452**
Derivative financial assets	13	**10**	**598**	**-**	**608**
Other financial assets	12	**-**	**-**	**110**	**110**
Cash and cash equivalents	16	**-**	**-**	**6 522**	**6 522**
Intragroup loans and receivables		**-**	**-**	**3 117**	**3 117**
Current financial assets		**10**	**598**	**19 201**	**19 809**
Borrowings	17	**-**	**-**	**(20 505)**	**(20 505)**
Put option liability	18	**-**	**-**	**(682)**	**(682)**
Lease liabilities[2]	19	**-**	**-**	**(11 867)**	**(11 867)**
Intragroup loans and payables	33	**-**	**-**	**(5 099)**	**(5 099)**
Non-current financial liabilities		**-**	**-**	**(38 153)**	**(38 153)**
Borrowings	17	**-**	**-**	**(1 707)**	**(1 707)**
Lease liabilities[2]	19	**-**	**-**	**(2 838)**	**(2 838)**
Trade and other payables	20	**(32)**	**(4)**	**(14 056)**	**(14 092)**
Intragroup loans and payables	33	**-**	**-**	**(4 669)**	**(4 669)**
Current financial liabilities		**(32)**	**(4)**	**(23 270)**	**(23 306)**
		(22)	**689**	**(29 350)**	**(28 683)**
30 September 2021					
Other financial assets[3]	12	-	121	5 361	5 482
Intragroup loans and receivables		-	-	14 008	14 008
Non-current financial assets		-	121	19 369	19 490
Trade and other receivables	13	6	139	8 086	8 231
Other financial assets	12	-	-	31	31
Cash and cash equivalents	16	-	-	28 870	28 870
Intragroup loans and receivables		-	-	11	11
Current financial assets		6	139	36 998	37 143
Borrowings	17	-	-	(38 511)	(38 511)
Lease liabilities[2]	19	-	-	(11 960)	(11 960)
Non-current financial liabilities		-	-	(50 471)	(50 471)
Borrowings	17	-	-	(5 717)	(5 717)
Lease liabilities[2]	19	-	-	(2 380)	(2 380)
Trade and other payables	20	(441)	(155)	(11 625)	(12 221)
Intragroup loans and payables	33	-	-	(3 197)	(3 197)
Current financial liabilities		(441)	(155)	(22 919)	(23 515)
		(435)	105	(17 023)	(17 353)

[1] *Includes derivative financial instruments.*

[2] *Measured in terms of IFRS 16.*

[3] *Other financial assets measured at fair value through other comprehensive income consists of equity instruments which are initially measured at fair value through other comprehensive income.*

The Group's exposure to various risks associated with the financial instruments is discussed in note 22. The maximum exposure to credit risk at the end of each Reporting Period is the carrying amount of each class of financial assets mentioned above.

15. INVENTORIES

15.1 Reconciliation of inventory

	30 September 2022 Rm	30 September 2021 Rm
Merchandise and finished goods	15 886	12 463
Goods in transit	1 864	1 524
Raw materials and other inventories	133	85
Inventory before provision	17 883	14 072
Less: provision for inventory write downs*	(817)	(725)
Net Inventories	17 066	13 347

** Comprises mainly provision against merchandise and finished goods*

15.2 Amount of write-down of inventories to net realisable value recognised in cost of sales as an expense during the period

	30 September 2022 Rm	30 September 2021 Rm
	(851)	(810)

15.3 Movement in the provision for inventory shrinkage, obsolescence and markdowns

	30 September 2022 Rm	30 September 2021 Rm
Balance at the beginning of the year	(725)	(785)
Acquired on acquisition of businesses	(13)	(4)
Charge for the year	(334)	(245)
Amounts used during the year	235	97
Unused amounts reversed	33	201
Amounts written off	-	5
Foreign currency translation	(13)	6
Balance at the end of the year	(817)	(725)

ACCOUNTING POLICY

Merchandise and finished goods

Merchandise and finished goods are stated at the lower of cost and net realisable value. Merchandise, raw materials and consumables are initially recognised at cost, using the weighted average cost formula. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material and finished goods but excludes borrowing costs.

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Amounts recognised in profit or loss

Write-downs of inventories to net realisable value were recognised as an expense during the period and included in 'cost of sales' in profit or loss.

16. CASH AND CASH EQUIVALENTS

	30 September 2022 Rm	30 September 2021 Rm
Current assets		
Cash at bank and on hand	**4 953**	6 620
Funds and deposits on call	**1 569**	22 250
	6 522	28 870

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Term deposits are presented as cash equivalents if they have maturity of three months or less from the date of acquisition and are repayable within 24-hour notice with no loss of interest.

Restricted cash

The Group has restricted cash balances of R907 million (2021: R870 million) held by various subsidiaries within the Group.

R671 million (2021: R652 million) of the restricted cash balance relates to loan repayments from Ibex (Europe) (a European fellow subsidiary) which has not been cleared by the Financial Surveillance Department of the South African Reserve Bank (“**FinSurv**”) as at the Reporting Date.

Local currency cash and short-term deposits of R236 million (2021: R218 million) are held in Angola and Nigeria and are subject to onerous local exchange control regulations. These local exchange control regulations impose restrictions on exporting capital from these countries, other than through normal dividends. These restricted cash balances held by the respective subsidiaries of the Pepkor Holdings group are not available for general use by the rest of the group.

17. BORROWINGS

ACCOUNTING POLICY

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Modification of debt

An exchange between an existing borrower and lender of debt instruments with substantially different terms should be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Terms are deemed to be substantially different when the discounted present value of the cash flows under the new terms is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

17.1 Analysis of closing balance

		30 September 2022			30 September 2021		
		Current	Non-current	Total	Current	Non-current	Total
	Notes	Rm	Rm	Rm	Rm	Rm	Rm
Secured financing							
Pepkor Holdings		**1 707**	**10 351**	**12 058**	431	10 720	11 151
Term loans and facilities	17.8	**329**	**7 930**	**8 259**	-	7 500	7 500
Floating rate notes	17.8	**800**	**2 406**	**3 206**	-	3 206	3 206
Bank overdraft		**578**	**-**	**578**	431	-	431
Other	17.8	**-**	**15**	**15**	-	14	14
Group services							
S155 Settlement Note	17.6	**-**	**10 154**	**10 154**	-	-	-
		1 707	**20 505**	**22 212**	431	10 720	11 151
Unsecured financing							
Group services							
SIHPL CPU	17.6	**-**	**-**	**-**	-	27 791	27 791
Lancaster 102 liability	17.7	**-**	**-**	**-**	5 286	-	5 286
		-	**-**	**-**	5 286	27 791	33 077
Total borrowings		**1 707**	**20 505**	**22 212**	5 717	38 511	44 228

17. BORROWINGS (continued)

17.2 Reconciliation of borrowings balances

	Note	Group services Rm	Pepkor Holdings Rm	Total Rm
Opening balance - 1 October 2020		36 165	12 939	49 104
Repayable within one year		9 736	419	10 155
Repayable after one year		26 429	12 520	38 949
Repayment of term loans and facilities		-	(4 500)	(4 500)
Repayment of interest		-	(812)	(812)
Partial settlement of Pepkor Holdings preference shares		-	(2 000)	(2 000)
Additional financing		-	4 712	4 712
Interest accrued		287	812	1 099
Bank overdrafts	5	-	162	162
Loans and liabilities	5	287	650	937
Foreign exchange movement		(3 375)	-	(3 375)
Closing balance - 30 September 2021		**33 077**	**11 151**	**44 228**
Repayable within one year		**5 286**	**431**	**5 717**
Repayable after one year		**27 791**	**10 720**	**38 511**
Repayment of term loans and facilities		**-**	**(5 338)**	**(5 338)**
Repayment of interest		**-**	**(925)**	**(925)**
Derecognition of Lancaster 102 liability	12.1.1	**(5 479)**	**-**	**(5 479)**
Derecognition of SIHPL CPU	4.2.6	**(27 125)**	**-**	**(27 125)**
Recognition of S155 Settlement Note	4.2.6	**11 554**	**-**	**11 554**
Limited recourse adjustment - S155 Settlement Note	4.2.6	**(1 455)**	**-**	**(1 455)**
Additional financing	17.8	**-**	**5 147**	**5 147**
Interest accrued		**192**	**925**	**1 117**
Bank overdrafts	5	**-**	**170**	**170**
Loans and liabilities	5	**192**	**755**	**947**
Acquired at acquisition of subsidiaries	27.1	**-**	**976**	**976**
Foreign exchange movement		**(610)**	**122**	**(488)**
Closing balance - 30 September 2022		**10 154**	**12 058**	**22 212**
Repayable within one year		**-**	**1 707**	**1 707**
Repayable after one year		**10 154**	**10 351**	**20 505**

17. BORROWINGS (continued)

17.3 Contractual maturities of borrowings

The following are the remaining contractual maturities of borrowings at the Reporting Date. The amounts are gross and undiscounted, and include contractual interest payments.

	Contractual cash flows					
	1 - 12 months Rm	Between 1 and 2 years Rm	Between 2 and 5 years Rm	Over 5 years Rm	Total Rm	Carrying amount Rm
At 30 September 2022						
Pepkor Holdings						
All external borrowings	**2 336**	**3 089**	**9 150**	**1**	**14 576**	**12 058**
	2 336	**3 089**	**9 150**	**1**	**14 576**	**12 058**
Group services						
S155 Settlement Note	**-**	**-**	**10 154**	**-**	**10 154**	**10 154**
	-	**-**	**10 154**	**-**	**10 154**	**10 154**
Total interest-bearing loans and borrowings	**2 336**	**3 089**	**19 304**	**1**	**24 730**	**22 212**
At 30 September 2021						
Pepkor Holdings						
All external borrowings	1 034	6 379	5 358	1	12 772	11 151
	1 034	6 379	5 358	1	12 772	11 151
Group services						
SIHPL CPU	-	27 791	-	-	27 791	27 791
Lancaster 102 liability	5 286	-	-	-	5 286	5 286
	5 286	27 791	-	-	33 077	33 077
Total interest-bearing loans and borrowings	6 320	34 170	5 358	1	45 849	44 228

17.4 Secured liabilities and assets pledged as security

The S155 Settlement Note is a limited recourse loan with third ranking security over SIHPL's assets, as a result the liability is limited to SIHPL's available assets after taking into account the available assets required to settle the first and second ranking security liabilities.

Long- and short-term investments at banking institutions serves as security over the Avenida's term loans in the current year as detailed in note 12. No other financial assets have been pledged as collateral for either year presented.

17.5 Compliance with loan covenants

Steinhoff Investments as well as the greater Steinhoff N.V. Group complied with all loan covenants during the Reporting Periods presented. For more detail on covenants in place, refer to note 22.5.

17.6 SIHPL CPU/S155 Settlement Note

SIHPL served as co-guarantor for the 2021 and 2022 convertible bonds issued in 2014 and 2015 by Steinhoff Finance Holdings GmbH ("**SFHG**"), a subsidiary of the Steinhoff N.V. Group. Prior to the approval of SFHG's Company Voluntary Arrangement ("**CVA**") in December 2018, the 2021 and 2022 convertible bonds were accelerated against SFHG (as issuer) and SIHPL and Steinhoff N.V. (as guarantors). As part of the CVA implementation in August 2019 the 2021 and 2022 convertible bonds were restructured into the 21/22 Term Loan Facility and SIHPL's due payment obligation arising from its 2014 and 2015 guarantee was deferred to 31 December 2021 on terms set out in the SIHPL CPU. SIHPL's obligation under the SIHPL CPU was limited to the principal amount of the facility, €1.581 billion.

The value of the SIHPL CPU was euro-denominated. The rand/euro exchange rate strengthened from 17.5629 at 30 September 2021 to 17.1539 at 15 February 2022 when the SIHPL CPU was derecognised (Refer to note 4.2.6 for the impact of the derecognition), resulting in a foreign exchange gain being recognised (Refer to note 4.2.5 for the foreign currency impact).

In connection with the SIHPL S155 Scheme, and with the occurrence of the Settlement Effective Date, the financial creditors had agreed to a compromise of any and all claims and actions against SIHPL arising under, out of, or in connection with the SIHPL CPU, the Convertible Bonds, the Guarantees and/or any other related matter on the terms set out in the SIHPL S155 Scheme.

Under IFRS, when a debt instrument is restructured or refinanced and the terms have been substantially modified, the transaction is accounted for as an extinguishment of the old debt instrument, with a gain or loss. The new debt instrument is recognised at fair value.

The terms between the SIHPL CPU liability and the S155 Settlement Note were substantially different based on the maximum recoveries, the change in terms whereby the S155 Settlement Note now has a third ranking, the maturity date that was extended to 15 August 2027 and the limited recourse on the S155 Settlement Note. The SIHPL CPU was accordingly derecognised and the S155 Settlement Note recognised at fair value

17. BORROWINGS (continued)

17.6 SIHPL CPU/S155 Settlement Note (continued)

In consideration of the compromise described in above, SIHPL had agreed to issue to the creditors a loan note to the amount of €1.581 billion, the S155 Settlement Note. The S155 Settlement Note has a third ranking security over SIHPL's available assets and has limited recourse. The limited recourse is in terms of the ICA entered into between SIHPL and its financial creditors on Settlement Effective Date. The ICA governs various aspects of the rights and obligations of SIHPL and its creditors. In terms of the ICA, the creditors have agreed that SIHPL's obligation in terms of the S155 Settlement Note will be limited to the proceeds from the realisation of SIHPL's available assets. The S155 Settlement Note carries no interest and has a maturity date of the earlier of 15 August 2027 or an event of default. The obligation under the S155 Settlement Note is limited to the proceeds from the realisation of SIHPL's available assets due to the Limited Recourse. The creditors waived their rights to claim such shortfalls from SIHPL, the S155 Settlement Note liability is only recognised up to value of the net asset value in SIHPL based on its third ranking.

On initial recognition, the S155 Settlement Note was recognised at its fair value of R11.55 billion (based on the recoverable value of SIHPL's available assets for third ranking liabilities, these assets mostly relate to intragroup loans (refer to note 33), the Titan Receivable (refer to note 12), tax receivables and cash and cash equivalents) resulting in a loss on recognition of R11.55 billion. Subsequently, the S155 Settlement Note is measured at amortised cost, taking into account expected future cashflows from realisation of SIHPL's available assets and is therefore highly subjective to estimation uncertainty. As at the Reporting Date, SIHPL's available assets decreased resulting in a limited recourse adjustment of R1.455 billion (which includes the unwinding of the liability, effect of change in foreign currency exchange rates and other limited recourse adjustments to limit the total liability recognised to the available net assets of SIHPL) being recognised, together with a forex loss of R54 million.

17.7 Lancaster 102 liability

Refer to note 12.1.1 for detail on the Lancaster 102 preference share investment as well as the origination of the Lancaster 102 financial liability.

During the 2022 Reporting Period, a settlement agreement was reached whereby all previous preference share agreements were cancelled resulting in the derecognition of both the preference share investment and the Lancaster 102 financial liability.

17. BORROWINGS (continued)

17.8 Pepkor Holdings debt details

	Facility	Contractual maturity date	Interest rate %	30 September 2022 Carrying value Rm	30 September 2021 Carrying value Rm
Term loan D[1]	2 500	30 September 2023	Three-month JIBAR plus 205bps	**-**	2 500
Term loan E	500	30 June 2024	Three-month JIBAR plus 159bps	**500**	500
Term loan F	1 000	30 June 2025	Three-month JIBAR plus 168bps	**1 000**	1 000
Term loan G	1 000	30 June 2026	Three-month JIBAR plus 174bps	**1 000**	1 000
Term loan H[1]	1 000	31 March 2026	Three-month JIBAR plus 150bps	**1 000**	-
Term loan I[1]	2 500	31 March 2027	Three-month JIBAR plus 155bps	**2 500**	-
Term loans - Avenida	759	Various (30 January 2023 - 18 May 2027)	Various rates linked to CDI and IPCA	**759**	-
Revolving credit facility B	2 500	30 September 2023	Three-month JIBAR plus 210bps	**-**	2 500
Revolving credit facility C[1]	1 500	31 March 2025	Three-month JIBAR plus 140bps	**1 500**	-
Bridge facility	1 000	31 March 2025	Three-month JIBAR plus 140 bps	**-**	-
Floating rate notes - PEP01	800	10 March 2023	Three-month JIBAR plus 159 bps	**800**	800
Floating rate notes - PEP02	206	10 March 2025	Three-month JIBAR plus 174 bps	**206**	206
Floating rate notes - PEP03	1 435	5 May 2024	Three-month JIBAR plus 152 bps	**1 435**	1 435
Floating rate notes - PEP04	765	5 May 2026	Three-month JIBAR plus 170 bps	**765**	765
Other loans	-	21 September 2025	Prime	**15**	14
				11 480	10 720

[1] *During March 2022, the Pepkor Holdings group settled Term Loan D which was replaced with Term loan H and I. The group also settled Revolving Credit Facility B and replaced it with Revolving Credit Facility C.*

Interest on external borrowings are payable quarterly in arrears except for the Avenida term loans which is paid monthly in arrears.

Covenant	Achieved 30 September 2022	Required 30 September 2022
Net debt : EBITDA cover	0.71	<3.00
EBITDA : Net interest cover	12.32	>3.50

17.9 Fair value

Interest-bearing borrowings bear interest at variable, market-determined rates. These borrowings are measured at amortised cost, which approximates their fair value.

17.10 Risk exposures

Details of the Group’s exposure to risks arising from borrowings are set out in note 22.

18. PUT OPTON LIABILITY

ACCOUNTING POLICY

Where a minority shareholder has the right to put equity instruments of a subsidiary to another group entity, the group records a financial liability for its obligation to pay the put option exercise price. This recognition occurs when the put option contract is signed. Where the put option is entered into as part of a business combination, the put option is accounted for as a financial liability at the present value of the redemption amount with a corresponding charge directly to equity.

Given that the value varies with non-financial variables that are specifically to the parties in the contract, management has classified the put option as a financial liability at amortised cost. As such the put option liability is subsequently accreted through finance cost in profit or loss for the period, using the effective interest rate method, up to the redemption amount that is payable at the date at which the options becomes exercisable or vests.

	Note	30 September 2022 Rm	30 September 2021 Rm
Reconciliation of put option liability			
Recognition of put option liability		**606**	-
Interest cost	5	**52**	-
Exchange differences on consolidation of foreign subsidiaries		**24**	-
Closing Balance		**682**	-

Effective 3 February 2022, the Pepkor Holdings group acquired 81.7% of the issued share capital of Avenida and further increased its shareholding to 87.1% through a capital injection (refer to note 27). As part of the transaction the Pepkor Holdings group entered into a written symmetrical put and call agreement, with three natural persons with equal number of share options, over the remaining 12.9% interest in Avenida which can be exercised in three tranches. Tranche one and two each representing 25% of the remaining shareholding, and tranche three representing 50% of the remaining shareholding. Each tranche may be exercised within 60 days from the date Avenida delivers to the group its audited annual financial statements for the financial year ending 30 September 2024 (tranche one), 30 September 2026 (tranche two) and 30 September 2028 (tranche three). In the case the put options are not exercised within a certain exercise window, it shall accumulate to the following exercise window.

The consideration on exercise will be determined based on the growth ratio (determined as the actual or forecasted EBITDA divided by the targeted EBITDA over the period determined), net debt value and EBITDA figures of Avenida at a point in time. The exercise price is formula based. In the current year valuation, a growth ratio of between 22% and 32% was used and an EBITDA multiple of 10 times. The Pepkor Holdings group did not revise its estimates of payments by adjusting the amortised cost of a financial liability as the multiple remained unchanged at 10 times, with no major fluctuations to the EBITDA and net debt inputs used in the valuation for the put option liability as at 3 February 2022.

The amount that may become payable under the option on exercise date is initially recognised at the present value of the redemption amount. The corresponding charge is accounted for directly as a reduction in the parent's equity since the risks and rewards have not been transferred to the parent until the option is exercised. The liability is subsequently adjusted for changes in the estimated performance and increased/decreased up to the redemption amount that is payable at the date at which the option is exercised.

Given that the value varies with non-financial variables that are specific to the parties in the contract, management has classified this put option as a financial liability at amortised cost.

The following details the remaining contractual maturity of the put option liability at the Reporting Date. It represents the undiscounted cash flows based on the earliest date on which the Group can be required to pay.

	30 September 2022 Rm
Next year	**-**
Within two years	**-**
Within three to five years	**(445)**
Thereafter	**(859)**
	(1 304)

19. LEASE LIABILITIES

ACCOUNTING POLICY

Refer to note 10 for the accounting policy on determination of whether a lease should be recognised in terms of IFRS 16.

Lease liabilities

Initial and subsequent measurement

Lease liabilities are initially measured at the present value of future lease payments discounted using the discount rate implicit in the lease or, where this has not been stipulated, the Group's incremental borrowing rate. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that are based on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the Group exercises the option to terminate. Variable lease payments, that do not depend on an index or a rate, are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease liabilities are subsequently measured at amortised cost using the effective interest method and reduced by future lease payments net of interest charged. It is remeasured, with a corresponding adjustment to right-of-use assets, when there is a change in future lease payments resulting from a rent review, change in relevant index or rate, such as inflation, or change in the Group's assessment of whether it is reasonably certain to exercise a renewal or termination option and thus a change in lease term. The lease liability is remeasured by discounting the revised lease payments using a revised discount rate when there is a change in the lease terms. The remeasurement results in a corresponding adjustment to the carrying amount of right-of-use assets, with the difference recorded in profit or loss if the carrying amount of right-of-use assets has been reduced to zero.

19.1 Reconciliation of lease liability

	Notes	30 September 2022 Rm	30 September 2021 Rm
Balance at the beginning of the period		**14 340**	15 012
Recognition of lease liability		**5 620**	3 579
Interest cost	5	**1 384**	1 318
Lease liability repayments		**(4 169)**	(3 700)
Foreign exchange losses		**(3)**	-
Remeasurement on modification of leases		**(3 040)**	(1 771)
Acquisition of businesses	27.1	**392**	-
Other movements		**-**	41
Exchange differences on consolidation of foreign subsidiaries		**181**	(139)
Closing balance		**14 705**	14 340
Less: repayable in the next 12 months included in short-term liabilities		**(2 838)**	(2 380)
Non-current lease liabilities		**11 867**	11 960

19.2 Analysis of repayments

The following details the remaining contractual maturities of the Group's lease liabilities at the Reporting Date. It represents the undiscounted cash flows based on the earliest date on which the Group can be required to pay.

	30 September 2022 Rm	30 September 2021 Rm
Next year	**4 023**	3 043
Within two years	**4 373**	2 731
Within three to five years	**7 178**	6 465
Thereafter	**5 707**	4 627
	21 281	16 866

19.3 The Group is exposed to the following potential future undiscounted cash outflows which are not included in the measurement of lease liabilities:

	30 September 2022 Rm	30 September 2021 Rm
Extension and termination options not reasonably certain to be exercised	**269**	320

20. TRADE AND OTHER PAYABLES

	Note	30 September 2022 Rm	30 September 2021 Rm
Financial liabilities			
Current trade and other payables			
Trade payables		**9 847**	7 450
Accruals		**1 651**	1 302
Shareholders for dividends		**47**	43
Other payables and amounts due		**1 521**	1 824
Deferred revenue[1]		**990**	1 006
Contract liabilities (Lay-byes)		**574**	575
Deposits received from customers		**355**	354
Refund liability		**21**	28
Other deferred revenue		**40**	49
Derivative financial liabilities	22.1	**36**	596
		14 092	12 221
Non-financial liabilities			
Current trade and other payables			
Income received in advance		**514**	351
Value added tax payable		**242**	164
		756	515
Total			
Non-current trade and other payables		**-**	-
Current trade and other payables		**14 848**	12 736
		14 848	12 736

Trade payables are unsecured and are usually paid within 30 to 90 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short term nature.

Derivatives
Refer to note 21 and 22 for details regarding the determination of their fair values and the types of derivatives, respectively.

Deferred revenue
Deferred revenue recognised will realise in the 2023 financial year.

Trade and other payables classified as held-for-sale
During the 2022 and 2021 Reporting Period disposal groups were identified where the carrying value of these assets and liabilities will be recovered principally through a sale transaction rather than through continuing use.

Total trade and other payables that form part of disposal groups classified as held-for-sale as at 30 September 2022 amount to R2 million (2021: R33 million).

21. RECOGNISED FAIR VALUE MEASUREMENTS

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the Consolidated Annual Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and listed equities and available-for-sale securities) is based on quoted market prices at the end of the Reporting Period. The quoted market price used for financial assets held by the Group is a 30-day volume weighted average price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

21.1 Fair value hierarchy

	Notes	Level 1 Rm	Level 2 Rm	Total Rm
30 September 2022				
Financial assets				
Other financial assets	12	**95**	**-**	**95**
Trade and other receivables				
Derivative - foreign currency forward contracts	22.1	**-**	**608**	**608**
Total financial assets		**95**	**608**	**703**
Financial liabilities				
Trade and other payables				
Derivative - foreign currency forward contracts	22.1	**-**	**(36)**	**(36)**
Total financial liabilities		**-**	**(36)**	**(36)**
30 September 2021				
Financial assets				
Other financial assets				
Investment in Steinhoff N.V. shares	12.2	121	-	121
Trade and other receivables				
Derivative - foreign currency forward contracts	22.1	-	145	145
Total financial assets		121	145	266
Financial liabilities				
Trade and other payables				
Derivative - foreign currency forward contracts	22.1	-	(596)	(596)
Total financial liabilities		-	(596)	(596)

Valuation techniques and key inputs for level 2 financial instruments

The fair values of forward exchange contracts for inventory purchases are based on their listed market price, if available. If a listed market price is not available, then the fair value is estimated by discounting the difference between the contractual forward price and current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair values of forward exchange contracts for purchase of forex are determined using quoted forward exchange rates at the Reporting Date and present value calculations based on high credit quality yield curves of the euro.

22. FINANCIAL RISK MANAGEMENT

During both periods under review, the Group had various committees and departments that were tasked with the financial risk management of the Group. In most instances this was successfully managed at the various operating company levels.

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance where this remains relevant as at the end of each Reporting Period. The processes outlined in this note are the risk management strategies that were in place during the period regardless of their effectiveness in addressing the risks faced by the Group. Current period profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions	Cash flow forecasting	Forward foreign exchange and foreign currency option contracts
	Recognised financial assets and liabilities not denominated in the Group's functional currency	Sensitivity analysis	
Market risk – interest rate	Borrowings at variable rates	Sensitivity analysis	Maintaining combination of fixed and variable rate loans
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification
Credit risk	Cash and cash equivalents, trade receivables and instalment sales, derivative financial instruments, loans receivable at amortised cost	• Aging analysis • Credit rating	• Diversification of bank deposits • Credit score card implementation and monitoring
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The board of directors was responsible, during the Reporting Period, for implementing the risk management strategy to ensure that an appropriate risk management framework was operating effectively across the Group. The Board and the Audit and Risk Committee were provided with a consolidated view of the risk profile of the Group, and any major exposures and relevant mitigating actions identified.

The system of risk management was designed so that the different business units are able to tailor and adapt their risk management processes to suit their specific circumstances.

ACCOUNTING POLICY

Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges in foreign exchange risk on firm commitments are accounted for as cash flow hedges. These derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each Reporting Period.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. In accordance with the provisions of IFRS 9, the application of hedge accounting requires management to adjust the cost of inventory to incorporate the impact of forward exchange hedging contracts. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item (forward points) is recognised within operating expenses.

Amounts accumulated in equity are reclassified to profit and loss in the periods when the hedged item is recognised in profit or loss, and it is included in the same line of the income statement as the recognised hedged item.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

22. FINANCIAL RISK MANAGEMENT (continued)

22.1 Derivatives

	30 September 2022 Rm	30 September 2021 Rm
Current assets		
Trade and other receivables		
Foreign exchange forward contracts	**608**	145
Total current derivative financial instrument assets	**608**	145
Current liabilities		
Trade and other payables		
Foreign exchange forward contracts	**36**	596
Total current derivative financial instrument liabilities	**36**	596

For information about the methods and assumptions used in determining the fair value of derivatives refer to note 21.

The fair value calculation of the financial assets and liabilities was performed at the Reporting Date. The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment-grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curves of the underlying index. At year-end, the marked-to-market value of derivative asset positions is net of a debit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value. Between the Reporting Date and the date of this report, the fair values reported may have fluctuated with changing market conditions and therefore the fair values are not necessarily indicative of the amounts the Group could realise in the normal course of business after the Reporting Date. These contracts are to hedge the foreign currency exposure of the anticipated purchase of goods. Derivatives are expected to mature within 12 months.

Currency options are only purchased as a cost-effective alternative to forward currency contracts.

It is the policy of the Group to enter into forward exchange contracts to cover specific foreign currency payments based on a predefined profile that takes into account the future expected date of payment. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The risk is measured through a forecast of highly probable US dollar and Chinese yuan expenditures. The risk is hedged with the objective of minimising the volatility of the South African rand cost of highly probable forecast inventory purchases.

The Group uses forward exchange contracts to hedge its foreign currency risk against the functional currency of its various global operations. Most of the forward exchange contracts have maturities of less than one year after Reporting Date. The Group's risk management policy is to hedge between 60% and 80% of forecast US dollar and Chinese yuan cash flows for inventory purchases up to 12 months in advance, subject to a review of the cost of implementing each hedge. As a matter of policy, the Group does not enter into derivative contracts for speculative purposes

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the entity or the derivative counterparty. There was no significant ineffectiveness during 2022 or 2021 in relation to the forward exchange contracts.

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts.

The fair value of the forward exchange contracts has been classified as level 2.

The Group has established a hedge ratio of 1:1 (current and prior year) since the notional amount and currency of the hedged item is the same as the notional amount of the foreign currency leg of the hedging instrument.

22. FINANCIAL RISK MANAGEMENT (continued)

22.1 Derivatives (continued)

At year-end, the Group holds the following forward exchange contracts that form part of a hedging relationship:

Foreign currency forward contracts - assets	Notional amount	Fair value adjustment Rm	Average forward rate	Year-end revaluation rate
2022				
US dollar	**174**	**375**	**USD16.01**	**USD18.1**
Chinese yuan	**2 089**	**233**	**CNY2.44**	**CNY2.55**
	2 263	**608**		
2021				
US dollar	110	45	USD14.99	USD14.92
Chinese yuan	1 818	100	CNY2.25	CNY2.28
	1 928	145		

Foreign currency forward contracts - liabilities	Notional amount	Fair value adjustment Rm	Average forward rate	Year-end revaluation rate
2022				
US dollar	**2**	**(10)**	**USD15.95**	**USD18.06**
Chinese yuan	**251**	**(26)**	**CNY2.43**	**CNY2.53**
	253	**(36)**		
2021				
US dollar	154	(138)	USD15.52	USD14.9
Chinese yuan	942	(117)	CNY2.38	CNY2.28
	1 096	(255)		

Cash flow hedges

The Group classifies certain of its foreign exchange contracts that hedge forecast transactions as cash flow hedges. The fair value of such contracts recognised as derivative assets and liabilities and adjusted against the hedging reserve at year-end was:

The cumulative gains/(losses) on financial instruments recognised within other comprehensive income comprises:

	30 September 2022 Rm	30 September 2021 Rm
Forward exchange contracts	**1 350**	(740)
Transferred to inventory	**(785)**	263
Fair value adjustment on cash flow hedges	**565**	(477)

Changes in the fair value of forward exchange contracts of economically hedged monetary assets and liabilities in foreign currencies for which no hedge accounting is applied, are recognised in profit or loss.

Foreign currency forward contract - Synthetic Forward

Steinhoff Africa agreed to pay a portion of the Litigation Settlement Proposal provision on behalf of Steinhoff N.V.. As a result, Steinhoff Africa entered into forward exchange agreements with multiple banks in December 2020 in order to hedge against the foreign currency risk. All hedges have been exercised during the 2022 Reporting Period and foreign exchange losses realised.

As at 30 September 2021, the Group held the following forward exchange contracts that formed part of a hedging relationship:

Foreign currency forward contracts - liabilities	Notional amount Rm	Fair value adjustment Rm	Average forward rate	Year-end revaluation rate
2021				
Euro	4 176	(341)	EUR19.08	EUR17.52
	4 176	(341)		

Changes in the fair value of forward exchange contracts of economically hedged monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied, are recognised in profit or loss.

The loss on the Synthetic Forward recognised within profit or loss comprises:

	Note	30 September 2022 Rm	30 September 2021 Rm
Fair value adjustment	4.2.10	**(285)**	(341)

22. FINANCIAL RISK MANAGEMENT (continued)

22.2 Market Risk

22.2.1 Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts

It is Group policy to hedge exposure to cash and future contracted transactions in foreign currencies for a range of forward periods, but not to hedge exposure for the translation of reported profits or reported assets and liabilities.

ACCOUNTING POLICY

Exposure to currency risk

Currency risk (or foreign exchange risk), as defined by IFRS 7, arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of IFRS 7, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Differences resulting from the translation of subsidiary financial statements into the Group's presentation currency are not considered a foreign currency risk.

The carrying amounts of the Group's material foreign currency denominated monetary assets and liabilities that will have an impact on profit or loss when exchange rates change, at Reporting Date, are as follows:

	Euro Rm	Pound Sterling Rm	Chinese yuan Rm	US dollars Rm
30 September 2022				
Trade and other receivables (financial assets excluding financial derivatives)	**-**	**11**	**-**	**-**
Cash and cash equivalents	**728**	**35**	**10**	**303**
Intragroup loans and receivables	**8 466**	**-**	**-**	**-**
Current borrowings	**(4)**	**(2)**	**81**	**(393)**
Trade and other payables (financial liabilities excluding financial derivatives)	**-**	**(33)**	**(998)**	**(314)**
Intragroup loans and payables	**(6 602)**	**-**	**-**	**-**
Non-current borrowings	**(10 154)**	**-**	**-**	**-**
Pre-derivative position	**(7 566)**	**11**	**(907)**	**(404)**
Derivative effect	**-**	**-**	**207**	**365**
Open position	**(7 566)**	**11**	**(700)**	**(39)**
30 September 2021				
Trade and other receivables (financial assets excluding financial derivatives)	16	23	17	16
Cash and cash equivalents	-	15	233	287
Intragroup loans and receivables	2 617	-	-	-
Current borrowings	-	-	-	-
Trade and other payables (financial liabilities excluding financial derivatives)	-	(6)	(457)	(142)
Non-current borrowings	(27 791)	-	-	-
Pre-derivative position	(25 158)	32	(207)	161
Derivative effect	(341)	-	(17)	(93)
Open position	(25 499)	32	(224)	68

22. FINANCIAL RISK MANAGEMENT (continued)

22.2 Market Risk (continued)

22.2.1 Foreign currency risk (continued)

The following significant exchange rates applied during the period and were used in calculating sensitivities:

	Forecast rate [1]		Reporting date spot rate	
	30 September 2022	30 September 2021	**30 September 2022**	30 September 2021
South African rand				
Euro	**19.44**	17.84	**17.54**	17.56
Chinese yuan	**2.62**	2.30	**2.53**	2.35
Pound Sterling	**21.84**	20.99	**19.86**	20.41
US dollar	**17.05**	14.50	**17.99**	15.17

[1] *The forecast rates represent a weighting of foreign currency rates forecasted by the major banks that the Group transacts with regularly. These rates are not necessarily management's expectations of currency movements.*

Sensitivity analysis

The table below indicates the Group's sensitivity at year-end to the movements in the major currencies that the Group is exposed to on its financial instruments. The percentages given below represent a weighting of foreign currency rates forecasted by the major banks that the Group transacts with regularly. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for the previous Reporting Period.

The impact on the reported numbers, using the forecast rates as opposed to the Reporting date spot rates, is set out below:

	30 September 2022 Rm	30 September 2021 Rm
Through profit/(loss)		
Euro strengthening by 10.9% (2021: strengthening by 1.6%) to the rand	**(825)**	(408)
Chinese yuan strengthening by 3.8% (2021: weakening by -1.9%) to the rand	**(27)**	4
Pound Sterling strengthening by 10% (2021: strengthening by 2.8%) to the rand	**1**	1
US Dollar weakening by -5.2% (2021: weakening by -4.4%) to the rand	**2**	(3)

If the foreign currencies were to weaken/strengthen against the rand, by the same percentages as set out in the table above, it would have an equal, but opposite, effect on profit or loss.

22.2.2 Cash flow and fair value interest rate risk

Given the Group's global footprint, the Group follows a policy of maintaining a balance between fixed and variable rate loans to reflect, as accurately as possible, different interest rate environments, the stability of the relevant currencies, the effect which the relevant interest rates have on Group operations and consumer spending within these environments. These variables are taken into account in structuring the Group's borrowings to achieve a reasonable, competitive, market-related cost of funding.

As part of the process of managing the Group's borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. Interest rate exposure is managed within limits agreed by the relevant boards.

The Group's borrowings and receivables are carried at amortised cost.

The Group continued to manage its interest rate exposure by maintaining a mix of fixed and floating interest rates. This was done by direct fixed or floating interest rate debt issues at the time of refinance or when obtaining new borrowings, based on the mix of floating and fixed interest rate of existing borrowings and managements expectations of future interest rate movements. All treasury transactions were undertaken to manage the risks arising from underlying activities and no speculative trading was undertaken.

The interest and related terms of the Group's borrowings are disclosed in note 17.

22. FINANCIAL RISK MANAGEMENT (continued)

22.2 Market Risk (continued)

22.2.2 Cash flow and fair value interest rate risk (continued)

At the Reporting Date the interest rate profile of the Group's financial instruments was:

	Subject to interest rate movement					
	Variable JIBAR and SA prime Rm	Variable LIBOR Rm	Variable other Rm	Fixed rate Rm	Non-interest-bearing Rm	Total Rm
30 September 2022						
Non-current financial assets	**1**	**-**	**16**	**11 667**	**1 283**	**12 967**
Current financial assets	**7 696**	**18**	**1 275**	**3 696**	**6 516**	**19 201**
Non-current financial liabilities	**(9 921)**	**-**	**(230)**	**(883)**	**(15 252)**	**(26 286)**
Current financial liabilities	**(3 980)**	**(707)**	**(1 622)**	**(3)**	**(14 120)**	**(20 432)**
	(6 204)	**(689)**	**(561)**	**14 477**	**(21 573)**	**(14 550)**
30 September 2021						
Non-current financial assets	5 289	-	-	4 833	9 368	19 490
Current financial assets	29 971	97	831	1 009	5 235	37 143
Non-current financial liabilities	(10 721)	-	-	-	(27 790)	(38 511)
Current financial liabilities	(8 903)	-	(349)	(2 960)	(8 923)	(21 135)
	15 636	97	482	2 882	(22 110)	(3 013)

Refer to note 14 for assets and liabilities that make up the balances included in the table above.

	From continuing operations	
	Interest income Rm	Interest expense Rm
30 September 2022		
Financial assets at amortised cost	**2 053**	**-**
Financial liabilities at amortised cost	**-**	**2 664**
	2 053	**2 664**
30 September 2021		
Financial assets at amortised cost	1 176	-
Financial liabilities at amortised cost	-	2 543
	1 176	2 543

Sensitivity analysis

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

The sensitivities calculated below are based on an increase of 100 basis points for each interest category.

	30 September 2022 Rm	30 September 2021 Rm
Through profit/(loss)		
JIBAR and SA prime - 100 basis point increase	**(62)**	156
LIBOR - 100 basis point increase	**(7)**	1

A 100 basis point decrease in the above rates would have had an equal, but opposite, effect on profit or loss.

22.2.3 Other price risks

The Group's exposure to other price risks related to:

Steinhoff N.V. share price - impact shares held in Steinhoff N.V.

A number of the subsidiaries in the Group hold shares in Steinhoff N.V. These investments are measured at fair value through other comprehensive income with the fair value being determined by the 30-day VWAP of the Steinhoff N.V. share price as at the Reporting date. The listed Steinhoff N.V. share price therefore impacts the value of the investment.

22. FINANCIAL RISK MANAGEMENT (continued)

22.3 Credit risk

Potential concentration of credit risk consists principally of short-term cash and cash equivalent investments, trade and other receivables, instalment sale receivables, credit sales through store cards, loans to customers as well as related-party receivables and financial guarantees. The Group deposits short-term cash surpluses with major banks of quality credit standing. Instalment sale receivables, credit sales through store cards and loans to customers comprise a large and widespread customer base and Group companies perform ongoing credit evaluations on the financial condition of their customers. As at the Reporting Date, R1 722 million (2021: R330 million) of receivables were insured. At 30 September 2022, the Group did not consider there to be any significant concentration of credit risk that had not been adequately provided for. The amounts presented in the statement of financial position are net of provisions for expected credit losses, estimated by the Group companies' management based on past events, current conditions and supportable forecasts and economic conditions.

The carrying amounts of financial assets represent the maximum credit exposure.

The maximum exposure to credit risk at the Reporting Date without taking account of the value of any collateral obtained was:

	30 September 2022 Rm	30 September 2021 Rm
Non-current financial assets	**12 872**	19 369
Current financial assets	**19 201**	36 998
	32 073	56 367

22.3.1 Credit risk modelling applied to financial assets at amortised cost

The Group's financial assets measured at amortised cost are subject to impairment under the ECL model. The inputs, assumptions and estimation techniques used in measuring ECL are explained below.

Measurement of ECL in terms of the general model for impairment

ECLs are measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECLs are the discounted value of the probability of default ("**PD**") and exposure at default ("**EAD**"), of which PD represents the likelihood of a counterparty defaulting on its financial obligation, either over 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation. EAD is based on the amounts the Group expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD). The Group calculates loss given default ("**LGD**") as discounted EAD.

These three components are multiplied together, which effectively calculates the ECL. The ECL is then discounted back to the reporting date, using the original effective interest rate, and aggregated. ECL is a probability weighted outcome.

The 12-month and lifetime EADs are determined based on the probability of default, which varies by type of financial asset.

The Group considers the probability of default on initial recognition of its financial asset measured at amortised cost and whether there has been a significant increase in credit risk ("**SICR**") on an ongoing basis throughout each Reporting Period. To assess whether there is an SICR, the Group compares the risk of a default occurring on these asset as at the reporting date with the risk of default as at the date of initial recognition. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the credit risk team. Receivables with a significant financing component are grouped into stage 1, 2 and 3 as described below:

Stage 1: On recognition of financial assets, the Group recognises a loss allowance based on 12-month ECLs. For disclosure purposes the stage 1 ECLs are split between performing and in arrears, where performing represents up to date debt outstanding and its corresponding ECL provision and in arrears represents debt outstanding where debt is outstanding for more than 30 days and its corresponding ECL provision.
Stage 2: When there is an indication that the financial assets has an SICR since origination, the Group records a loss allowance for the lifetime ECLs.
Stage 3: Financial assets are considered to be credit-impaired. Financial assets are considered to be credit-impaired when one of more events that have an unfavourable impact on its estimated future cash flows have occurred. The Group records a loss allowance for the lifetime ECLs.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

22. FINANCIAL RISK MANAGEMENT (continued)

22.3 Credit risk (continued)

22.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)

Impairment of financial assets judgements

Significant increases in credit risk

In terms of IFRS 9, all loans and other receivables are assessed at each reporting date to determine whether there has been a SICR. In cases where a SICR has occurred, an impairment equal to the lifetime ECL is recognised. If, at reporting date, the credit risk has not significantly increased, the Group recognises a 12-month ECL. The Group identifies SICR on clients that are up to date on their loans and other receivables, but who have been subject to SICR events of which the most significant are detailed below:

Event trigger	Loans to customers	Instalment sale agreements	Credit sales through store cards
Change in customer behaviour	Triggers includes a customer entering into debt review or rescheduling an existing loan or a customer that is in arrears as defined below.	Application and behavioural scorecards are segmented into ratings. For each application rating, an appropriate notch deterioration in behavioural scorecard will result in SICR. In the event no application rating is available, the loan will be classified as SICR.	Not deemed to be SICR event
Customer defaulting on repayments	A customer's loan is in default when 90% of an instalment is not paid or the account is 30 days in arrears.	A customer is in default when their account is 30 days in arrears. All debt counselling accounts that are less than 90 days in arrears will be classified as SICR.	A customer is in default when their account is 30 days in arrears.

Shifting of the SICR threshold by 5% (reflects the full stage 2 ECL if the deterioration or improvement in the factor used, as a behavioural or granting scores threshold is stressed by 5%) at 30 September 2022:

Impact on SICR on ECL	Loans to customers	Instalment sale agreements	Credit sales through store cards
Positive	**374**	**540**	**853**
% change in ECL	**-1.07%**	**-0.81%**	**-0.82%**
Base	**378**	**544**	**860**
% change in ECL	**0.00%**	**0.00%**	**0.00%**
Negative	**382**	**561**	**867**
% change in ECL	**1.07%**	**3.14%**	**0.82%**

Shifting of the SICR threshold by 5% (reflects the full stage 2 ECL if the deterioration or improvement in the factor used, as a behavioural or granting scores threshold is stressed by 5%) at 30 September 2021:

Impact on SICR on ECL	Loans to customers	Instalment sale agreements	Credit sales through store cards
Positive	**347**	**546**	**627**
% change in ECL	**-0.79%**	**-0.24%**	**-0.88%**
Base	**350**	**547**	**633**
% change in ECL	**0.00%**	**0.00%**	**0.00%**
Negative	**353**	**551**	**639**
% change in ECL	**0.79%**	**0.67%**	**0.88%**

Loan write off point

Event trigger	Loans to customers	Instalment sale agreements	Credit sales through store cards
Loan write-off policy	Five consecutive instalments in arrears and three consecutive instalments in arrears on rescheduled accounts.	Nine consecutive instalments in arrears with no qualifying payments made in the last 90 days.	Eight instalments in arrears with no payment in the previous three months.

22. FINANCIAL RISK MANAGEMENT (continued)

22.3 Credit risk (continued)

22.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)

Impairment of financial assets estimates

Forward-looking information

The Group further considers available, reasonable and supportive forwarding-looking information without undue cost or effort and for which significant judgements and estimates are applied. The following forward-looking information was incorporated in the determination of ECLs:

It is one of the fundamental principles of IFRS 9 that the ECL impairment provision that the Group holds against potential future losses takes into account changes in the economic environment in the future.

In order to quantify the effects of changes to the economic environment, the Group utilises the Bureau of Economic Research's (BER) macroeconomic outlook for the country over a planning horizon of five years. Three economic scenarios (negative, baseline and positive scenario) are taken into account when calculating future expected credit losses. The probability of each scenario is determined by management estimation.

The relevance of the Group's loan and other receivables is proven by the following linear relationship between the change in the following basket of macroeconomic variables for the prior year:

	Loans to customers	Instalment sale agreements	Credit sales through store cards
Macroeconomic variables	Forward-looking factors surrounding high levels of unemployment, rising costs of living and higher interest rates.	Forward-looking factors surrounding private sector wages, repo rate, gross domestic expenditure lagged 4 months, household debt to disposable income, petrol price index and credit extension to households. In addition to this an overlay for the lagged effect of the increases in the interest rates, prices of energy (fuel, diesel, electricity etc.) was incorporated, inflationary increases together with the detrimental effect of loadshedding on the GDP of South Africa.	Forward-looking factors surrounding the rising cost of living for the retail credit consumer.

Management has assigned a probability of 49% (2021: 55%) to the baseline scenario, 37% (2021: 23%) to the negative scenario and 14% (2021: 22%) to the positive scenario for the 12-month forecast. The impact of incorporating forward-looking information to ECL for instalment sale agreements granted by the Group is as follows:

Probability-weighted impact of all three scenarios	Instalment sale agreements
100% negative scenario	**544**
% change in ECL	**3.16%**
100% baseline scenario	**527**
% change in ECL	**0.00%**
100% positive scenario	**523**
% change in ECL	**-0.82%**

22. FINANCIAL RISK MANAGEMENT (continued)

22.3 Credit risk (continued)

22.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)

Default and credit-impaired assets

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

	Criteria used for credit-impaired accounts
Loans to customers	Debt review accounts and non-performing accounts. As a backstop for all other customers, customers with three consecutive unpaid instalments.
Instalment sale agreements	Suspected fraud on a loan and loans exceeding maturity date. As a backstop for all other customers, customers with three consecutive unpaid instalments.
Credit sales through store cards	Three consecutive unpaid instalments/90 days in arrears.

A credit-impaired account will cure when the customer does not meet the criteria for being a credit-impaired account. For a customer to cure, a significant improvement in the customer's payment behaviour is required.

	Curing occurs in the following instances
Loans to customers	Customers with rescheduled loans are deemed to be rehabilitated once they have made contractual payments for 12 months post rescheduling and are up to date with their amended contractual obligations. For all other customers to cure, the customer is required to make 12 months of clean payments.
Instalment sale agreements	Customers where the facility is 90 days in arrears will cure after the customer has settled arrears causing the 90 days arrears and have maintained less than 90 days arrears for three consecutive months.
Credit sales through store cards	Customer accounts will cure when three consecutive instalments are paid. Accounts in debt counselling will cure when the customer is deemed to no longer be under debt counselling in terms of the National Credit Act.

22. FINANCIAL RISK MANAGEMENT (continued)

22.3 Credit risk (continued)

22.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)

Measurement of ECL in terms of the provision matrix

For short-term trade receivables, e.g. trade receivables without a significant financing component, the determination of forward-looking economic scenarios may be less significant given that over the credit risk exposure period a significant change in economic conditions may be unlikely, and historical loss rates might be an appropriate basis for the estimate of expected future losses. The Group has elected to apply the provision matrix for trade receivables without a significant financing component and measures the impairment allowance at an amount equal to lifetime ECL. Lifetime ECL is assessed by applying the relevant loss rates to the trade receivable balance outstanding (i.e. a trade receivable age analysis). Due to the diversity of the Group's customer base, the Group used appropriate groupings if the historical credit loss experience showed significantly different loss patterns for different customer segments.

Write-off policy

Financial assets are written off when there is no reasonable expectation of recovery of the receivable or part thereof. The write-off periods differ for each type of financing the Group offers to their respective clients and are detailed in the significant judgements and estimates sections above. Where these financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Subsequent recoveries made are recognised in profit or loss.

ECLs for the different financial assets at amortised cost within the Group

a) Other financial assets

Other financial assets consist of unlisted bonds, unlisted preference shares and interest-bearing and non-interest-bearing loans receivable (refer note 12). The ECL is measured using the general model based on 12-month ECLs as there was no significant increase in credit risk from initial recognition of these other financial assets. There has been no default in payments based on historical information and no significant decrease in credit ratings since initial recognition.

The Group has assessed ECLs based on past events, current conditions and supportable forecasts, and economic conditions that affect the expected collectability of future cash flows at reporting date and has deemed the ECLs to be insignificant.

b) Insurance and reinsurance receivables

Insurance and reinsurance receivables relate to insurance granted under the Abacus business. The ECL on the loan is measured using the general model based on 12-month ECLs as there was no significant increase in credit risk from initial recognition of this loan. There has been no default in payments based on historical information and no significant decrease in credit ratings since initial recognition.

The Group has assessed ECLs based on past events, current conditions and supportable forecasts, and economic conditions that affect the expected collectability of future cash flows at reporting date and has deemed the ECLs to be insignificant.

c) Loan to associate

Loan to associate consist of a loan granted to S'Ya Phanda Proprietary Limited for funding the entity for black supplier development initiatives as detailed in note 11. The ECL on the loan is measured using the general model based on 12-month ECLs as there was no significant increase in credit risk from initial recognition of this loan. There has been no default in payments based on historical information and no significant decrease in credit ratings since initial recognition.

The Group has assessed ECLs based on past events, current conditions and supportable forecasts, and economic conditions that affect the expected collectability of future cash flows at reporting date and has deemed the ECLs to be insignificant.

22. FINANCIAL RISK MANAGEMENT (continued)

22.3 Credit risk (continued)

22.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)

ECLs for the different financial assets at amortised cost within the Group (continued)

d) Loans due by current and previous members of key management and employees

Loans were advanced in the prior years to current and previous employees and members of key management to enable them to purchase shares in BVI. The loans were granted after reviewing each employee or member of key management's ability to repay the loan when it falls due, as well as with the underlying pledged shares in BVI. These loans were measured using the general model based on lifetime ECLs.

Prior to the Steinhoff Global Litigation Settlement, management was of the view that an additional impairment provision should be raised as the underlying security to the loans' value had decreased since the inception of these loans, thus being an indicator of impairment. In addition to the shares pledged as security, management assesses each employee or member of key management's abilities to repay the loan when it falls due annually based on the employees' future remuneration, financial health and payment plan. Management used historical and current information to estimate the ECL.

Macroeconomic and forward-looking factors have been incorporated into the ECL valuation of these employee loans. The macroeconomic factors include changes in the interest rate which may impact the employees' abilities to service the loans. Forward-looking information includes evaluating the employees' abilities to repay the loans and the future returns from the investment in BVI. Each employee loan is assessed individually based on formal agreements with these employees which stipulates that either future remuneration will be used to settle part of the loan or through formalised payment plans based on the employees' financial health.

Following the Steinhoff Global Litigation Settlement the majority of the loans were repaid. The remaining (2021: majority) of loans to current and previous employees and members of key management were classified as stage 2, as there was a SICR due to the loans being outstanding for more than 90 days. Although the underlying investment which acts as security to the loans is sufficient to cover the outstanding loan amount (2021: underlying investment which acted as security to the loans devalued to Rnil), a prudent approach was taken to not take the value of the security into consideration on calculation of the ECLs. Previous employees' loans were classified as stage 3 as these are deemed to be credit impaired, due to the uncertainty of whether these loans will be repaid due to these individuals no longer being employed by the company. This is, however, an insignificant portion to the total amount outstanding.

	2022 Rm	2021 Rm
Balance at the beginning of the period	**(100)**	(100)
Provision reversed	**90**	-
Balance at the end of the period	**(10)**	(100)

22. FINANCIAL RISK MANAGEMENT (continued)

22.3 Credit risk (continued)

22.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)

ECLs for the different financial assets at amortised cost within the Group (continued)

e) Instalment sale agreements

Instalment sale agreements relate to the credit purchases of goods by customers in South Africa within the furniture, appliances and electronics businesses (the majority of these borrowings are deemed to be secured by the product purchased by the customer) (refer to note 13 for more detail on the process of granting instalments to customers). The Group applies the general approach to calculating the ECL allowance for these balances as they are deemed to have a significant financing component.

The loss allowance provision for the Group as at year-end is determined as follows:

	Performing (stage 1)	Under-performing (stage 2)	Non-performing (stage 3)	Total
2022				
Expected credit loss rate	**12.4%**	**39.9%**	**74.9%**	**31.1%**
Estimated gross carrying amount of default (Rm)	**1 065**	**291**	**395**	**1 751**
12-month ECL (Rm)	**(132)**	**-**	**-**	**(132)**
Lifetime ECL (Rm)	**-**	**(116)**	**(296)**	**(412)**
Total ECL (Rm)	**(132)**	**(116)**	**(296)**	**(544)**
Net carrying amount (Rm)	**933**	**175**	**99**	**1 207**
2021				
Expected credit loss rate	14.4%	40.8%	73.6%	35.9%
Estimated gross carrying amount of default (Rm)	804	299	420	1 523
12-month ECL (Rm)	(116)	-	-	(116)
Lifetime ECL (Rm)	-	(122)	(309)	(431)
Total ECL (Rm)	(116)	(122)	(309)	(547)
Net carrying amount (Rm)	688	177	111	976

The loss allowance provision for instalment sale agreements is reconciled to the opening loss allowance as follows:

	Performing (stage 1) Rm	Under-performing (stage 2) Rm	Non-performing (stage 3) Rm	Total Rm
Balance at 1 October 2020	(71)	(129)	(507)	(707)
Allowance on credit granted during the year	(103)	(92)	(47)	(242)
Derecognition of allowance due to settlement of outstanding debt	20	18	20	58
Amounts written off	3	12	244	259
Amounts recovered	48	42	47	137
Net remeasurement of loss allowances	(13)	27	(66)	(52)
Balance at 30 September 2021	**(116)**	**(122)**	**(309)**	**(547)**
Allowance on credit granted during the year	**(115)**	**(95)**	**(93)**	**(303)**
Derecognition of allowance due to settlement of outstanding debt	**23**	**16**	**18**	**57**
Amounts written off	**4**	**13**	**138**	**155**
Amounts recovered	**46**	**31**	**30**	**107**
Net remeasurement of loss allowances	**26**	**41**	**(80)**	**(13)**
Balance at 30 September 2022	**(132)**	**(116)**	**(296)**	**(544)**

22. FINANCIAL RISK MANAGEMENT (continued)

22.3 Credit risk (continued)

22.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)

ECLs for the different financial assets at amortised cost within the Group (continued)

f) Credit sales through store cards

Credit sales through store cards relates to the credit purchases of goods by customers in South Africa (with an insignificant portion in Botswana and Swaziland) and Brazil within the clothing and general merchandise businesses (these borrowing are deemed to be unsecured) (refer to note 13 for more detail on the process of granting credit to customers). The Group elected to apply the general approach to calculating the ECL allowance for these balances.

The loss allowance provision for the group exposure in South Africa (including Botswana and Swaziland) as at year-end is determined as follows:

	Performing (stage 1)	Under-performing (stage 2)	Non-performing (stage 3)	Total
2022				
Expected credit loss rate	**8.4%**	**22.9%**	**72.6%**	**20.4%**
Estimated gross carrying amount of default (Rm)	**2 331**	**584**	**508**	**3 423**
12-month ECL (Rm)	**(195)**	**-**	**-**	**(195)**
Lifetime ECL (Rm)	**-**	**(134)**	**(369)**	**(503)**
Total ECL (Rm)	**(195)**	**(134)**	**(369)**	**(698)**
Net carrying amount (Rm)	**2 136**	**450**	**139**	**2 725**
2021				
Expected credit loss rate	6.2%	22.4%	78.2%	20.5%
Estimated gross carrying amount of default (Rm)	2 075	522	495	3 092
12-month ECL (Rm)	(129)	-	-	(129)
Lifetime ECL (Rm)	-	(117)	(387)	(504)
Total ECL (Rm)	(129)	(117)	(387)	(633)
Net carrying amount (Rm)	1 946	405	108	2 459

The loss allowance provision for credit sales through store cards in South Africa (including Botswana and Swaziland) is reconciled to the opening loss allowance as follows:

	Performing (stage 1) Rm	Under-performing (stage 2) Rm	Non-performing (stage 3) Rm	Total Rm
Balance at 1 October 2020	(161)	(138)	(352)	(651)
Allowance on credit granted during the year	(286)	(31)	(90)	(407)
Derecognition of allowance due to settlement of outstanding debt	198	169	147	514
Amounts written off	-	-	446	446
Net remeasurement of loss allowances	120	(117)	(538)	(535)
Balance at 30 September 2021	**(129)**	**(117)**	**(387)**	**(633)**
Allowance on credit granted during the year	**(404)**	**(37)**	**(67)**	**(508)**
Derecognition of allowance due to settlement of outstanding debt	**273**	**191**	**149**	**613**
Amounts written off	**-**	**-**	**370**	**370**
Net remeasurement of loss allowances	**65**	**(171)**	**(434)**	**(540)**
Balance at 30 September 2022	**(195)**	**(134)**	**(369)**	**(698)**

22. FINANCIAL RISK MANAGEMENT (continued)

22.3 Credit risk (continued)

22.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)

ECLs for the different financial assets at amortised cost within the Group (continued)

f) Credit sales through store cards (continued)

The loss allowance provision for the group exposure in Brazil as at year-end is determined as follows:

	Performing (stage 1)	Under-performing (stage 2)	Non-performing (stage 3)	Total
2022				
Expected credit loss rate	1.1%	25.0%	63.9%	24.3%
Estimated gross carrying amount of default (Rm)	348	116	202	666
12-month ECL (Rm)	(4)	-	-	(4)
Lifetime ECL (Rm)	-	(29)	(129)	(158)
Total ECL (Rm)	(4)	(29)	(129)	(162)
Net carrying amount (Rm)	344	87	73	504

The loss allowance provision for credit sales through store cards exposure in Brazil is reconciled to the opening loss allowance as follows:

	Performing (stage 1) Rm	Under-performing (stage 2) Rm	Non-performing (stage 3) Rm	Total Rm
Acquisition of business	(17)	(24)	(112)	(153)
Allowance on credit granted during the year	(2)	(5)	(10)	(17)
Derecognition of allowance due to settlement of outstanding debt	1	4	5	10
Amounts written off	-	-	533	533
Net remeasurement of loss allowances	16	(1)	(530)	(515)
Exchange differences on consolidation of foreign subsidiaries	(2)	(3)	(15)	(20)
Balance at 30 September 2022	(4)	(29)	(129)	(162)

22. FINANCIAL RISK MANAGEMENT (continued)

22.3 Credit risk (continued)

22.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)

ECLs for the different financial assets at amortised cost within the Group (continued)

g) Loans to customers

Loans to customers relates to unsecured loans granted to customers in South Africa for a period of three to 24 months up to the value of R50 000 per loan granted. The Group applies the general approach to calculating the ECL allowance for these balances as they are deemed to have a significant financing component.

The loss allowance provision for the Group as at year-end is determined as follows:

	Performing (stage 1)	Under-performing (stage 2)	Non-performing (stage 3)	Total
2022				
Expected credit loss rate	**4.6%**	**33.6%**	**71.8%**	**17.0%**
Estimated gross carrying amount of default (Rm)	**1 652**	**286**	**287**	**2 225**
12-month ECL (Rm)	**(76)**	**-**	**-**	**(76)**
Lifetime ECL (Rm)	**-**	**(96)**	**(206)**	**(302)**
Total ECL (Rm)	**(76)**	**(96)**	**(206)**	**(378)**
Net carrying amount (Rm)	**1 576**	**190**	**81**	**1 847**
2021				
Expected credit loss rate	7.2%	29.5%	78.7%	18.6%
Estimated gross carrying amount of default (Rm)	1 423	237	225	1 885
12-month ECL (Rm)	(103)	-	-	(103)
Lifetime ECL (Rm)	-	(70)	(177)	(247)
Total ECL (Rm)	(103)	(70)	(177)	(350)
Net carrying amount (Rm)	1 320	167	48	1 535

The loss allowance provision for loans to customers is reconciled to the opening loss allowance as follows:

	Performing (stage 1) Rm	Under-performing (stage 2) Rm	Non-performing (stage 3) Rm	Total Rm
Balance at 1 October 2020	(94)	(86)	(309)	(489)
Allowance on credit granted during the year	(270)	(72)	(182)	(524)
Derecognition of allowance due to settlement of outstanding debt	106	70	100	276
Amounts written off	-	-	386	386
Net remeasurement of loss allowances	155	18	(172)	1
Balance at 30 September 2021	**(103)**	**(70)**	**(177)**	**(350)**
Allowance on credit granted during the year	**(222)**	**(102)**	**(136)**	**(460)**
Derecognition of allowance due to settlement of outstanding debt	**83**	**43**	**80**	**206**
Amounts written off	**-**	**-**	**328**	**328**
Net remeasurement of loss allowances	**166**	**33**	**(301)**	**(102)**
Balance at 30 September 2022	**(76)**	**(96)**	**(206)**	**(378)**

22. FINANCIAL RISK MANAGEMENT (continued)

22.3 Credit risk (continued)

22.3.1 Credit risk modelling applied to financial assets at amortised cost (continued)

ECLs for the different financial assets at amortised cost within the Group (continued)

h) Trade receivables and other amounts due

The Group applies the simplified approach to calculating the ECL allowance for trade receivables that do not have a significant financing component. The balance of trade receivables with a significant financing component is immaterial. This approach permits the use of the lifetime ECL regardless of stage classification and is based on a provision matrix that incorporates historical credit losses as well as forward-looking information as detailed above.

Trade receivables are written off when the customer's outstanding balance has been outstanding for more than 120 days.

The loss allowance provision for trade receivables is reconciled to the opening loss allowance as follows:

	30 September 2022 Rm	30 September 2021 Rm
Balance at beginning of the year	**(266)**	(291)
Movement in loss allowance during the year	**3**	25
Balance at end of the year	**(263)**	(266)

Provision matrix used in the calculation of ECL allowances:

	Expected loss rate %	Gross carrying amount Rm	Loss allowance provision Rm
2022			
Current	**5.0**	**3 172**	**(157)**
More than 30 days past due	**15.1**	**84**	**(13)**
More than 60 days past due	**24.4**	**14**	**(4)**
More than 90 days past due	**53.7**	**165**	**(89)**
	7.7	**3 435**	**(263)**
2021			
Current	5.2	3 102	(161)
More than 30 days past due	27.9	59	(17)
More than 60 days past due	22.8	19	(4)
More than 90 days past due	41.5	201	(84)
	7.9	3 381	(266)

ACCOUNTING POLICY

Impairment of assets carried at amortised cost

Impairment of loans measured at amortised cost are measured using the ECL model under IFRS 9. The ECL model factors in information regarding past events, current conditions and supportable forecasts and economic conditions that affect the expected collectability of future cash flows at reporting date. The estimation of ECL takes into account the time value of money.

For trade and other receivables without a significant financing component, the Group has adopted the simplified approach that recognises lifetime ECL regardless of the stage classification. The Group applied a provision matrix based on historical credit loss experience, which was adjusted for forward looking factors applicable to the trade and other receivables balances and economic factors.

22. FINANCIAL RISK MANAGEMENT (continued)

22.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the entity could be required to pay its liabilities earlier than expected.

The Group, in the period under review, managed liquidity risk by monitoring forecast cash flows and by ensuring that adequate borrowing facilities were available. Cash surpluses and short-term financing needs of manufacturing and sales companies are mainly centralised in African and European central offices. These central treasury offices invested net cash reserves on the financial markets, mainly in short-term instruments linked to variable interest rates.

The following table details the Group's remaining contractual maturity for its financial liabilities (excluding borrowings presented in note 17, put option liability in note 18 and lease liabilities presented in note 19). The table has been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Year 1	Total
30 September 2022		
Trade and other payables (financial liabilities)	**(14 092)**	**(14 092)**
Intragroup loans and payables	**(9 768)**	**(9 768)**
	(23 860)	**(23 860)**
30 September 2021		
Trade and other payables (financial liabilities)	(12 221)	(12 221)
Intragroup loans and payables	(3 197)	(3 197)
	(15 418)	(15 418)

22.5 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 17, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued ordinary share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

The Group's major subsidiary has a risk management committee who reviews the capital structure of the Pepkor Holdings group on a quarterly basis. As a part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the committee, the Pepkor Holdings group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The carrying amount of the borrowings as well as the terms are disclosed in note 17.

Refer to note 17.7 for disclosure regarding financial covenants of Pepkor Holdings. The remaining borrowings of the Group are not subject to any covenants.

22.6 Distribution to shareholders

Distribution to ordinary shareholder of Steinhoff Investments

On 15 February 2022, the Company declared a gross dividend of R8.7 billion to Steinhoff N.V. R8.5 billion of this dividend relates to payments made by the Group on behalf of Steinhoff N.V. as part of the implementation of the Global Litigation Settlement.

Distribution to Steinhoff Investments preference shareholders

	30 September 2022 Cents	30 September 2021 Cents
A preference dividend of 293.55 South African rand cents per share (2021: 292.43 South African rand cents per share) in respect of the period 1 July 2021 to 31 December 2021 (2021: 1 July 2020 to 31 December 2020) was paid on 25 April 2022 (2021: 26 April 2021) to those preference shareholders recorded in the books of the Company at the close of business on 22 April 2022 (2021: 23 April 2021).	**293.6**	292.4
A preference dividend of 315.59 South African rand cents per share (2021: 286.38 South African rand cents per share) in respect of the period 1 January 2022 to 30 June 2022 (2021: 1 January 2021 to 30 June 2021) was paid on 24 October 2022 (2021: 25 October 2021) to those preference shareholders recorded in the books of the Company at the close of business on 21 October 2022 (2021: 22 October 2021).	**315.6**	286.4

A solvency and liquidity test was performed by the board of directors prior to the declaration of all distributions based on information known and available at that time.

23. EMPLOYEE BENEFITS

		30 September 2022			30 September 2021		
		Current	Non-current	Total	Current	Non-current	Total
	Notes	Rm	Rm	Rm	Rm	Rm	Rm
Leave obligations	23.1	**358**	**-**	**358**	350	-	350
Post-retirement medical benefits		**34**	**47**	**81**	34	50	84
Performance-based bonus accrual	23.2	**705**	**186**	**891**	757	96	853
Other [1]		**265**	**-**	**265**	173	-	173
Total liability		**1 362**	**233**	**1 595**	1 314	146	1 460

[1] *Included in other are provisions relating to 13th cheque or holiday pay and severance pay.*

23.1 Leave obligations

The leave obligations cover the Group's liability for annual leave.

The leave obligations relate to vesting leave pay to which employees may become entitled on leaving the employment of the Group. The accrual arises as employees render a service that increases their entitlement to future compensated leave and is calculated based on an employee's total cost of employment. The accrual is utilised when employees become entitled to and are paid for the accumulated leave or utilise compensated leave due to them. The majority of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

23.2 Performance-based bonus accrual

The performance bonus payable is calculated by applying a specific formula based on the employee's achievement of performance targets. The Group has a constructive obligation to pay the performance bonus once the performance bonuses have been approved by management. As the approval by management takes place after period-end, an amount is accrued based on a probability of the employee having achieved their performance targets and the amount is estimated based on the relative bonus structures in place. The payment of such performance bonus is conditional upon the continuing employment of the employee. Any amounts not approved by management or upon termination of employment are reversed in the subsequent periods.

	30 September 2022 Rm	30 September 2021 Rm
Balance at the beginning of the period	**853**	476
Accrual raised	**534**	825
Amounts unused reversed	**(24)**	(11)
Amounts utilised	**(472)**	(437)
Exchange differences on consolidation of foreign operations	**2**	-
Reclassification from accruals	**(2)**	-
Balance at the end of the period	**891**	853

24. PROVISIONS

ACCOUNTING POLICY

Provisions

Provisions (except for contingent liabilities recognised in terms of IFRS 3) are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the Reporting Period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Movement in provisions

	Dilapidation provision Rm	Contingent liabilities raised on business combinations Rm	Provision for SIHPL loan commitment Rm	Provision for ACG lawyer fees and SRF cost contribution Rm	Provision - Global Litigation Settlement Rm	Other Rm	Total Rm
Balance at 1 October 2020	156	-	-	-	9 379	117	9 652
Provision raised	17	-	2 209	878	7 173	14	10 291
Amounts unused reversed	(40)	-	-		-	(31)	(71)
Amounts utilised	(26)	-	-	(33)	-	(42)	(101)
Balance at 30 September 2021	**107**	**-**	**2 209**	**845**	**16 552**	**58**	**19 771**
Reclassification between classes of provisions	-	-	-	-	-	-	-
Provision raised	**66**	**-**	**-**	**-**	**468**	**(6)**	**528**
Amounts unused reversed	**(13)**	**-**	**-**	**(74)**	**(162)**	**(20)**	**(269)**
Amounts utilised	**-**	**-**	**(2 209)**	**(635)**	**(16 097)**	**(2)**	**(18 943)**
Acquired on acquisition of subsidiary	**-**	**174**	**-**	**-**	**-**	**17**	**191**
Foreign currency translation movement	**-**	**24**	**-**	**(5)**	**-**	**3**	**22**
Balance at 30 September 2022	**160**	**198**	**-**	**131**	**761**	**50**	**1 300**
	Note 24.1	*Note 24.2*	*Note 24.5*	*Note 24.3*	*Note 24.4*		

	30 September 2022 Rm	30 September 2021 Rm
Long-term provisions	**315**	91
Short-term provisions	**224**	3 128
Provision - Global Litigation Settlement (non-current)	**761**	16 552
	1 300	19 771

24.1 Dilapidation provision

This includes provision for dilapidation of buildings occupied by the Pepkor Holdings group. Both the timing and the amount of the provision is uncertain. Key uncertainties include estimated dilapidation costs to cover repairs and restorations at the end of the lease term. The amount of the provision raised is estimated based on the most likely amount/the expected value for each item and is expected to be settled within one to three years.

24.2 Contingent liabilities raised on business combinations

IFRS 3 requires certain contingent liabilities of the acquiree to be recognised and measured in a business combination at acquisition date fair value. Therefore, contrary to IAS 37: Provision, Contingent Liabilities and Contingent Assets, the acquirer recognises a contingent liability assumed in a business combination at the acquisition date even if it is not probable that an outflow of economic benefits will be required to settle the obligation. This provision includes amounts for employee disputes and indirect tax credits. Both the timing and the amount of the provision is uncertain. Key uncertainties in the contingent liabilities raised on a business combination includes the estimation of the amount relating to uncertain indirect tax credits and employee disputes. The amount of the provision raised is estimated based on the most likely amount/the expected value for each item and is expected to be settled within 1-7 years.

24. PROVISIONS (continued)

24.3 Provision for ACG lawyer fees and SRF cost contribution

ACG lawyer fees

In order to improve recoveries to MPCs, the Steinhoff N.V. Group made available an amount of up to R520 million (€30 million), to pay in respect of certain fees, costs and work undertaken by the ACGs on the terms to be specified in the settlement documents.

SRF cost contribution

A provision of up to c. R347 million (€20 million) was provided for during the 2021 Reporting Period as the Steinhoff N.V. Group's contribution to cover the costs of the SRF. On finalisation of the agreements between the Steinhoff N.V. Group and the SRF a total contribution of €16.5 million was agreed on, resulting in a reduction of R62 million in the provision in the 2022 Reporting Period.

24.4 Provision - Global Litigation Settlement

	Notes	Provision - Global Litigation Settlement Rm
Balance at 30 September 2021		**16 552**
SIHPL MPCs		**3 222**
SIHPL Contractual Claimants		**12 318**
Other (including Non-qualifying claimants i.e. Trevo and Tekkie Town)		**1 012**
Adjusted for:	4.2.9	**306**
Reversal of Mayfair provision	a.	**(162)**
Additional provisions raised		**301**
Changes in provision as a result of exchange rate and Pepkor Holdings share price adjustments		**267**
D&O Insurers and Deloitte Firms contribution to Tekkie Town settlement		**(100)**
Settlements:		
Cash settlement		**(8 968)**
Call options granted (Trevo and others) - SIHPL portion[1]		**(270)**
Share settlement		**(6 859)**
Balance at 30 September 2022		**761**
SIHPL Contractual Claimants	b.	**761**

[1] *As part of the Global Litigation Settlement, Trevo and others were granted call options by Ainsley over 125 million Pepkor Holdings shares which can be exercised 3 years from inception of the options on Settlement Effective Date. In terms of IAS 32: Financial Instruments Presentation, the options are classified as equity instruments as a fixed number of shares can be exchanged for a fixed amount of cash on the exercise date. As a result, the call options are recognised directly in the Statement of Changes in Equity and no subsequent changes in fair value will be recognised. The call options were recognised in the Statement of Changes in Equity for the full settlement value of R500 million which was provided for by SIHPL (R270 million) and Steinhoff N.V. (R230 million) in the 2021 Reporting Period. The option premium was considered to be equal to the settlement value of the claims and was advanced on loan account to SIHPL and Steinhoff N.V. - these loans were settled prior to the Reporting Date. The call options were valued by an independent valuator using the Black-Scholes model, the three key variables were volatility, dividend yield and interest rates.*

Global Litigation Settlement

Settlement Effective Date for the purpose of the Global Litigation Settlement occurred on 15 February 2022. Refer to the steps undertaken by the Steinhoff Group on 15 February 2022 pursuant to the Global Litigation Settlement in the Directors' Report. As a result of the occurrence of Settlement Effective Date on 15 February 2022, the pending legal proceedings against the Steinhoff Group that have been compromised under the Global Litigation Settlement, were withdrawn and discontinued.

a. Previously disputed Contractual Claim

Mayfair vs SIHPL

Mayfair issued a summons on 26 November 2020 against Steinhoff N.V., SIHPL and Markus Jooste claiming up to R4 billion (€247 million) on a joint and several basis. The claim is founded on damages suffered as a result of a share swap transaction in respect of shares in PSG Group Limited swapped by Mayfair for shares in SIHPL. The parties have settled the proceedings in terms of which Mayfair has agreed that its claim (as listed in SIHPL's S155 Scheme) will be fully compromised and limited to an amount of R1.00 (one rand). In exchange, certain other Steinhoff Group companies have agreed to limit their claims against Mayfair in Mayfair's own S155 proceedings to an amount of R200 million of which R22.1 million was recovered by the Group (a total of R44.3 million was recovered by the greater Steinhoff N.V. Group.)

24. PROVISIONS (continued)

24.4 Provision - Global Litigation Settlement (continued)

Global Litigation Settlement (continued)

b. SIHPL contractual claimants

The remaining settlement liabilities as at 30 September 2022 relate to the following:

Conservatorium & Margin Lenders

On 14 February 2021, the Steinhoff Group entered into a settlement agreement ("**Margin Lender Settlement Agreement**") with Conservatorium Holdings LLC ("**Conservatorium**") and certain entities linked to Christo Wiese ("**Margin Lenders**"). In terms of the agreement, Steinhoff Africa will pay €61 million to Conservatorium and the Margin Lenders in two tranches of €30.5 million on behalf of SIHPL.

On 6 October 2021, in light of the failure of one of its conditions (the requirement that Settlement Effective Date occur by 30 September 2021), an amendment to the Margin Lender Settlement Agreement was agreed. In terms of the amendment agreement and SENS announcement published by Steinhoff N.V. on 14 October 2021, the amount of the second tranche increased to €43.4 million and is only payable on the receipt of proceeds, received subsequent from Settlement Effective Date, from the repayment of the Ibex (Europe) loan. The €12.9 million increase is carried by Steinhoff Africa and not SIHPL.

24.5 Provision for SIHPL loan commitment

In the 2021 Reporting Period, SIHPL entered into a loan commitment to obtain a financial asset, the Titan Receivable, at more than its fair value and therefore accounted for a loan commitment at its fair value of R2.2 billion. On 15 February 2022, the loan commitment provision was derecognised against the Titan Receivable on initial recognition and on the issue of the Newco 2A Loan Note.

Refer to note 12.1.5 for detail on the Titan Receivable and note 33.3 for detail on the Newco 2A Loan Note.

24.6 Other provisions

Other provisions are recognised when the Group has a present constructive or legal obligation as a result of a past event, and when it is probable that it will result in an outflow of economic benefits that can be reasonably estimated. Included in other provisions are estimated costs related to product warranties and other transaction-related, legal and regulatory matters at a Pepkor Holdings level. Both the timing and the amount of the provision is uncertain. Key uncertainties in the other provisions includes the estimation of the outcome and probable settlement amounts of various legal disputes, and the estimation of warranty costs based on the number of goods within the warranty period and the likelihood of the products being defective. The amount of the provision raised is estimated based on the most likely amount/the expected value for each item and is expected to be settled within one to three years.

25. COMMITMENTS AND CONTINGENCIES

		30 September 2022 Rm	30 September 2021 Rm
25.1	**Capital expenditure**		
	Significant capital expenditure contracted for at the end of the 2022 Reporting Period but not recognised as liabilities is as follows:		
	Contracts for capital expenditure authorised	**182**	82
	Capital expenditure authorised but not contracted for	**290**	300

Capital expenditure will be financed from cash and existing loan facilities.

25.2 Contingent assets

Loss adjustors were appointed for the quantification of the material losses and business interruption loss relating to the KwaZulu-Natal floods in April 2022. Initial estimates have been submitted to the insurers. Indicative values show that the estimates are within policy limits.

As at year-end, the Pepkor Holdings group submitted gross claims for material damage loss and business interruption to the value of c. R800 million (of which R396 million was recognised at year-end in cost of sales and other income, respectively. As at the Reporting Date, R166 million of the recognised claims was still outstanding and is included in other receivables).

25.3 Contingent liabilities

- **Mantessa Equities Proprietary Limited ("Mantessa") vs SIHPL**

  In November 2020 Mantessa instituted a claim for damages in the amount of c. R206 million arising from a transaction in terms of which Mantessa acquired Steinhoff N.V. shares from a third party entity, which shares were originally received from BVI. The claim is based on damages arising from alleged misrepresentations in SIHPL's financial statements. SIHPL raised an exception to Mantessa's claim on the basis that the particulars of claim lack the necessary averments to sustain a cause of action against SIHPL. On or about 7 December 2022, the SRF accepted a claim filed by Hamilton on behalf of Mantessa which should lead Mantessa to formally withdraw its claim. Mantessa's claim is listed as a non-qualifying claim in SIHPL's court-sanctioned S155 Scheme with its creditors. SIHPL has not reserved for the claim, on the basis of the exception raised in the proceedings.

- **Competition Commission vs SIHPL and Other**

  This matter involves two referrals issued by the Competition Commission during the 2019 Reporting Period:

  Under the first referral, the Commission has charged a previous subsidiary of SIHPL, namely KAP Diversified Industrial Proprietary Limited ("**KAP**") of having colluded during the period 2009 to 2014 with its sole local competitor, namely Sonae Arauco South Africa Proprietary Limited ("**Sonae**") in that they allegedly fixed prices of certain timber products which they both manufactured and sold to merchants.

  In the second (related) referral, the Commission has charged SIHPL itself with having committed the same offence during that period. The Commission contends that the actual perpetration of the transgressions occurred between representatives of the sale staff of a subsidiary of KAP and their colleagues employed by Sonae. It is not alleged that any SIHPL employee participated in the alleged price fixing or that SIHPL knew or ought to have known that the transgressions were being perpetrated.

  The Commission seeks a conviction against SIHPL exclusively on a contention that by virtue of its shareholding in the KAP Group it controlled the business and affairs of KAP and its subsidiaries.

  SIHPL has initiated a review application with the aim of setting aside the Commission's decision to refer the complaint against SIHPL to the Tribunal. The matter was heard on an opposed basis on 10 August 2021 and judgment was delivered on 25 January 2022, wherein the Commission's decision to refer the complaint against SIHPL to the Tribunal was set aside.

  The Commission was recently granted leave to appeal to the Supreme Court of Appeal. This matter is listed as a non-qualifying claim in SIHPL's court-sanctioned S155 Scheme with its creditors. SIHPL has not reserved for the claim, on the basis of the Commission's limited prospects of success.

- **Geros Financial Services Proprietary Ltd v Steinhoff At Work Proprietary Limited**

  On 2 November 2021, Geros Financial Services Proprietary Limited ("**Geros**") served a simple summons against Steinhoff at Work Proprietary Limited ("**SAWPL**") claiming an aggregate of c. R46 million which was allegedly loaned by Geros to SAWPL and which, according to Geros, is now due for repayment (plus interest at a rate of the prime lending rate less 3.5% per annum from the date that the amount was advanced to the date of final payment).

  Proceedings are ongoing and management's view is that the claim holds no merit.

26. CASH FLOW INFORMATION

26.1 Cash generated from operations

	Notes	2022 Rm	2021 Rm
Operating profit from:			
Continuing operations		**20 021**	11 910
Discontinued operations		**10**	14
Adjusted for non-cash adjustments included in continuing and discontinued operations:			
Debtors' write-offs and movement in provision		**1 168**	1 159
Depreciation and amortisation			
Property, plant and equipment, Intangible assets	8 & 9	**1 477**	1 343
Right-of-use asset	10	**2 819**	2 411
Net impairment of loans receivable and other related provisions	4.2.2	**3 478**	(11 349)
Provision – Global Litigation Settlement	4.2.9	**306**	7 173
Unrealised foreign exchange (gains)/losses	4.2 & 4.3	**(155)**	(2 607)
Fair value adjustment - Synthetic Forward	4.2.10	**285**	341
Gain on substantial debt modification	4.2.6	**(15 571)**	-
Limited recourse adjustment - S155 Settlement Note	4.2.6	**(1 455)**	-
Loss on recognition of Steinhoff N.V. Loan Note	4.2.7	**2 813**	-
Limited recourse adjustment on Steinhoff N.V. loan	4.2.7	**(40)**	-
Loss on initial recognition of Titan Receivable	4.2.7	**484**	2 209
Recognition of Steinhoff Africa rights to Tekkie Town proceeds from SRF	4.2.11	**(220)**	-
Impairments - continuing operations	4.2.1	**142**	227
Impairments - discontinued operations	1.1.1	**9**	(3)
Inventories written down to net realisable value and movement in provision for inventories	15.2	**851**	810
Net profit on disposal and scrapping of property, plant and equipment, vehicle rental fleet and intangible assets	1.1.2 & 4.2.3	**60**	(9)
Loss on disposal or part disposal of investments	1.1.3 & 4.2.4	**-**	21
FCTR release on the sale/liquidation of subsidiaries	4.2.4	**(50)**	(89)
Profit on lease modification		**(765)**	(749)
Share-based payment expense	4.3.3	**260**	229
Other non-cash adjustments		**(56)**	(36)
Cash generated before working capital changes		**15 871**	13 005
Working capital changes			
Increase in inventories		**(5 115)**	(1 849)
Increase in trade and other receivables		**(1 886)**	(1 453)
Movement in net derivative financial liabilities/assets		**(105)**	(480)
(Decrease)/increase in non-current and current provisions		**(688)**	731
Increase in non-current and current employee benefits		**146**	484
Increase in trade and other payables		**1 546**	186
Net changes in working capital		**(6 102)**	(2 381)
Cash generated from operations		**9 769**	10 624

26. CASH FLOW INFORMATION (continued)

26.2 Liabilities included in financing activities reconciliation

	Note	30 September 2022 Rm	30 September 2021 Rm
This section sets out an analysis of the movements in borrowings.			
Gross debt			
Borrowings – repayable within one year (including bank overdraft)	17	**(1 707)**	(5 717)
Borrowings – repayable after one year	17	**(20 505)**	(38 511)
Total Gross debt		**(22 212)**	(44 228)

Reconciliation of gross debt

	30 September 2022 Rm	30 September 2021 Rm
Balance at the beginning of the period	**(44 228)**	(49 104)
Repayment of debt	**5 338**	6 500
Repayment of interest	**925**	812
Derecognition of financial liabilities	**32 604**	-
Recognition of financial liability	**(11 554)**	-
Limited recourse adjustment	**1 455**	-
Additional financing	**(5 147)**	(4 712)
Interest accrued	**(1 117)**	(1 099)
Acquired at acquisition of subsidiaries	**(976)**	-
Foreign exchange adjustments	**488**	3 375
Balance at the end of the period	**(22 212)**	(44 228)

27. BUSINESS COMBINATIONS

ACCOUNTING POLICY

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the acquired entity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are capitalised if it meets the requirements to be capitalised in terms of IFRS 3. Otherwise acquisition related costs are expensed as incurred in terms of IFRS 3.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recognised as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase gain.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

27.1 The fair value of assets and liabilities assumed at date of acquisition

	Notes	Avenida Rm	Total 30 September 2022 Rm
30 September 2022			
Assets			
Intangible assets	8	745	745
Property, plant and equipment	9	398	398
Right-of-use assets	10	360	360
Deferred tax assets	6.3	264	264
Trade and other receivables		733	733
Inventories		213	213
Taxation receivable		21	21
Other financial assets		217	217
Cash on hand at date of acquisition		1 025	1 025
Liabilities			
Borrowings	17.2	(976)	(976)
Employee Benefits		(29)	(29)
Deferred tax liabilities	6.3	(208)	(208)
Provisions	24	(191)	(191)
Lease liabilities	19	(392)	(392)
Trade and other payables		(757)	(757)
Taxation payable		(77)	(77)
Non-controlling interest		(172)	(172)
Group's share of total assets and liabilities acquired		1 174	1 174
Goodwill attributable to acquisition	8	1 694	1 694
Total consideration		2 868	2 868
Cash on hand at date of acquisition		(1 025)	(1 025)
Net cashflow on acquisition of subsidiaries		1 843	1 843

The goodwill arising on the acquisition of these companies is attributable to the strategic business advantages acquired, principal retail locations and leases, as well as knowledgeable employees and management strategies that did not meet the criteria for recognition as other intangible assets on the date of acquisition.

Contingent liabilities currently recognised on business combination amount to R176 million (refer to note 24).

27. BUSINESS COMBINATIONS (continued)

27.2 Acquisition of Avenida

The Pepkor Holdings group acquired the following business during the financial period. The Pepkor Holdings board is of the opinion that this acquisition presents an attractive investment opportunity that is aligned with the group's strategy to grow through value accretive acquisitions.

Effective 3 February 2022, 81.7% of the issued share capital of Avenida was acquired for a purchase price of R1.899 billion. The Pepkor Holdings group further injected R969 million into the business which increased its shareholding to 87.1%. Avenida is a leading and recognised brand with a successful value and discount business model. It has a highly regarded management team with a proven track record and a culture that resonates with the group's own values and beliefs. Between the two organisations there is opportunity for synergies and for Avenida to leverage off the core assets and competencies of Pepkor Holdings. This platform allows Pepkor Holdings the ideal opportunity to enter the Brazilian market and enable Avenida to fulfil its potential over time.

The remaining 12.9% non-controlling interests measured in the net assets (excluding goodwill) of Avenida are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination (the proportionate share method). The Pepkor Holdings group entered into put/call arrangements as part of the purchase agreement to acquire and the minority holders of Avenida has the right to sell the minority shareholding in three tranches of which the arrangements differ with each tranche. As these put/call arrangements are a consequence of the business combination, they are accounted for as a financial liability in the statement of financial position. Refer to note 18 for further detail.

Trade and other receivables acquired consist of the following:	
Trade receivables	**30**
Credit sales through store cards	**637**
Less: provision for expected credit losses relating to credit sales through store cards	**(153)**
Prepayments	**35**
Value-added taxation receivable	**167**
Other amounts due	**17**
	733

Revenue contribution from Avenida:	
Revenue since acquisition date	**1 931**
Revenue as if from the beginning of the financial year	**3 269**

27.3 The fair value of assets and liabilities assumed at date of acquisition

	Note	Eezi Poland Rm	Total 30 September 2021 Rm
30 September 2021			
Assets			
Trade and other receivables		19	19
Inventories		1	1
Liabilities			
Trade and other payables		(20)	(20)
Group's share of total assets and liabilities acquired		-	-
Goodwill attributable to acquisition	8	13	13
Total consideration		13	13
Cash on hand at date of acquisition		-	-
Settlement via loan account		(13)	(13)
Net cashflow on acquisition of subsidiaries		-	-

The goodwill arising on the acquisition of these companies is attributable to the strategic business advantages acquired, principal retail locations and leases, as well as knowledgeable employees and management strategies that did not meet the criteria for recognition as other intangible assets on the date of acquisition.

27.4 Acquisition of Eezi Poland

Effective 22 December 2020, Pepkor Holdings purchased 100% of the issued share capital of Eezi Poland for a purchase price of €667 thousand. Eezi offers similar products and services to FLASH in the Polish market and is included in the FinTech segment as part of the FLASH business.

28. NATURE AND PURPOSE OF RESERVES

Ordinary share capital and share premium

The share capital and share premium reserve records the movements in the issued share capital of the Company.

Accumulated losses

Retained earnings/accumulated losses comprise distributable reserves accumulated through the consolidation of the profit or loss of consolidated companies and the share of profit or loss of equity accounted companies. Reclassifications and transfers to and from other reserves are also accumulated in this reserve. Ordinary dividends declared reduce this reserve. Preference dividends are recognised in accumulated profit/loss due to preference shareholders.

Accumulated profit/loss due to preference shareholders

Accumulated profit/loss due to preference shareholders comprise distributable reserves accumulated in terms of the preference share agreement. Preference dividends accrued but not yet declared or paid increase this reserve and dividends paid reduce this reserve.

Foreign currency translation reserve

Foreign exchange differences arising on translation are recognised in other comprehensive income and aggregated in the foreign currency translation reserve. However, if the operation is not a wholly owned subsidiary, the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve. They are released to profit or loss upon disposal of that foreign operation.

Excess of consideration (paid to)/received from non-controlling interest

Any increases or decreases in ownership interest in subsidiaries without a change in control are recognised as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributed to owners of the Company.

Sundry reserves

Sundry reserves comprise fair valuations of financial assets at fair value through other comprehensive income and cash flow hedge reserves. These reserves are not considered material by the Group.

Included in sundry reserves are the following reserves:

- Share-based payment reserves relating to equity-settled share-based payment scheme. The fair value of the deferred delivery shares and the share rights granted to employees is recognised as an employee expense with a corresponding increase in equity. Refer to note 35. Once a share scheme vests or becomes highly unlikely to vest, the relevant portion of the share-based payment reserve is transferred to accumulated losses.
- Hedge reserve relating to when forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item (forward points) is recognised within operation expenses.
- Put option reserve; the Group has elected and consistently applied an accounting policy of which in accounting for put options in relation to NCI shareholding, the Group has elected that IFRS 10 Consolidated Financial Statements (IFRS 10) takes precedence over IAS 32 Financial Instruments: Presentation (IAS 32) when considering forwards over NCI. In assessing whether the NCI should be recognised the group takes into consideration whether the put and call option was entered into simultaneously, the exercise price for both the put and call option is based on the same formula and the NCI shareholders retains the ability to legally exercise its voting rights and right to any distributions declared in relation to the shares retained.

  The non-controlling interest portion is recognised in equity at its proportionate share of the fair value of identifiable net assets of the subsidiary at acquisition date if the party to the non-controlling interest is deemed to have control over the contractual put and call option. Whereas the put option derivative is recognised directly in equity at its fair value on the date acquisition.
- Call option reserve; as part of the Global Litigation Settlement, Trevo and others were granted call options by Ainsley over 125 million Pepkor Holdings shares which can be exercised 3 years from inception of the options on Settlement Effective Date at a strike price of ZAR24.9215 per share.

29. ORDINARY SHARE CAPITAL

		30 September 2022 Number of shares	30 September 2021 Number of shares
29.1	**Authorised**		
	Ordinary shares of R0.005 each	**101 000 000**	101 000 000
29.2	**Issued**		
	Balance at beginning of the period	**55 000 106**	55 000 106
	Balance at the end of the period	**55 000 106**	55 000 106

		30 September 2022 Share capital Rm	30 September 2021 Share capital Rm	30 September 2022 Share premium Rm	30 September 2021 Share premium Rm
29.3	**Issued**				
	Balance at beginning and end of the period	*	*	**119 020**	119 020
	Total issued ordinary share capital and share premium	*	*	**119 020**	119 020

** Less than R500 000*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company.

		30 September 2022 Number of shares	30 September 2021 Number of shares
29.4	**Unissued shares**		
	Total unissued shares	**45 999 894**	45 999 894

30. PREFERENCE SHARE CAPITAL

30.1 Authorised

	Classification of preference shares			30 September 2022	30 September 2021	30 September 2022	30 September 2021
	Redemption	Payment of dividends	Classification of instrument	Number of shares	Number of shares	Rm	Rm
Steinhoff Investments							
Variable rate, cumulative, non-participating preference shares of R0.001 each	Non-redeemable	Discretionary	Equity	**495 000 000**	495 000 000	*	*
SIHPL							
Cumulative, non-participating preference shares of no par value	Non-redeemable	Discretionary	Equity	**1 000 000 000**	1 000 000 000	*	*
Steinhoff Africa							
Class A perpetual preference shares (par value R0.01)	Non-redeemable	Discretionary	Equity	**2 000**	2 000	*	*
Class B perpetual preference shares of no par value	Non-redeemable	Discretionary	Equity	**2 000**	2 000	*	*
Cumulative redeemable preference shares (par value R0.01)	Redeemable	Determined upon issue	Financial liability/ compound instrument	**2 000**	2 000	*	*
Pepkor Holdings							
Non-redeemable, non-cumulative, non-participating preference shares of no par value	Non-redeemable	Discretionary	Equity	**5 000 000**	5 000 000	*	*
Non-redeemable, cumulative, non-participating preference shares of no par value	Non-redeemable	Discretionary	Equity	**2 500 000**	2 500 000	*	*
Redeemable, non-cumulative, non-participating preference shares of no par value	Redeemable	Determined upon issue	Financial liability/ compound instrument	**2 500 000**	2 500 000	*	*
Class A1 redeemable, cumulative, non-participating preference shares of no par value	Redeemable	Determined upon issue	Financial liability/ compound instrument	**10 000 000**	10 000 000	*	*
Class A2 redeemable, cumulative, non-participating preference shares of no par value	Redeemable	Determined upon issue	Financial liability/ compound instrument	**10 000 000**	10 000 000	*	*
Class A3 redeemable, cumulative, non-participating preference shares of no par value	Redeemable	Determined upon issue	Financial liability/ compound instrument	**10 000 000**	10 000 000	*	*
Class A4 redeemable, cumulative, non-participating preference shares of no par value	Redeemable	Determined upon issue	Financial liability/ compound instrument	**10 000 000**	10 000 000	*	*
Class A5 redeemable, cumulative, non-participating preference shares of no par value	Redeemable	Determined upon issue	Financial liability/ compound instrument	**10 000 000**	10 000 000	*	*

**Amount less than R500 000.*

30. PREFERENCE SHARE CAPITAL (continued)

30.2 Issued

	30 September 2022 Number of shares	30 September 2021 Number of shares	30 September 2022 Rm	30 September 2021 Rm
Classified as equity				
Steinhoff Investments[1]				
In issue at the beginning and end of the year	**15 000 000**	15 000 000	**1 411**	1 405
Total issued preference stated share capital classified as equity	**15 000 000**	15 000 000	**1 411**	1 405
Pepkor Holdings (class A cumulative redeemable preference shares)				
In issue at the beginning of the year	**-**	2 000	**-**	2 000
Partial settlement	**-**	(2 000)	**-**	(2 000)
In issue at the end of the year	**-**	-	**-**	-

	30 September 2022 Rm	30 September 2021 Rm
Summary of preference shares in issue		
Owned by preference shareholders of Steinhoff Investments	**1 411**	1 405
	1 411	1 405

[1] ***Terms of issued Steinhoff Investment Holdings Limited preference shares***

The preference shares earn dividends on the issue price at the rate of 82.5% of the SA prime lending rate quoted by Absa Bank Limited or its successor in title in South Africa. Although the rights to receive dividends are cumulative, declaration of such dividends is at the discretion of the Board of directors of Steinhoff Investments.

Accrued dividends relating to preference shares classified as owned by preference shareholders of Steinhoff Investments are presented as part of the profit or loss attributable to preference shareholders in the period to which the accrual relates, regardless if these dividends have been declared. Any preference dividends actually paid have been presented as a reduction of accumulated profits attributable to preference shareholders.

31. NON-CONTROLLING INTERESTS

ACCOUNTING POLICY

Non controlling interest

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Subsequently, any losses applicable to the non-controlling interests are allocated to the non-controlling interests even if this results in the non-controlling interests having deficit balances.

Initial measurement of non-controlling interests

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

When the Group ceases to consolidate an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the Group retains no interest, the carrying value of the non-controlling interest is disposed and forms part of the net asset value of the investment upon disposal. The difference between the proceeds received and the net asset value disposed is recognised in profit or loss.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

31.1 Details of material non-controlling interests:

	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	30 September 2022 %	30 September 2021 %	**30 September 2022 Rm**	30 September 2021 Rm	**30 September 2022 Rm**	30 September 2021 Rm
Pepkor Holdings*	**48.97**	41.07	**2 737**	1 588	**30 917**	23 899
Individually immaterial subsidiaries with non-controlling interests			**-**	-	**-**	(234)
Total non-controlling interests			**2 737**	1 588	**30 917**	23 665

** In terms of the Steinhoff Settlement Implementation Support Agreement, the SRF shall, from the Settlement Effective Date until the final distribution or repayment by the SRF of the Settlement Funds (as defined in the SRF and Claims Administration Conditions), be entitled to instruct Ainsley by written notice to deliver the required number of Pepkor Holdings shares (as determined at the sole and absolute discretion of the SRF) to the SIHPL Pepkor Holdings Election MPCs on payment by the SRF to Ainsley of only the SRF Option Price, being R19.82. The amount of shares to be delivered is expected to be c. 6.2 million.*

Any non-controlling interests recognised by the subsidiaries are included in the balances above.

31. NON-CONTROLLING INTERESTS (continued)

31.2 Material transactions with non-controlling interests

Pepkor Holdings

2021 Reporting Period

In March 2021, Pepkor Holdings issued 6 234 974 of its shares to qualifying employees under the Pepkor Holdings Executive Share Rights Scheme. This diluted the Group's shareholding in Pepkor Holdings from 67.75% to 67.64%.

As announced on 14 April 2021, the transaction for Pepkor Holdings to acquire twelve properties included in the Africa Properties portfolio currently leased from the Group, received the necessary approvals and all conditions precedent were fulfilled. The total consideration for the properties consist of a total of 70 million new Pepkor Holdings shares. These shares were issued at a price of R15 per share with the transfer of each property which occurred between July and September 2021. As at the Reporting Date, 68 720 747 shares have been issued resulting in an increase in the Group's shareholding in Pepkor Holdings to 68.23%.

On 13 September 2021, the Group announced the successful completion of a bookbuild, having placed 370 million Pepkor Holdings shares at R19.75 per share, representing a discount of 9% and raising R7.3 billion. This diluted the Group's shareholding in Pepkor Holdings to 58.33%

During September 2021, Pepkor Holdings repurchased 38 million shares from the open market on the JSE. This increased the Group's shareholding to 58.93%. The share were acquired at an average price of R19.99 per share, ranging from R19.85 to R20.50.

2022 Reporting Period

On 15 February 2022, the Group settled a portion of the Global Litigation Settlement with 273 785 820 Pepkor Holdings shares. This diluted the Group's shareholding to 51.50%.

The Pepkor Holdings group issued 11.8 million ordinary shares on 1 March 2022 for share rights that vested under the Pepkor Holdings Executive Share Rights Scheme. This diluted the Group's shareholding to 51.36%.

On 16 March, the Group settled the litigation with the Tekkie Town Claimants with 29 500 000 Pepkor Holdings shares. This diluted the Group shareholding to 50.56%.

During March 2022, Pepkor Holdings repurchased 1.8 million shares from the open market on the JSE. This increased the Group's shareholding to 50.59%.

During June 2022, Pepkor Holdings repurchased 10 million shares from the open market on the JSE. This increased the Group's shareholding to 50.73%.

As announced on 14 April 2021 the transaction for Pepkor Holdings to acquire twelve properties included in the Africa Properties portfolio currently leased from the Group, received the necessary approvals and all conditions precedent were fulfilled. The transfer of one of the properties was delayed. In September 2022 1 279 253 shares were issues at R15 per share with the transfer of the property. This increased the Group's shareholding to 50.74%.

During July to September 2022, Pepkor Holdings repurchased 20.38 million shares from the open market on the JSE. This increased the Group's shareholding to 51.03%.

31.3 Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests:

The summarised financial information below represents amounts before intragroup eliminations and consolidation entries.

	30 September 2022 Rm Pepkor Holdings	30 September 2021 Rm Pepkor Holdings
Non-current assets	80 790	75 363
Current assets	32 777	28 319
Non-current liabilities	(27 676)	(27 061)
Current liabilities	(22 946)	(18 433)
Revenue	81 396	77 329
Profit for the period	6 109	4 876
Profit attributable to owners of the parent	6 114	4 875
(Loss)/profit attributable to the non-controlling interests	(5)	1
Profit for the period	6 109	4 876
Total comprehensive income attributable to owners of the parent	7 952	4 021
Total comprehensive (loss)/income attributable to the non-controlling interests	(5)	1
Total comprehensive income/(loss) for the period	7 947	4 022
Net inflow from operating activities	5 465	7 111
Net outflow from investing activities	(3 470)	(1 760)
Net outflow from financing activities	(3 773)	(4 985)
Net cash inflow	(1 778)	366
Dividends paid to the non-controlling interests	-	9

32. RELATED-PARTY TRANSACTIONS

In prior years certain transactions were identified which were not entered into on an arms' length basis. The Group expanded its identification of related parties and any non-arms' length transactions identified were scrutinised to assess recoverability of related assets or disclosure deficiencies. In instances where there is no security on the loans in the entity with the liability, or where the Group does not have sufficient information to perform a recoverability test, management has deemed it appropriate to impair these assets.

Critical judgements

Key Management Personnel: Entities related and affiliated

The Group considered the various entities related and affiliated with certain key management personnel during the periods presented, to determine whether any material transactions were concluded between the Group and these entities.

The Group's considerations are explained in this note.

Related-party relationships also exist between shareholders, subsidiaries, joint-venture companies and associate companies within the Group and its Company directors and Group key management personnel.

Except where specifically stated otherwise, the transactions are concluded in the normal course of business and include transactions as a result of the group-wide treasury management of foreign currency movements. All material intergroup transactions are eliminated on consolidation.

32.1 Directorate

The below reflects the Board of Directors as at the date this report was approved.

Active directors at the date of this report

Theodore de Klerk	Appointed: 30 August 2019
Louis du Preez	Appointed: 2 February 2018
Moira Moses	Appointed: 29 October 2018
Hugo Nelson	Appointed: 30 August 2019
David Pauker	Appointed: 23 February 2022
Alex Watson	Appointed: 29 October 2018

The current directors of the Company held no direct or indirect interest in the Company's issued ordinary or preference shares in either Reporting Periods.

Compensation of key management personnel

	2022 Rm	2021 Rm
Short-term employee benefits	62	64
Total compensation for the period	**62**	64

Details relating to directors' emoluments are disclosed in note 34.

32.2 Interest of key management personnel in contracts

As part of the Global Litigation Settlement, Trevo and others were granted call options by Ainsley over 125 million Pepkor Holdings shares. Trevo (which was granted call options over 120 million Pepkor shares) is associated with PJ Erasmus (non-executive director of Pepkor Holdings from 12 January 2022 and Chief executive officer from 1 October 2022). The options are exercisable in the 2025 financial year at an exercise price R24.9215 per share subject to adjustments applicable for certain limited circumstances.

No other contracts related to key management personnel of the Group were concluded during either of the Reporting Periods.

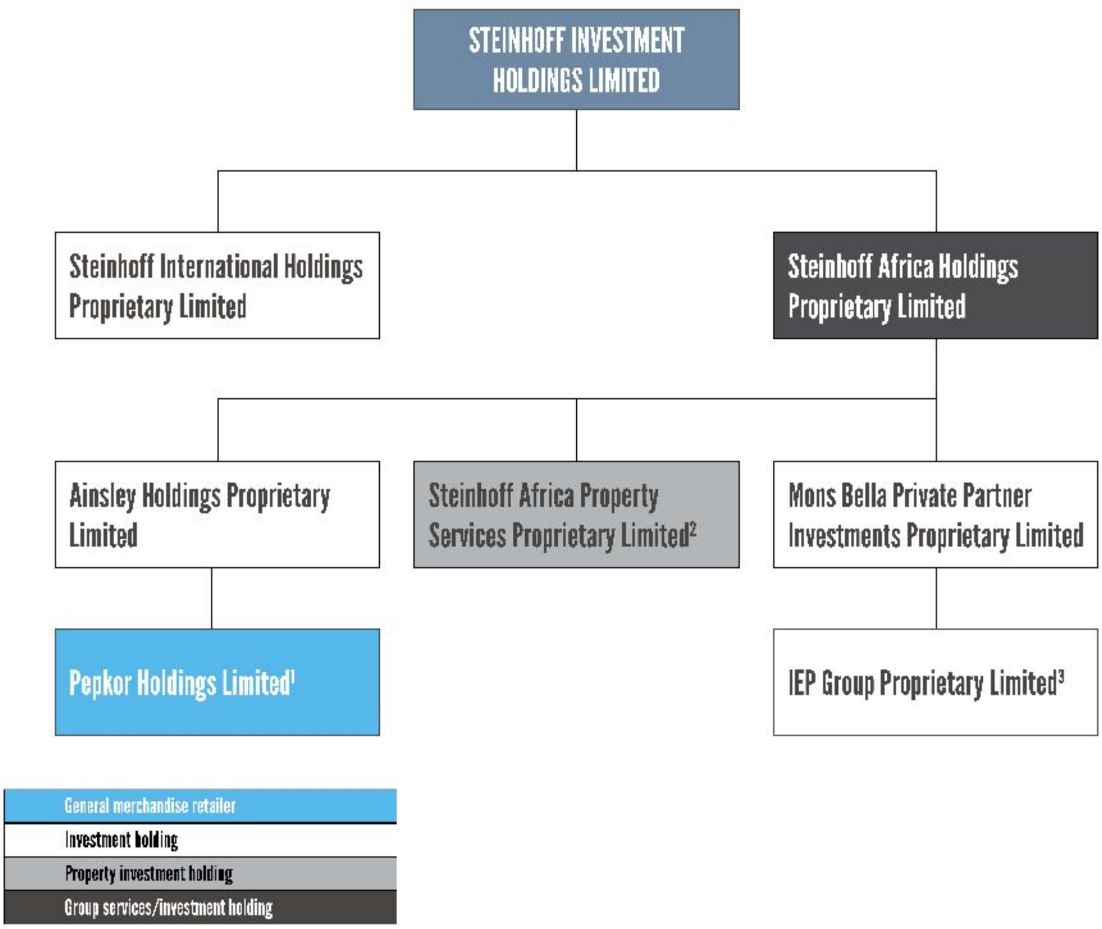
32. RELATED-PARTY TRANSACTIONS (continued)

32.3 Material subsidiaries

The Group's principal subsidiaries at 30 September 2022 are set out below in a simplified group structure. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Steinhoff Investments Group, as at 30 September 2022, and the proportion of ownership interests held equals the voting rights held by the Steinhoff Investments Group. The country of incorporation or registration is also their principal place of business. The structure does not indicate direct interest in subsidiaries and unless otherwise indicated, subsidiaries are wholly owned.

Principal subsidiaries are those identified by management as contributing materially to the consolidated results or financial position of the Steinhoff Investments Group.

The statutory list of all subsidiaries and affiliated companies, prepared in accordance with the relevant legal requirements is available at the Company's registered address.



[1] *Non-controlling interest of 48.97% (2021: 41.07%).*

[2] *Classified as held-for-sale on 30 September 2021 and 30 September 2022.*

[3] *Associate investment with shareholding of 26% (2021: 26%).*

32. RELATED-PARTY TRANSACTIONS (continued)

32.4 Trading transactions

The following is a summary of material transactions and balances outstanding at year-end in relation to transactions with related parties:

	Dividends received by Group Rm	Interest received by Group Rm	Loan and receivables due to Group Rm
2022			
Equity Accounted Companies			
S'Ya Phanda Proprietary Limited	**-**	**-**	**56**
IEP	**45**	**-**	**-**
	-	**-**	**56**
2021			
Equity Accounted Companies			
S'Ya Phanda Proprietary Limited	-	-	51
IEP	65	-	-
	65	-	210

Other transactions have occurred which are individually and globally immaterial.

32.5 Elimination of transactions with equity accounted companies

Management assessed the upstream and downstream transactions between Group companies and equity accounted companies. Inventory turnover of stock items purchased is relatively fast and therefore no material inventory is on hand at period-end that should be eliminated. The remaining transactions are related to services which are recognised as they are delivered and therefore no further eliminations are required.

33. TRANSACTIONS AND BALANCES WITH THE GREATER STEINHOFF N.V. GROUP

ACCOUNTING POLICY

Impairment of related party receivables

For loans receivable with no fixed terms of repayment, ECLs are based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the probability of default is usually small and the expected credit loss is immaterial as a result.

If the borrower could not repay the loan if demanded at the reporting date, the Group considers the expected manner of recovery to measure ECLs. This includes a 'repay over time' strategy. If the recovery strategies indicate that the lender would fully recover the outstanding balance of the loan, the ECL is limited to the effect of discounting the amount due on the loan (at the loan's effective interest rate, which is regarded as 0% if the loan is interest free) over the period until cash is realised. If the effective interest rate is 0%, and all strategies indicate that the lender would fully recover the outstanding balance of the loan, no impairment loss is recognised.

The Group considers that an event of default has occurred if the borrower does not repay the loan when demanded. The Group writes off a loan when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the borrower has been placed under liquidation or has entered into bankruptcy proceedings.

At initial recognition, an impairment allowance is required for ECL resulting from default events that are possible within the next 12 months. In the event of a significant increase in credit risk, an allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument.

Financial assets where a 12-month ECL is recognised are considered to be 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment are considered to be in default or otherwise credit impaired are in 'stage 3'. The assessment of credit risk and the estimation of ECL is unbiased and probability-weighted, and incorporates all available information that is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money.

Internal credit grade	Description	Basis for recognising expected credit losses
Performing	Low risk of default due to the borrower's net assets being higher than the loan balance, and no amounts are past due.	12 month ECL
Underperforming	When the loan is past due or there has been a significant increase in credit risk since initial recognition and the borrower's net assets are higher than the loan balance, but the assets have a low level of liquidity or if there is a high level of liquidity of the underlying assets due to it being listed and the net assets are substantially recoverable, the loan is deemed underperforming. A significant increase in credit risk is indicated by a significant decrease in the value of the borrower's investments or changes in the scope of the business or organisational structure that result in a significant change in the borrower's ability to meet its debt obligations.	Lifetime ECL (not credit impaired)
Non-performing	When the loan is past due or there is evidence that the asset is credit impaired, and the borrower's net assets are lower than the loan balance, the loan is deemed non-performing. A loan will also be deemed non-performing when the financial position of the company has deteriorated severely since initial recognition or the loan is close to being in default.	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.	Amount is written off
Curing	Curing occurs when contractual payments are up to date with contractual obligations or the estimated underlying net asset value of the counterparty has improved to such an extent that recoverability of the loan is likely.	Amount is cured

33. TRANSACTIONS AND BALANCES WITH THE GREATER STEINHOFF N.V. GROUP (continued)

Significant estimates and judgements

The estimated disposal values of the underlying assets in the Steinhoff Europe Group are significant estimates in determining the recoverable amounts of the intragroup loans. Apart from the fact that the valuation techniques used are inherently subject to estimation uncertainty, the following items may affect the recoverable amount of the loans:

- future performance of the underlying businesses and the markets in which they operate;
- potential discounts on the sale of the underlying assets in the Steinhoff Europe Group that may be required in order to dispose of these assets with the required time frame;
- withholding-and-dividend taxes that may be payable upon disposal of the underlying assets.

33.1 Trading transactions

Net operating fees (including admin and management fees)

	Relationship	30 September 2022 Rm	30 September 2021 Rm
Steinhoff N.V.	Holding Company	31	-
Ibex Retail Investments Limited ("**Ibex Retail Investments**")	Fellow subsidiary	15	16

33.2 Loans and receivables from the greater Steinhoff N.V. Group

	Relationship	Notes	30 September 2022 Rm	30 September 2021 Rm
Loans Receivable				
Steinhoff N.V. (receivable by Steinhoff Investments)	Holding company	a.	3 077	-
Steinhoff N.V. (receivable by Steinhoff Africa)	Holding company	b.	4 321	4 320
Ibex (Europe)*	Fellow subsidiary	c.	2 824	2 617
Steenbok Lux Finco 2 SARL*	Fellow subsidiary	d.	4 823	4 337
Newco 2A (receivable by SIHPL)*	Fellow subsidiary	e.	23 854	23 241
Less: Provision for expected credit losses			(24 159)	(20 507)
			14 740	14 008
Receivables				
Pepco Group	Fellow subsidiary		3	3
Steinhoff N.V.	Holding company		36	-
Ibex Retail Investments	Fellow subsidiary		1	8
			40	11
Total loans and receivables			14 780	14 019
Current loans and receivables			3 117	11
Non-current loans and receivables*			11 663	14 008
			14 780	14 019

** These loans are repayable on 30 June 2023, which is within 12 months after the Reporting Date, however, it is not management's intention to call on these loans within the next 12 months and therefore it has been classified as non-current.*

a. This loan was recognised as part of the Global Litigation Settlement relating to payments made by the Group on behalf of Steinhoff N.V. The loan is non-interest bearing and repayable on demand. South African Reserve Bank ("**SARB**") approval is still required to clear the loan account against the loan payable from Steinhoff N.V. for R3.077 billion. Refer to note 33.3.

b. The loan to Steinhoff N.V. is unsecured, interest-free and is repayable on 30 June 2023.

c. The Ibex (Europe) loans are euro-denominated, carry interest at 8% and is repayable on 30 June 2023. Management deem these loans to be fully recoverable. Ibex (Europe)'s underlying investment, the Pepco Group, is listed on the Warsaw stock exchange. Ibex (Europe) still holds 78.9% of its holdings, 4% of the proceeds from any placements of the investment in Pepco Group by Ibex (Europe) will be utilised to repay a portion of the loans with Steinhoff Africa and Newshelf. Further placements of the investment in Pepco Group by Ibex (Europe) is deemed to be sufficient in order for Ibex (Europe) to raise cash in on order to repay the loan.

33. TRANSACTIONS AND BALANCES WITH THE GREATER STEINHOFF N.V. GROUP (continued)

33.2 Loans and receivables from the greater Steinhoff N.V. Group (continued)

d. Steinhoff Africa's loan with Steenbok Lux Finco 2 SARL ("**Lux Finco 2**") is unsecured, bears interest at 10.75% and is repayable on 30 June 2023. The loan forms part of the Lux Finco 2 Second Lien Term Loan Facility, which ranks behind the Lux Finco 2 First Lien Term Loan Facility. Lux Finco 2's ability to repay these loans are based on the fair value of the underlying assets in the Steinhoff Europe group. The publicly listed investment of the Steinhoff Europe group, Pepco Group, experienced significant pressure to its quoted share price during the Reporting Period due to the invasion of Ukraine, a country which borders three of Pepco Group's largest operating territories, with similar impacts being experienced on the valuation of the unlisted operations. This contributed to a significant decrease in the overall value of the Steinhoff Europe group, negatively impacting the ability of Lux Finco 2 to repay the Second Lien Term Loan Facility. The loan was previously performing however, due to the decrease in the expected recovery and a resulting increase in the credit risk, the loan is now classified as underperforming. An impairment of R1.6 billion was recognised by Steinhoff Africa in the 2022 Reporting Period (2021: impairment reversal of R4.3 billion).

e. SIHPL's loan with Newco 2A is unsecured, bears interest at 10% and is repayable on 30 June 2023. The loan is classified as non-performing. SIHPL's loan with Newco 2A is a first lien intercompany loan and ranks pari passu with the A1 tranche of the Lux Finco 1 21/22 Term Loan Facility and A2 tranche of the Lux Finco 1 23 Term Loan Facility. Newco 2A has an intragroup loan with Lux Finco 2, which on repayment (refer to point d above), together with the upstreaming of any funds available following the repayment of the Lux Finco 2 Term Loan Facilities, will be utilised to repay a portion of the SIHPL and Lux Finco 1 Term Loan Facilities according to its ranking. The deterioration of the fair value of the underlying assets in the Steinhoff Europe group (as described above) resulted in the Lux Finco 2 First Lien Term Loan Facility and Second Lien Term Loan Facility being partially impaired during the Reporting Period. An impairment of R1.9 billion was recognised by SIHPL in the Reporting Period (2021: impairment reversal of R7 billion).

The ECL on these loans were determined using a multiple-scenario approach which includes a scenario under which the fair value of the underlying assets are realised in the normal course of business, a scenario under which the fair value of the underlying assets are realised at a discount due to the macro-economic forward looking information of the potential Ukraine war and inflationary pressures, a scenario under which the fair values of the underlying assets are realised on a value in use approach with expansion and a scenario without expansion and a fifth scenario where the underlying assets could be realised in a fire sale circumstances at a 20% discount.

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for Group loans receivable by credit rating grade:

	Internal credit rating	Basis of loss allowance	Gross Carrying amount Rm	Credit impaired Rm	Loss allowance Rm	Amortised cost Rm
2022						
Steinhoff N.V.	Performing	12-month ECL	**3 077**	**-**	**-**	**3 077**
Steinhoff N.V.	Non-performing	Lifetime ECL	**4 321**	**-**	**(4 321)**	**-**
Ibex (Europe)	Performing	12-month ECL	**2 824**	**-**	**-**	**2 824**
Lux Finco 2	Underperforming	12-month ECL	**4 823**	**-**	**(1 625)**	**3 198**
Ibex Retail Investments	Non-performing	Lifetime ECL	**480**	**(480)**	**-**	**-**
Newco 2A	Non-performing	Lifetime ECL	**23 854**	**(18 213)**	**-**	**5 641**
Newco 2A*	Non-performing	Lifetime ECL	**14 362**	**(14 362)**	**-**	**-**
			53 741	**(33 055)**	**(5 946)**	**14 740**

** Steinhoff Investments' loan with Newco 2A is a second lien intercompany loan and therefore ranks below SIHPL's loan with Newco 2A and the Lux Finco 1 Term Loan Facilities.*

33. TRANSACTIONS AND BALANCES WITH THE GREATER STEINHOFF N.V. GROUP (continued)

33.2 Loans and receivables from the greater Steinhoff N.V. Group (continued)

Credit loss allowances (continued)

	Internal credit rating	Basis of loss allowance	Gross Carrying amount Rm	Credit impaired Rm	Loss allowance Rm	Amortised cost Rm
2021						
Steinhoff N.V.	Underperforming	Lifetime ECL	4 320	-	(4 320)	-
Ibex (Europe)	Performing	12-month ECL	2 617	-	-	2 617
Lux Finco 2	Performing	Lifetime ECL	4 337	-	-	4 337
Ibex Retail Investments	Non-performing	Lifetime ECL	473	(473)	-	-
Newco 2A	Underperforming	Lifetime ECL	23 241	-	(16 187)	7 054
Newco 2A	Non-performing	Lifetime ECL	14 358	(14 358)	-	-
			49 346	(14 831)	(20 507)	14 008

Reconciliation of credit loss allowance

	Note	Performing Rm	Under-performing Rm	Non-performing Rm
Balance at 1 October 2020		-	(4 321)	(41 112)
Foreign exchange movement		-	2 283	1 744
Reclassification between Underperforming and Non-performing		-	(21 092)	21 092
Reclassification between Non-performing and Performing		(3 445)	-	3 445
Additional ECL raised (interest not previously recognised)		(892)	(4 432)	-
Reversal of ECL	4.2.2	4 337	7 055	-
Balance at 30 September 2021		**-**	**(20 507)**	**(14 831)**
Foreign exchange movement		**-**	**-**	**(185)**
Reclassification between Underperforming and Non-performing		**-**	**16 187**	**(16 187)**
Additional ECL raised	4.2.2	**-**	**(1 626)**	**(1 852)**
Balance at 30 September 2022		**-**	**(5 946)**	**(33 055)**

Sensitivity analysis

The recoverability of SIHPL's loan to Newco 2A is dependent on the estimated fair values of the underlying assets in the Steinhoff Europe Group. These assets' fair values were based on quoted and unquoted market prices. A 1% change in the fair values of the two major contributing assets, being Mattress Firm and the Pepco Group, would have the following effect on the recoverable amount and statement of profit or loss:

	Recoverable amount Rm	Effect on profit or loss Rm
30 September 2022		
1% increase	**5 716**	**75**
1% decrease	**5 563**	**(78)**

The recoverability of Steinhoff Africa's loan to Lux Finco 2 is dependent on the estimated fair values of the underlying assets in the Steinhoff Europe Group. These assets' fair values were based on quoted and unquoted market prices. A 1% change in the fair values of the two major contributing assets, being Mattress Firm and the Pepco Group, would have the following effect on the recoverable amount and statement of profit or loss:

	Recoverable amount Rm	Effect on profit or loss Rm
30 September 2022		
1% increase	**3 226**	**28**
1% decrease	**3 169**	**(29)**

33. TRANSACTIONS AND BALANCES WITH THE GREATER STEINHOFF N.V. GROUP (continued)

33.3 Loans and payables owed to the greater Steinhoff N.V. Group

	Relationship	Notes	30 September 2022 Rm	30 September 2021 Rm
Loans Payable				
Steinhoff N.V. (payable by Steinhoff Investments)	Holding company	a.	**(3 077)**	(3 077)
Steinhoff N.V. (payable by SIHPL)	Holding company	b.	**(23)**	(63)
Gross carrying amount			**(63)**	(63)
Limited recourse adjustment			**40**	-
Steinhoff N.V. Loan Note	Holding company	c.	**(2 876)**	-
Newco 2A Loan Note	Fellow subsidiary	d.	**(3 726)**	-
Steinhoff UK Holdings Limited	Fellow subsidiary		**(42)**	(42)
			(9 744)	(3 182)
Payables				
Ibex Retail Investments	Fellow subsidiary		**(6)**	-
Ibex (Europe)	Fellow subsidiary		**(17)**	-
Pepco Group	Fellow subsidiary		**(1)**	(15)
			(24)	(15)
Total loans and payables			**(9 768)**	(3 197)
Current loans and payables			**(4 669)**	(3 197)
Non-current loans and payables			**(5 099)**	-
			(9 768)	(3 197)

a. The loan payable to Steinhoff N.V. is non-interest-bearing and repayable on demand. Steinhoff Investments intended to repay this loan as part of the Global Litigation Settlement, however SARB approval is still required to clear the repayment currently included as a loan receivable of R3.077 billion (note 33.2a) against the loan payable.

b. This loan payable to Steinhoff N.V. is repayable on demand.

In terms of the SIHPL ICA entered into on 15 February 2022, the loan has a third ranking security over SIHPL's assets and have become a limited recourse loan. Based on SIHPL's available assets, only a portion of this loan will be payable. An adjustment was therefore recognised to reduce the loan amount to the balance that will be payable based on the available assets of SIHPL.

c. All or certain of the MPCs against SIHPL have been settled (in full or in part) by Steinhoff N.V. on behalf of SIHPL from funds which was made available by Steinhoff N.V. and will be paid via the SRF. In consideration for Steinhoff N.V. undertaking the MPC Settlement on behalf of SIHPL, SIHPL is liable to Steinhoff N.V. for the amounts paid by Steinhoff N.V. pursuant to the MPC Settlement. A loan to the amount of €164 million is therefore payable to Steinhoff N.V. The loan is euro-denominated, interest free, repayable on 15 August 2027 and has a second ranking security over SIHPL's assets. The loan is a limited recourse loan however, based on SIHPL's available assets and the loan's ranking, the full loan amount will be paid.

d. SIHPL acquired the Titan Receivable from Newco 2A for €220 million on Settlement Effective Date (refer to note 12). The Newco 2A loan payable is euro-denominated, interest free, repayable on 15 August 2027 and has a first ranking security over SIHPL's assets. The loan is a limited recourse loan however, based on SIHPL's available assets and the loan's ranking, the full loan amount could be paid.

34. REMUNERATION REPORT

34.1 Remuneration of the board of directors

	Basic remuneration[2] R'000	Pension and other contributions[1] R'000	Annual leave paid out R'000	Annual bonus[3] Short-term incentive R'000	Annual bonus[3] Long-term incentive R'000	IFRS 2 share-based payment expense R'000	Total remuneration and fees R'000
2022							
Executive directors[2]							
Theodore de Klerk	19 342	1 203	278	15 521	14 028	2 233	52 605
Louis du Preez	22 570	1 121	321	17 897	16 176	2 575	60 660
Total remuneration of executive directors	41 912	2 324	599	33 418	30 204	4 808	113 265
Non-executive directors							
Moira Moses[4]	5 915	-	-	-	-	-	5 915
- Paid by Steinhoff N.V.	5 479	-	-	-	-	-	5 479
- Paid by Steinhoff Investments	436	-	-	-	-	-	436
Hugo Nelson[4]	3 687	-	-	-	-	-	3 687
- Paid by Steinhoff N.V.	3 253	-	-	-	-	-	3 253
- Paid by Steinhoff Investments	434	-	-	-	-	-	434
David Pauker[4,5]	4 274	-	-	-	-	-	4 274
- Paid by Steinhoff N.V.	2 862	-	-	-	-	-	2 862
- Paid by Steinhoff Investments	246	-	-	-	-	-	246
- Paid by other Group entities	1 166	-	-	-	-	-	1 166
Alex Watson[4]	3 706	-	-	-	-	-	3 706
- Paid by Steinhoff N.V.	3 253	-	-	-	-	-	3 253
- Paid by Steinhoff Investments	453	-	-	-	-	-	453
Total remuneration of non-executive directors	17 582	-	-	-	-	-	17 582
Total remuneration	59 494	2 324	599	33 418	30 204	4 808	130 847

34. REMUNERATION REPORT (continued)

34.1 Remuneration of the board of directors (continued)

	Basic remuneration[2] R'000	Pension and other contributions[1] R'000	Annual leave paid out R'000	Annual bonus: Short-term incentive R'000	Annual bonus: Long-term incentive[3] R'000	IFRS 2 share-based payment expense R'000	Total remuneration and fees R'000
2021							
Executive directors							
Theodore de Klerk	21 113	1 202	1 286	15 729	19 390	-	58 720
Louis du Preez	24 618	1 115	1 354	18 138	23 482	-	68 707
Total remuneration of executive directors	45 731	2 317	2 640	33 867	42 872	-	127 427
Non-executive directors							
Moira Moses[4]	6 151	-	-	-	-	-	6 151
- Paid by Steinhoff N.V.	5 673	-	-	-	-	-	5 673
- Paid by Steinhoff Investments	478	-	-	-	-	-	478
Hugo Nelson[4]	3 803	-	-	-	-	-	3 803
- Paid by Steinhoff N.V.	3 369					-	3 369
- Paid by Steinhoff Investments	434					-	434
Alex Watson[4]	3 822	-	-	-	-	-	3 822
- Paid by Steinhoff N.V.	3 369	-	-	-	-	-	3 369
- Paid by Steinhoff Investments	453	-	-	-	-	-	453
Total remuneration of non-executive directors	13 776	-	-	-	-	-	13 776
Total remuneration	59 507	2 317	2 640	33 867	42 872	-	141 203

[1] *Other contributions mainly includes company contributions to the medical aid, expense allowances and social taxes.*

[2] *The Executive Directors have employment contracts with Steinhoff Africa, all remuneration is therefore paid by Steinhoff Africa. Directors' fees were paid with basic remuneration in terms of the individuals' employment contract.*

[3] *Annual bonus comprises a short- and long-term incentive which are based on key performance indicators ("**KPI's**") on which fulfilment and subsequent approval by Steinhoff N.V.'s remuneration committee will result in performance bonuses. An LTI allocation is awarded annually and paid out in three equal tranches over three years on the anniversary of the award, subject to fulfilment of the KPI's and subsequent approval by Steinhoff N.V's remuneration committee. Annual performance bonuses are only recognised once it is probable that the KPI's will be achieved - the year-end accrual is included in the Performance-based bonus accrual in note 23.2.*

[4] *These board members serve on the Supervisory Board of Steinhoff N.V. as well as the Steinhoff Investments Board and therefore receive both their Supervisory Board fees as well as director's fees for Steinhoff Investments.*

[5] *Appointed on 23 February 2022. David Pauker also serves as a non-executive board member of SIHPL and Steinhoff Africa for which he receives a director's fee.*

35. SHARE-BASED PAYMENTS

35.1 Employee share scheme

35.1.1 Pepkor Holdings Executive Share Rights Scheme

Pepkor Holdings grants share rights to share scheme participants under the Pepkor Executive Share Rights Scheme. The grants remain subject to meeting certain performance conditions (vesting conditions) over the vesting period.

The Pepkor Executive Share Rights Scheme is subject to the following conditions:

a) Rights are granted to qualifying senior executives on an annual basis.
b) Vesting of rights occur on the third anniversary of grant date, provided performance criteria, as set by the Pepkor Holdings remuneration committee at or about the time of the grant date, have been achieved.
c) In the event of performance criteria not being satisfied by the third anniversary of the relevant annual grant, all rights attaching to the particular grant will lapse.

Refer to note 4.3.3 for the share-based payment expense.

	2022 Number of rights	2021 Number of rights
The number of Pepkor share rights outstanding is:		
Outstanding at the beginning of the period	**53 821 135**	37 237 358
Granted during the year	**15 333 958**	26 408 733
Forfeited during the period [1]	**(2 177 066)**	(3 590 162)
Vested during the period	**(11 824 414)**	(6 234 794)
Outstanding at the end of the period	**55 153 613**	53 821 135

[1] Forfeited share rights consist of certain individuals who left the group and therefore forfeited their share rights relating to the initial grants made as well as share rights that did not vest in the current year relating to the 2019 grant (2021: 2018 grant).

Assumptions

The fair value of services received in return for share rights granted is measured by reference to the market value (2021: fair value) of the share rights granted. The estimated fair value of the services received is measured based on the assumption that all vesting conditions are met and all employees remain in service. The value of the share rights granted is measured by reference to the market value of the shares. (2021: The pricing model used was the Monte Carlo simulation model. The equity volatility was determined using an exponentially weighted average of Pepkor Holdings' historical daily share price.)

	2022 grant	2021 grant	2020 grant
Fair value of share rights and assumptions:			
Fair value at grant date	**R22.02**	R13.56	R13.03
Share price at grant date	**R22.02**	R14.64	R13.96
Strike price	**n/a**	nil	nil
Expected volatility	**n/a**	41.20%	28.20%
Dividend yield	**n/a**	2.50%	2.30%
Risk-free interest rate	**n/a**	4.80%	6.50%
Option life	**3 years**	3 years	3 years

35.2 Cash-settled share scheme

At the Steinhoff N.V. AGM held on 25 March 2022, the amended share plan was not approved by the requisite simple majority shareholders. As a result, in accordance with their terms, the conditional share awards that were granted to Steinhoff N.V.'s managing directors automatically converted into phantom shares, which falls within the scope of IFRS 2. The value of these phantom shares are equal to the Steinhoff N.V. share price and will be settled in cash upon vesting.

The phantom shares vest in equal tranches (25% each) on a 6-monthly basis commencing 31 March 2023. The grant date is deemed to be 25 March 2022 as it is the date the amended share plan was not accepted at the General Meeting and thus by default accepting the alternative of a phantom share award. The Managing Directors are required to remain in employment during the vesting period. The first tranche will vest on 31 March 2023, subject to fulfilment of KPI's as set out in the Remuneration Report included in the 2022 Annual Report of Steinhoff N.V. and subsequent approval by Steinhoff N.V's remuneration committee. There are no Market Conditions relating to the scheme.

The cash-settled share-based payment is remeasured to its actual settlement amount; therefore, the cumulative cost that will ultimately be recognised will be equal to the cash payment to the counterparty. At 30 September 2022, the share-based payment has been remeasured to R4.8 million (calculated by taking into account the number of phantom shares, total remaining period before vesting of each tranche and the Steinhoff N.V. share price) which is included in employee benefits in note 23. The remeasurement of R4.8 million was recognised in the Statement of Profit or Loss as part of employee cost.

	2022 Number of phantom shares	2021 Number of phantom shares
The number of phantom shares outstanding is:		
Outstanding at the beginning of the period	**-**	-
Granted during the year	**13 661 600**	-
Vested during the period	**-**	-
Outstanding at the end of the period	**13 661 600**	-

36. ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

ACCOUNTING POLICY

Non-current assets held-for-sale and discontinued operations

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. These assets may be a component of an entity, a disposal group or an individual non-current asset. On initial classification as held-for-sale, non-current assets and disposal groups are recognised at the lower of its carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operation, or a subsidiary acquired exclusively with a view to resell. Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale.

If the above conditions are no longer met to classify non-current assets and disposal groups as held-for-sale, the Group cease to classify and present the non-current assets and disposal groups as such. The Group shall measure the non-current assets and disposal group on the date it ceases to be held-for-sale at the lower of the carrying amount before the asset was classified as held-for-sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the non-current assets or disposal group not been classified as held-for-sale, and its recoverable amount. The financial statements are amended accordingly from the period of initial classification as held-for-sale. Any adjustment arising from the change is also included in profit or loss from continuing operations, in the same line item where any other gain or loss from remeasurement is included.

The following table presents detail of the assets and liabilities that have been classified as held-for-sale as at 30 September 2022. The balances disclosed include impairments recognised on the date of classification as held-for-sale:

	Notes	Africa Properties Rm	IEP Rm	Total Rm
2022				
Assets				
Investment in equity accounted companies		-	2 155	2 155
Inventories		12	-	12
Trade receivables	13	2	-	2
Taxation receivable		1	-	1
Cash and cash equivalents		4	-	4
Total gross assets		19	2 155	2 174
Liabilities				
Provisions	24	(2)	-	(2)
Employee benefits		(1)	-	(1)
Deferred taxation liabilities	6.3	-	-	-
Trade payables	20	(2)	-	(2)
Other payables		-	-	-
Total liabilities		(5)	-	(5)
Net assets		14	2 155	2 169
Impairments recognised through profit or loss	1.1 & 11.4	9	556	565

IEP held-for-sale classification

The IEP shareholders have approved a restructure to facilitate an exit by certain IEP shareholders, including the Steinhoff Investments Group through Mons Bella, by way of a share buy-back. The restructure entails the transfer of certain assets to a newco, to facilitate the orderly disposal of those assets. As the newco disposes of the assets, the consideration received for the disposal will be advanced to exiting shareholders on an interest free loan account ("**Exit Loan**") until such time that the share buy-back is complete. The repurchase of the shares by IEP from exiting shareholders will then be settled by offsetting it against the Exit Loan. IEP management is deemed committed to the plan, the assets are in a condition that is ready for disposal, active buyers are being sourced and the assets are being marketed for a reasonable price as determined by management. The Group will also no longer have rights to dividends declared after 1 December from operational profits generated by IEP from non-disposal assets, instead this will be offset against the Exit Loans. In substance the Group has entered into an earnout arrangement for the disposal of shares held in IEP. The interest in IEP will change, once all the conditions precedent on the Transaction Implementation Agreement ("**TIA**") are met, from an investment in equity instrument to a contractual right to cash for the future buy-back of shares held in IEP. The last conditions precedent to the TIA was fulfilled on 30 November 2022 and accordingly the restructure is unconditional and the Group will account for IEP as a financial asset from this date.

As a result, IEP met the criteria to be classified as held-for-sale on 30 June 2022. However, it did not meet the criteria to be classified as a discontinued operation therefore the share of profit and the impairment recognised is still recognised in continuing operations (refer to note 11.4).

36. ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE (continued)

The following table presents detail of the assets and liabilities that have been classified as held-for-sale as at 30 September 2021. The balances disclosed include impairments recognised on the date of classification as held-for-sale.

	Notes	Africa Properties Rm	Total Rm
2021			
Assets			
Property, plant and equipment	9	30	30
Investment properties	9	219	219
Inventories		12	12
Trade receivables	13	103	103
Taxation receivable		2	2
Cash and cash equivalents		1	1
Total gross assets		367	367
Liabilities			
Provisions	23	(6)	(6)
Employee benefits		(10)	(10)
Deferred taxation liabilities	6	(21)	(21)
Trade payables	19	(30)	(30)
Other payables		(3)	(3)
Total liabilities		(70)	(70)
Net assets		297	297
Reversal of impairments recognised through profit or loss	1.1	(3)	(3)

37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Management carefully considered each subsequent event to assess if any of these events classify as adjusting events. The material events after the 2022 Reporting Period are listed below.

Non-adjusting subsequent events

- **Dividend to Preference Shareholders**

  The board of directors of the Company declared a gross dividend on 29 September 2022 of 315.59 cents per share in respect of the period 1 January 2022 to 30 June 2022, payable to the shareholders of the 15 000 000 cumulative, non-redeemable, non-participating, variable rate preference shares issued by the Company. The dividend was paid on 24 October 2022.

- **Pepkor Holdings - Dividend declaration**

  The board of directors of Pepkor Holdings, declared a dividend of 55.2 cents per ordinary share, which is payable to shareholders on 23 January 2023 in respect of the twelve months ended 30 September 2022. The dividend will be payable to the holders of ordinary shares in the share capital of the company recorded in the securities register of the company on 20 January 2023. The last date to trade in order to be eligible to receive the dividend will be 17 January 2023, and the ex-dividend date will be 18 January 2023.

- **IEP dividend declaration and share buy-back**

  The board of directors of IEP declared a dividend to its ordinary shareholders of R1.33 per share. A total dividend of R33.25 million was paid to Mons Bella on 1 December 2022. A portion of this dividend was used to purchase additional shares in IEP from an existing minority shareholder. This forms part of the greater plan to exit the investment in IEP.

- **Sale of Steinhoff N.V. shares by Steinhoff Africa**

  Subsequent to the Reporting Date, Steinhoff Africa disposed of 3 652 584 Steinhoff N.V. shares in the open market for a total consideration of R6.3 million.

- **Ordinary dividend declared to Steinhoff N.V.**

  Subsequent to the Reporting Date, the board of directors of the Company declared an ordinary dividend to Steinhoff N.V. of EUR 6 million (c. R109 million). As at the date of this report, the dividend was not yet paid.

- **Proposal to extend upcoming maturities of Steinhoff N.V. Group Services Debt**

  Subsequent to the Reporting Date, Steinhoff N.V., the holding company, entered into a framework support agreement ("**Support Agreement**") with its largest financial creditors (the "**Original Participating Lenders**") representing approximately 64% of the total Group Service Debt (excluding intercompany holdings). The Support Agreement provides a stable platform for Steinhoff N.V. to achieve the consents necessary to extend the maturity of the Group Service Debt Facilities from the current maturity of 30 June 2023 to at least 30 June 2026, together with various related re-organisation steps and transactions.

  Refer to announcement by Steinhoff N.V. on 15 December 2022 for further information.

38. OTHER INFORMATION

New and amended standards adopted by the Group

The Group has applied the following relevant standards and amendments for the first time for their annual Reporting Period commencing 1 October 2021.

- COVID-19 - Related Rent Concessions - Amendment to IFRS 16
- Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

The adoption of these amendments did not have any impact on the amounts recognised in the current or prior periods.

There is not yet sufficient certainty about what the alternative reference rate will be for JIBAR. The Zaronia is running on a published test basis and entities have been cautioned against transacting in Zaronia until it has been established what the replacement rate will be.

New standards and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 2021 Reporting Period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

	Date required to be adopted by the Group
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2024*
• Property, Plant and Equipment: Proceeds before Intended Use - Amendment to IAS 16	1 January 2023*
• Business Combinations (Reference to the Conceptual Framework) Amendment to IFRS 3	1 January 2023*
• Onerous Contracts: Cost of Fulfilling a Contract - Amendment to IAS 37	1 January 2023*
• Disclosure of accounting policies - Amendments to IAS 1 and IFRS Practice Statement	1 January 2023*
• Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023*
• IFRS 17: Insurance Contracts	1 January 2024
• Annual Improvement to IFRS Standards 2018 - 2020	1 January 2023*

** These amendments are not expected to have a significant impact on the Group upon adoption.*

The application of the above in future financial periods is not expected to have a significant impact on the Group's reported results, financial position or cash flows, expect for the standards noted below:

During the Reporting Period, Pepkor Holdings' management completed a detailed gap analysis and is in the process of finalising key inputs and estimates to the IFRS 17 model. Management is however still in the process of quantifying the impact on the financial statements due to the adoption of this standard only being effective from the 2024 financial year, due to the size of the insurance business in relation to the rest of the group, the effect is not expected to be material. Further, the amendments to IFRS 3 will be applied prospectively to transactions or events that occur on or after the date of first application, therefore this will not affect the group on the date of transition.

SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 Rm	2021 Rm
Investment income	2	**15 315**	227
Other income	3	**-**	14
Other operating gains	4	**-**	20 047
Impairment of investments in subsidiaries	4.2 & 7.1	**(18 063)**	-
Administrative expenses		**(24)**	(21)
Operating (loss)/profit		**(2 772)**	20 267
Finance cost	5	**(539)**	(721)
(Loss)/profit before taxation		**(3 311)**	19 546
Taxation	6	**-**	(12)
Net (loss)/profit for the year		**(3 311)**	19 534
Other comprehensive income		**-**	-
Total comprehensive (loss)/income for the year		**(3 311)**	19 534

SEPARATE STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	30 September 2022 Rm	30 September 2021 Rm
Assets			
Non-Current Assets			
Investments in subsidiaries	7	**48 088**	66 151
Current Assets			
Loans to related parties	8	**3 077**	5 326
Trade and other receivables	9	**-**	9
Current tax receivable		**101**	102
Cash and cash equivalents	10	**255**	*
		3 433	5 437
Total Assets		**51 521**	71 588
Equity and Liabilities			
Equity			
Ordinary share capital and premium	11	**119 013**	119 013
Preference share capital and premium	11	**1 550**	1 550
Accumulated loss		**(82 697)**	(70 563)
		37 866	50 000
Current Liabilities			
Trade and other payables		*****	*
Loans from related parties	12	**13 608**	21 545
Dividend payable		**47**	43
		13 655	21 588
Total Liabilities		**13 655**	21 588
Total Equity and Liabilities		**51 521**	71 588

** Less than R500 000*

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Ordinary share capital and share premium Rm	Preference share capital and share premium Rm	Total share capital Rm	Accumulated loss Rm	Total equity Rm
Balance at 1 October 2020	119 013	1 550	120 563	(90 010)	30 553
Profit for the year	-	-	-	19 534	19 534
Total comprehensive income for the year	-	-	-	19 534	19 534
Preference dividends paid	-	-	-	(87)	(87)
Balance at 30 September 2021	**119 013**	**1 550**	**120 563**	**(70 563)**	**50 000**
Loss for the year	**-**	**-**	**-**	**(3 311)**	**(3 311)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(3 311)**	**(3 311)**
Preference dividends paid	**-**	**-**	**-**	**(91)**	**(91)**
Ordinary dividends paid	**-**	**-**	**-**	**(8 732)**	**(8 732)**
Balance at 30 September 2022	**119 013**	**1 550**	**120 563**	**(82 697)**	**37 866**
Notes	*11*	*11*	*11*		

The ordinary dividends of R8.7 billion was a non-cash distribution which related to payments made by Steinhoff Africa on behalf of Steinhoff N.V., the Company's holding company, as part of the implementation of the Global Litigation Settlement.

A preference dividend of 293.55 South African rand cents per share (2021: 292.43 South African rand cents per share) in respect of the period 1 July 2021 to 31 December 2021 (2021: 1 July 2020 to 31 December 2020) was paid on 25 April 2022 (2021: 26 April 2021) to those preference shareholders recorded in the books of the Company at the close of business on 22 April 2022 (2021: 23 April 2021).

A preference dividend of 315.59 South African rand cents per share (2021: 286.38 South African rand cents per share) in respect of the period 1 January 2022 to 30 June 2022 (2021: 1 January 2021 to 30 June 2021) was paid on 24 October 2022 (2021: 25 October 2021) to those preference shareholders recorded in the books of the Company at the close of business on 21 October 2022 (2021: 22 October 2021).

SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 Rm	2021 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilised in operations	13	**(14)**	(9)
Interest received		**5**	25
Dividends received		**250**	-
Preference dividends paid	15	**(87)**	(44)
Tax refunded	14	**-**	209
Net cash inflow from operating activities		**154**	181
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans to related parties repaid		**1 911**	68
Loans advanced to related parties		**(10)**	(249)
Net cash inflow/(outflow) from investing activities		**1 901**	(181)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans from related parties		**(1 800)**	-
Net cash outflow from financing activities		**(1 800)**	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		**255**	*
Cash at the beginning of the period		*****	*
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	10	**255**	*

** Less than R500 000*

BASIS OF PREPARATION

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

REPORTING ENTITY

The Separate Annual Financial Statements of the Company is included as part of the Consolidated Annual Financial Statements of Steinhoff Investments.

Steinhoff Investments is a public company incorporated and domiciled in South Africa.

1. BASIS OF PREPARATION

Statement of compliance

The Separate Annual Financial Statements have been prepared in accordance with IFRS, the interpretations adopted by IASB, IFRIC the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listing Requirements, the requirements of the Companies Act and have been audited in compliance with all the requirements of section 29(1) of the Act, as required.

Historical cost convention

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below.

Going concern assessment

In determining the appropriate basis of preparation of the financial statements, the board of directors is required to consider whether the Company can continue in operational existence for the foreseeable future.

We draw attention to the separate statement of financial position, which indicates, that while the Company's current liabilities exceed the current assets by R10.2 billion, the Company's investment in subsidiaries, which predominately consists of an investment in the listed shares of Pepkor Holdings, is currently classified as a non-current asset. The underlying shares in Pepkor Holdings are highly liquid and are traded on the JSE on a daily basis. It is therefore management's view that the Company will be able to meet its liabilities, as they become due, in the 12-month period following the date of issue of these Separate Annual Financial Statements and therefore the Company is considered to be a going concern.

The Separate Annual Financial Statements have been prepared on a going concern basis.

Refer to the Basis of Preparation section of the Consolidated Annual Financial Statements for a detailed going concern assessment of the Steinhoff Investments Group.

1.1 SIGNIFICANT ACCOUNTING POLICIES

If not stated otherwise, the accounting policies applied are the same as those in the Consolidated Annual Financial Statements.

Investments in subsidiary companies

Investments in subsidiaries are carried at cost less any accumulated impairment losses.

The Company recognises impairment losses to the extent that the carrying value of the investment exceeds the recoverable amount of the subsidiary company. The recoverable amount of the subsidiary company is based, as far as possible, on the fair value of the underlying assets less the cost to sell those assets.

1. BASIS OF PREPARATION (continued)

1.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of related party receivables

For loans receivable with no fixed terms of repayment, ECLs are based on the assumption that repayment of the loan is demanded at the Reporting Date. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the Reporting Date, the probability of default is usually small and the expected credit loss is immaterial as a result.

If the borrower could not repay the loan if demanded at the Reporting Date, the Group considers the expected manner of recovery to measure ECLs. This includes a 'repay over time' strategy. If the recovery strategies indicate that the lender would fully recover the outstanding balance of the loan, the ECL is limited to the effect of discounting the amount due on the loan (at the loan's effective interest rate, which is regarded as 0% if the loan is interest free) over the period until cash is realised. If the effective interest rate is 0%, and all strategies indicate that the lender would fully recover the outstanding balance of the loan, no impairment loss is recognised.

The Group considers that an event of default has occurred if the borrower does not repay the loan when demanded. The Group writes off a loan when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the borrower has been placed under liquidation or has entered into bankruptcy proceedings.

At initial recognition, an impairment allowance is required for ECL resulting from default events that are possible within the next 12 months. In the event of a significant increase in credit risk, an allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument.

Financial assets where a 12-month ECL is recognised are considered to be 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment are considered to be in default or otherwise credit impaired are in 'stage 3'. The assessment of credit risk and the estimation of ECL is unbiased and probability-weighted, and incorporates all available information that is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Statement of cash flows

The statement of cash flows is prepared using the indirect method. Assets and liabilities acquired are included in investing activities (net of cash acquired). Dividends paid to shareholders are included in operating activities. Dividends received are classified as operating activities, as well as interest received and paid.

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Recoverability of financial and other assets (including investment in subsidiaries)

The determination of the amount and timing of the impairment losses necessitate a number of judgements and estimates. These include determination of the recoverable amount based, as far as possible, on the fair value of the underlying net assets less cost to sell.

The recoverability of loans and assets with related parties have been assessed and where the related party does not have sufficient assets to perform on the obligation, management has deemed it appropriate to impair these assets.

The recoverable amount of investments in subsidiaries is based, as far as possible, on the fair value of the underlying assets. Where the carrying value exceeds the recoverable amount, the investments have been impaired.

Key sources of estimation uncertainty

The financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

2. INVESTMENT INCOME

	2022 Rm	2021 Rm
Dividend income		
Related parties	15 231	-

The dividend received relates to cash payments made by Steinhoff Africa on behalf of Steinhoff N.V. to the amount of R8 billion (after repayment of the outstanding loan balance of R3.5 billion) as part of the implementation of the Composition Plan in terms of the Global Litigation Settlement, an amount of R6.7 billion relating to the distribution of loan claims as part of the implementation of the S155 Scheme and Trevo settlement and an amount of R183 million relating to the Tekkie Town Settlement. These were non-cash entries as Steinhoff Africa made the relevant payments to the external parties directly.

On 22 May 2022, Steinhoff Africa declared a cash dividend of R250 million. These funds will allow the Company to fund its expenditure up to September 2024.

On 13 July 2022, an intercompany loan previously extended from Steinhoff Africa in the amount of R45.2 million, for the purpose of funding dividends payable to the Company's preference shareholders as well as certain operational expenses, was distributed to the Company, thereby extinguishing the loan.

	2022 Rm	2021 Rm
Interest income		
Bank and other cash	5	*
South African Revenue Service	*	24
Steinhoff Africa	79	203
	84	227
Total investment income	15 315	227

** Less than R500 000*

3. OTHER INCOME

	2022 Rm	2021 Rm
Property tax refunds	-	14

4. OTHER EXPENSES

	2022 Rm	2021 Rm
4.1 Gain on disposal of investment	-	9

The Company disposed of its preference share investment in Micawber on 30 September 2021 to Motseng Investments Holdings Proprietary Limited for R9.4 million. Refer to note 9.

	2022 Rm	2021 Rm
4.2 (Impairment)/reversal of impairment losses	(18 063)	20 038
Investments in subsidiaries		
TOTAL OTHER OPERATING GAINS	(18 063)	20 047

5. FINANCE COST

	2022 Rm	2021 Rm
Finance cost on related party loans		
SIHPL	**539**	721

6. TAXATION

	2022 Rm	2021 Rm
Major components of the tax expense		
Current		
Local income tax - current period	-	-
Local income tax - recognised in current period for prior periods	-	12
	-	12
Reconciliation of the tax expense		
Reconciliation between accounting (loss)/profit and tax expense:		
Accounting (loss)/profit	**(3 311)**	19 546
Tax at the applicable tax rate of 28%	**(927)**	5 473
Tax effect of adjustments on taxable income		
Non-taxable income	**(4 265)**	(5 618)
Non-deductible expenses[1]	**5 192**	145
Prior year tax recognised in current year for prior periods	-	12
	-	-

[1] *All expenses were non-deductible for the 2021 and 2022 Reporting Periods.*

7. INVESTMENT IN SUBSIDIARIES

	% holding		Carrying amount	
	2022	2021	2022 Rm	2021 Rm
Steinhoff Africa	100%	100%	**67 957**	67 957
SIHPL	100%	100%	**37 109**	37 109
Taycol Investments Proprietary Limited ("**Taycol**")	0%	100%	-	*
			105 066	105 066
Impairment provision of investment in subsidiaries			**(56 978)**	(38 915)
			48 088	66 151

** Less than R500 000*

The investment in SIHPL was impaired in full in prior years, the remaining impairment relates to a partial impairment of the investment in Steinhoff Africa. The recoverability of the investment in Steinhoff Africa was determined in terms of a sum-of-the parts calculation performed on a Steinhoff Africa Group level. The sum-of-the-parts valuation is a look-through to the underlying investments in the Steinhoff Africa Group. The biggest driver of the additional impairment loss is due to distributions made by Steinhoff Africa to the Company, cash and Pepkor Holdings shares utilised for the Global Legal Settlement and a decrease in the Pepkor Holdings share price to R20.77 per share (2021: R21.57 per share).

The investment in Taycol reduced to 0% as Taycol was deregistered during the Reporting Period.

The principle place of business of the subsidiaries is the same as that of the Company.

7.1 Reconciliation of cost of investment and related impairment provisions per subsidiary

	Taycol Rm	SIHPL Rm	Steinhoff Africa Rm	Total Rm
Carrying value at 1 October 2020	*	-	46 113	46 113
Impairment reversal through profit or loss	-	-	20 038	20 038
Carrying value at 30 September 2021	*	-	**66 151**	**66 151**
Impairment through profit or loss	-	-	(18 063)	(18 063)
Carrying value at 30 September 2022	-	-	**48 088**	**48 088**

8. LOANS TO RELATED PARTIES

	30 September 2022 Rm	30 September 2021 Rm
Subsidiaries		
Steinhoff Africa	-	5 326
The loan was settled as part of the Group's Global Litigation Settlement which occurred on 15 February 2022.		
Holding company		
Steinhoff N.V.	3 077	-
SARB approval is still required to clear the loan account as current treatment is that two separate loans were accounted for through the implementation of Project Universe. The loan carries no interest. Refer to note 12.		
Fellow subsidiaries		
Newco 2A	-	-
The loan receivable from Newco 2A is deemed to be 100% credit impaired at initial recognition and as a result, the loan was recognised at its fair value of nil. The loan carries interest at 10% per annum and is repayable on 30 June 2023. The loan is euro-denominated, resulting in the loan amount and impairment provision being adjusted with forex movements each year.		
Split between non-current and current portions		
Current assets	3 077	5 326

Exposure to credit risk

Loans receivable inherently expose the Company to credit risk, being the risk that the Company will incur financial loss if counterparties fail to make payments as they fall due.

Credit rating framework

For purposes of determining the credit loss allowances, management determine the credit rating grades of each loan at the end of the Reporting Period. These ratings are determined either externally through ratings agencies or internally where external ratings are not available.

Refer to note 33 of the Consolidated Annual Financial Statements, which sets out the internal credit rating framework which is applied by management for loans for which external ratings are not available.

8. LOANS TO RELATED PARTIES

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for Group loans receivable by credit rating grade:

Instrument	Internal credit rating	Basis of loss allowance	Gross Carrying amount Rm	Loss allowance Rm	Credit impaired Rm	Amortised cost Rm
2022						
Loans to holding company						
Steinhoff N.V.	Performing	12m ECL	**3 077**	**-**	**-**	**3 077**
Loans to fellow subsidiaries						
Newco 2A	Non-performing	Lifetime ECL (credit impaired)	**14 326**	**-**	**(14 326)**	**-**
			17 403	**-**	**(14 326)**	**3 077**
2021						
Loans to subsidiaries						
Steinhoff Africa	Performing	12m ECL	5 326		-	5 326
Loans to fellow subsidiaries						
Newco 2A	Non-performing	Lifetime ECL (credit impaired)	14 358	-	(14 358)	-
			19 684	-	(14 358)	5 326

Fair value of related party loans receivable

The fair value of related party loans receivable approximates their carrying amounts.

9. TRADE AND OTHER RECEIVABLES

	30 September 2022 Rm	30 September 2021 Rm
Financial instruments		
Other receivables	**-**	9
Total trade and other receivables	**-**	9
Split between non-current and current portions		
Current assets	**-**	9

The Company sold its preference share investment in Micawber on 30 September 2021 to Motseng Investments Holdings Proprietary Limited for R9.4 million. The amount was received on 22 October 2021.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

10. CASH AND CASH EQUIVALENTS

	30 September 2022 Rm	30 September 2021 Rm
Cash and cash equivalents consist of:		
Bank balances	**255**	*

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates:

	30 September 2022 Rm	30 September 2021 Rm
Credit rating (Moody's Short-term bank deposits (domestic))		
NP	**255**	*

** Less than R500 000*

11. SHARE CAPITAL

	30 September 2022 Rm	30 September 2021 Rm
Authorised		
101 000 000 (2021: 101 000 000) Ordinary shares of R0.005 each	**1**	1
495 000 000 (2021: 495 000 000) Preference shares of R0.001 each	*****	*
	1	1

** Less than R500 000*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company. The authorised unissued ordinary shares will be under the control of the directors until the Company's next annual general meeting, subject to the provisions of the Companies Act.

	30 September 2022 Rm	30 September 2021 Rm
Issued		
Ordinary shares		
55 000 106 (2021: 55 000 106) Ordinary shares of R0.005 each	*****	*
Ordinary share premium	**119 013**	119 013
	119 013	119 013
Preference shares		
15 000 000 (2021: 15 000 000) Preference shares of R0.001 each and preference share premium	**1 561**	1 561
Preference share issue costs written off against share premium	**(11)**	(11)
	1 550	1 550
	120 563	120 563

The preference shares earn dividends on the issue price at the rate of 82.5% of the SA prime lending rate quoted by Absa Bank Limited or its successor in title in South Africa. Although the rights to receive dividends are cumulative, declaration of such dividends is at the discretion of the board of directors.

The directors are authorised, by resolution of the shareholders and until the forthcoming annual general meeting, to dispose of the unissued preference shares, subject to the Listings Requirements of the JSE relating to a general authority of directors to issue shares for cash.

12. LOANS FROM RELATED PARTIES

	30 September 2022 Rm	30 September 2021 Rm
Subsidiaries		
SIHPL	**10 531**	18 468
The loan is unsecured, carries interest at 4% per annum and is repayable on demand. This loan was partially settled with the implementation of the Global Litigation Settlement.		
Holding company		
Steinhoff N.V.	**3 077**	3 077
SARB approval is still required to clear the loan account as current treatment is that two separate loans were accounted for through the implementation of Project Universe. The loan carries no interest. Refer to note 8.		
Split between non-current and current portions		
Current liabilities	**13 608**	21 545

Fair value of related party loans payable

The fair value of related party loans payable approximates their carrying amounts.

13. CASH USED IN OPERATIONS

	30 September 2022 Rm	30 September 2021 Rm
(Loss)/profit before taxation	(3 311)	19 546
Adjustments for:		
Profit on sale of investment	-	(9)
Dividends received (non-cash distribution)	(15 231)	-
Interest received	(84)	(227)
Finance costs accrued	539	721
Movements in impairment loss allowances	18 063	(20 038)
Changes in working capital:		
Trade and other receivables	9	-
Trade and other payables	1	(2)
Cash used in operations	(14)	(9)
Reconciliation of net debt		
Cash and cash equivalents	255	(1)
Related party loans payable - within one year	(13 608)	(21 545)
Related party loans payable - after one year	-	-
	(13 353)	(21 545)

** Less than R500 000*

	30 September 2022 Rm	30 September 2021 Rm
Reconciliation of liabilities arising from financing activities		
Opening balance - 1 October	(21 545)	(20 825)
Repayment of related party loans	1 800	-
Global Litigation Settlement implementation	6 676	-
Interest accrued on loan payable	(539)	(720)
	(13 608)	(21 545)

14. TAX REFUNDED/(PAID)

	30 September 2022 Rm	30 September 2021 Rm
Balance at beginning of the year	102	323
Current tax for the year recognised in profit or loss	-	(12)
Interest on overpayment of provisional tax	(1)	-
Balance at end of the year	(101)	(102)
	-	209

15. DIVIDENDS PAID

	30 September 2022 Rm	30 September 2021 Rm
Balance at beginning of the year	(43)	-
Preference dividends	(91)	(87)
Balance at end of the year	47	43
	(87)	(44)

Ordinary dividends of R8.7 billion were declared by the Company to Steinhoff N.V. (its holding company). This was a non-cash distribution which related to payments made by Steinhoff Africa on behalf of Steinhoff N.V. as part of the implementation of the Global Litigation Settlement.

16. CONTINGENCIES

Contingent liabilities

All legal proceedings related to the Global Litigation Settlement were settled on Settlement Effective Date, which occurred on 15 February 2022.

There is no further litigation, current or pending, which is considered likely to have a material adverse effect on the Company.

17. RELATED PARTIES

Relationships

Holding company and ultimate parent	Steinhoff N.V.
Subsidiaries	Refer to note 7

Related party balances

Refer to note 8 for related party loans receivable and note 12 for related party loans payable.

	30 September 2022 Rm	30 September 2021 Rm
Related party transactions		
Interest income from related parties		
Steinhoff Africa	**79**	203
Interest expense to related parties		
SIHPL	**539**	721
Dividends received from related parties		
Steinhoff Africa	**15 231**	-
Taycol	*****	-
	15 231	-

** Less than R500 000*

	30 September 2022 Rm	30 September 2021 Rm
Compensation to directors and other key management		
Short-term employee benefits	**2**	2

Directors' remuneration and interest of directors and officers in contracts

For details of the directors' remuneration and interest in contracts, please refer to note 32 and 34 of the Consolidated Annual Financial Statements.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

	Notes	Amortised cost Rm	Total Rm
Categories of financial assets			
2022			
Loans to related parties	8	**3 077**	**3 077**
Cash and cash equivalents	10	**255**	**255**
		3 332	**3 332**
2021			
Loans to related parties	8	5 326	5 326
Trade and other receivables	9	9	9
Cash and cash equivalents	10	*	*
		5 335	5 335
Categories of financial liabilities			
2022			
Trade and other payables		*	*
Loans from related parties	12	**13 608**	**13 608**
Dividend payable		**47**	**47**
		13 655	**13 655**
2021			
Trade and other payables		*	*
Loans from related parties	12	21 545	21 545
Dividend payable		43	43
		21 588	21 588

** Less than R500 000*

Pre-tax gains and losses on financial instruments

	Notes	Amortised cost Rm	Total Rm
Gains and losses on financial assets and liabilities			
2022			
Recognised in profit or loss:			
Interest income	2	**84**	**84**
Finance costs	5	**(539)**	**(539)**
2021			
Recognised in profit or loss:			
Interest income	2	203	203
Finance costs	5	(721)	(721)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Capital risk management

The Company's objective when managing capital (which includes share capital, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The Company manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

Financial risk management

Overview

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk and interest rate risk).

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company is exposed to credit risk on loans receivable, trade and other receivables and cash and cash equivalents.

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well-established financial institutions with high credit ratings.

The carrying amounts of financial assets represent the maximum credit exposure.

The maximum exposure to credit risk is presented in the table below:

		30 September 2022			30 September 2021		
	Notes	Gross carrying amount Rm	Credit loss allowance Rm	Amortised cost / fair value Rm	Gross carrying amount Rm	Credit loss allowance Rm	Amortised cost / fair value Rm
Loans to related parties	8	**3 077**	**-**	**3 077**	5 326	-	5 326
Trade and other receivables	9	**-**	**-**	**-**	9	-	9
Cash and cash equivalents	10	**255**	**-**	**255**	*	-	*
		3 332	**-**	**3 332**	5 335	-	5 335

** Less than R500 000*

The Company has assessed ECLs based on past events, current conditions and supportable forecasts, and economic conditions that affect the expected collectability of future cash flows at Reporting Date and has deemed the ECLs to be insignificant.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

The Company is exposed to liquidity risk, which is the risk that the Company will encounter difficulties in meeting its obligations as they become due.

The Company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the 2021 Reporting Period.

The maturity profile of contractual cash flows of non-derivative financial liabilities held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

	Note	Less than 1 year Rm	Total Rm	Carrying amount Rm
30 September 2022				
Current liabilities				
Trade and other payables		*	*	*
Loans from related parties	12	**13 608**	**13 608**	**13 608**
Dividend payable		**47**	**47**	**47**
		13 655	**13 655**	**13 655**
30 September 2021				
Current liabilities				
Trade and other payables		*	*	*
Loans from related parties	12	21 545	21 545	21 545
Dividend payable		43	43	43
		21 588	21 588	21 588

Management have assessed the ability to repay the loans due within the next 12 months and have concluded that the underlying assets held by subsidiaries are liquid and can easily be disposed of to raise cash in order to fund the repayment of the liabilities as they come due.

Foreign currency risk

The Company is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. The foreign currency in which the Company deals primarily is euros.

The loan to Newco 2A is denominated in euro, resulting in the loan amount and impairment provision being adjusted with forex movements each year. The net forex movement is zero.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the Company is comprised of different instruments, which bear interest at either fixed or floating interest rates. The ratio of fixed and floating rate instruments in the loan portfolio is monitored and managed by incurring either variable rate bank loans or fixed rate bonds as necessary.

There have been no significant changes in the interest rate risk management policies and processes since the 2021 Reporting Period.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the Reporting Period was as follows:

	Notes	Variable interest Rm	Fixed interest Rm	Non-interest bearing Rm	Total Rm
30 September 2022					
Loans to related parties	8	**-**	**-**	**3 077**	**3 077**
Cash and cash equivalents	10	**255**	**-**	**-**	**255**
Trade and other payables		**-**	**-**	*****	*****
Loans from related parties	12	**-**	**(10 531)**	**(3 077)**	**(13 608)**
Dividend payable		**-**	**-**	**(47)**	**(47)**
		255	**(10 531)**	**(47)**	**(10 323)**
30 September 2021					
Loans to related parties		-	5 326	-	5 326
Trade and other receivables	9	-	-	9	9
Cash and cash equivalents	10	*	-	-	*
Trade and other payables		-	-	*	*
Loans from related parties	12	-	(18 468)	(3 077)	(21 545)
Dividend payable		-	-	(43)	(43)
		-	(13 142)	(3 111)	(16 253)

** Less than R500 000*

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the Reporting Date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the 2021 Reporting Period.

	2022 Increase Rm	2022 Decrease Rm	2021 Increase Rm	2021 Decrease Rm
Increase or decrease in rate				
Impact on profit or loss:				
100 basis points	**3**	**(3)**	-	-

19. EVENTS AFTER THE REPORTING PERIOD

- **Ordinary dividend from Steinhoff Africa**

  Subsequent to the Reporting Date, the board of directors of the Steinhoff Africa declared an ordinary dividend to the Company of EUR 6 million (c. R109 million). As at the date of this report, the dividend was not yet paid.

Refer to note 37 of the Consolidated Annual Financial Statements for all other events occurring after the 2022 Reporting Period.

STEINHOFF
INVESTMENT HOLDINGS LTD

CORPORATE INFORMATION

REGISTRATION NUMBER:
1954/001893

REGISTERED OFFICE:
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7600

GROUP WEBSITE:
www.steinhoffinternational.com

AUDITORS:
Mazars Accountants

COMPANY SECRETARY:
Steinhoff Secretarial Services Proprietary Limited

SOUTH AFRICAN SPONSOR:
PSG Capital Proprietary Limited

SOUTH AFRICAN TRANSFER SECRETARIES:
Computershare Investor Services Proprietary Limited

www.**steinhoff**international.com