

Steinhoff International Holdings N.V.

(Incorporated in the Netherlands)

(Registration number: 63570173)

Share Code: SNH

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Steinhoff Investment Holdings Limited

(Incorporated in the Republic of South Africa)

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Steinhoff International Holdings N.V. Media Release

Steinhoff International Holdings N.V. (the “Company” or “Steinhoff”) and with its subsidiaries, the “Group”)

The Company has today published its Annual Report, including the audited Consolidated Financial Statements, for the year ended 30 September 2019. This report is available on the Company’s website <http://steinhoffinternational.com/>. This Annual Report contains the following Message from the Management Board.

Message from the Management Board

We are continuing our journey to address past deficiencies, and to bring stability to the Group and its businesses.

While the road ahead remains difficult, the financial year ended 30 September 2019 was a pivotal period for the Group, during which we made tangible progress, most significantly with the completion of our financial restructuring following the implementation of the CVAs and the associated changes to our group structure and governance arrangements. Furthermore, the Group reclassified a number of businesses as discontinued operations or held-for-sale assets and adopted a number of new IFRS statements.

The final months of the 2019 financial year marked the successful completion of phase one of the three-phase recovery process, with the implementation of the Group debt restructuring. In the period that followed we have been concentrating on possible solutions to the litigation faced by entities within the Group and debt reduction initiatives. However, these remain demanding objectives.

Major milestones were achieved in May and June 2019 respectively when we published the delayed 2017 and 2018 Annual Reports. Thereafter, in August 2019 we satisfied all the conditions necessary to successfully implement the financial restructuring, the culmination of a major collective effort by internal and external teams over the preceding twenty-month period. This significant achievement secured a period of financial stability for the Group up to the end of December 2021, during which we can restructure our businesses, dispose of assets to reduce debt to more manageable levels and/or restructure the debt as part of our recovery plan.

The scope of work necessary to complete the financial restructuring was wide ranging, complex and highly technical, involving hundreds of creditors, specialist legal and financial advice and parallel

processes across multiple jurisdictions. The sheer volume of announcements made by the Group in the lead-up to August 2019, on both financial reporting and restructuring activities, amply demonstrates the scale of these endeavours. However, after August, the Group moved into a different, and by necessity less visible, phase of the recovery process. Our determination to complete the job at hand is undiminished and work continues on many challenging fronts.

As in the previous financial year, the costs of these processes were substantial, and they had a significant impact on the reported results for the year. Advisory fees for the Reporting Period amounted to €158 million (2018: €117 million). The total included €16 million (2018: €24 million) relating to the forensic investigation and technical accounting support, and €67 million (2018: €43 million) relating to creditor advisor fees, which we are obligated to fund.

In addition, following the events uncovered during December 2017, the audits for the 2017 and 2018 financial years were extremely complex and time consuming, and required the restatement of prior year results. The audit work for 2017 and 2018 was completed over multiple periods and was expensed in both the 2018 and 2019 Reporting Periods. The majority of the 2018 audit was performed in the 2019 Reporting Period and has been expensed in the 2019 Reporting Period. The majority of the 2019 audit work was performed in the 2020 Reporting Period and will be expensed in the 2020 Reporting Period when billed.

Every effort is being made to limit advisor costs and, with implementation of the financial restructuring now behind us, we expect the total to fall in the 2020 financial year.

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

Financial Performance

During the period Steinhoff was refocused as a global holding company with a broad range of interests in the retail sector. These businesses operate a number of strong local brands and are well diversified by geography and business line. Individual businesses, such as Pepkor Africa and Pepco Group (formerly Pepkor Europe), continued to perform robustly, while others remained in turnaround but reported more encouraging trade, such as Mattress Firm, or, like Conforama, remained at an earlier stage of their recovery journey.

Despite the many challenges we faced in the 2019 financial year, the Group reported a resilient performance, with strong results from certain businesses compensating for weaker outcomes from those still in turnaround. Total revenue from continuing operations for the year ended 30 September 2019 increased by 5% to €12.0 billion (2018: €11.4 billion), with strong contributions from Pepco Group (+12%) and Pepkor Africa (+4%). Further information on the performance of the Group's individual operating businesses is contained within the accompanying Operational Review.

Achievements in the year

The Group achieved a number of important milestones during the Reporting Period:

- The demanding and complex task of finalising the 2017 and 2018 Annual Reports was completed in May and June 2019 respectively. In the circumstances in which we found ourselves after the disclosures of December 2017, the challenge this presented should not be underestimated and finalisation of the accounts was a major achievement that allowed the Group to restore near normal communications with the financial markets.
- Half-year and third-quarter financial reporting was maintained as scheduled in the balance of 2019.

- PwC completed its forensic investigation and delivered its report to Werksmans, the Group's lawyers. While the content of the PwC Report is confidential, and subject to legal privilege and other restrictions, the Group provided the market with an overview of its content in March 2019.
- Recognising the imperative to address past governance failings, new, stronger structures for oversight and control were put in place. The reconstituted Management and Supervisory Boards continue to work well together.
- Key appointments were made to the Management Board with Louis du Preez assuming the post of CEO with effect from 1 January 2019 and Theodore de Klerk being appointed CFO with effect from 1 September 2019.
- Management teams within the various investment businesses remained stable and focused on their specific responsibilities throughout the year. We thank them once again for their loyalty, dedication and commitment.
- Mattress Firm emerged from Chapter 11 proceedings, having successfully exited approximately 640 underperforming stores. Its recovery plan continued to deliver a significantly improved performance.
- Conforama made further progress with a broad-based project to reduce its losses and establish a pathway to profitability, reaching agreement with its creditors to raise the new funds necessary to restructure its operations. A plan to restore sustainable competitiveness in its core French operations was announced in July 2019 before the businesses were impacted by the COVID-19 related restrictions
- Our efforts to address the Group's liquidity issues through a financial restructuring came to fruition in August 2019 when SEAG and SFHG, the two subsidiaries where most of the Group's financial creditors are concentrated, implemented a debt restructuring through an English Company Voluntary Arrangement ('CVA') process.
- Pepkor Europe was renamed Pepco Group during September 2019 to more directly link the business to PEPCO, its market leading Central European retail operation.

Momentum has been maintained thereafter in the period subsequent to 30 September 2019, with a number of further announcements:

- In November 2019, the General Meeting appointed Mazars Netherlands as the external auditor for the financial year ended 30 September 2019.
- In November 2019, the Group announced that it was evaluating a range of strategic options for the Pepco Group, including a potential Initial Public Offering (IPO). No definitive decision has been taken with respect to any specific course of action or timing.
- The sale of the ABRA furniture business was finalised in September 2019.
- In line with its objective of streamlining the Group's portfolio and deleveraging its balance sheet, Steinhoff announced the sale of The Blue Group Hold Co Ltd, the owner of Bensons for Beds, Harveys Furniture and upholstery & bedding manufacturers Relyon, Steinhoff UK Beds and Formation Furniture, in November 2019.
- Also, in November 2019, Greenlit Brands announced the sale of its General Merchandise division to enable it to concentrate on its core household goods brands, which enjoy strong market positions in Australia and New Zealand.
- The disposal of Unitrans, the Group's automotive retail business, was finalised in December 2019, including the 25.1% share sold to Kapela in a Broad- Based Black Economic Empowerment transaction.
- In January 2020, the Group finalised the sale of its equity holding in US manufacturer Sherwood Bedding, to Tempur Sealy.
- The Group also successfully completed the sale of various properties in South Africa and Europe.

Financial Restructuring

The financial restructuring of the Group became effective on 13 August 2019 when the SEAG and SFHG CVAs were successfully implemented. Under the terms of the CVAs, the existing debt instruments in SEAG and SFHG were reissued with effect from 13 August 2019, with a common maturity date of 31 December 2021. No cash interest is payable by the Group in this period, as interest will accrue and is only payable when the debt matures, providing Steinhoff with a period in which it can concentrate on reducing debt and restoring value.

Remediation Plan

During the previous Reporting Period, the Management Board developed a Remediation Plan containing a wide range of measures to limit the possible recurrence within the Group of irregularities and instances of non-compliance with laws and regulations.

Significant further progress was made with the implementation of these remedial actions during the Reporting Period, with work concentrated on the completion of improvements to policies and procedures in respect of financial accounting, conflict of interest and supplier and contract management. Please refer to the Risk Management section of the Report of the Management Board for more information.

The Remediation Plan will remain an area of focus throughout the 2020 Financial Year.

Litigation

Litigation remains a significant outstanding challenge for the Group. It has been a major focus for management in the period since implementation of the financial restructuring in August 2019.

In parallel with these various court processes, the Management Board, assisted by a litigation committee and the Group's legal advisors, continues to work towards a resolution of outstanding claims against the Group.

In parallel, we are also evaluating potential claims we may have against third parties, and recoveries against implicated entities and individuals have been, and will continue to be, initiated where appropriate.

Governance

On 18 May 2020, Heather Sonn resigned as chairperson of the Supervisory Board. We thank her for her support throughout this difficult period for the Group.

As announced on 22 May 2020, Moira Moses, who joined the Supervisory Board in early 2018, has been designated as Chairperson.

Outlook

Looking back on 2019, we can be encouraged about the progress made but we must also remain realistic about where we find ourselves at this point in our journey. We take encouragement from the many achievements of the year, most significantly the implementation of the financial restructuring in August and the period of stability that this has enabled. However, real uncertainties remain, and we still face a number of tough challenges. Our view of our situation has not changed in the period subsequent to the year-end.

Trading conditions reflect a tough global economy. Businesses such as Pepkor Africa and Pepco Group grew strongly prior to the onset of the COVID-19 crisis. Conforama, Mattress Firm and Greenlit Brands retained strong market positions but remained in recovery.

In common with businesses around the world, we saw a material impact from the COVID-19 pandemic from mid-March 2020 when lockdowns were initiated in Europe and South Africa. Steinhoff's retail business investments remain geographically well diversified and their focus on providing everyday products at affordable prices, through a stable of strong local brands, gives some resilience in this environment, but the breadth of measures adopted worldwide to combat COVID-19 have inevitably impacted on our trading performance.

In mid-March management acted swiftly to implement a definitive COVID-19 response strategy. Initially, this focused on ensuring employee and customer safety, securing liquidity and preserving and maximising the Group's cash position. Cash positions were maximised through the immediate draw down of committed facilities, working collaboratively with key suppliers to defer or cancel stock commitments, appropriate use of government support and funding schemes in territories where criteria were met and reducing discretionary expenditure. Thereafter, attention turned to the actions necessary to return to a more normal trading position, particularly with regard to enhanced online trading, securing seasonal inventory, and to positioning the businesses to take advantage of the longer term opportunities resulting from the changed competitive environment. As we have faced the COVID-19 challenge, the health and safety of our colleagues and customers has been our top priority and we are continuing to adopt comprehensive public health protocols. Significant operational changes have been made in our stores and offices including PPE provision where relevant for colleagues and customers, the installation of Perspex screens at till points, introduction of sanitisation stations, adoption of rigorous social distancing practices and encouraging payment by card. All of this has been achieved while adhering strictly to country specific government regulations.

We are proud of the way the businesses have responded to the crisis and thank all colleagues for their unwavering support.

More recently, we have begun to see a progressive relaxation of lock-down measures in most of the countries in which we do business, although the pace of moderation varies significantly, depending on local circumstances and government guidance.

Poundland stores in the United Kingdom and selected Pepkor offerings in southern Africa were designated as 'essential retail' and were able to continue trading throughout the lockdown period. Our apparel and general merchandise, and household goods, stores were mainly closed during April but began to re-open on a selective basis thereafter. Across May 2020, as restrictions were lifted, stores reopened progressively, to the point where over 95% of the estate was trading by the end of the month. Encouragingly, since re-opening revenue has trended back towards pre-lockdown levels. While initial trading has been better than expected, with clear evidence of stores benefiting from pent-up demand, the sustainability of this demand is uncertain in the context of weak overall economic conditions and the potential for further COVID-19 outbreaks. The Group's main trading subsidiaries, with their more resilient and defensive discount and value offering, are, however, confident that they are well positioned to gain market share in the post-COVID-19 'new economy'.

It remains too early to determine the exact impact of the pandemic on the performance of the Group for the 2020 financial year.

However, we expect COVID-19 to have a material negative impact on overall turnover and underlying business performance during this period.

As certain countries have eased lockdown measures earlier than the Group's forecasts anticipated, and with post lockdown sales performance materially better than our forecast assumptions, the Group's cash position as of early June was significantly stronger than anticipated at the outbreak of the pandemic. The Group's cash forecast and requirements are being kept under active review, and

structures enabling quick decision making are in place to ensure that if any further initiatives are required to protect the Group's position they can be implemented swiftly.

While the Group is confident that the actions it is taking to address the impacts of COVID-19 are appropriate and timely, the situation remains fast moving and uncertain and is being kept under constant review.

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

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

With Step One complete, we are now fully engaged on a solution to the Group's litigation issues (Step Two). The asset realisations and restructures are in support of Step Three. As we look ahead, we are clear that the best way for us to protect and enhance value for all stakeholders is to resolve the litigation and reduce our debt and financing costs. This will be our clear focus in the period ahead.

Appreciation

In what has been another demanding year, we are sincerely grateful for the continuing support of our financial creditors, shareholders, almost 110 000 staff and management, and the Supervisory Board. We thank them all.

Louis du Preez

Chief executive officer

Theodore de Klerk

Chief financial officer

JSE Sponsor: PSG Capital

Stellenbosch, 30 June 2020