



Steinhoff International Holdings Proprietary Limited

S155 PROJECTED FINANCIAL STATEMENTS for the 4 years ending 30 September 2024

Prepared and issued on: 10 August 2021

STEINHOFF INTERNATIONAL HOLDINGS PROPRIETARY LIMITED
S155 PROJECTED FINANCIAL STATEMENTS

CONTENTS

Page

1. S155 PROJECTED FINANCIAL STATEMENTS

Significant assumptions	1 - 2
Statement of Profit or Loss and Other Comprehensive Income	3
Statement of Financial Position	4 - 6
Statement of Cash Flows	7

GLOSSARY

SIHPL	Steinhoff International Holdings Proprietary Limited
SIST	Steinhoff International Share Trust
SAHPL	Steinhoff Africa Holdings Proprietary Limited
SIH	Steinhoff Investment Holdings Limited
Steinhoff N.V.	Steinhoff International Holdings N.V.
SFH	Steinhoff Finance Holdings GmbH
PPH	Pepkor Holdings Limited
Titan	Titan Premier Investment Proprietary Limited
Newco 2A	Steenbok Newco 2A Limited

EXCHANGE RATES USED

	Average annual rate	Spot rate
30 September 2020	18,1836	19,7092
30 September 2021	17,3900	17,3900
30 September 2022	17,8400	17,8400
30 September 2023	18,3000	18,3000
31 December 2023	18,3000	18,3000

1. Litigation settlement proposal

On 27 July 2020, Steinhoff International Holdings N.V., the ultimate holding company, and SIHPL, the former ultimate holding company, announced the terms of a proposed settlement to conclude the majority of the ongoing and disputed legal claims and pending litigation proceedings arising from the legacy accounting issues first announced in December 2017. A provision of R10.5 billion was raised as at 30 September 2020 for a proposed litigation settlement proposal. An update to a litigation settlement proposal was issued on 9 October 2020, 6 November 2020, 14 January 2021, 16 July 2021 and August 2021, respectively. On 15 February 2021 the Group initiated the legal processes required to implement a litigation settlement proposal.

As announced on 16 July 2021, Steinhoff N.V. and SIHPL have concluded that they will increase the settlement offer by an additional €243 million, to be contributed by Steinhoff N.V. and allocated proportionately among Steinhoff N.V. claimants (both Steinhoff N.V. Market Purchase Claimants and Steinhoff N.V. Contractual Claimants) and SIHPL Market Purchase Claimants, on top of which a separate €26 million pro rata increase will be paid to Hemisphere CPU creditors.

The settlement amount will be funded via the repayment of intercompany loans receivable from SAHPL and SIH. The loan receivables from SAHPL and SIH are unsecured and are repayable on demand. The SAHPL loan proceeds earned interest at 4% from 1 October 2020, monthly compounded. Changes to terms of the SIH intercompany loan, including charging interest thereon, is subject to lender consent. SAHPL has an obligation to pay the Conservatorium settlement on behalf of SIHPL.

As announced, Steinhoff N.V. will retain the option set out in the original settlement proposal in respect of any claims to pay 50% of the settlement consideration in PPH Shares (at R15 per share) or, at its option, in a greater proportion or in the full amount of any claim, in cash, except for BVI, Cronje and other, which will be paid entirely in the form of PPH Shares at an agreed settlement price of ZAR13.00/ZAR13.50 per share respectively. For purposes of the projected financial statements, it has been assumed that the settlement effective date is 30 September 2021.

The costs pertaining to key indemnity obligations, assumed by SIHPL and Steinhoff N.V., pursuant to the Steinhoff Settlement Support Agreement ("SSSA"), as contained in the Amended s155 Proposal, have not been budgeted for in the forecast period, as the outcome is based on uncertain future events and cannot be measured reliably.

2. Steenbok Newco 2A Limited loan receivable

SIHPL has an euro denominated loan receivable from Steenbok Newco 2A Limited to the amount of €205 million (capital only) and accrues interest at 10% per annum. With the implementation of the CVA during August 2019, the loan receivable from Newco 2A was deemed to be 100% credit impaired at initial recognition. As a result, the loan was recognised at its fair value of nil. Subsequent to the F20 Reporting Period, a portion of the loan receivable is deemed recoverable and a 15% impairment reversal has been processed during June 2021.

It is assumed that the Newco 2A loan receivable will be recovered in December 2023, when the CVA debt becomes due.

3. Acquisition of Titan loan receivable by SIHPL

Subsequent to the aborted Shoprite transaction following the events of December 2017, a settlement was concluded in early 2018, pursuant to which Titan owed SFH an amount of €200 million plus interest ("Titan Loan"). In accordance with the 2019 financial restructuring arrangements, the Titan Loan was transferred from SFH to Newco 2A.

Conditional upon and subject to the occurrence of the Settlement Effective Date, SIHPL will acquire the Titan Loan from Newco 2A for an amount to be determined subject to an agreed mechanism linked to the prevailing EUR-ZAR exchange rate upon Settlement Effective Date. Payment of the consideration will be deferred resulting in an amount owed by SIHPL to Newco 2A ("Newco 2A Loan Note"), including the following terms:

- zero coupon;
- repayment date as defined in the Titan Payment Agreement (being the written payment agreement concluded between Titan, SIHPL and Thibault Square Financial Services (Pty) Ltd on or around 24 March 2021, which agreement sets out the terms and conditions on which the "Principal Amount" (as defined therein) is to be paid to SIHPL);
- quarterly cash sweep at SIHPL and across the South African sub-group;
- first ranking security over SIHPL's assets, subject to arrangements in respect of Non-Qualifying Claims finally determined or agreed by SIHPL; and
- limited recourse to the available assets of SIHPL and a solvent winding up of SIHPL

Immediately prior to, or immediately following, the purchase of the Titan Loan by SIHPL, the Titan Loan was amended to include the following abbreviate terms:

- R3.4 billion principal outstanding;
- coupon payable of 5.04% PIK per annum
- repayment date of 5 years plus one day from the Settlement Effective Date and voluntarily repayable without penalty at any time; and
- secured in favour of SIHPL on terms satisfactory to SIHPL.

For purposes of the projected financial statements, it has been assumed that the settlement will occur in September 2021 and therefore the loans have been recognised as at 30 September 2021.

4. Steinhoff N.V. loan note

In consideration of the settlement by Steinhoff N.V. of SIHPL market purchase claims, SIHPL will issue a loan Note to Steinhoff N.V. ("Steinhoff N.V. Loan Note") of not more than €164 million, including the following terms:

- zero coupon;
- repayment date as defined in the Titan Payment Agreement (being the written payment agreement concluded between Titan, SIHPL and Thibault Square

STEINHOFF INTERNATIONAL HOLDINGS PROPRIETARY LIMITED
S155 PROJECTED FINANCIAL STATEMENTS
SIGNIFICANT ASSUMPTIONS MADE IN PREPARATION OF THESE PROJECTED FINANCIAL STATEMENTS

Financial Services (Pty) Ltd on or around 24 March 2021, which agreement sets out the terms and conditions on which the "Principal Amount" (as defined therein) is to be paid to SIHPL);

- quarterly cash sweep at SIHPL and across the South African sub-group;
- second ranking security over SIHPL assets, subject to arrangements in respect of Non-Qualifying Claims finally determined or agreed by SIHPL; and
- limited recourse to the available assets of SIHPL.

For purposes of the projected financial statements, it has been assumed that the settlement will occur in September 2021 and therefore the Steinhoff N.V. loan note has been recognised as at 30 September 2021.

5. Advisory fees

Annual advisor fees of R136 million has been budgeted for September 2021 (YTD June 2021 actuals included), R22 million for the year ending 30 September 2022 with an annual 6.9% increase for the following two years.

6. SIHPL CPU

Due to the Section 45 ruling handed down on 2 July 2021, the conclusion of the Judgment was that the SIHPL CPU constituted unlawful financial assistance. Based on legal advice that financial creditors will more likely than not, in the absence of the CPU, still have a claim against SIHPL. In terms of IFRS, an entity must recognise a provision if a present obligation has arisen as a result of a past event, payment is more likely than not and the amount can be estimated reliably. Based on these requirements, management has deemed it appropriate to recognise a current liability of €1.581 billion for the possible claim by the 21/22 facility lenders, for an amount equal to the CPU liability. The impact on the accounting treatment remains uncertain. For the interim period, the SIHPL CPU has been de-recognised and a provision (claim from 21/22 Financial Creditors) on an equal basis has been raised. Therefore, no debt extension has been applied and reflected as current liabilities for the forecast period.

7. Margin lenders non-qualifying claims settlement

As announced, Steinhoff N.V. will retain the option set out in the original settlement proposal in respect of any claims to pay 50% of the settlement consideration in PPH Shares (at R15 per share) or, at its option, in a greater proportion or in the full amount of any claim, in cash. For purposes of the projected financial statements, it has been assumed that the settlement effective date is 30 September 2021.

8. Repayment of debt

It is assumed that the SIH loan receivable will be repaid in two equal payments over the next 2 years (F22 & F23); the excess cash, after the repayment of operating costs and taxes, has been applied to the debt instruments in the following order:

- Steinhoff N.V. loan note;
- Newco 2A loan note;
- 21/22 Financial Creditor Claims.

STEINHOFF INTERNATIONAL HOLDINGS PROPRIETARY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 4 YEARS ENDING 30 SEPTEMBER 2024

	Notes	12 Months ended	12 Months ended	12 Months ended	12 Months ended	12 Months ended
		30 September 2024	30 September 2023	30 September 2022	30 September 2021	30 September 2020
		Projected Management Statements				Actual
		R'000	R'000	R'000	R'000	R'000
Interest income	1.	194 369	184 022	176 775	273 524	4 660
Other income	2.	-	-	-	21 073	16 602
Net foreign exchange gain/(loss) on financial instruments	3.	-	(727 398)	(817 097)	3 667 618	(4 983 477)
Litigation Settlement Proposal		-	-	-	(3 763 614)	(10 487 980)
Recognition of Steinhoff N.V. loan note		-	-	-	(3 261 960)	-
Loss on acquisition of Titan loan		-	-	-	(677 450)	-
Impairment reversal - Steenbok Newco 2A	Assumption 2	-	-	-	2 765 715	-
Administrative expenses	4.	(33 736)	(34 675)	(32 240)	(146 682)	(135 793)
Operating (loss)/profit for the period before finance cost and tax		160 633	(578 051)	(672 562)	(1 121 776)	(15 585 988)
Finance costs		-	-	-	-	-
Operating (loss)/profit for the period before tax		160 633	(578 051)	(672 562)	(1 121 776)	(15 585 988)
Taxation		(54 423)	(51 526)	(49 497)	(76 585)	921
(Loss)/profit for the period		106 210	(629 577)	(722 059)	(1 198 361)	(15 585 067)
Other comprehensive income/(loss)		-	-	-	-	-
Total comprehensive income/(loss) for the year		106 210	(629 577)	(722 059)	(1 198 361)	(15 585 067)

NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	12 Months ended	12 Months ended	12 Months ended	12 Months ended	12 Months ended
		30 September 2024	30 September 2023	30 September 2022	30 September 2021	30 September 2020
		Projected Management Statements				Actual
		R'000	R'000	R'000	R'000	R'000

1. Interest income

Interest on bank accounts	6 813	5 465	5 415	273 524	4 055
South African Revenue Services	-	-	-	-	605
Titan Premier Investment Proprietary Limited	187 556	178 557	171 360	-	-
Steenbok Newco 2A Limited	1 589 565	1 820 042	1 820 042	2 121 036	1 951 644
Steenbok Newco 2A Limited - Interest reversal	(1 589 565)	(1 820 042)	(1 820 042)	(2 121 036)	(1 951 644)
	194 369	184 022	176 775	273 524	4 660

2. Other income

Recovery of litigation costs	-	-	-	21 073	-
Loan correction	-	-	-	-	13 510
Unclaimed dividends forfeited	-	-	-	-	3 092
	-	-	-	21 073	16 602

3. Net foreign exchange gain/(loss) on financial instruments

21/22 Financial Creditors claim (previously SIHPL CPU)	-	(727 398)	(711 585)	3 667 351	(4 983 477)
Trade payables	-	-	-	267	-
Steenbok Newco 2A Limited loan note	-	-	(105 512)	-	-
	-	(727 398)	(817 097)	3 667 618	(4 983 477)

4. Administrative expenses

Company Advisory Fees	22 855	22 855	21 749	135 856	124 112
Non-Executives Fees	2 745	3 157	3 097	2 965	3 224
Audit fees	-	527	493	401	3 195
Directors and officers insurance	8 109	8 109	6 874	7 430	5 203
Other administrative expenses	27	27	27	30	59
	33 736	34 675	32 240	146 682	135 793

STEINHOFF INTERNATIONAL HOLDINGS PROPRIETARY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

	Notes	30 September	30 September	30 September	30 September	30 September
		2024	2023	2022	2021	2020
		Projected Management Statements				Actual
		R'000	R'000	R'000	R'000	R'000
ASSETS						
Non-current assets						
Related party loans receivable	1.	-	-	-	-	9 122 241
Other financial assets	2.	3 937 474	3 749 917	3 571 360	3 400 000	655
		3 937 474	3 749 917	3 571 360	3 400 000	9 122 896
Current assets						
Cash and cash equivalents		92 380	173 726	144 892	142 170	84 635
Tax receivable		-	-	-	-	1 638
Related party loans receivable	1.	-	2 765 715	7 829 225	12 892 736	15 245 916
		92 380	2 939 441	7 974 117	13 034 906	15 332 189
Total assets		4 029 854	6 689 358	11 545 477	16 434 906	24 455 085
EQUITY AND LIABILITIES						
Capital and reserves						
Ordinary stated share capital		53 318 304	53 318 304	53 318 304	53 318 304	53 318 304
Fair value reserve		-	-	-	-	(1 336)
Accumulated loss		(73 068 049)	(73 174 260)	(72 544 684)	(71 822 626)	(70 622 974)
Total equity		(19 749 745)	(19 855 956)	(19 226 380)	(18 504 322)	(17 306 006)
Non-current liabilities						
Borrowings	3.	-	-	-	-	26 428 902
Related party loans payable	4.	-	-	2 460 454	7 339 410	-
		-	-	2 460 454	7 339 410	26 428 902
Current liabilities						
Trade and other payables		-	-	-	-	5 942
Related party trade payables	5.	38 171	38 171	38 171	38 171	38 171
Related party loans payable	4.	62 840	62 840	62 840	62 840	62 840
Other financial liabilities	3.	23 678 588	26 444 303	28 210 392	27 498 807	4 737 256
Litigation settlement proposal provision		-	-	-	-	10 487 980
		23 779 599	26 545 314	28 311 403	27 599 818	15 332 189
Total equity and liabilities		4 029 854	6 689 358	11 545 477	16 434 906	24 455 085

STEINHOFF INTERNATIONAL HOLDINGS PROPRIETARY LIMITED
NOTES TO THE STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

	30 September 2024	30 September 2023	30 September 2022	30 September 2021	30 September 2020
	Projected Management Statements				Actual
	R'000	R'000	R'000	R'000	R'000
1. Related party loans receivable					
Steenbok Newco 2A Limited	15 434 701	18 200 416	18 200 416	18 200 416	21 092 479
Steenbok Newco 2A Limited - impairment	(15 434 701)	(15 434 701)	(15 434 701)	(15 434 701)	(21 092 479)
Steinhoff Africa Holdings Proprietary Limited	-	-	-	-	6 620 473
Steinhoff Investments Holdings Limited	-	-	5 063 510	10 127 021	17 747 684
Steinhoff International Share Trust	20 197	20 197	20 197	20 197	20 197
Steinhoff International Share Trust - impairment	(20 197)	(20 197)	(20 197)	(20 197)	(20 197)
	-	2 765 715	7 829 225	12 892 736	24 368 157
Non-current asset	-	-	-	-	9 122 241
Current asset	-	2 765 715	7 829 225	12 892 736	15 245 916
	-	2 765 715	7 829 225	12 892 736	24 368 157
2. Other Financial assets					
Listed Investments-Steinhoff N.V.	-	-	-	-	655
Loan - Titan Premier Investment Proprietary Limited	3 937 474	3 749 917	3 571 360	3 400 000	-
	3 937 474	3 749 917	3 571 360	3 400 000	655
Refer to significant assumption no. 3 for the Titan loan terms.					
3. Other Financial Liabilities					
SIHPL CPU	-	-	-	-	31 166 158
Initial recognition	-	-	-	-	25 986 610
Forex movement	-	-	-	-	5 179 548
21/22 Financial Creditor claim	23 678 588	26 444 303	28 210 392	27 498 807	-
Non-current liability	-	-	-	-	26 428 902
Current liability	23 678 588	26 444 303	28 210 392	27 498 807	4 737 256
	23 678 588	26 444 303	28 210 392	27 498 807	31 166 158
On 2 July 2021, the Western Cape High Court released its judgement granting an order declaring that the SIHPL CPU and SIHPL's board resolution authorising entry into the SIHPL CPU are void. Based on this court judgement, the SIHPL CPU has been derecognised.					
Based on legal advice that financial creditors will more likely than not, in the absence of the CPU, still have a claim against SIHPL. In terms of IFRS, an entity must recognise a provision if a present obligation has arisen as a result of a past event, payment is more likely than not and the amount can be estimated reliably. Based on these requirements, management has deemed it appropriate to recognise a current liability of €1.581 billion for the possible claim by the 21/22 facility lenders, for an amount equal to the CPU					
Also refer to significant assumption no. 6 and 8.					
4. Related party loans payable					
Steenbok Newco 2A Limited loan note	-	-	2 460 454	4 077 450	-
Steinhoff N.V. loan note	-	-	-	3 261 960	-
Steinhoff N.V.	62 840	62 840	62 840	62 840	62 840
	62 840	62 840	2 523 294	7 402 250	62 840
Non-current liability	-	-	2 460 454	7 339 410	-
Current liability	62 840	62 840	62 840	62 840	62 840
	62 840	62 840	2 523 294	7 402 250	62 840
Refer to significant assumption no. 2 for the Steenbok Newco 2A loan terms and significant assumption no. 4 for the Steinhoff N.V. loan note terms.					
5. Related party trade payables					
Steinhoff At Work Proprietary Limited	38 171	38 171	38 171	38 171	38 171

STEINHOFF INTERNATIONAL HOLDINGS PROPRIETARY LIMITED
NOTES TO THE STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

		30 September 2024	30 September 2023	30 September 2022	30 September 2021	30 September 2020
		Projected Management Statements				Actual
		R'000	R'000	R'000	R'000	R'000
6. Funds available for payment of borrowings						
Total assets	a.	4 029 854	6 689 358	11 545 477	16 434 906	24 455 085
Total liabilities excluding borrowings/other financial liabilities	b.	(101 011)	(101 011)	(2 561 465)	(7 440 421)	(10 594 933)
Maximum amount payable for borrowings/other financial liabilities		3 928 843	6 588 347	8 984 012	8 994 485	13 860 152
Borrowings/other financial liabilities	c.	(23 678 588)	(26 444 303)	(28 210 392)	(27 498 807)	(31 166 158)
Shortfall (equals negative equity)		(19 749 745)	(19 855 956)	(19 226 380)	(18 504 322)	(17 306 006)

- a. The reduction in total assets in the 2021 Reporting Period is due to the proceeds received from the repayment of the SAHPL intercompany loan, which was converted into cash and then utilised for the legal settlement. As part of the legal settlement SIHPL acquired the Titan Loan asset of ZAR3.4 billion in the 2021 Reporting Period. It is assumed that the SIH loan receivable will be repaid in two equal payments over the next 2 years (F22 & F23); the excess cash, after the repayment of operating costs and taxes, has been applied to debt. The estimated limited recovery on the Newco 2A loan receivable, is included in December 2023, when the CVA debt becomes due. Refer to assumption no. 2 and no. 8. The Titan loan receivable is the only remaining asset as at the end of the 2024 Reporting Period.
- b. Total liabilities excluding borrowings and 21/22 Financial Creditors claims, partially reduced due to the settlement of the legal provision on 30 September 2021 but increased due to the inclusion of the Steinhoff N.V. loan note and the Newco 2A loan note on the same date. The Steinhoff N.V. and Newco 2A loan notes are settled in the 2022 & 2023 Reporting Period, respectively, due to cash received from the SIH loan receivable referred in a. above.
- c. Borrowings/Other financial liabilities consist of the previously recognised SIHPL CPU liability as well as the claims raised by 21/22 financial creditors. During the 2023 and 2024 Reporting Period SIHPL settled ZAR2.5 billion and ZAR2.8 billion, respectively, of the 21/22 Financial Creditor Claims.

STEINHOFF INTERNATIONAL HOLDINGS PROPRIETARY LIMITED
 PROJECTED CASH FLOW
 FOR THE 4 YEARS ENDING 30 SEPTEMBER 2024

	12 Months ended 30 September 2024	12 Months ended 30 September 2023	12 Months ended 30 September 2022	12 Months ended 30 September 2021	12 Months ended 30 September 2020
	Projected Management Statements				Actual
Notes	R'000	R'000	R'000	R'000	R'000
Opening balance	173 726	144 892	142 170	84 635	72 680
Cash receipts					
Interest received on cash invested	6 813	5 465	5 415	271 448	4 055
Proceeds from repayment of intergroup loans					
Steinhoff Africa Holdings Proprietary Limited	-	-	-	5 989 220	96 050
Steinhoff Investment Holdings Limited	-	5 063 510	5 063 510	5 971 970	1 500
Steenbok Newco 2A Limited	2 765 715	-	-	-	-
Proceeds on sale of Steinhoff N.V. Shares	-	-	-	699	-
Tax refunds	-	-	-	1 639	23 807
Recovery of litigation costs from insurers	-	-	-	21 171	-
Other receipts	-	-	-	-	151
Total cash receipts	2 772 528	5 068 975	5 068 925	12 256 147	125 563
Cash payments					
Advisory fees	(22 855)	(22 855)	(21 749)	(141 368)	(100 843)
Bank charges	(27)	(26)	(25)	(31)	(48)
Directors and officers insurance	(8 109)	(8 109)	(6 874)	(7 555)	(5 203)
External audit fees	-	(527)	(493)	(426)	(3 170)
Non-executive fees - DI Pauker	(2 745)	(2 745)	(2 693)	(2 707)	(3 001)
Other expenses	-	-	-	-	(12)
Value Added Tax	-	(412)	(404)	(366)	(93)
Settlement of litigation	a.	-	-	(11 969 572)	-
Repayment of intergroup loans					
Steinhoff N.V. loan note	-	-	(3 261 960)	-	-
Steenbok Newco 2A loan note	-	(2 460 454)	(1 722 508)	-	-
21/22 Financial Creditor Claims	(2 765 715)	(2 493 487)	-	-	-
Income tax payments	(54 423)	(51 526)	(49 497)	(76 587)	(1 238)
Total cash payments	(2 853 874)	(5 040 141)	(5 066 203)	(12 198 612)	(113 608)
Closing balance	92 380	173 726	144 892	142 170	84 635

- a. Represents cash value settled by SIHPL for the legal settlement. SAHPL has an obligation to pay the Conservatorium settlement on behalf of SIHPL and accounted for via the related party loans.
- b. At the end of each reporting period, SIHPL retains a cash balance equal to the minimum required balance of €5 million plus a provision for operating expenses for the forecast period.