



Steinhoff International Holdings Proprietary Limited

S155 PROJECTED FINANCIAL STATEMENTS for the 3 years ending 31 December 2023

Prepared and issued on: 15 January 2021

STEINHOFF INTERNATIONAL HOLDINGS PROPRIETARY LIMITED
S155 PROJECTED FINANCIAL STATEMENTS

CONTENTS

Page

1. S155 PROJECTED FINANCIAL STATEMENTS

Significant assumptions	1
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Financial Position	3 - 4
Statement of Cash Flows	5

GLOSSARY

SIHPL	Steinhoff International Holdings Proprietary Limited
SIST	Steinhoff International Share Trust
SAH	Steinhoff Africa Holdings Proprietary Limited
SINVH	Steinhoff Investment Holdings Limited
Steinhoff N.V.	Steinhoff International Holdings N.V.
SFHG	Steinhoff Finance Holdings GmbH
Pepkor Africa	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	19.8900	19.8900
30 September 2022	20.2300	20.2300
30 September 2023	19.8600	19.8600
31 December 2023	19.8600	19.8600

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

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. The settlement is subject to financial creditor and regulatory consents, as well as support from eligible claimants, and is subject to final implementation.

In terms of the litigation settlement proposal, SIHPL is expected to pay a portion in cash to the amount of c.R4.288 billion and a portion in Pepkor Africa shares to the amount of R5 095 billion. These amounts are subject to change based on the ZAR:EUR exchange rate and Pepkor Africa share price. The exchange rate used in the determination of these amounts was R19.46 and Pepkor Africa share price R15.00.

For purposes of the projected financial statements, it has been assumed that the settlement effective date will be 31 March 2021 at the above mentioned rates and amounts.

The cash settlement amount will be funded via the repayment of intercompany loans receivable from SAH and SINVH.

2. Steenbok Newco 2A Limited loan receivable

SIHPL has a euro denominated loan receivable from Steenbok Newco 2A Limited to the amount of R25.3 billion (capital and accrued interest). The capital amount has however been impaired and based on IFRS 15, no interest should be recognised for accounting purposes. Therefore, no interest has been recognised in the financial statements of SIHPL and the capital amount has been impaired.

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 SFHG an amount of EUR 200m plus interest ("Titan Loan"). In accordance with the 2019 financial restructuring arrangements, the Titan Loan was transferred from SFHG to Newco 2A.

Immediately prior to, or immediately following, the purchase of the Titan Loan, the Titan Loan will be amended to include the following 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.

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: final maturity date of 6 months after the date of the Titan Loan final maturity;
- 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

For purposes of the projected financial statements, it has been assumed that the settlement will occur in March 2021 and therefore the loans have been recognised as at 31 March 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 €100 million, including the following terms:

- zero coupon;
- repayment date: final maturity date of 6 months after the date of the Titan Loan final maturity;
- 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 March 2021 and therefore the Steinhoff N.V. loan note has been recognised as at 31 March 2021.

5. Advisory fees

Annual advisor fees of R20 million has been budgeted for September 2021 with an annual 6.9% increase for the following two years.

6. Extension of debt maturity

As part of project Universe, the SIHPL creditors will be asked to an extension of the payment date under the SIHPL CPU date which is approximately 5 years, 6 months and 1 day from the implementation of the project Universe settlement. In exchange for this extension, SIHPL will grant third-ranking security over all of its assets (which are primarily intercompany receivables in South Africa).

STEINHOFF INTERNATIONAL HOLDINGS PROPRIETARY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 3 YEARS ENDING 31 DECEMBER 2023

	Notes	3 Months ended	12 Months ended	12 Months ended	12 Months ended	12 Months ended
		31 December	30 September	30 September	30 September	30 September
		2023	2023	2022	2021	2020
Projected Management Statements					Actual	
		R'000	R'000	R'000	R'000	R'000
Interest income	1	48 025	187 565	178 711	88 738	4 660
Other income	2	-	-	-	-	16 602
Net foreign exchange gain/(loss) on financial instruments		-	697 931	(3 601 507)	2 674 266	(4 983 477)
Legal settlement provision		-	-	-	-	(9 379 000)
Recognition of Steinhoff N.V. loan note		-	-	-	(1 989 000)	-
Loss on acquisition of Titan loan		-	-	-	(677 450)	-
Administrative expenses	3	(7 926)	(35 656)	(33 558)	(70 484)	(135 793)
Operating (loss)/profit for the period before finance cost and tax		40 099	849 840	(3 456 354)	26 070	(14 477 008)
Finance costs		-	-	-	-	-
Operating (loss)/profit for the period before tax		40 099	849 840	(3 456 354)	26 070	(14 477 008)
Taxation		-	-	-	-	921
(Loss)/profit for the period		40 099	849 840	(3 456 354)	26 070	(14 476 087)
Other comprehensive income/(loss)		-	-	-	-	-
Total comprehensive income/(loss) for the year		40 099	849 840	(3 456 354)	26 070	(14 476 087)

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

	Notes	3 Months ended	12 Months ended	12 Months ended	12 Months ended	12 Months ended
		31 December	30 September	30 September	30 September	30 September
		2023	2023	2022	2021	2020
Projected Management Statements					Actual	
		R'000	R'000	R'000	R'000	R'000

1. Interest income

Interest on bank accounts	758	3 033	3 033	3 058	4 055
South African Revenue Services	-	-	-	-	605
Titan Premier Investment Proprietary Limited	47 267	184 532	175 678	85 680	-
Steenbok Newco 2A Limited	482 065	1 928 260	1 928 260	2 002 045	1 951 644
Steenbok Newco 2A Limited - Interest reversal	(482 065)	(1 928 260)	(1 928 260)	(2 002 045)	(1 951 644)
	48 025	187 565	178 711	88 738	4 660

2. Other income

Loan correction	-	-	-	-	13 510
Unclaimed dividends forfeited	-	-	-	-	3 092
	-	-	-	-	16 602

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

SIHPL CPU	-	585 081	(3 497 807)	2 674 266	(4 983 477)
Steenbok Newco 2A Limited loan note	-	75 850	(69 700)	-	-
Steinhoff N.V. loan note	-	37 000	(34 000)	-	-
	-	697 931	(3 601 507)	2 674 266	(4 983 477)

4. Administrative expenses

Company Advisory Fees	5 714	22 855	21 749	58 480	124 112
Non-Executives Fees	-	3 426	3 474	3 466	3 224
Audit fees	-	527	493	1 943	3 195
Directors and officers insurance	2 200	8 801	7 795	6 548	5 203
Other administrative expenses	12	47	47	47	59
	7 926	35 656	33 558	70 484	135 793

STEINHOFF INTERNATIONAL HOLDINGS PROPRIETARY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	31 December	30 September	30 September	30 September	30 September
		2023	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.	10 057 933	10 065 100	10 008 792	10 570 983	10 231 221
Other financial assets	2.	3 893 158	3 845 891	3 661 358	3 485 680	654
		13 951 091	13 910 991	13 670 150	14 056 663	10 231 875
Current assets						
Cash and cash equivalents		70 215	70 215	70 215	70 215	84 635
Tax receivable		1 236	1 236	1 236	1 236	1 638
Related party loans receivable	1.	4 803 062	4 803 062	4 891 994	4 360 328	14 136 936
		4 874 513	4 874 513	4 963 445	4 431 779	14 223 209
Total assets		18 825 604	18 785 504	18 633 595	18 488 442	24 455 084
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		(72 055 629)	(72 095 729)	(72 945 569)	(69 489 215)	(69 513 995)
Total equity		(18 737 325)	(18 777 425)	(19 627 265)	(16 170 911)	(16 197 027)
Non-current liabilities						
Borrowings	3.	26 631 116	26 631 116	27 127 265	24 161 124	26 428 902
Related party loans payable	4.	6 057 300	6 057 300	6 170 150	6 066 450	-
		32 688 416	32 688 416	33 297 415	30 227 574	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
Borrowings	3.	4 773 502	4 773 502	4 862 434	4 330 768	4 737 256
Litigation settlement proposal provision		-	-	-	-	9 379 000
		4 874 513	4 874 513	4 963 445	4 431 779	14 223 209
Total equity and liabilities		18 825 604	18 785 504	18 633 595	18 488 442	24 455 084

STEINHOFF INTERNATIONAL HOLDINGS PROPRIETARY LIMITED
NOTES TO THE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	31 December 2023	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	19 282 603	19 282 603	19 282 603	19 282 603	21 092 479
Steenbok Newco 2A Limited - impairment	(19 282 603)	(19 282 603)	(19 282 603)	(19 282 603)	(21 092 479)
Steinhoff Africa Holdings Proprietary Limited	-	-	-	-	6 620 473
Steinhoff Investments Holdings Limited	14 860 995	14 868 162	14 900 786	14 931 311	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)
	14 860 995	14 868 162	14 900 786	14 931 311	24 368 157
Non-current asset	10 057 933	10 065 100	10 008 792	10 570 983	10 231 221
Current asset	4 803 062	4 803 062	4 891 994	4 360 328	14 136 936
	14 860 995	14 868 162	14 900 786	14 931 311	24 368 157
2. Other Financial assets					
Listed Investments-Steinhoff N.V.	-	-	-	-	654
Titan Premier Investment Proprietary Limited	3 893 158	3 845 891	3 661 358	3 485 680	-
	3 893 158	3 845 891	3 661 358	3 485 680	654
Refer to significant assumption 3 for the Titan loan terms.					
3. Borrowings					
SIHPL CPU	31 404 618	31 404 618	31 989 699	28 491 892	31 166 158
Initial recognition	25 986 610	25 986 610	25 986 610	25 986 610	25 986 610
Forex movement	5 418 008	5 418 008	6 003 089	2 505 282	5 179 548
Non-current liability	26 631 116	26 631 116	27 127 265	24 161 124	26 428 902
Current liability	4 773 502	4 773 502	4 862 434	4 330 768	4 737 256
	31 404 618	31 404 618	31 989 699	28 491 892	31 166 158
4. Related party loans payable					
Steenbok Newco 2A Limited loan note	4 071 300	4 071 300	4 147 150	4 077 450	-
Steinhoff N.V. loan note	1 986 000	1 986 000	2 023 000	1 989 000	-
Steinhoff N.V.	62 840	62 840	62 840	62 840	62 840
	6 120 140	6 120 140	6 232 990	6 129 290	62 840
Non-current liability	6 057 300	6 057 300	6 170 150	6 066 450	-
Current liability	62 840	62 840	62 840	62 840	62 840
	6 120 140	6 120 140	6 232 990	6 129 290	62 840
Refer to significant assumption 3 for the Steenbok Newco 2A loan terms and significant assumption 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
 PROJECTED CASH FLOW
 FOR THE 3 YEARS ENDING 31 DECEMBER 2023

	3 Months ended 31 December 2023	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
	R'000	R'000	R'000	R'000	R'000
Opening balance	70 215	70 215	70 215	84 635	72 680
Cash receipts					
Interest received on bank accounts	758	3 033	3 033	3 058	4 055
Intercompany loan: Steinhoff Africa Holdings Proprietary Limited	-	-	-	4 323 050	96 900
Intercompany loan: Steinhoff Investment Holdings Limited	7 168	32 623	30 525	26 447	1 500
Proceeds on sale of Steinhoff N.V. Shares	-	-	-	699	-
Tax refunds	-	-	-	402	23 807
Other receipts	-	-	-	-	151
Total cash receipts	7 926	35 656	33 558	4 353 656	126 413
Cash payments					
Advisory fees	(5 714)	(22 855)	(21 749)	(16 894)	-
Werksmans Attorneys	-	-	-	(3 642)	(4 822)
Linklaters	-	-	-	(41 584)	(83 286)
Moelis & Company	-	-	-	(2 854)	(10 358)
External audit fees - Mazars	-	(527)	(493)	(1 968)	(582)
Non-executive fees - DI Pauker	-	(2 979)	(3 021)	(3 749)	(3 001)
Corporate law alliance	-	-	-	(139)	(132)
Deloitte & Touche	-	-	-	-	(2 588)
Legal expenses	-	-	-	-	(2 245)
Penalties paid	-	-	-	-	(9)
Value added tax	-	(447)	(453)	(548)	(93)
Bank charges	(12)	(47)	(47)	(49)	(48)
Directors and officers insurance	(2 200)	(8 801)	(7 795)	(4 999)	(5 203)
Settlement of litigation	-	-	-	(4 288 000)	-
Intercompany loan: Steinhoff Africa Holdings Proprietary Limited	-	-	-	(3 650)	(850)
Provisional tax paid	-	-	-	-	(1 238)
Other operating costs	-	-	-	-	(3)
Total cash payments	(7 926)	(35 656)	(33 558)	(4 368 076)	(114 458)
Closing balance	70 215	70 215	70 215	70 215	84 635