STEINHOFF
INTERNATIONAL HOLDINGS N.V.

QUARTERLY UPDATE

FOR THE THREE MONTHS ENDED 31 DECEMBER 2021

MESSAGE FROM THE MANAGEMENT BOARD

Dear Stakeholders,

During February 2022 we initiated the distribution of approximately €1.7 billion via cash payments and transfer of Pepkor Holdings shares in accordance with the Court-approved Litigation Settlement Proposal. A small number of final steps of implementation will be finalised in the next weeks. This brings to an end the second step of the restructuring plan.

With the first two elements of the three-step strategy – a financial restructuring and a litigation settlement – now completed, the Group can fully focus on the third step, addressing the debt and the sustainability of the balance sheet.

During this first quarter the operating entities' performance has been encouraging as the businesses benefited from the strength of their strategic focus, their brands and market positioning. For further details refer to the Operational Review.

2021 Annual Report

The 2021 Annual Report, in respect of which for the first time in four years the independent auditors issued an unqualified audit opinion, was released in late January 2022 within the prescribed reporting timeframe. These two achievements are tangible evidence of the huge progress the Group has made to reduce the risks in the business through improved governance, accounting and financial reporting, and underlines the progress made towards more normal operations.

Strategic summary

The primary focus of the Group is now on the implementation of step three of the three-step strategic plan – addressing the high debt.

Steinhoff's strategy is to transition to a global holding company with investments in retail businesses through a three-step process:

Step 1: Completed	Step 2: Completed	Step 3: In progress
Creditor arrangements (CVAs implemented on 13 August 2019.)	Manage litigation risk (Litigation Settlement Proposal approved, finalised and in the process of being implemented.)	Restructure Group with a view to reducing debt and financing costs (Mattress Firm dividend and sale proceeds of the Plush business used to reduce debt; ongoing engagements.)

Message from the Management Board continued

Management Board priorities for 2022 (KPIs)

As we look ahead, as a Management Board, we have a clear set of priorities for the 2022 Reporting Period as detailed on pages 83 and 84 of the 2021 Annual Report:

a) Business optimisation and value maximisation

b) Financial reporting controls and administration

c) Group restructure

d) Stakeholder interaction

e) Litigation settlement proposal – implemented February 2022

f) Litigation management

Annual General Meeting (AGM)

As announced on 11 February 2022, the Company is hosting a hybrid AGM on 25 March 2022. The meeting will be accessible via a webcast for shareholders who register themselves for the AGM and for other observers via a live webcast, the details of which will be made available on the Steinhoff N.V. website. We look forward to engaging directly once again with the company's shareholders.

Settlement

The Bar Date, being the deadline on which Market Purchase Claimants are able to validly lodge claims, will be 23:59:59 SAST on Sunday, 15 May 2022. Additional information in relation to the Steinhoff Group settlement is available on www.SteinhoffSettlement.com or contact info@SteinhoffSettlement.com.

Outlook

Trading conditions in the first quarter were encouraging as detailed in the attached Operational Review.

The implementation of the Litigation Settlement Proposal has been achieved and we can now focus on Step 3 of the strategic plan – simplifying the portfolio and restructuring the balance sheet.

Appreciation

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

We are also sincerely grateful for the continuing support of our financial creditors, shareholders, and the Supervisory Board.

Louis du Preez
Chief executive officer

Theodore de Klerk
Chief financial officer

25 February 2022

OPERATIONAL REVIEW

This report covers the period 1 October 2021 to 31 December 2021 ("Reporting Period") and has not been audited or reviewed by the Company's auditors.

REVENUE FROM CONTINUING OPERATIONS (€M)	3M2022	3M2021	% change	Constant currency %
Pepco Group	**1 352**	1 188	14	
Pepkor Holdings	**1 294**	1 208	7	1
Greenlit Brands	**181**	184	(2)	(5)
Total Group revenue from continuing operations	**2 827**	**2 580**	**10**	

REVENUE FROM MATERIAL ASSOCIATE (€M)	3M2022	3M2021	% change	Constant currency %
Mattress Firm	**987**	785	26	21

Introduction

The disruptions to the businesses mainly as a result of COVID-19 lockdown regulations over the past two years have continued to present varying challenges. The lockdown regulations themselves fluctuate in the various countries independently from one another, resulting in unusual trading patterns as restrictions are imposed or lifted. Operating performance, when reviewed over a longer period, and taking into account the various specific restrictions, has continued to improve.

Revenue from continuing operations increased 10% to €2 827 million for the Reporting Period (3M2021: €2 580 million – restated). Despite challenges faced, looking through the COVID-19 cycle all of the operations have managed to increase revenue over the longer term.

Management within the operations continued to focus on cashflow management and operational improvements. Both Pepco Group and Pepkor Holdings continued to expand their footprints during the quarter.

The revenue of Mattress Firm is disclosed above at 100% and is included for information purposes only. Mattress Firm is considered to be a material associated company as the Steinhoff Group owned 50.1% (before management incentive share dilution) as at 31 December 2021 (31 December 2020: 50.1%) and as such it is equity accounted, and not consolidated, into results of Steinhoff N.V.

Simplification of the portfolio has been a key objective of the Group over the past few years. This operational review covers the continuing operations only and comparatives have been restated where appropriate.

Pepco Group

Pepco Group is a fast-growing, pan-European discount variety retailer, trading through over 3 000 stores in 17 territories across Europe. Pepco Group owns the PEPCO and Dealz brands in Europe and the Poundland brand in the United Kingdom ("UK") and has a clear vision is to become Europe's pre-eminent discount variety retailer.

Further information regarding Pepco Group can be found online at www.pepcogroup.eu.

TOTAL REVENUE (€M)	3M2022	3M2021	% change	Constant currency %
Pepco Group	**1 352**	1 188	14	
PEPCO	**729**	624	17	20
Poundland (including Dealz)	**623**	564	10	4

The first quarter saw the re-introduction of trading restrictions across many of the territories in which the Pepco Group operates. While the overall number of stores compulsorily closed in the period was lower year-on-year, with circa 1% (FY21: circa 9%) of trading weeks lost, a significantly greater number of stores were disrupted by Government restrictions which had a considerable impact on the level of footfall into PEPCO stores. These restrictions negatively impacted customer footfall as they included limits on customer numbers allowed in stores at one time which impacted over 50% of trading weeks and restricting entry to stores to vaccinated customers only which, given the average Central Europe vaccination level of 54%, impacted 14% of trading weeks. Further, more minor, restrictions related to the selling of specified products and reduced opening hours were also in place.

Store expansion accelerated across all operating territories and brands with 161 new stores being opened during the quarter. PEPCO, with 146 new store openings in Q1 (Q1-FY21: 87), including 55 in the strategically important Western European markets of Italy, Austria and Spain, led the way and continue to trade ahead of expectations. Dealz opened 15 new stores in Q1 (Q1-FY21: 18), as the roll-out programme accelerated, particularly in Poland.

In PEPCO the flat like-for-like, in the context of widening COVID-19 restrictions limiting customers' ability to shop, was a positive achievement. Along with demand side disruption, PEPCO also faced global supply chain disruption which it managed well to ensure limited impact to customers. Positively none of these factors impacted the continuing store and proposition renewal projects with a further 362 stores subject to the general merchandise extension work.

The Poundland Group benefited from the continued positive progress across all aspects of Poundland's offer development programme, including range improvements in general merchandise and clothing, further expansion of multi-price penetration to 41.5% and the introduction of their new chilled & frozen offer to a further 52 stores.

Closing net debt, on an IFRS 16 basis of €1 248 million (FY21: €1 174 million) reflects the strong cash EBITDA and working capital efficiency, offsetting increased lease liabilities from a record quarter of store expansion. The closing net debt excluding leases, of €115 million (FY21: €187 million), similarly reflects strong cash generation while continuing to invest significantly in strategic growth initiatives.

Operational review continued

Pepkor Holdings

Pepkor Africa has the largest retail store footprint in southern Africa, with more than 5 400 stores operating across 10 African countries. The majority of its retail brands operate in the discount and value segment of the market.

The Building Company, part of Pepkor Holdings, has been reclassified as a continuing operation following the termination of the transaction to dispose of the business. The comparative figures have been restated accordingly.

For more information visit www.pepkor.co.za.

TOTAL REVENUE (€M)	3M2022	3M2021	% change	Constant currency %
Pepkor Holdings	**1 294**	1 208	7	1

Revenue for the quarter ended 31 December 2021 increased by 7% to €1 294 million. Excluding the disposal of John Craig in the prior year, revenue increased by 1.8% in constant currency. Growth in revenue was impacted by the strong base in the comparable quarter in the previous financial year, following the easing of COVID-19 restrictions, and 161 looted stores that had not yet reopened at the start of the quarter following the civil unrest in South Africa (Kwa-Zulu Natal and Gauteng provinces) during July 2021. Lower revenue in the FinTech segment resulting from a change in product mix and accounting treatment further weighed on group revenue growth.

From a trading perspective, and excluding John Craig, Pepkor Holdings achieved 3.1% sales growth in constant currency for the quarter, contending with an exceptionally strong base in the prior year. Over a two-year period compared to the comparable quarter ended 31 December 2019, the Pepkor Holdings group is pleased to have achieved sales growth of 10.9% in constant currency. This demonstrates Pepkor Holdings' ability to achieve strong and consistent sales growth despite volatile trading conditions.

While trading was weaker in October 2021, it normalised in November 2021 and strengthened in December 2021. The improved trading trajectory is very encouraging in contrast to the challenging operating conditions faced in the wake of a weak economy with record high levels of unemployment.

Excluding John Craig, cash sales for the Pepkor Holdings group increased by 3.2% and contributed 93% to total sales. Credit sales increased by 2.8% and remains a very small contributor to Pepkor Holdings group sales, at only 7%. The Pepkor Holdings group's approach to credit granting remains conservative.

The group has now reopened 450 (82%) out of the total 549 stores affected by the civil unrest. The reopening of the remaining 99 stores is delayed by infrastructure and shopping centre rebuilds. The resultant insurance claims process relating to material damage and business interruption is progressing with further payments from the insurers expected during the current financial year.

It should be noted that sales growth performance reported by Pepkor Holdings per business is adjusted for the disposal of John Craig by Pepkor Speciality, PEP Africa's exit from Uganda and the rationalisation of non-core businesses of The Building Company. Like-for-like sales growth reported excludes looted stores not reopened by 30 September 2021.

The process to refinance funding of ZAR5.0 billion repayable in the 2023 financial year is progressing well and is expected to be completed by March 2022. The funding will be extended over a longer term at lower interest rates and will further strengthen the group's liquidity and debt repayment profile. Net debt at 31 December 2021 reduced to ZAR4.1 billion from ZAR5.6 billion one year ago.

The positive sales trajectory in the first quarter of the 2022 financial year accelerated into the January 2022 trading month with exceptionally strong growth in all of Pepkor Holdings' retail brands. In some of the Pepkor Holdings business units the performance was inflated by the shift in back-to-school dates to January from February in the prior year.

Greenlit Brands

Greenlit Brands is an integrated retailer and manufacturer of household goods, with retail stores throughout Australia and New Zealand.

Plush, part of Greenlit Brands, has been classified as discontinued and as such their results have been excluded from this report. The comparative figures have been restated accordingly.

For further information regarding Greenlit Brands refer to www.greenlitbrands.com.au.

TOTAL REVENUE (€M)	3M2022	3M2021	% change	Constant currency %
Greenlit Brands	**181**	184	(2)	(5)

The Q1 sales for Greenlit Brands were affected by lockdown restrictions as a result of the Omicron variant across Australia and Auckland. Overall revenue was down 5.5% in constant currency for the three-month period.

Supply chain disruptions and material cost increases as a result of COVID-19 continued in Q1 and all brands have adopted an agile approach on adapting to constant lockdown changes and selective stores operated on click and collect only where required through this challenging quarter.

Online trading remains strong for the Greenlit Brands group, driven in part by COVID-19-related lockdowns, and was up 30.8% on the comparative period last year, delivering 21.4% of gross sales and providing a solid foundation for continued trade during any potential further COVID-19 interruptions.

During the quarter Greenlit Brands completed the sale of the Plush business with ASX-listed retailer Nick Scali subject to further customary working capital adjustments.

Mattress Firm – equity accounted

Mattress Firm is the leading speciality bed retailer in the United States, with 2 344 retail stores nationwide. For more information refer to www.mattressfirm.com.

Mattress Firm is considered to be an associated company as the Steinhoff Group owns 50.1% (before management incentive share dilution) and as such it is equity accounted, and not consolidated, into results of Steinhoff N.V. The operating commentary below refers to the entire business (100%) and is included for information purposes only.

TOTAL REVENUE (€M)	3M2022	3M2021	% change	Constant currency %
Mattress Firm	**987**	785	26	21

Revenue increased by 26% on the comparative period in the prior year. Encouragingly, same store sales continued to grow, increasing by 21.1%, which was driven by a 3.3% increase in the number of customer transaction and a 17.8% increase in average order value for comparable sales. This increase in number of customer transactions includes a 20.5% increase in brick and mortar sales due to higher traffic and conversions, as well as a 14.2% increase in digital sales, which was primarily driven by Mattress Firm's ongoing efforts and investments to improve its customers' experience in the digital operating segment over the past several years. The increase in average order value was mostly driven by a consumer shift to luxury products. Total revenue was also favorably impacted by an increase from Mattress Firm's "Other Business" operating segment, which is largely reliant upon large gatherings of potential customers, such as rodeos, state fairs, fundraisers, among others, which were starting to increase in number as COVID-19 restrictions eased during the thirteen weeks ended 28 December 2021.

The store count reduced further during the quarter, ending on 2 344.

During the 2021 Reporting Period Mattress Firm successfully refinanced its outstanding debt. In addition, Mattress Firm made a payment to shareholders of USD1.2 billion with the Steinhoff Group receiving USD609 million.

SHARE CAPITAL

The number of shares in issue at 31 December 2021 was **4 270 million** shares and at 31 December 2020 was **4 270 million** shares.

Notes to investors

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

Forward-looking statements

This update contains management's view on future developments based on information currently available and is subject to risks and uncertainties, as described in the risk management section in the 2021 Annual Report, which can be accessed on the Group's website at www.steinhoffinternational.com. These risks are outside the control of management, and in the event that underlying assumptions turn out to be inaccurate, or risks contained in the risk report materialise, actual results may differ materially from those included in these statements. Management and the Group do not assume any obligation to update any forward-looking statements made beyond statutory disclosure obligations.

EXCHANGE RATES

	AVERAGE TRANSLATION RATE		
	3M2022	**3M2021**	**% change**
EUR:ZAR	17.6240	18.6356	(5.4)
EUR:PLN	4.6160	4.5051	2.5
EUR:GBP	0.8479	0.9033	(6.1)
EUR:AUD	1.5689	1.6319	(3.9)
EUR:USD	1.1438	1.1929	(4.1)
EUR:CHF	1.0543	1.0779	(2.2)

CORPORATE AND CONTACT INFORMATION

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

www.**steinhoff**international.com