

GEN – General – Steinhoff International Holdings N.V.

Censure imposed by the JSE on Mr Ben La Grange, the former Chief Financial Officer of Steinhoff International Holdings N.V. (“**Steinhoff**” or “**Company**”)

The JSE hereby informs stakeholders of the following findings in respect of Mr La Grange:

1. Stakeholders are referred to the JSE’s announcement published on SENS on 20 October 2020 wherein the JSE imposed a public censure and financial penalties amounting to R13.5 million against Steinhoff as a result of its transgressions of the Listings Requirements.
2. Pursuant to the JSE’s investigation into the conduct of certain individuals that presided at the Company during the periods in question, the JSE has concluded its investigation against Mr La Grange in his capacity as the Chief Financial Officer of Steinhoff at the time of the transgressions referred to in paragraph 1 above.

The Steinhoff at Work Proprietary Limited (“Steinhoff at Work”) transaction

3. Steinhoff at Work was a subsidiary of Steinhoff Investment Holdings Limited whose ultimate holding company was Steinhoff which has a dual listing on the JSE. Steinhoff joined a structure referred to as the “buying group” through its involvement with the TG Group Holding SA and its subsidiary companies (“**TG Group**”) whereby volume rebates were purported to be negotiated and collected by TG Group for the Steinhoff group as well as other third parties.
4. During mid-November 2016, Steinhoff’s Chief Executive Officer, Mr Markus Jooste, created a handwritten document indicating the pro rata contributions which Steinhoff at Work would be entitled to receive from TG Group in the amount of €23.5 million. There was no actual transaction nor any legitimate commercial reason that supported the information or calculations contained in the handwritten document.
5. Mr Jooste gave this handwritten document to Mr La Grange in his capacity as the Chief Financial Officer of Steinhoff to generate an invoice to the TG Group for the contributions to be received by Steinhoff at Work from TG Group. Mr La Grange instructed others to process the invoice that had been given to him by Mr Jooste as well as the pro rata contributions in the Steinhoff at Work accounting records for the

financial year ended 30 September 2016. As there was no actual transaction to support the invoice, the invoice issued by Steinhoff at Work was false. Thereafter, other Steinhoff representatives created various documents and gave instructions for monies to be transferred between Steinhoff Group bank accounts to create the impression that the pro rata contributions were actually paid to Steinhoff at Work by the TG Group and to be used as audit evidence for the Steinhoff at Work September 2016 audit (“**Steinhoff at Work Transaction**”).

6. The contributions were never negotiated or collected by the TG Group and TG Group did not pay for any of these contributions that had been accounted for as income by the Steinhoff Group. The result of this fictitious transaction by the processing of the false invoice was that Steinhoff at Work’s income for the fifteen months ended September 2016 was falsely inflated by R376 649 872 which in turn falsely inflated the income of the Steinhoff group which was subsequently restated. Without this fictitious income, Steinhoff at Work’s stated operating profit of R47 545 585 should have been a loss of R329 104 287 and this loss should have been reflected in Steinhoff’s consolidated financial statements.
7. Mr La Grange acknowledged and disclosed to the JSE that he was requested by Mr Jooste to bring to book income into the accounts of Steinhoff at Work which was, according to Mr Jooste, Steinhoff Group rebates procured by the TG Group. Mr La Grange further disclosed that he procured the raising of the invoice which was irregular in that Steinhoff at Work was not entitled to a rebate, albeit he was not aware that the income was false at the time, and that he did not apply more scrutiny to evaluate the transaction and determine that the income was genuine, and that Steinhoff at Work was entitled to bring the income to book.
8. Accordingly, the JSE found Mr La Grange to be in breach of the following provisions of the Listings Requirements:
 - i. General Principle (v) as Mr La Grange failed to exercise the highest standards of care in his direct involvement in the processing and implementation of the Steinhoff at Work Transaction which was subsequently found to be a fictitious transaction; and
 - ii. General Principle (v) as Mr La Grange ought to have known, that inclusion of the income in respect of the Steinhoff at Work Transaction, which was subsequently found to be fictitious, would in turn inflate the income recorded in Steinhoff’s consolidated financial statements and contributed to the 2016 financial results being incorrect, false and misleading in material respects.

Steinhoff's financial information

9. The accuracy and reliability of the financial information published by companies are of critical importance and is a foundational cornerstone of a fair, efficient and transparent market of any regulated market. In addition hereto, the investing public relies on a company's published financial information to make important investment decisions.
10. As set out in the public censure imposed against Steinhoff on 20 October 2020, the Company's previously published financial information for the 2016, 2015 and prior financial periods did not comply with IFRS and was incorrect, false and misleading in material aspects and this incorrect information was disseminated to shareholders, the JSE and the investing public.
11. The JSE found that Mr La Grange's actions and failure to comply with important provisions of the Listings Requirements were one of the causes of the publication and dissemination of material misstatements to the Steinhoff group's 2016 consolidated financial statements and its statement of financial position as at 1 July 2015.
12. Mr La Grange held the highest-ranking financial position in the Company and was directly responsible for managing the financial actions of Steinhoff as well as the preparation and supervision of Steinhoff's consolidated financial information. Mr La Grange ought to have known, that due to the numerous accounting irregularities, Steinhoff's previously published financial information failed to comply with IFRS and was incorrect, false and misleading in material respects. Mr La Grange's actions directly resulted and/or contributed to Steinhoff breaching the Listings Requirements.
13. Accordingly, the JSE found Mr La Grange to be in breach of paragraph 8.62(b) of the Listings Requirements in respect of Steinhoff's financial information for the 30 June 2015 and prior financial periods when Steinhoff had its primary listing on the JSE, and General Principle (v) in respect of the financial information for the fifteen months ended 30 September 2016 when Steinhoff had a secondary listing on the JSE.

The JSE's decision to censure Mr La Grange

14. Directors of issuers fulfil a critical role in ensuring that listed companies comply with the Listings Requirements. Issuers of securities listed on the JSE are only able to comply with the Listings Requirements if their directors take the appropriate actions to ensure that such issuers comply in all

aspects with its provisions and to ensure that the financial information of listed companies are, in all aspects, valid and correct and that it represents a fair and accurate exposition of the company's financial information.

15. For these reasons and with reference to the JSE's findings of breach, the JSE has decided to impose the following penalties on Mr La Grange:
 - i. A public censure and a fine of R1 000 000 (one million rand) for Steinhoff's consolidated financial statements for the 2015 and prior financial periods and for the fifteen months ended 30 September 2016 which did not comply with IFRS and was incorrect, false and misleading in material aspects;
 - ii. A public censure and a fine of R1 000 000 (one million rand) for Mr La Grange's breaches of the Listings Requirements in respect of the Steinhoff at Work Transaction; and
 - iii. Immediate disqualification from holding the office of a director or officer of a listed company for a period of 10 (ten) years for failing to fulfil his duties and responsibilities as the Chief Financial Officer with the necessary due care and skill.

16. In arriving at this decision, the JSE considered amongst other factors, Mr La Grange's constructive and unwavering co-operation with the JSE's investigation and his full and frank engagement with the JSE where he provided various additional disclosures that assisted the JSE in its investigation against Steinhoff.

17. The fine imposed against Mr La Grange will be appropriated in settlement of any future costs incurred by the JSE which may arise through the enforcement of the provisions of the Listings Requirements as contemplated in section 11(4) of the Financial Markets Act, 19 of 2012 read with section 1.25 of the Listings Requirements.

18. The investigation into the conduct of other individuals that presided at the Company during the periods in question and who were bound by the Listings Requirements is ongoing.