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GEN – General – Steinhoff International Holdings N.V.

Censure imposed by the JSE on Mr Markus Jooste, the former Chief Executive Officer of Steinhoff International Holdings N.V. (“**Steinhoff**” or “**Company**”)

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

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 because 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 Jooste in his capacity as the Chief Executive 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, Mr Jooste created a handwritten document indicating the pro rata contributions in the amount of €23.5 million, which Steinhoff at Work would be entitled to receive from the TG Group. 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 Ben La Grange, the Chief Financial Officer of Steinhoff at the time, to generate a false 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. He also instructed others to record 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, as well as the accounting records generated as a result thereof, were 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. The Steinhoff Group therefore had to restate its financial statements to rectify the incorrect income previously recorded. 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. Accordingly, the JSE found Mr Jooste to be in breach of the following provisions of the Listings Requirements:
  - i. General Principle (v) as Mr Jooste failed to exercise the highest standards of care in his direct involvement in the design and implementation of the fictitious Steinhoff at Work Transaction;
  - ii. General Principle (v) as Mr Jooste knew, or ought to have known, that inclusion of the fictitious income in respect of the Steinhoff at Work Transaction 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; and
  - iii. General Principle (iii) as Mr Jooste knew, or ought to have known, that the Steinhoff at Work Transaction was irregular and fictitious and he failed to ensure that full, equal and timeous public disclosure was made to all holders of securities and the public at large regarding the fictitious transaction and its unlawful and irregular inclusion in Steinhoff’s consolidated financial statements, which information was price sensitive.

#### **STEINHOFF’S FINANCIAL INFORMATION**

8. 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.
9. 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.

10. The JSE found that Mr Jooste'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.
11. Mr Jooste was the highest-ranking executive in the Company and bore ultimate responsibility for the decisions and actions of management. Mr Jooste 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 Jooste's actions directly resulted and/or contributed to Steinhoff breaching the Listings Requirements.
12. Accordingly, the JSE found Mr Jooste 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 JOOSTE**

13. 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.
14. For these reasons and with reference to the JSE's findings of breach, the JSE has decided to impose the following penalties on Mr Jooste:
  - i. A public censure and the maximum permissible fine of R7 500 000 (seven million five hundred thousand 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 the Listings Requirements and was incorrect, false and misleading in material aspects;
  - ii. A public censure and the maximum permissible fine of R7 500 000 (seven million five hundred thousand rand) for Mr Jooste'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 20 (twenty) years for failing to fulfil his duties and responsibilities as the Chief Executive Officer with the necessary due care and skill.
15. The fine imposed against Mr Jooste will be appropriated in accordance with section 11(4) of the Financial Markets Act, 19 of 2012 read with section 1.25 of the Listings Requirements which includes, inter alia, the settlement of any external costs incurred by the JSE which may arise through the enforcement of the provisions of the Listings Requirements and/or in furtherance thereof.
16. Mr Jooste informed the JSE that he does not agree with the JSE's decision and findings and that he intended exercising his rights to challenge the JSE's decision in terms of the provisions of the Financial Sector Regulation Act ("FSRA").
17. On 14 December 2022, Mr Jooste applied to the Financial Services Tribunal in terms of section 231 of the FSRA for an order suspending the decisions of the JSE Ltd. On the same day, Mr Jooste also applied for the reconsideration of the decisions of the JSE in terms of section 230(1) of the FSRA. The JSE opposed Mr Jooste's suspension and reconsideration application.
18. On 10 January 2023, the Deputy Chairperson of the Financial Services Tribunal, Retired Judge Harms, dismissed the suspension application, other than in regard to the payment of the fine that the JSE has imposed on Mr Jooste. In the circumstances, the JSE is entitled to publish this censure, and to disqualify Mr Jooste from holding the office of a director or officer of a listed company for a period of 20 years.
19. The JSE will await the outcome of the reconsideration application in so far as the enforcement of the fine is concerned.
20. The JSE will continue to oppose the reconsideration application.

10 January 2023