

Deloitte.



**Annual General Meeting
Steinhoff International Holdings N.V.**

Amsterdam, 30 August 2019

1. Introduction

Following our appointment by the AGM on 20 April 2018 to audit the FY18 financial statements of Steinhoff International Holdings NV the Boards of Steinhoff have worked to ensure that credibility is brought to their financial reporting.

Financial statements of FY17 and FY18

- Challenging and exceptional circumstances
 - Disclosure of the process followed by management in the annual reports
 - Further background provided in the webcast hosted and by Steinhoff on 13 August 2019
-

In our presentation we will address the following items that we feel are of interest to you

1. The reasons for our disclaimer of audit opinion, including some (audit) regulatory background
2. Our audit fees
3. The reasons for the 'emphasis of matter' paragraphs in our audit opinion

2. Disclaimer of opinion (1/2)

Regulatory Background: Dutch Civil Code Book 2 Title 9 (art 393) and International Standards on Auditing (ISA 705 and 540)

- Unqualified opinion

Modified Auditor's Unqualified Opinion (ISA 705)

- Qualified opinion
- Adverse opinion

Disclaimer of Opinion (ISA 705)

- Extremely rare circumstances
- Multiple uncertainties
- Potential interaction of the uncertainties
- Possible cumulative effect

Material uncertainty with respect to the going concern considerations (ISA 540-A33)

- Multiple uncertainties
- Significant
- Extremely rare cases
- Disclaimer of opinion

2. Disclaimer of opinion (2/2)

Process followed

- We included an introduction paragraph in our FY17 and FY18 opinion
- PwC performed an independent investigation into the allegations pertaining to the accounting irregularities
- We had access to the PwC investigation team and their report during our audit
- A number of instances remained where no definitive conclusions could be drawn
- Management was required to make significant judgements

Conclusions reached

- Extremely rare circumstances
- Multiple uncertainties
- Some linked to the going concern consideration
- Cumulative effect could be significant to the financial statements as a whole
- Adequate and transparent disclosure by management of these uncertainties and judgements applied in their reports and footnotes
- Appropriate disclosure in the FY17 financial statements of the restatements made
- No areas of disagreement between Deloitte and the Boards on the reasons for our disclaimer of opinion
- Expectation of the Boards when remaining uncertainties may be solved included on page 26 of the FY18 annual report



Disclaimer of opinion

3. Audit fees Deloitte Accountants BV in its Group Audit Role

Exceptional circumstances, audit fees at an exceptional level as well

More senior level involvement:

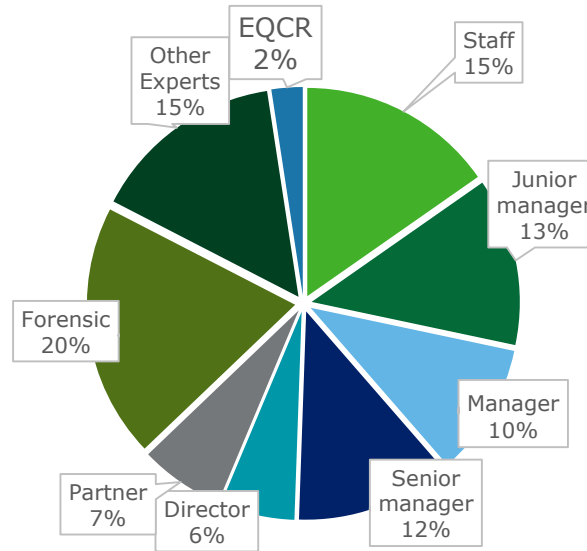
- Audit Partner/Director/EQCR (excluding Partner/Director experts): 15%
- Managers: 35%
- Staff: 15%

Experts/specialists:

- Forensic: 20%

Other experts:

- Other experts: 15%



Additional time spent on:

- analyzing and reviewing PwC investigation findings
- additional audit committee meetings
- additional involvement experts for valuations, going concern, taxation, litigation and IFRS accounting
- rolling back impairment analysis to prior years
- (re) performance of audit procedures on European sub-consolidation (FY15, FY16 and FY17) previously performed by a non-Deloitte component auditor
- audit procedures on restatements

Given these exceptional circumstances and the additional audit procedures we had to perform our audit fees are at an exceptional level.

Footnote 4.3.9 of the FY18 financial statements include the fees charged by Deloitte Accountants BV in our role as group auditor (excluding component auditors).

Amount included for FY17 and FY18:	€ 5 mio
Amount related to FY17 and FY18 charged subsequently:	<u>€ 11 mio</u>
Total FY17 and FY18 (including out of pocket expenses):	€ 16 mio

4. Emphasis of matter paragraphs

Emphasis of matter with respect to consequential effects of the accounting irregularities

Adequate disclosures in the FY17 financial statements on the:

- Judgements applied by management
- The restatements following the accounting irregularities (footnote 1.2.6)

Emphasis of matter with respect to the remediation plan

We are satisfied that:

- Supervisory Board endorsed the remediation plan
- Management Board started the implementation of the remediation plan
- Remediation plan considered to be a 'live' document (webcast 13 August 2019)

5. Closure

Concluding remarks

- As indicated in the introduction the Boards of Steinhoff have worked to ensure that credibility is brought to the financial reporting of Steinhoff International Holdings NV.
- Given that it was not possible for us to determine the effect of the interaction of the multiple uncertainties that were identified we concluded that we had to issue a disclaimer of opinion
 - Steinhoff was faced with extremely rare circumstances
 - There remain multiple uncertainties
 - Some of which also linked to the going concern consideration
 - Adequate disclosure by management of these uncertainties and judgements and estimates applied
- As the Chair of this meeting indicated there will be a Q&A session later on in this meeting where we will take questions with respect to our audit and our audit opinion.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.nl/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 286,000 people make an impact that matters at www.deloitte.nl.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.