Steinhoff 2017 Annual Report Review

Daniel's Perspectives: May 27th, 2019

Steinhoff's long-overdue 2017 annual report delivers 342 pages of riveting reality. I present a few bits & pieces verbatim; I think it speaks for itself.

"…certain key individuals, with the requisite knowledge to unravel these complex transactions, and the consequential effects thereof, have not made themselves available for questioning"
"…no conclusive information exists to confirm that the Group does in fact control any of these Groups"
"…the net debt balance increased by EUR1.3bn in the reporting period"
"…reputational damage surrounding the Group impaired the Group's ability to retain talented staff"
"…payment of EUR500,000 (as a bonus) was neither proposed by the Human Resources and Remuneration Committee nor approved by the Supervisory Board"
"…the accelerated payment of EUR1,571,008 (as a deferred bonus) before it was due was not approved"

In addition to the above, the section covering accounting restatements span 22 pages. But, far more revealing are the lengthy sections covering related party transactions between the company and a number of entities owned or otherwise linked to directors, employees and other significant stakeholders, including listed entities and high profile people.

It is incredible that an exhaustive investigation by top global forensic experts from November 2017 to May 2019 have thus far only *partially* solved this puzzle, with important gaps remaining.

The 2018 annual report covering the financial year to September 2018 should be released in the coming weeks. It is unlikely to solve all of the rest of the puzzle, but it should contribute to a better understanding of the immediate operational and financial realities facing the company.

Our work continues…

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