Audit, Risk and Compliance Committee report

for the year ended 28 February 2025

The information below constitutes the report of the Audit, Risk and Compliance Committee (“ARCC” or “the committee”).

The ARCC comprises three independent non-executive directors: Johnson Njeke (Chair), Deepa Sita and Colin Jones.

The following officers are invited to attend all meetings of the ARCC:
- Chair of the Board, Maya Makanjee
- Chief Executive Officer, Jens Montanana
- Chief Financial Officer, Ivan Dittrich
- Chief Risk Officer, Simon Morris
- Chief Audit Executive, Sean Meisel (internal audit)

The external and internal auditors attend the ARCC and have unrestricted access to the ARCC and also meet with the committee members, without management present, at least once a year.

The committee meets at least four times a year. In the year under review and subsequently up to the date of this report, the committee has met six times, with all members in attendance. The Chair of the committee reports on the committee’s activities at each Board meeting.

The committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board. The charter is reviewed annually to confirm compliance with the King IV* Code and the Companies Act and to ensure the incorporation of best practice developments.

The charter is available at **www.datatec.com**.

The committee is satisfied that it has met and complied with its legal and regulatory responsibilities for the year under review and to the date of this report with respect to its terms of reference as set out in its charter.

Each of Datatec’s main operating divisions has an Audit, Risk and Compliance committee, chaired by the Group Chief Financial Officer, Ivan Dittrich in the case of Westcon International and Logicalis International and by Luis Rapparini in the case of Logicalis LATAM. Reports from these committees are submitted to the Datatec ARCC, which retains all the functions of an audit committee in respect of Datatec’s subsidiaries.

In terms of the Companies Act and the JSE Listings Requirements, the committee has considered and satisfied itself of the appropriateness of the expertise and experience of Mr Dittrich. Further, the committee considers the appropriateness of the expertise and adequacy of resources of the Group’s finance function and the experience of senior management in the finance function and the risk management organisation. For the year under review, the committee is satisfied that the Group has established appropriate financial reporting procedures and controls, and that those procedures and controls are operating effectively.

The committee is responsible for approving the external auditor’s fees. It oversees the Company’s policy and controls that address the provision of non-audit services by the external auditor, and the nature and extent of such services rendered during the financial year. This contributes to maintaining the external auditor’s independence.

The committee reviews the activities and effectiveness of the Group’s internal audit function and annually reviews the internal audit charter and recommends it to the Board. The ARCC receives reports from the Chief Audit Executive at each of its meetings and reviews the progress of the internal audit programme, results and findings from internal audit work, and actions taken by management to resolve issues in a timely manner.

The ARCC assists the Board in reviewing the risk management process and significant risks facing the Group. The committee reviews the Group’s risk strategy with the executive directors and senior management and oversees the Group’s use of recognised risk management and internal control models and frameworks to maintain a sound system of risk management and internal control. Combined assurance processes are in place throughout the Group to provide the committee with internal management assurance and external assurance from a range of assurance providers, including the internal auditor. The ARCC is satisfied that the appropriate processes are in place, including effective combined assurance, to enable the Board to make an objective assessment of the Group’s system of internal controls and risk management.

The committee is closely involved in the JSE’s proactive monitoring of annual financial statements. It reviews the annual report issued by the JSE on this subject and related information, and ensures that all the comments by the JSE are taken into consideration in its review of the Group’s financial information.

The committee is tasked with reviewing the interim and consolidated annual financial statements and Integrated and Annual Reports. The ARCC recommended the annual financial statements for the year ended 28 February 2025 for approval to the Board. The Board has subsequently approved the consolidated annual financial statements, which will be published on the Company’s website and presented at the forthcoming AGM.

Audit, Risk and Compliance Committee report continued

for the year ended 28 February 2025

Going concern

The Board has satisfied itself that the Group has adequate resources to continue in operation for the foreseeable future.

Retrospective application of a voluntary change in accounting policy

Westcon International, in its capacity as a distributor, sells software licences to customers and its vendors continuously change the way in which they bring their products and services to market. There is a significant amount of judgement involved in determining whether Westcon International acts as a principal or agent with regard to these arrangements. Westcon International has revisited the revenue recognition assessment for these arrangements. Westcon International now arranges access to the software from the vendor on behalf of the customer. Based on the reassessment and in line with changes in peer reporting, the Group concludes that Westcon International has repositioned to act as an agent in these types of arrangements and has applied a voluntary change in accounting policy in accordance with the requirements of IAS 8 Accounting policies, Changes in Accounting Estimates and Errors ("IAS 8") for the revenue recognised from the sale of software which is now being accounted for on a net basis. Refer to Note 1 for disclosure.

Key sources of estimation uncertainty and key judgements

The results and statement of financial position presented in the consolidated annual financial statements point to many areas where key assumptions concerning the future, and other key areas of estimation included in the Group's consolidated annual financial statements, pose a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

These are outlined in the notes to the consolidated annual financial statements. The committee has considered in particular the qualitative and quantitative aspects of information presented in the statement of financial position and other notes that contain sources of estimation and uncertainty and judgements in the following area:
- estimates made in determining the recoverable amount of goodwill included in the statement of financial position. This is considered to be a key audit matter. Refer to Note 7 for further discussion of the methodology and rationale for selecting these inputs to management's estimations.

In making its assessment in the above area, the committee examined the external auditor's report and questioned senior management in arriving at their conclusions.

Based on their review of the underlying issues and assumptions, the committee considers the accounting treatment for the above to be appropriate.

MJN Njeke
Audit, Risk and Compliance Committee Chair

Sandton
26 May 2025