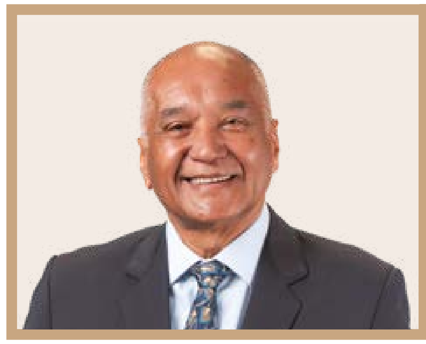

Aboubakar (Bakar) Jakoet

Report of the Group Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee (the Committee) is pleased to present its report for the financial year ended 1 March 2026 (FY26). This report has been prepared in accordance with the requirements of the Companies Act, No. 71 of 2008, as amended (the Companies Act), the King IV™ Report on Corporate Governance for South Africa, 2016 (King IV), the JSE Limited Listings Requirements (Listings Requirements), and other applicable regulatory requirements.

Committee Chair overview

The recapitalisation in FY25 was critical to restoring financial liquidity and stability to the Group. During the year, the Committee focused on ensuring that this stability was maintained, including through ongoing oversight of the Group's liquidity and solvency position.

The operating environment remains constrained and uncertain. Ongoing geopolitical developments, including conflict in the Middle East and the resulting volatility in fuel and input costs, will place further pressure on the cost of doing business and on household spending. These external factors were closely monitored by the Committee in assessing financial performance, liquidity and risk exposure.

Against this backdrop, the Committee maintained close focus on financial and operational performance across the Group. Performance was monitored against budgets, forecasts and strategic priorities, with particular focus on the delivery of the Pick n Pay turnaround strategy. The Committee also worked closely with the Finance and Investment Committee (FIC) to oversee cash flows, liquidity, working capital management and balance sheet strength. While acknowledging the strategic progress achieved to date, the FIC recognised the capital required to sustain the turnaround over the longer term. Accordingly, the Board approved the sale of Boxer shares, executed through an accelerated bookbuild on 18 May 2026. The transaction raised R4.7 billion from the placement of 57.3 million shares (12.5% of Boxer). The net proceeds will strengthen financial flexibility and support the ongoing implementation of the Pick n Pay turnaround plan, enabling a return to improved cash flow generation and profitability.

The Committee also oversaw developments in the Group's Rest of Africa operations, including the acquisition of the Botswana business. These actions were aligned with the Group's strategic focus on reducing risk exposure and strengthening the overall quality and sustainability of its store estate.

At the same time, there was continued progress in strengthening the Group's risk, assurance and compliance functions. The risk management function was brought fully in-house under a dedicated Head of Group Risk, transitioning from a model previously supported by an independent third-party risk advisor. This has strengthened accountability and integration with the business. Boxer also transitioned to its own in-house risk, internal audit and compliance functions, building on established Group frameworks and with support from the Pick n Pay internal audit function to complete a smooth transition.

Oversight of the Group's principal risks remained a key focus area, particularly in the context of executing strategic priorities in a constrained operating environment.

Given the increasing frequency and sophistication of cyber and systems-related threats globally, the Committee maintained a strong focus on cybersecurity and system resilience, as well as third-party risk and talent retention. IT governance continued to receive focused attention, recognising the importance of stable, secure and scalable systems in supporting operations and the Group's growing digital capability.

The Committee monitored all investigations of potential incidents of fraud and misconduct, ensuring these were interrogated thoroughly and that appropriate corrective and disciplinary action was taken.

Throughout the year, emphasis remained on the integrity and transparency of the Group's financial and integrated reporting, as well as the effectiveness of its internal control environment, risk management and assurance processes.

The year presented both challenge and opportunity. The Committee is encouraged by the deliberate and measured approach taken by management in executing the Group's strategic priorities, and remains confident in the Group's governance foundations and in the actions underway to support a return to sustainable performance over time.

On behalf of the Committee, I would like to express my appreciation for the professionalism, dedication and insight demonstrated by the finance team throughout the year. My sincere thanks also go to management, our assurance providers and my fellow Committee members for their ongoing commitment, guidance and valued contribution during the year.

Mandate and responsibilities of the Committee

The Board has delegated to the Committee the statutory responsibilities prescribed under the Companies Act, the JSE Listings Requirements and other applicable legal and regulatory frameworks. These include oversight of the Group's financial reporting, internal control environment, risk management processes, compliance framework and assurance activities. In fulfilling its mandate, the Committee supports the Board in maintaining sound governance, accountability and informed decision-making, contributing to the safeguarding of assets, the protection of stakeholder interests and the sustainability of the Group.

Key responsibilities of the Committee

The Committee's key areas of oversight include:

Financial performance and reporting integrity – monitoring the Group's financial performance, including performance against budgets, forecasts and strategic objectives, and reviewing the Annual Financial Statements and other internal and external financial reports to ensure these present a fair, balanced and understandable view in accordance with applicable standards.

Financial position and liquidity – assessing the Group's solvency and liquidity, financial position and funding requirements, and supporting the Board in confirming the appropriateness of the going concern basis of preparation, with support from the Finance and Investment Committee.

Risk governance – overseeing the Group's enterprise-wide risk management framework and processes, including the identification, assessment and management of material and emerging risks, and evaluating the effectiveness of mitigation strategies to support Group strategy and long-term value creation.

Internal control effectiveness – assessing the effectiveness of the Group's internal financial controls and broader control environment in mitigating key risks and supporting the integrity of financial reporting.

Internal audit – overseeing the effectiveness, independence and performance of the internal audit function, including approval of its charter and risk-based internal audit plan.

External audit – overseeing the appointment, independence and performance of the external auditor, and the quality and effectiveness of the external audit process.

Combined assurance – overseeing a coordinated, risk-based approach to assurance across internal audit, external audit, risk management and other assurance providers.

Regulatory compliance – overseeing the Group's compliance with applicable laws, regulations and codes, including the Companies Act and JSE Listings Requirements, and monitoring the effectiveness of the Group's compliance framework.

The Committee operates in accordance with formal Terms of Reference, which are reviewed annually and approved by the Board. The Committee applies an annual workplan to guide its activities and ensure disciplined execution of its responsibilities.

Committee governance

The Committee is a statutory committee of the Board, operating within a defined governance framework. The Board has delegated oversight of audit, risk and compliance matters to the Committee, while retaining overall accountability for these matters.

The Committee comprises independent non-executive directors who are nominated by the Board and elected by shareholders at the Annual General Meeting (AGM). Members collectively possess the required financial literacy, skills and experience to discharge their responsibilities effectively.

The Committee Chair reports to the Board after each meeting and engages periodically with the Chair of the Boxer Retail Limited Audit, Risk and Compliance Committee on matters of mutual interest.

Committee composition and meeting attendance

The Board continues to prioritise the deliberate renewal of the Committee to maintain independence and strengthen its collective capability. David Friedland retired from the Board in FY26 and the Committee thanks David for his years of dedicated service. James Formby stepped down from the Committee in August 2025 on his appointment as Chair of the Board, in line with King IV and good governance practice. Audrey Mothupi-Palmstierna will retire from the Board at the 2026 AGM to be held in August 2026. Pooven Viranna was appointed as an independent non-executive director and member of the Committee on 1 June 2025, followed by the appointments of Thabo Leeuw and Grant Pattison as independent non-executive directors and members of the Committee on 1 February 2026. The Committee welcomes their appointment and looks forward to the contribution of their experience and insight.

The Committee met four times in respect of FY26, including a meeting held after year-end to consider the Group's FY26 results, Annual Financial Statements and the outcomes of the external audit and combined assurance processes.

Meetings were attended by standing invitees, including the Chair of the Board, Chief Executive Officer, Chief Finance Officer, the Heads of Internal Audit, Risk, Legal and Compliance, the external auditor and senior members of the finance team. The Committee also held closed sessions with the internal and external auditors to support independent engagement and to ensure that they were able to discharge their responsibilities objectively and without undue influence.

Details of Committee membership and attendance are set out below:

Members	Status	Attendance	Notes
Aboubakar Jakoet (Chair)	Independent non-executive	4/4	
Haroon Bhorat	Independent non-executive	4/4	
Audrey Mothupi-Palmstierna	Independent non-executive	4/4	
Thabo Leeuw	Independent non-executive	1/1	Appointed 1 February 2026
Grant Pattison	Independent non-executive	1/1	Appointed 1 February 2026
Pooven Viranna	Independent non-executive	3/3	Appointed 1 June 2025

Biographical details of Committee members are available on the Group Investor Relations website at https://www.picknpayinvestor.co.za/board-and-committees and are included in the 2026 Notice of AGM.

How the Committee fulfilled its responsibilities in FY26

Financial performance and reporting integrity

The Committee maintained oversight of the integrity and reliability of the Group's financial reporting, as well as the quality and sustainability of financial performance.

Throughout the year, the Committee monitored financial performance against budgets, forecasts and the Group's strategic plan, with a focus on key performance indicators and variances. It engaged with management on the drivers of performance and the appropriateness of actions taken in response.

The Committee reviewed the interim and year-end financial results, Annual Financial Statements and all other internal and external financial reports and publications, including trading updates, trading statements and SENS announcements. It assessed whether these provide a fair, balanced and understandable view of the Group's financial position, performance and cash flows. The Committee also monitored the Group's tax position and tax governance framework.

Particular attention was given to significant matters and areas of judgement, including accounting policies, impairments, deferred tax, provisions and prior year reclassifications and restatements. The Committee engaged with management and the external auditor on these matters and considered the significant matters reported in the external auditor's report.

Statutory duties and confirmations

The Committee:

- Confirmed that the Group's financial reporting complies with IFRS Accounting Standards and the JSE Listings Requirements, and concluded that the Annual Financial Statements present a fair, balanced and understandable view of the Group's financial position, performance and cash flows
- Concluded that the accounting policies applied and significant judgements and estimates are appropriate
- Confirmed that the Chief Finance Officer, and the finance function have the appropriate expertise, experience and resources
- Reviewed the Annual Financial Statements and other external reports and recommended their approval to the Board

Financial position and liquidity

The Committee maintained oversight of the Group's financial position, with particular focus on liquidity, solvency and disciplined capital management.

Following the recapitalisation in FY25, the Committee continued to monitor the Group's liquidity position, supported by the Finance and Investment Committee. This included oversight of the sufficiency of borrowing and working capital facilities and the careful and effective investment of surplus cash.

Statutory duties and confirmations

The Committee:

- Concluded that the assumptions underlying budgets, forecasts and cash flow projections are reasonable and supportable, and that liquidity, funding and capital allocation are being managed in a disciplined manner
- Confirmed that the Group satisfies the solvency and liquidity requirements of the Companies Act, and has adequate cash resources and funding facilities in place to meet its obligations as they fall due
- Concluded that the going concern basis of preparation of the Annual Financial Statements is appropriate and recommended this to the Board

Risk governance

The Committee closely monitored the Group's enterprise-wide risk management framework, recognising its importance in supporting strategic delivery and long-term value creation.

During the year, the Group transitioned from a co-sourced risk model, where elements of the risk management function were supported by an external independent service provider, to a fully in-house risk management function under a dedicated Head of Group Risk. This transition followed the establishment of appropriate risk frameworks and processes and was undertaken to strengthen internal capability, improve integration with the business and support a more practical, value-adding approach to risk management. The Committee maintained close oversight of this transition and the continued development of the function.

The Committee reviewed the Group's key risks and the evolving risk landscape, including operational, financial and external risks, and considered the effectiveness of mitigation strategies and management's response. Risk management continues to be embedded more deeply into operational and strategic decision-making, supporting a disciplined approach to growth and execution.

The Committee also considered how key risks are monitored and managed across the Group's operating divisions, including the consistency of risk identification and mitigation practices. Particular attention was given to IT governance, including cybersecurity, data protection and system resilience, given the critical role of technology in enabling the Group's operations and safeguarding its information assets.

The Committee continues to support the ongoing maturation of the risk management framework, building on established foundations and strengthening its integration into operational and strategic decision-making.

Statutory duties and confirmations

The Committee:

- Concluded that the Group's risk management framework is effective and continues to mature, and that risk management is appropriately embedded across the business in support of strategic and operational decision-making
- Confirmed that key risks are being identified, assessed and managed appropriately, with effective mitigation strategies in place

Internal control effectiveness

The Committee reviewed the effectiveness of the Group's internal control environment, recognising its importance in supporting reliable financial reporting and disciplined operational execution. The review drew on a range of inputs, including CEO and CFO attestations, management representations, internal audit reports, external audit feedback and broader assurance activities across the Group. The Committee considered the design and implementation of key controls within financial reporting processes, as well as controls addressing significant risk areas and areas involving judgement.

In addition, the Committee assessed how control practices are applied across the Group's operating divisions and monitored the resolution of control-related matters raised through assurance processes. Engagement with management focused on understanding the root causes of identified issues and the actions taken to strengthen the control environment over time.

Statutory duties and confirmations

The Committee:

- Concluded that the Group's internal financial controls were effective and that appropriate financial reporting procedures are in place and functioning effectively across the Group
- Confirmed that the control environment supports the integrity of financial and integrated reporting

Internal audit

The Committee oversaw the internal audit function, recognising its role as an independent third line of defence and a key component of the Group's combined assurance model. The Committee approved the internal audit charter and the annual risk-based audit plan, ensuring alignment with the Group's key risks and priorities. It retained oversight of the execution of the plan, including coverage of financial, operational and IT controls, and engaged with management on the findings arising from internal audit reviews. Focus was placed on the effectiveness of internal controls, the quality of management's response to audit findings and the timely implementation of agreed actions. The Committee also monitored outstanding audit issues to ensure appropriate resolution.

The internal audit function continues to operate as a mature and effective in-house capability. The Head of Internal Audit reports directly to the Committee and engages regularly with the Committee Chair, supporting independence and open communication. During the year, the function also supported Boxer in its transition to an independent in-house internal audit capability.

Statutory duties and confirmations

The Committee:

- Concluded that the internal audit function is effective, independent and appropriately positioned within the Group, with the necessary authority, access and resources to perform its responsibilities
- Confirmed that the internal audit plan is aligned to the Group's key risks and that the function provides appropriate assurance over the effectiveness of internal controls
- Concluded that management responds appropriately to internal audit findings and that agreed actions are implemented in a timely manner

External audit

The Committee oversaw the external audit process, with a focus on audit quality, independence and the robustness of the audit approach. The Committee reviewed and approved the external audit plan, including scope, materiality and key areas of focus, ensuring alignment with the Group's financial reporting risks and areas of judgement. In accordance with Committee policy, all non-audit services provided by the external auditor must be pre-approved by the Committee. These amounted to R95 970 (FY25: R25 000) representing 0.4% of the Group's assurance fees. The Committee engaged with the external auditor on audit progress, key audit matters and internal control findings, and monitored management's response where relevant. The Committee considered the key audit matters reported in the external audit report on pages 8 to 13 of the Annual Financial Statements and is satisfied that these matters have been appropriately addressed in the Annual Financial Statements.

During the year, Tina Rookledge rotated off as the designated audit partner and was succeeded by Lucian Rolleston. The Committee considered his experience, suitability and independence as part of its oversight of the audit process.

Ernst & Young Inc. (EY) has served as the Group's external auditor since 2015. The Committee undertakes an annual assessment of independence, competence and audit quality. In the context of the Group's recent period of significant change, including the FY25 recapitalisation, stability, continuity and institutional knowledge were key considerations in the Committee's decision not to initiate an audit tender at this time. The need for audit firm rotation continues to be assessed annually.

Following the appointment of Tina Rookledge as the incoming Chief Financial Officer, the Committee applied its oversight responsibilities in line with the applicable regulatory and ethical standards. The Committee satisfied itself that appropriate independence safeguards were implemented, including an adequate cooling off period, clear separation from the FY26 financial reporting and assurance processes, and the ongoing protection of the independence and objectivity of the external audit.

Statutory duties and confirmations
The Committee:

- Approved the external auditor's engagement terms, audit plan and fees, and concluded that the audit approach is appropriate and responsive to the Group's financial reporting risks
- The Committee concluded that Ernst & Young Inc. is independent and effective in performing its duties as external auditor. In accordance with paragraph 5.7 (h)(iii) of the JSE Listings Requirements, the Committee considered the auditor's suitability, independence, performance and quality of audit work, including the application of professional scepticism and the resolution of all material audit matters
- Recommended the reappointment of EY to shareholders at the AGM

Combined assurance

The Committee oversaw a coordinated approach to assurance across the Group, ensuring that assurance activities are aligned to key risks and support effective oversight of controls and performance.

During the year, the Committee approved the Combined Assurance Framework and annual Combined Assurance workplan, which set out how assurance is applied across the Group's key risk areas. A management Combined Assurance Forum was established to improve coordination between business units and assurance providers, strengthen accountability and provide clearer visibility of risk management and assurance activities.

The Committee reviewed assurance outcomes across internal audit, external audit, risk and compliance, with a focus on the coverage of key risks, the quality of assurance provided and the effectiveness of management's response to identified issues. Particular attention was given to internal financial controls, including their effectiveness, the consistency of control practices across the Group and the timely resolution of identified control weaknesses.

Statutory duties and confirmations
The Committee:

- Approved the Combined Assurance Framework and annual work plan, and concluded that assurance activities are aligned to the Group's key risks
- Confirmed that coordination across internal audit, external audit, risk management and other assurance providers is effective
- Concluded that the combined assurance model provides sufficient and appropriate assurance over the effectiveness of internal controls, risk management and financial reporting processes

Regulatory compliance

The Committee oversaw the Group's compliance framework and regulatory obligations, supporting a culture of ethical conduct and responsible business practices.

The Committee monitored compliance processes across the Group, including key legal and regulatory developments and their impact on operations. It reviewed reports on compliance matters, including incidents of non-compliance, and engaged with management on the actions taken to address these and strengthen controls where required.

Particular focus was placed on whistleblowing processes, including reports received, investigation outcomes and the effectiveness of remediation actions. The Committee also considered third-party compliance and governance processes, recognising the importance of managing regulatory and reputational risks across the Group's broader ecosystem.

Statutory duties and confirmations
The Committee:

- Confirmed that the Group maintains an effective compliance framework that supports adherence to applicable laws, regulations and governance standards, and concluded that significant compliance matters are appropriately identified, addressed and resolved
- Confirmed that whistleblowing processes are effective, with appropriate investigation and remediation of reported matters, and that compliance practices support ethical conduct and sound governance across the Group

Events subsequent to the reporting date

The Committee is not aware of any material events that have occurred between the reporting date and the date of approval of these financial statements, other than those that are disclosed in the Group audited annual financial statements. Please refer to page 79 of the Annual Financial Statements for further information.

Key focus areas for FY27

- Financial resilience – with continued focus on liquidity, funding and capital discipline
- Strengthening the Group's risk and assurance environment – including embedding the in-house risk function and strengthening combined assurance with a focus on third party compliance
- Maintaining focus on key risk areas – including systems and operational resilience
- Oversight of the Group's preparation for the adoption of King V – including the review and alignment of governance frameworks, policies and practices to evolving best practice

Committee effectiveness and re-election

The Committee conducted a formal self-assessment during the year and is satisfied that it has operated effectively and in accordance with its mandate. Areas for continued focus include supporting ongoing governance maturity, strengthening oversight in key risk areas, and ensuring appropriate succession and renewal of Committee membership. In accordance with the Companies Act, all members of the Committee will be put to shareholders for formal election or re-election at the 2026 AGM to be held in August 2026.

Based on the work performed by management, internal audit, the external auditor and other assurance providers, the Committee is satisfied that the Group's governance, risk management, internal control and assurance processes are effective.

The Committee further confirms that these processes support the integrity of the Group's financial and integrated reporting and provide a sound basis for reliable financial statements.

Aboubakar Jakoet
Chair: Group Audit, Risk and Compliance Committee

22 May 2026*

* *Date of publication in the Pick n Pay FY26 Annual Financial Statements.*