



MEDIPOS
MEDICAL SCHEME

Putting Your Wellbeing First

**NOTICE OF
THE ANNUAL
GENERAL MEETING**

to be held on 9 July 2026

BOARD OF TRUSTEES

Ms Nombulelo Ngubane (Chairperson),

Mr Jurie Swart (Vice Chairperson),

Ms Babueledi Thabane,

Mr Patrick Mkhosana,

Mr Sipho Zwane,

Mr Vincent Nair,

Mr J van Den Berg,

Ms A Nogwaza.



NOTICE TO ALL MEMBERS

Notice is hereby given of the Annual General Meeting of members, to be held on Thursday, 9 July 2026 online and in person at Cape Mail Building, Corner Showground Avenue & Mail St, Cape Town, 8003

AGENDA

1. Notice of the Meeting
2. Welcome and Apologies
3. Approval of the Minutes of the Annual General Meeting held on 24 June 2025
4. Receipt of the Financial Statements for the year ended 31 December 2025
5. Approval of Trustee and Committee Members Remuneration
6. Approval of External Auditors
7. Close

Notice of any motion must be placed before the Principal Officer, no later than seven (7) days prior to the meeting.

By order of the Board of Trustees

Thabi Mlotshwa

Ms Thabi Mlotshwa
Principal Officer
May 2026

CHAIRPERSON'S REPORT

Once again, I am pleased to report on another successful financial year for MEDiPOS Medical Scheme in 2025. Despite many challenges, MEDiPOS has managed to adapt and adjust to the constant buffeting winds; and succeeded in closing the year with a total of just over R311 530 million in reserves and a solvency ratio of 84.03%. Although the reserves are down from R371 042 million in December 2024, the Scheme claims were lower than budgeted, and MEDiPOS is still in a good financial position. I commend you, our members, for your cooperation and for operating within the managed care rules enforced by the Board of Trustees to regulate healthcare costs; and above all for being good stewards of your health!

ADMINISTRATIVE CHANGES

Building on this restored stability, in April 2025 the Scheme successfully transitioned to our new Administrator and managed care provider, Discovery Health, a strategic move that has strengthened operational performance, service delivery, and oversight. While the implementation of any major transition inevitably involves some initial teething challenges, on the whole, these were promptly addressed. We hope the transition will lead to tangible improvements being realised by our members.

We reaffirm our commitment, as the Board of Trustees and executive management, to strong governance, transparency, and a member-centric approach. All decisions, particularly during these periods of change, have been guided by our fiduciary duty and our focus on the long-term sustainability of the Scheme and the well-being of our members.

MEMBER ENGAGEMENTS

As promised in 2024, the Scheme continued member education and wellness roadshows during the year, affirming our commitment to members' experience, which remains our highest priority as a Board. The wellness sessions where members underwent vital health checks were found to be life saving for some participants. We had several members who were rushed to hospital for further assessment and treatment. We thank those members who participated in these sessions and would like to encourage those who have not taken up the opportunity to participate in future wellness sessions.

With the migration to Discovery Health, the Scheme also strengthened member engagements with the introduction of helpdesks at some of our larger centres – Head Office, Witspos, Durban, Cape Town, Germiston and Tshwane Mail Centre. These onsite visits have proved to be valuable by aiding in the quick resolution of issues.

In August the Scheme embarked on the annual member survey. The Scheme gleaned some useful insights into what was important to members as well as members' recent experience. The 2026 survey will be dispatched imminently and we look forward to your valuable feedback. We continue with the surveys because your voice is important to us, please take time to provide your input.

SCHEME PERFORMANCE

MEMBERSHIP

As part of its strategic focus, the Scheme continues to prioritise the curbing of membership losses through continued member engagements and education, as well as by focusing on ensuring world class member servicing through partnership with our Administrator and managed care organisation, Discovery Health. The Scheme also decided to introduce a new, more affordable benefit plan, Option B Classic, to better meet members' needs. Our membership stood at 5 621 at the end of 2025. Our average age and pensioner ratio have remained relatively stable from the previous year, with figures for 2025 at 41.53 years and 16.4%, respectively.

FINANCIAL PERFORMANCE

Based on the actuarial and financial analyses, the Scheme is a going concern and thus would continue providing much-needed healthcare cover to its members. As mentioned, the solvency ratio remains healthy at 84.03%. It is important to understand that the reduction in reserves from R371 042 million to R311 530 million was a result of the Board's strategic decision to subsidise member contributions in 2025, having noted the plight of the membership, particularly the South African Post Office (SAPO) employees who have not received salary increases for a number of years. As this is not sustainable, members were informed to expect future contributions increases to be in line with claims expenditure. This, however, does not mean the Board will leave members to suffer on their own – we will continue to explore ways of alleviating the financial burden felt by so many.

The Scheme is still awaiting the payment of the 18c per rand of the debt owed by SAPO in accordance with the approved SAPO business rescue plan. The Business Rescue Practitioners (BRPs) indicated that this payment is subject to SAPO obtaining additional funding from National Treasury. SAPO has indicated its commitment to paying the funds, should they receive this financial assistance from government. However, it is important to highlight that under the management of the BRPs, SAPO has continued to make contribution payments to MEDiPOS, thereby supporting the Scheme. The continued and uninterrupted payment of contributions by SAPO to the Scheme as they fall due, has contributed much to ensure the financial sustainability of the Scheme.

The Scheme's investments are performing well, delivering returns above our expectations. For more information on the important affairs of the Scheme, such as the work of the sub-committees, key statistical data and our investment strategy, I ask that you take some time to review the Report of the Board of Trustees.

MOVING FORWARD

The Board has acknowledged the significant challenges faced by our members, and hence made the decision to introduce our new, more affordable Option B Classic. This option introduction has been successful and received a number of new joiners. The Board continues to explore other cheaper alternatives, acceptable within legislative confines, to ensure all SAPO, Postbank and DOCEX employees are able to benefit from medical aid cover, which is not necessarily the case currently.

BOARD'S STRATEGIC IMPERATIVES

As a partner to the employers that MEDIPOS serves, the Scheme aims to ensure that employees and pensioners of these employer groups enjoy affordable and accessible healthcare cover. This would in turn ensure the sustainability of the Scheme, thereby providing uninterrupted benefits to all members. At the heart of this is the provision of better value benefits, backed by managed care programmes that aim to keep costs down, while improving the quality of care and health outcomes. The Scheme prioritises an excellent, member-centric experience through active engagement, education, and responsive service, while promoting positive health outcomes and high-quality care. These imperatives are underpinned by a commitment to robust governance, sound stakeholder relationships, and an organisational mindset that remains adaptive and prepared for regulatory and environmental change to safeguard the Scheme's future and the wellbeing of members.

YOUR TRUSTEES AND EXECUTIVE MANAGEMENT TEAM

A Board of Trustees governs the Scheme, with the support of the Principal Officer, an executive appointed by the Scheme. The MEDIPOS Board is made up of ten members, 50% appointed by the board and employers (SAPO, Postbank and DOCEX), and the remaining 50% elected by members. Each Trustee serves a term of five years, with a maximum of two terms. In 2027 the Scheme will be seeking to elect individuals as new Trustees for some positions on the Board – watch out for communication on the Board of Trustees elections in the first quarter of 2027.

THE MEMBERS AND PRINCIPAL OFFICER OF 2025 ARE INDICATED BELOW.



MS NOMBULELO NGUBANE
(BSocSc: Economics and
MBA Cum Laude)

Board-appointed Trustee and current Chairperson of the MEDIPOS Board of Trustees, as well as a director, on Board of Healthcare Funders (BHF) industry body.

Nombulelo is an experienced and qualified retail, human resources and business management professional with 24 years of corporate experience at senior management level at the likes of the Postbank, South African Post Office, MEDIPOS and Truworths. She is a resilient, ethical and driven individual who has repeatedly demonstrated an ability to achieve set targets and rise above difficult and challenging times.



MR JURIE SWART

Member-elected Trustee and a Pensioner-elected Trustee of the Post Office Retirement Fund.

Jurie retired as Senior Manager: Human Resources, Western Cape in 2024 after serving 37 years at SAPO. He has a National Diploma in Public Administration and Certificates in Senior Strategic Management and Labour Relations (SU). His career started in 1967 in the Department of Posts and Telegraphs in the Eastern Cape. In 1973 he was appointed as Personal Secretary to the Postmaster General and later as Private Secretary to the Minister of Communications, a position he held for 14 years.



ANDISWA NOGWAZA
(BSocSci, MBA, Masters in Public
Management, Key Individual RE 1)

Postbank-appointed Trustee and deputy Chairperson of the Marketing & Member Experience Committee.

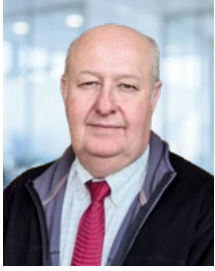
Andiswa is a professional in business management, banking, and risk management bringing skills that are essential for MEDIPOS during these challenging times in the turbulent healthcare industry. Having worked in various roles in the banking sector, her extensive experience and qualifications, coupled with her business/financial management and relationship management skills serve the Scheme's interests well. She is also a member of the Audit and Risk Committee.



BABUELEDI THABANE

Member-elected Trustee, Chairperson of Clinical (and Benefits) Committee and a member of Operations Committee.

Bubueledi is currently employed by SAPO as the Manager for Employee Assistance/Wellness. She is a registered Employee Assistance Practitioner and member of the South African Council for Social Service Professionals. She holds a Master's Degree in Social Work (EAP) with Honours in Psychology and a Masters Diploma in Human Resource Management.



**JAMES VAN DEN BERG
(LLB)**

Board-appointed Trustee and a member of Governance and Risk Committee.

James is an admitted Advocate in the High Court of South Africa with extensive legal and employee relations experience. He has extensive qualifications in law which include Advanced Labour Law (UNISA 2008) and Labour Dispute Resolution—Mediation, Conciliation and Arbitration. He is the Senior Manager at the South African Post Office (SAPO). Amongst his other interests, he enjoys woodworking and is a member of both SAPO and Gauteng North Rock and Surf Angling team.



SIPHO GEORGE ZWANE

Member-elected Trustee and Chairperson of the Operational Committee and a member of Governance and Risk Committee.

Sipho also currently serves as a President of the Democratic Postal and Communications Union. His qualifications include an MBA, Post-graduate Diploma in Public Management, Advance Certificate in Project Management and he is a certified director with the Institute of Directors in South Africa. Sipho serves on the Board for the institute of Media Information Communication Technology as well as of the Post Office Retirement Fund (PORF).



PATRICK MKHOSANA

Member-elected Trustee, a member of Marketing and Member Experience Committee and Operational Committee. He is also a member of the SAPO Occupational Health and Safety Forum.

Patrick joined the South African Post Office (SAPO) in 1995 as a temp and was appointed as permanent employee in 2004. In 2008 he joined Human Resources (EAP) as Health and Wellness Coordinator in Wits Region. Currently he serves as the National Health and Wellness Coordinator. Patrick holds a Bachelor's degree in Business Administration. He is a member of Occupational Health and Safety Forum for SAPO.



VINCENT NAIR

Member-elected Trustee and a Chairperson of the Marketing and Member Experience Committee and a member of Clinical (and Benefits) Committee. He has also served on the Post Office Retirement Fund.

Vincent is a retired former employee of SAPO. Whilst at SAPO, he held several positions and retired as the Manager of Retail Postal Agencies in the Eastern Cape. He holds several qualifications including an MBA from Cardiff (Wales), Postgraduate Diploma in Business Science (UCT), Higher Diploma in Public Management and National Diploma in Public Administration (DUT). He is a part-time lecturer at Nelson Mandela University.



**SHUDUFHADZO MATSHATSHE
(AGA(SA))**

DOCEX-appointed Trustee

Shudufhadzo is a Senior Financial Manager with over 10 years' experience in finance across various industries. She is a SAICA registered Associate General Accountant and holds a Bachelor of Commerce degree in Accounting from Rhodes University, as well as a Certificate in the Executive Development Programme from Wits Business School. Previously, the Finance Manager at DOCEX, she brought strong financial expertise, governance insight and cross-industry skills to the Board. Shudu bid farewell to the Board in March 2026 to pursue other interests, and we wish her well in her new role.



**MS THABI MLOTSHWA
(BScSoc (Hons): Psychology,
Postgrad Dip: Health Services
Management, MBA).**

Principal Officer

Thabi is a seasoned executive and strategist with over two decades of experience in the financial sector, specifically the medical aid and retirement fund industries. Her experience in these sectors has mainly been as a Principal Officer (of three medical schemes and one retirement fund), as well as various positions in healthcare administration and human resources. She has a passion for learning and individual growth, and developing others to ensure that in this ever-changing dynamic environment, our members are well served and MEDIPOS remains sustainable, affordable, relevant and fit for purpose.



WENDY NGOBENI AND MARIA MASILELA

SCHEME OFFICE

It is important to note that the Principal Officer works with an experienced and qualified team of dedicated staff. Ms Wendy Ngobeni is the Scheme Manager, taking client engagements and relationships, and Ms Maria Masilela, the Scheme Office Coordinator. Maria manages the administrative functions to ensure the efficient functioning of the Scheme office. Together Ms Ngobeni and Ms Masilela have a combined healthcare industry experience of more than 30 years. This team is passionate about its members, clearly demonstrating the MEDiPOS motto of "Putting your wellbeing first".

VOTE OF THANKS

I would like to thank the Board of Trustees for their continued leadership, commitment, and ethical oversight during the year. I also extend my appreciation to our employer groups for their ongoing support and the timeous payment of member contributions, which underpins the Scheme's sustainability.

My thanks further extend to the Scheme's Committees, the Office of the Principal Officer, and all our service providers – for their professionalism and collaboration.

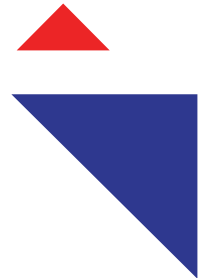
Finally, and most importantly, I thank you, our members for your continued trust and support; and for taking care of your health and wellbeing responsibly. You remain at the centre of everything we do, and your confidence continues to guide our efforts.

We look forward to a good second half of 2026 and we remain optimistic about the future of MEDiPOS.

Regards

NOMBULELO NGUBANE

Chairperson of the Board of Trustees



MINUTES OF THE MEDIPOS MEDICAL SCHEME ANNUAL GENERAL MEETING

HELD ON WEDNESDAY,
24 JUNE 2025



**MINUTES OF THE MEDIPOS MEDICAL SCHEME
ANNUAL GENERAL MEETING
24 JUNE 2025 AT 10:00
HYBRID VIA VIRTUAL STREAMING ON ZOOM &
IN-PERSON AT CAPE MAIL BUILDING, CORNER SHOWGROUND AVENUE & MAIL ST, CAPE TOWN**

PRESENT

Ms N Ngubane – Chairperson of the Board of Trustees (member)
Ms T Mlotshwa – Principal Officer (member)
65 Members attended (online and in-person)

IN ATTENDANCE

- Messrs J Marias and J Horn, Middel and Partners the MEDIPOS External Auditors,
- Ms N Tyandela, the Chairperson of the Audit and Risk Committee (ARC), who attended the AGM
- Mr K Mafole, Black Sludge. Black Sludge Virtual Solutions provided the hybrid meeting hosting services platform.
- Mr S Johnston, Ms N Naidoo, Ms K Wagner, Ms S Williams, Ms I Hlala - Discovery Health

Seven (7) proxy forms were received.

ITEMS	ACTION
<p>1. NOTICE OF THE MEETING</p> <p>As the required quorum of 30 members was present, in accordance with the Scheme Rules, the meeting was formally declared open.</p>	
<p>2. WELCOME & APOLOGIES</p> <p>Ms Ngubane, the Chairperson of the Board of Trustees, welcomed MEDIPOS members from Cape Town and across the country. She noted the Board's commitment to visiting various larger centres and hence the rotation of the venue for the Annual General Meeting (AGM).</p> <p>The AGM was held in a hybrid format, with both in-person and online participants. Ms Ngubane thanked the office of the Principal Officer and the Discovery Health team for</p>	

<p>the preparations. She also thanked the Trustees, Committee members and other service providers present.</p>	
<p>3. APPROVAL OF MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 29 JULY 2024</p> <p>The minutes of the Annual General Meeting held on 29 July 2024 were approved.</p>	
<p>4. TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2024</p> <p>The Report of the Board of Trustees for the period 31 December 2024 which was distributed with the agenda was received by the members.</p> <p>The Chairperson reported that the Scheme transitioned from provisional curatorship to full management by the Board on 19 July 2024, after the High Court upheld the Board's contention against the provisional curatorship instituted on 14 February 2023. Despite significant member losses due to a major retrenchment drive at the South African Post Office (SAPO) in 2024, the Scheme was sustainable. The Scheme also celebrated 30 years in 2024.</p> <p>In 2025, the Scheme implemented contribution increases significantly lower than the industry average, maintaining its commitment to affordable quality healthcare. Although lower than the required actuarial calculation, the Scheme remains sustainable. She stated that significantly higher increases might be required in the following years if the claims ratio remained high. The Board ensured service excellence through sound governance practices.</p> <p>It was noted that SAPO had re-affirmed its commitment to paying the 18c in a rand of the outstanding debt upon receiving government financial assistance, prioritising MEDiPOS as one of the three creditors (with the retirement fund and SARS) for payment.</p> <p>All, but one, Board vacancy was filled, with new representations from Postbank and Docex. Various Board Committees provided expert guidance to the Board as needed.</p>	

The Scheme employed independent experts for advice and financial performance review of the Scheme as necessary. The Audit and Risk Committee ensured financial governance compliance. Ms Tyandela was thanked for leading this team and delivering sound financial reports.

In August 2024, the Scheme reintroduced quarterly newsletters for all members and elder healthcare newsletters to maintain communication with its significant number of pensioners. Wellness roadshows and health initiatives were also reinstated. These had been discontinued by the provisional curator in 2023.

The Scheme continued to engage members by visiting various centres, focusing on larger centres through the helpdesks and wellness sessions, while exploring member-friendly methods for smaller centres.

After a robust tender process in 2024, the Board appointed Discovery Health as the Scheme's Administrator and managed healthcare provider from 1 April 2025. Discovery Health provided helpdesk services at major centres (Gauteng, Durban and Cape Town), and the Scheme's contracted wellness providers (NBP Wellness) supported the member engagements across the country through wellness drives. Discovery Health also offered MEDiPOS members free Vitality Active until 30 April 2026, with about 800 members taking up the offer to date. Members were encouraged to take advantage of this offer.

The Scheme faced a higher chronic burden due to the loss of membership resulting from the retrenchment process, leading to a higher claims experience. This situation required careful management to avoid unsustainable contribution increases. The Board was working with its actuaries, Insight, and with Discovery Health to ensure affordable rates for all members.

5. RECEIPT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

The Audit and Risk Committee Chairperson, Ms Tyandela, presented the Annual Financial Statements (AFS) for 2024.

Confirmation was provided that following the Audit and Risk Committee (ARC)'s recommendation, the Board approved the AFS for submission to the Regulator and for publishing to members.

Ms Tyandela highlighted the responsibilities of the ARC members and gave an overview of the AFS:

- AFS for the period ending 31 December 2024 were prepared according to International Financial Reporting Standards and Council for Medical Schemes (Council) requirements
- SAPO paid R82.5 million, equivalent to the 12c in the rand of the outstanding contributions debt; with 18c in the rand still outstanding.
- With the R82.5 million payment, the Scheme generated a surplus of R34 million, with solvency increasing to 78.24% from 57.49% in 2022.
- Three non-compliance matters were noted: holding shares indirectly in administration companies, (exemption granted by Council), late payment of contributions by some members, and non-self-sustaining benefit options
- The external auditors initially qualified the financial statements due to SAPO's debt, however, the ARC members argued that the qualification was unwarranted for the following reasons:
 - SAPO continued to make timely monthly contribution payments, ensuring sustainability of the Scheme,
 - The Scheme had robust risk mitigation measures in place,
 - SAPO's debt was effectively equivalent to the 18c per rand of debt that was outstanding, and not the full debt of over R600 million.
- Following the engagement on issues raised by ARC, the external auditors assessed the going concern matter, reconsidered their position and provided an updated opinion without qualification.
- The Committee recommended the appointment of Middel & Partners as auditors for the next financial year ending 31 December 2025.

<p>The members accepted and approved the Annual Financial Statements for the period ending 31 December 2024.</p>	
<p>6. APPOINTMENT OF EXTERNAL AUDITORS</p> <p>Per the ARC recommendation, the Board of Trustees recommended to the AGM the re-appointment of Middel & Partners for the next financial year ending 31st December 2025.</p> <p>Members voted in favour of the proposal to re-appoint Middel & Partners as the Schemes external auditors for 2025.</p>	
<p>7. APPROVAL OF TRUSTEE AND COMMITTEE MEMBERS' REMUNERATION</p> <p>In solidarity with members facing financial difficulties and active employees not having received salary increases for some time, the Board recommended a zero (0%) increase in Trustee and Committee fees for 2025/2026 to the 2026 AGM.</p> <p>Members voted in favour of the Board's proposal and approved the zero fee increase for 2025/2026.</p>	
<p>8. ANY OTHER BUSINESS OF WHICH NOTICE HAS BEEN GIVEN</p> <p>No motions were received.</p> <p>The Chairperson reminded the members that it was important to note that all participants, including the Scheme Officers, were bound by the Protection of Personal Information Act (POPIA), ensuring that confidential personal information remained protected and thus would not discuss personal issues publicly at the AGM if raised by members. Members were encouraged to address any personal queries with the onsite Scheme consultants in attendance at the AGM. The Chairperson further stated that due to time constraints, not all questions might be addressed. Any questions not addressed in the meeting would be addressed via the Scheme's quarterly newsletters.</p>	

Key points from the Question and Answer (Q&A) session included:

Data Privacy and Security

Members were concerned that their information was being shared with Discovery Health brokers as they were getting calls from those brokers. Participants were assured that their personal data was secure and not shared beyond Discovery Health for MEDiPOS-related usage only. Any calls received were not a result of Scheme data being transferred to Discovery Health but could be due to accepting cookies on different websites or possibly emanating from products they had with Discovery Health. Members were encouraged to record and report any suspicious calls claiming to be from Discovery Health.

Financial Sustainability

Responding to questions on the sustainability of the Scheme, the Chairperson indicated that this was a major concern. The Board considered various strategies, including amalgamation, to ensure long-term cover for members. The biggest risk identified was the non-payment of contributions. If monthly contributions were not made, the Scheme would not continue operating. Currently all employer groups were up to date with contributions. SAPO had continued making payments as they fell due since SAPO went under business rescue, under the Business Rescue Practitioners (BRPs).

Payment of monthly contributions

In response to what was in place to ensure continued contribution payments by SAPO, it was noted that regular monthly meetings were held with SAPO BRPs to ensure timely payments and to address any issues related to member contributions.

Payout of Personal Member Savings Accounts (PMSA)

Option B members who changed options during previous benefit years may experience a delay in receiving payments due to the reconciliation process by Medscheme. The Scheme would follow up with the previous administrator, Medscheme, on outstanding payments for members to ensure payouts were processed.

9. CLOSING

Mr Johnson commended the Board for their dedication and perseverance in re-establishing control of the Scheme following its period under provisional curatorship.

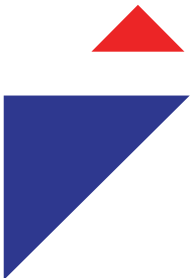
<p>He recognised the Board's exceptional actions and their commitment to ensuring the long-term sustainability of the Scheme.</p> <p>The Chairperson expressed gratitude for the attendance and engagement of all present, both members and service providers. Further appreciation was conveyed for the Board's ongoing commitment and the support of all members, with an emphasis on delivering value-for-money benefits and maintaining the Scheme's sustainability into the future.</p> <p>The meeting concluded at 11:17.</p>	
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Minutes accepted and approved.

CHAIRPERSON

Date

INDEPENDENT AUDITOR'S REPORT





MIDDEL & PARTNERS

CHARTERED ACCOUNTANTS (SA) · REGISTERED AUDITORS

Independent Auditor's Report

To the Members of MEDiPOS Medical Scheme

Report on the Financial Statements

Unqualified Opinion

We have audited the financial statements of MEDiPOS Medical Scheme (the Scheme), set out on pages 22 to 62, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, except for the possible effect of the matter described in the Emphasis of Matter section of our report, these financial statements present fairly, in all material respects, the financial position of MEDiPOS Medical Scheme as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and the requirements of the Medical Schemes Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 13 of the Report of the Board of Trustees and the fact that The South African Post Office SOC was placed under business rescue in 2023. As at 31 December 2025, The South African Post Office SOC is indebted to the Scheme for contribution income amounting to R 618 666 003, it is however uncertain how many cents on the Rand the Scheme will receive on this amount. The matter of the South African Post Office's non-payment of contributions is an ongoing issue and has been exacerbated by the fact that The South African Post Office SOC was placed under business rescue. In June of 2024 the Scheme received R82.5 Million as a first round of settlement of debt as agreed with the Business Rescue Practitioners

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MIDDEL & PARTNERS

CHARTERED ACCOUNTANTS (SA) · REGISTERED AUDITORS

The Scheme awaits the second round of payment of 18 cents to the Rand, however this is dependent on The South African Post Office SOC receiving funding from Treasury. There continues to be an uncertainty as to the future business model and size of The South African Post Office, which places material uncertainty on what the future contributions for the Scheme will be.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Audit Response
<p>Liability for incurred claims</p> <p>The liability for incurred claims (LIC) provision consisting of:</p> <ul style="list-style-type: none"> - Best estimate liability of claims incurred but not reported R 16 300 000 (2024: R 32 750 000) - Risk adjustment R 1 944 557 (2024: R 2 911 611) - Reported claims not yet paid R 19 116 009 (2024: R 30 208 793) <p>Forms part of the insurance contract liability. The insurance contract liability is described in note 6 to the financial statements. The LIC includes the estimate cost of healthcare benefits that have been incurred by the members before the end of the financial year but that have not been reported to the Scheme by that date, as well as insurance accounts payable and the personal medical saving liability.</p> <p>Per IFRS 17 the Scheme measures the LIC provision as the fulfilment cash flows plus a risk adjustment at year-end. The estimate of the future cash flows in terms of the LIC provision is adjusted to reflect the compensation that the Scheme requires for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk including claims, risk, membership risk, and expense risk.</p> <p>The rules of the Scheme provides that claims may only be paid if the Scheme is notified of the claim and documentation is submitted within 4 months of the date of the healthcare service</p>	<p>Our audit procedures for the Liability of Incurred Claims (LIC) provision included the following:</p> <p>We obtained an understanding of the inherent risk factors in relation to the complexity subjectivity and the change of the LIC provision estimate;</p> <p>We assessed the appropriateness and timely recognition of the related LIC provision against the requirements of IFRS 17 - Insurance contracts;</p> <p>We have gained a detailed understanding of the end-to-end claims and LIC estimation process and obtained an understanding of the relevant controls.</p> <p>We obtained the report of the Scheme's independent actuary of the LIC provision at year end and tested the appropriateness of the estimate performed as follows:</p> <ul style="list-style-type: none"> - Evaluated the competence, capabilities and objectivity of the Scheme's independent actuary; - Obtained an understanding of the method and models used in calculating the LIC provision estimate and assessed whether it is appropriate in terms of acceptable methodologies, industry standards, and that they meet the measurement objectives of IFRS 17; - Obtained an understanding of the significant assumptions used in the estimate and, challenged whether the assumptions are appropriate for the estimate of the LIC provision and the risk adjusted factors; <p>Obtained an understanding of the data utilized in the calculation of the estimate;</p>

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 JH Krige CA(SA)
 Associates:
 HJ Smit AGA(SA) | M Loock AGA(SA)



MIDDEL & PARTNERS

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<p>At year-end, the cost of outstanding incurred claims is estimated by the Scheme's actuaries, using the Chain Ladder method in the calculation of the Scheme's LIC provision. Considering the IFRS 17 requirements, the LIC estimate shows the LIC provision at various percentiles of the simulated LIC estimates, each allowing for different assumed risk adjusted factor. A LIC provision at the 75th percentile (2024 – 75th) of the stipulated LIC estimates has been selected by the Scheme.</p> <p>We considered the Liability for incurred claims (Note 6) as a matter of most significance to the current year audit of the financial statements due to the following:</p> <ul style="list-style-type: none"> - The degree of estimation uncertainty and complexity of the fulfilment cash flows; - Significant judgement in selecting the related risk adjustment for non-financial risk factors; and <p>The materiality of this liability.</p>	<ul style="list-style-type: none"> - Assessed the estimate for indicators of possible management bias. <p>We obtained audit evidence from events occurring after the reporting period as a retrospective review of the LIC provision estimate that was set at year end:</p> <ul style="list-style-type: none"> - We assessed the claims received subsequent to year-end for claims incurred relating to the 2025 financial year; - We inspected the records of claims assigned 'audit' status and evaluated whether the claims have been correctly included/ excluded from the LIC provision. <p>Based on our assessment of the events and claims occurring after the reporting period as a retrospective review, we did not identify any matters that would require additional audit procedures to be performed.</p>
<p>Going concern consideration</p> <p>The Scheme's ability to continue as a going concern is heavily reliant on the financial difficulties faced by The South African Post Office, which is the Scheme's main source of contribution income. The South African Post Office has been placed under business rescue and the Scheme's ability to recover the historical debt owed by The South African Post Office will have an impact on the Scheme's ability to continue as a going concern.</p>	<p>We have performed our going concern assessment during the audit. We have reviewed the membership trends and reviewed developments in the economic environment regarding the South African Post Office. We have assessed whether the South African Post Office settled monthly contributions timeously.</p>
<p>Validity and accuracy of claims</p> <p>The significant expense for the Scheme relates to risk claims incurred. Risk claims incurred is a key driver in determining the sustainability of the Scheme.</p> <p>The payment of valid and accurate risk claims is dependent on the integrity of the Scheme's administration system, as well as the automated claim assessment control.</p> <p>Risk claims incurred was considered a key audit matter due to the significant risk related to the processing of valid claims during the year.</p>	<p>We obtained claims data for the entire period and performed analytical, substantive and control testing in order to verify the validity and accuracy of claims.</p>



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Other Information

The Scheme's trustees are responsible for the other information. The other information comprises the Statement of Responsibility by the trustees, Statement of Corporate Governance by the trustees and the Report of the trustees. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Scheme's Trustees for the Financial Statements

The Scheme's trustees is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the Scheme's trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Scheme's trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Scheme's trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with ISA Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Middel & Partners Pretoria East Incorporated Reg. No. 1999/004166/21 Practise no. 946230-0006 Tel: + (27) 12 340 0700 E-mail: info@mdp.co.za 42 Leboombo Road, Ashlea Gardens 0081 Private Bag 2006, Menlyn 0063	★ Regional Offices Centurion Pretoria East Johannesburg Rustenburg Ermelo Somerset West Polokwane Carltonville www.middel.co.za
Directors: PA Dames CA(SA) JJ Marais CA(SA) WE Kestmeier CA(SA) F Jeeva CA(SA) JH Krige CA(SA) Associates: HJ Smit AGA(SA) M Loock AGA(SA)	



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Scheme's trustees.
- Conclude on the appropriateness of the Scheme trustees use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Scheme's trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Scheme's trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Non-compliance with the Medical Schemes Act of South Africa

As required by the Council for Medical Schemes, we report the following material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa as amended that have come to our attention during the course of our audit:

1. *Non-compliance with section 35(8)(c) of the Medical Schemes Act 131 of 1998, as amended, of South Africa:*

The Scheme holds shares indirectly in Discovery Holdings Limited and Sanlam Limited. This is in contravention of section 35(8)(c) of the Medical Schemes Act 131 of 1998, as the Scheme is not allowed to hold shares of the holding company of its administrator and other administrators. The Scheme's investments in pooled investments vehicles allow investment managers the discretion to invest in a combination of shares and bonds that will best achieve their stipulated benchmark. The Scheme has made application to the Council for Medical Schemes and received an exemption from this section of the Medical Schemes Act. The Scheme has exemption from this section of the Act until 31 December 2028.

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2. Non-compliance with section 26(7) of the Medical Schemes Act 131 of 1998, as amended, of South Africa:

In terms of section 26(7) of the Medical Schemes Act 131 of 1998, all contributions shall be paid to a medical scheme not later than three days after payment thereof becomes due. In 2024, not all billed contributions were received within this timeframe, which could impact cash flow and interest income. The Scheme actively follows up on outstanding contributions.

3. Non-compliance with section 33(2) of the Medical Schemes Act 131 of 1998, as amended of South Africa:

In terms of section 33(2) of the Act, each benefit option shall be self-supporting in terms of membership and financial performance. As at 31 December 2025, Option A incurred a deficit before investment income of R 3 331 737 (2024: surplus of R10 166 771), Option B recorded a deficit of R36 607 328 (2024: R12 845 840) and Option C recorded a deficit of R26 181 458 (2024: deficit of R 2 250 463) before investment income.

4. Non-compliance with section 59(2) of the Medical Schemes Act 131 of 1998, as amended of South Africa:

In terms of section 59(2) of the Medical Schemes Act, accounts must be paid to the member or supplier of the service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect to the benefits was received by the Scheme. Instances were noted where settlements took more than 30 days.

Audit Tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that Middel & Partners Pretoria East Incorporated has been the auditor of MEDiPOS Medical Scheme for 4 years. The engagement partner, Jacques Jean Marais, has been responsible for 4 years.

Middel & Partners

Middel & Partners

Per: Jacques Jean Marais

Chartered Accountant (SA)

Registered Auditor

30 April 2026

Pretoria

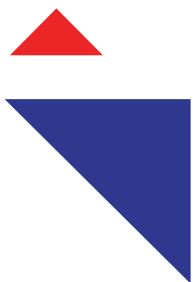
Middel & Partners Pretoria East Incorporated
Reg. No. 1999/004166/21 | Practise no. 946230-0006
Tel: + (27) 12 340 0700
E-mail: info@mdp.co.za
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★ Regional Offices
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Polokwane | Carletonville
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Directors:
PA Dames CA(SA) | JJ Marais CA(SA) | WE Kestmeier CA(SA) | F Jeeva CA(SA)
JH Krige CA(SA)
Associates:
HJ Smit AGA(SA) | M Looek AGA(SA)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

MEDIPOS MEDICAL SCHEME
Registration number: 1548



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

THE REPORTS AND STATEMENTS SET OUT BELOW COMPRISE THE FINANCIAL STATEMENTS
PRESENTED TO THE MEMBERS:



Statement of responsibility by the
Board of Trustees

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Statement of Corporate Governance
by the Board of Trustees

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Report of the Board of Trustees

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Statement of Financial Position

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Statement of Comprehensive
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Statement of Cash Flows

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Notes to the Financial Statements

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The reports and statements set out below comprise
the financial statements presented to the members:

MEDiPOS MEDICAL SCHEME

Registration number: 1548

FINANCIAL STATEMENTS

for the year ended 31 December 2025

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Board of Trustees is responsible for the preparation and fair presentation of the financial statements of MEDiPOS Medical Scheme, comprising the statement of financial position at 31 December 2025, and the statements of comprehensive income, changes in funds and reserves and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with IFRS® Accounting Standards (IFRS) as issued by the International Accounting Standards Board, and the requirements of the Medical Schemes Act 131 of 1998, as amended (the Act).

The Board of Trustees considers that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Board of Trustees is satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the Scheme at year end. The Board of Trustees also prepared the other information included in the financial statements and is responsible for both the accuracy and consistency of the financial statements.

The Board of Trustees has the responsibility to ensure that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Scheme, to enable the Board of Trustees to ensure that the financial statements comply with the relevant legislation.

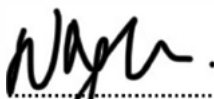
The Scheme operates in a well-established and controlled environment, which is well-documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the Scheme are being controlled.

The going concern basis has been adopted in preparing the financial statements. The Board of Trustees has no reason to believe that the Scheme will not be a going concern in the foreseeable future, based on forecasts and available cash resources.

The Auditor is responsible for reporting on whether the financial statements of the Scheme are fairly presented in accordance with the applicable financial reporting framework. Their report is presented on pages 16 to 21.

Approval of the financial statements

The financial statements set out on pages 2 to 62 have been approved by the Board of Trustees on 15 April 2026.



N Ngubane
Chairperson

15 April 2026



J Swart
Trustee



T Mlotshwa
Principal Officer

MEDIPOS MEDICAL SCHEME

Registration number: 1548

FINANCIAL STATEMENTS

for the year ended 31 December 2025

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

MEDIPOS Medical Scheme is committed to the principles and practices of fairness, transparency, integrity and accountability in all dealings with its stakeholders. The Scheme follows principles of corporate governance appropriate to medical schemes.


The Board of Trustees meets regularly with third parties and monitors the performance of the Administrator and the investment managers. They address a range of key issues and ensure that discussions of items of policy, strategy and performance are critical, informed and constructive.

The Board of Trustees may seek independent professional advice at the expense of the Scheme as and when required.

INTERNAL CONTROLS

The Administrator of the Scheme maintains internal controls and systems designed to provide reasonable, but not absolute assurance as to the integrity and reliability of the financial statements and to safeguard, verify and adequately maintain accountability for its assets. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

No event or item has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.



.....
N Ngubane
Chairperson
15 April 2025



.....
J Swart
Trustee



.....
T Mlotshwa
Principal Officer

MEDIPOS MEDICAL SCHEME

Registration number: 1548

REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees hereby presents its report for the year ended 31 December 2025.

1. MANAGEMENT**1.1 BOARD OF TRUSTEES**

The following persons served on the Board of Trustees during the year under review:

Trustees

N Ngubane (Chairperson)	(Board appointed: November 2022)
B Thabane	(Member elected: 29 June 2022)
V Nair	(Member elected: 29 June 2022)
J Swart	(Member elected: 29 June 2022)
P Mkhosana	(Member elected: 29 June 2022)
S Zwane	(Member elected: 29 June 2022)
D Stemela	(Alternate member: 1 October 2024 up to 1 June 2025)
S Matshatshe	(Docex-appointed: 1 May 2025)
J van der Berg	(Board appointed: 1 May 2025)
A Nogwaza	(Postbank-appointed: 1 June 2025)

1.2 PRINCIPAL OFFICER

T Mlotshwa	
South African Post Office SOC Ltd	
First Floor, Room 1032 A & C	P O Box 1000
Cnr Sophie de Bryn & Jeff Masemola Streets	Pretoria
Pretoria	0001
0074	

1.3 REGISTERED OFFICE ADDRESS AND POSTAL ADDRESS

115 Paul Kruger Street	P O Box 2087
2nd Floor	Corporate Shop
Office No. 224	Pretoria
Pretoria	0074
0002	

1.4 MEDICAL SCHEME ADMINISTRATOR

Medscheme Holdings (Proprietary) Limited	
37 Conrad Road	P O Box 1101
Florida North	Florida Glen
Rodepoort	1708
1709	

Accreditation no. 21

Medscheme Holdings provided administration, managed care and forensic services to the Scheme up to 31 March 2025, and thereafter a wind-down agreement was in place until 30 June 2025.

Discovery Health (Pty) Ltd	
1 Discovery Place	PO Box 786722
Sandton	Sandton
2196	2146

Accreditation Number: 45

Discovery Health provides administration services, managed care services and fraud, waste and abuse management services to the Scheme effective 1 April 2025.

MEDIPOS MEDICAL SCHEME
Registration number: 1548

REPORT OF THE BOARD OF TRUSTEES (continued)

1.5 INVESTMENT MANAGERS

Coronation Fund Managers (Proprietary) Limited
 7th floor
 MontClare Place
 Cnr Campground and Main Road
 Claremont
 7735
 Financial service provider number: 548

P O Box 44684
 Claremont
 7735

Prescient Investment Management (Proprietary) Limited
 Prescient House
 The Terraces
 Steenberg Boulevard
 Steenberg Office Park
 7966
 Financial service provider number: 612

P O Box 31142
 Tokai
 7966

Nedgroup Investments (Proprietary) Limited
 Nedbank Clocktower
 Clocktower Precinct
 V&A Waterfront
 Cape Town
 8001
 Financial service provider number: 1652

P O Box 1510
 Cape Town
 8000

1.6 INVESTMENT CONSULTANT

Old Mutual Wealth
 No1 Mutual Place
 107 Rivonia Road
 Sandton
 2196
 Financial service provider number: 588

P O Box 2444
 Saxonworld
 2132

1.7 AUDITOR

Middel & Partners
 42 Lebombo Road
 Ashlea Gardens
 0081

Private Bag 2006
 Menlyn
 0063

The Scheme appointed Middel & Partners Inc. effective 1 August 2022

1.8 ACTUARIAL CONSULTANTS

Insight Actuaries and Consultants (Pty) Ltd
 2nd Floor Gateway West
 22 Magwa Crescent
 Waterval City
 Midrand
 2066

The Scheme appointed Insight Actuaries and Consultants (Pty) Ltd effective 1 July 2022

MEDIPOS MEDICAL SCHEME

Registration number: 1548

REPORT OF THE BOARD OF TRUSTEES (continued)**2. DESCRIPTION OF THE MEDICAL SCHEME**

The Scheme is a not for profit closed medical scheme, registered in terms of the Medical Schemes Act 131 of 1998, as amended (the Act). Membership is restricted to employees and pensioners of the South African Post Office SOC Ltd (SAPO), Postbank SOC Ltd (Postbank) and Document Exchange (Pty) Ltd (Docex).

2.1 BENEFITS

The Scheme offers three benefit options to employees and retirees of the participating employer in the Scheme. These are:

- MEDIPOS Option A - The Option offers a day-to-day benefit based on individual limits per family member. It also offers unlimited major medical benefits.
- MEDIPOS Option B - The Option offers day-to-day benefits based on individual limits per family member and a personal medical savings account. It also offers unlimited major medical benefits.
- MEDIPOS Option C - The Option offers limited day-to-day benefits. It also offer unlimited major medical benefits.

3. INVESTMENT STRATEGY OF THE MEDICAL SCHEME

The Scheme's investment strategy is to maximise the return on its investments on a long term basis at minimum risk. The investment strategy takes into consideration restrictions both imposed by legislation and by the Board of Trustees through the Investment Policy Statement. The strategy is reviewed annually, taking into consideration compliance with the Act, the risk return profile of various investment instruments, prevailing market conditions and surplus funds available.

The Board of Trustees reviews the Scheme's investment strategy, financial position, monitor investment performance against respective benchmarks and compliance, and consider prevailing market conditions.

The Board of Trustees is responsible to oversee investment activities of the Scheme, and part of his strategy is to ensure that the investment objectives of the Scheme are fulfilled including but not limited to the following:

- the Scheme provides adequate liquidity to pay claims and expenses as they fall due;
- maximise the return on the Schemes investments subject to an acceptable level of risk;
- investments are made in compliance with the regulations of the Act;
- investments are diversified across various asset classes and instruments, and investment managers;
- a risk assessment is performed with feedback to the Board of Trustees with recommendations on the risks identified;
- Investing activities are only conducted with approved financial institutions in line with the Investment Policy Statement of the Scheme.
- The performance of the investments are measured against CPI+3% (net of investment fees) over a rolling three-year period.

The Scheme invested in a diversified range of assets including cash, money market, bonds, listed property and equities during 2025. The investments are held directly in the name of the Scheme and in a pooled fund within a collective investment scheme. This approach is reviewed annually, taking into consideration compliance with the Act, the risk and returns of the various investment instruments and surplus funds available. Realised gains and losses as well as unrealised gains and losses, are reflected in the Statement of Comprehensive Income in profit or losses.

MEDIPOS MEDICAL SCHEME
Registration number: 1548

REPORT OF THE BOARD OF TRUSTEES (continued)

4. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Scheme assumes the risk of loss from members and their dependents that are directly subject to the risk. These risks relate to the health of Scheme members. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Scheme also has exposure to market risk through its insurance and investment activities.

The Scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation, case management and service provider profiling. These methods for mitigating insurance risk are reviewed annually and amended for changes in the Medical Schemes Act 131 of 1998, as amended and/or changes in the Scheme's ability to accept insurance risk.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Scheme has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories of risk to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and demographics of members covered.

In addition, further uncertainty is introduced via the Scheme's exposure to the risk of adverse member movements. Different plans are priced according to an assumed membership profile per Option. Adverse membership movement will invalidate this assumption. The Scheme has partly mitigated this risk by allowing for some adverse membership movement in the pricing of the lower Options.

The Scheme frequently assess the necessity to enter into risk transfer arrangements, with the assistance of the Scheme's actuarial consultants.

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. The principal risk is that the frequency and severity of claims is greater than expected.

Insurance events are by their nature random and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 RESULTS OF THE SCHEME

The results of the Scheme's operations for the year under review as at 31 December 2025 are set out in the financial statements, and the Board of Trustees believe no further clarification is required with the exception of the following:

Historically due to the financial difficulties faced by the South African Post Office (SAPO) not all members' medical aid deductions and subsidies have been paid across to the Scheme. The Scheme's accounting policy is to account for contribution income when their collection in terms of the insurance contract is reasonably certain.

SAPO historical debt balance relating to contribution income amounted to R618 666 003 at reporting date. The Scheme awaits the anticipated payment of 18 cents to the Rand, however this is dependent on SAPO receiving funding from Treasury.

MEDIPOS MEDICAL SCHEME

Registration number: 1548

REPORT OF THE BOARD OF TRUSTEES (continued)**5.2 REVIEW OF OPERATIONS**

Operational Activities	2025 Total	2024 Total
Number of members at year-end	5,621	5,797
Average number of members for the year	5,730	6,952
Number of beneficiaries at year-end	10,297	10,667
Average number of beneficiaries for the year	10,537	12,887
Dependant ratio	0.8	0.8
Average age of beneficiaries	41.53	41.16
Pensioner ratio	16.4%	16.9%
Insurance revenue per member per month	R 4,403	R 5,302
Insurance revenue per beneficiary per month	R 2,394	R 2,860
Insurance service expenses per member per month	R 5,365	R 5,461
Insurance service expenses per beneficiary per month	R 2,917	R 2,946
Relevant healthcare expenditure as a percentage of risk contributions	112.6%	93.1%
Relevant healthcare expenditure per average beneficiary per month	R 2,696	R 2,662
Average administration fees and other operative expenses per member per month	R 472	R 417
Breakdown of total amount paid to Administrator		
- Administration fees directly attributable (note 8.5)	R 14,234,817	R 10,584,497
- Administration fees other (note 12)	R 3,357,127	R 4,120,970
- Accredited managed healthcare services (no transfer of risk) (note 8.3)	R 4,928,015	R 3,988,826
Directly attributable insurance service expenses	R 14,234,817	R 10,584,497
Directly attributable insurance service expenses ratio	4.7%	2.4%
Return on investments	15.7%	6.4%

MEDIPOS MEDICAL SCHEME
Registration number: 1548

REPORT OF THE BOARD OF TRUSTEES (continued)

5. REVIEW OF OPERATIONS (continued)

5.3 SOLVENCY MARGIN

In terms of Regulation 29(2) of the Medical Schemes Act 131 of 1998, as amended, the Scheme must maintain accumulated funds (less unrealised gains) expressed as a percentage of gross annual contributions for the accounting period under review which may not be less than 25%.

	2025	2024
	R	R
The solvency margin is calculated on the following basis:		
Total liability to members for future benefits per statement of financial position	298,157,721	311,133,118
Less:	(36,381,082)	(20,815,582)
Unrealised gains on financial assets at fair value through profit or loss	(36,381,082)	(20,815,582)
Accumulated funds per Regulation 29 of the Act	<u>257,829,234</u>	<u>290,317,536</u>
Insurance revenue (Note 5.3.1)	311,530,589	371,042,062
Accumulated funds ratio: (Reserve ratio)	<u>84.03%</u>	<u>78.24%</u>

The above calculation has been performed in terms of the formulae recommended by the Council for Medical Schemes. In terms of Regulation 29(2) of the Act, the Scheme must maintain accumulated funds expressed as a percentage of gross annual contributions for the accounting period under review which may not be less than 25%. The Scheme has a solvency ratio higher than the regulatory requirement of 25%.

5.3.1 INSURANCE REVENUE

Gross contribution income (Note 7)	311,530,589	453,499,983
Less: unrecognised contributions received	-	(82,457,921)
Gross contribution income used in solvency calculation	<u>311,530,589</u>	<u>371,042,062</u>

5.3.2 CUMULATIVE UNREALISED GAINS

Opening balance	20,815,582	12,490,487
Unrealised gains on financial assets at fair value through profit or loss	15,565,500	8,325,095
Closing balance	<u>36,381,082</u>	<u>20,815,582</u>

5.4 OUTSTANDING CLAIMS PROVISION

Movements in the outstanding claims provision are set out in note 6.1 to the financial statements. The accuracy of the provision was tested against subsequent settlements.

6. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE SCHEME AND TO OTHER RELATED PARTIES

The Scheme holds no direct investments in and has granted no loans to the participating employers of the Scheme or any other related parties. Refer to note 17 to the financial statements for related party disclosures. The investments in administrators forms part of a pooled vehicle and the Scheme has been granted an exemption in this respect. Refer to note 24.1 to the financial statements for non-compliance disclosure.

7. FIDELITY COVER

The Scheme has a fidelity policy underwritten by Camargue Underwriting Managers (Pty) Limited. The sum insured is R100 million (2024: R100 million) and extends to the Trustees, Principal Officer and members of sub-committees of the Board of Trustees.

MEDIPOS MEDICAL SCHEME
Registration number: 1548

REPORT OF THE BOARD OF TRUSTEES (continued)

8. ACTUARIAL SERVICES

Insight Actuaries and Consultants (Pty) Ltd was consulted in the determination of the 2025 contributions and benefit levels and were responsible for the calculation of the outstanding claims provision.

9 COMMITTEES OF THE BOARD OF TRUSTEES

The Board of Trustees conducted the Scheme's business with integrity by applying appropriate corporate governance policies and practices.

The Scheme had an independent Board of Trustees, which had established its own governance practices and Committees that comply with the applicable governance and regulatory requirements. These Committees fulfil key roles in ensuring good corporate governance.

The following Committees were mandated by the Board of Trustees by means of written terms of reference as to their membership, authority and duties. These Committees met on a regular basis and when the need arises.

9.1 AUDIT AND RISK COMMITTEE

The Committee met on the following four occasions during the course of the year:

11 February 2025
 28 March 2025
 12 August 2025
 19 November 2025

The Trustees, Principal Officer, the Administrator, internal auditors and the Scheme's external auditor attend Committee meetings and have unrestricted access to the Chairperson of the Audit and Risk Committee.

In accordance with the provisions of the Act, the primary responsibility of the Committee is to assist the Board of Trustees in carrying out their duties relating to the Scheme's accounting policies, internal control systems and financial reporting practices. Further objectives include ensuring that all material risks to which the Scheme is exposed, are adequately managed. The external auditors and the Administrator's internal audit function report formally to the Committee on critical findings arising from the audit.

The members of the Committee are:

N Tyandela		Chairperson and independent member
D Galloway	(Resigned: 10 February 2025)	Independent member
L Nene		Independent member
D John	(Appointed: 1 November 2025)	Independent member
S Matshatshe	(Appointed: 1 May 2025)	Independent member
O Mhlarhi	(Appointed: 11 February 2025)	Independent member
S Zwane	(Resigned: 1 May 2025)	Member elected Trustee
J Swart		Member elected Trustee

The Audit and Risk Committee has reported that:

- It has carried out its duties in terms of the Medical Schemes Act 131 of 1998, as amended and the Board of Trustees written Audit Committee Charter;
- The external Auditors have confirmed their independence;
- The assurance provided by the Administrator has satisfied the Audit and Risk Committee that associated risks have been considered and addressed;
- The assurances provided by the Administrator and the internal auditors have satisfied the Committee that internal controls are adequate and effective; and
- It has reviewed the Scheme's financial statements, reviewed the accounting policies, obtained assurances from the external auditors and recommended the adoption of the Financial Statements by the Board of Trustees for presentation to members.

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REPORT OF THE BOARD OF TRUSTEES (continued)**9.2 FINANCE COMMITTEE**

The primary responsibility of the Committee is to assist the Board of Trustees in carrying out its duties relating to the review, formulation and implementation of the investment strategy of the Scheme as well as the general oversight of the finances and related risks, of the Scheme.

The Committee met on the following four occasions during the course of the year:

10 February 2025
20 May 2025
17 August 2025
3 November 2025

The members of the Committee are:

O Mhlarhi	Chairperson and Independent member
N Ngubane	Board appointed Trustee
J Swart (Resigned: 31 December 2025)	Member elected Trustee

9.3 CLINICAL COMMITTEE

The primary responsibility of the committee is to assist the Board of Trustees in its responsibility for oversight of the Scheme's various managed care programmes and to ensure that all clinical risks to which the Scheme is exposed are identified and adequately managed. The Committee also advises on new benefit and contribution structures.

The Committee met on the following four occasions during the course of the year:

12 February 2025
15 May 2025
5 August 2025
11 November 2025

The members of the Committee are:

B Thabane	Trustee and Chairperson
H Fetter (Appointed: 4 April 2025)	Independent Member
V Nair	Trustee
N Ngubane	Trustee
T Mlotshwa	Principal Officer

9.4 MARKETING AND MEMBER EXPERIENCE COMMITTEE

The primary responsibility of the Committee is to assist the Board of Trustees to develop and implement a marketing strategy for the Scheme in order to market the Scheme to the employees of SAPO. The Committee is also responsible for monitoring customer experience and member engagements.

The Committee met on the following four occasions during the course of the year:

25 February 2025
22 May 2025
6 August 2025
14 November 2025

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REPORT OF THE BOARD OF TRUSTEES (continued)**9.4 MARKETING AND MEMBER EXPERIENCE COMMITTEE (continued)**

The members of the Committee are:

V Nair	Trustee and Chairperson
P Mkhosana	Trustee
D Stemela	Alternate Trustee/Independent
S Zwane (Resigned: 1 May 2025)	Trustee
W Ngobeni	Scheme Manager
T Mlotshwa	Principal Officer

9.5 OPERATIONS COMMITTEE

The primary responsibility of the Committee is to assist the Board of Trustees on operational matters of the Scheme.

The Committee met on the following four occasions during the course of the year:

25 February 2025
28 May 2025
12 August 2025
14 November 2025

The members of the Committee are:

S Zwane	Trustee and Chairperson
B Thabane	Trustee
P Mkhosana	Trustee
T Mlotshwa	Principal Officer

9.6 REMUNERATION COMMITTEE

This Committee is made up of independent members.

The main purpose of the Committee is to assist the Board of Trustees to discharge its duties with regard to ensuring that the Scheme has appropriate remuneration policies and employee policies are in place.

The Committee met on the following three occasions during the course of the year:

7 March 2025
6 June 2025
21 November 2025

The members of the Committee are:

P Luwaca	Chairperson
J Binedell	Independent member
N Sidwaba	Independent member

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REPORT OF THE BOARD OF TRUSTEES (continued)**9.7 GOVERNANCE, RISK AND COMPLIANCE COMMITTEE**

This is an advisory Committee to the Board of Trustees. The Committee has the mandate to design and implement governance and risk processes to enable the Scheme to adhere to the compliance requirements of the Act and in so doing mitigate, in so far as possible, applicable risks that the Scheme is and may be exposed to.

The Committee met on the following three occasions during the course of the year:

5 March 2025
22 May 2025
28 October 2025

The members of the Committee are:

F Reynolds	Chairperson - Independent member
V Nair (Appointed: 1 February 2025 up to 30 April 2025)	Trustee
J van der Berg (Appointed: 1 May 2025)	Trustee
S Zwane (Appointed: 1 May 2025)	Trustee
W Kruger	Independent member
T Mlotshwa	Principal Officer

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REPORT OF THE BOARD OF TRUSTEES (continued)

10. MEETING ATTENDANCES

The following schedule sets out Board of Trustee meeting attendances and attendances by members of Board sub-committees.

Trustee/Sub-Committee member	Board of Trustees		Board of Trustees (Special Meetings*)		Audit and Risk Committee		Finance Committee		Clinical Committee including Benefit Review		Operations Committee		Marketing Committee		Governance, Risk and Compliance		Remuneration Committee		Total meetings		Actual number of meetings attended	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Trustees																						
N Ngubane (Chairperson)	6	6	5	5			4	4	12	12										27	27	
V Nair	6	6	5	5					12	12			4	4	1	1				28	28	
B Thabane	6	6	5	5					12	12	4	4								27	27	
P Mkhosana	6	6	5	5							4	4	4	4						19	19	
J Swart	6	6	5	5	4	4														19	19	
S Zwane	6	6	5	5	2	2					4	4	1	1	2	2				20	20	
D Stemela	3	3	3	3									4	4						10	10	
A Nogwaza	3	3	3	3									2	2						8	8	
J van der Berg	3	3	3	3											2	1				8	7	
S Matshatshe	3	3	3	3	2	2														8	8	
Principal Officer																						
T Mlotshwa (Principal Officer)	6	6	5	5	4	4	4	4	12	12	4	4	4	4	3	3				42	42	
Sub-committee members																						
N Tyandela - Chairperson	4	3			4	4											3	3		8	7	
J Binedell																				3	3	
H Fetter					1	1			11	11										11	11	
D John																				1	1	
W Kruger																				3	3	
P Luwaca															3	3				3	3	
O Mhlathi	4	4			4	4	4	4												12	12	
D Galloway					0	0														0	0	
L Nene					4	4														4	4	
F Reynolds	3	1													3	3				6	4	
N Sidwaba																	3	3		3	3	

A - Total possible number of meetings could have attended

B - Actual number of meetings attended

* - Special Board meetings on strategy, risks, pre-Board meetings, 2026 benefit changes

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REPORT OF THE BOARD OF TRUSTEES (continued)**11. NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT NO 131 OF 1998**

The Council for Medical Schemes stipulated, via circular 11 of 2006, that all cases of non-compliance with the Act should be disclosed in the financial statements. The following stipulations were not complied with during the year:

11.1 Contravention of Section 35(8)(c) of the Medical Schemes Act 131 of 1998, as amended*Nature and impact*

The Scheme holds shares indirectly in Discovery Holdings Ltd and Sanlam Ltd. This in contravention of Section 35(8)(c) of the Act, as the Scheme is not allowed to hold shares of the holding company of its Administrator and other administrators.

Causes of the non-compliance

The investment activities of the Scheme are outsourced to independent third-party investment managers. The Scheme does not control the investing activities of the investment managers.

Corrective course of action.

The Scheme applied for and received an exemption from the Council for Medical Schemes (CMS) on 15 September 2025, valid up until 31 December 2028, from complying with Section 35(8)(c) insofar as it relates to investments placed with asset managers who invest on behalf of the Scheme and where such investment choices are not influenced by the Scheme.

11.2 Contravention of S26(7) of the Medical Schemes Act 131 of 1998, as amended*Nature and impact*

In terms of Section 26(7) of the Act, all contributions shall be paid to a medical scheme not later than three days after payment thereof becoming due. Not all the paypoints and direct paying members paid contributions to the Scheme within three days after payment thereof became due.

Causes of the non-compliance

There were limited instances where individual payments were made late. The Administrator is managing the late payments based on an approved debt mandate.

Corrective course of action

Continuous communication with members and employer groups is taking place every month to ensure payments are received on time.

11.3 Non-compliance with section 33(2) of the Medical Schemes Act 131 of 1998, as amended*Nature and impact*

In terms of section 33(2) of the Act, each benefit option shall be self-supporting in terms of membership and financial performance. As at 31 December 2025, Option A incurred a deficit before investment income of R3 331 737 (2024: surplus of R10 166 771), Option B recorded a deficit of R36 607 328 (2024: surplus of R12 845 840) and Option C recorded a deficit of R26 181 458 (2024: deficit of R2 250 463) before investment income.

Causes of the non-compliance

The performance of the Scheme is in line with the Scheme's pricing strategy for the year and to ensure contributions remain as affordable as possible to members.

Corrective course of action

The performance of all benefit options is monitored on a continuous basis with a view to improving their financial outcomes. When structuring benefit options, the financial sustainability of all the options and the requirements of the legislation are considered.

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REPORT OF THE BOARD OF TRUSTEES (continued)**11.4 Non-compliance with section 59(2) of the Medical Schemes Act 131 of 1998, as****Nature and impact**

In terms of Section 59(2) of the Act a medical scheme shall pay a member or supplier of services any benefit owing to that member or supplier within 30 days of receipt of the medical claim. A limited number of exceptions were noted where settlement took longer than 30 days from receipt.

Cause of non-compliance

A few complex cases took more than 30 days to be resolved in order to process the claims payments. During the process of migration to a new Administrator a few claims took longer than 30 days to be paid.

Corrective action

The Administrator remains committed to resolve these matters and to deal with any exceptions in a responsible manner and in the best interests of the members and the Scheme.

12. SUBSEQUENT EVENTS

There have been no events that have occurred subsequent to the end of the accounting period that affect the annual financial statements and that the Trustees consider should be brought to the attention of the members of the Scheme.

13. Going Concern

The ability of the Scheme to continue as a going concern is dependent significantly on receiving monthly contribution payment from SAPO.

Since SAPO was placed under business rescue in June 2023, payments are made regularly as they fall due by SAPO to the Scheme.

As long as contribution payments are received as expected there are no concerns around the going concern of the Scheme.

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STATEMENT OF FINANCIAL POSITION
at 31 December 2025

	Notes	2025 R	2024 R
ASSETS			
Non-current assets			
Property, Plant and Equipment	2	51,571	33,965
Financial assets at fair value through profit or loss	3	345,645,295	376,138,053
Current assets			
Trade and other receivables	4	257,290	745,627
Cash and cash equivalents	5	5,725,646	1,455,871
Total assets		<u>351,679,802</u>	<u>378,373,516</u>
LIABILITIES			
Non-current liabilities			
Liability to members for future benefits	9	294,210,316	266,997,160
Current liabilities			
Liability to members for future benefits	9	3,947,405	44,135,958
Insurance contract liability	6	50,183,941	65,713,012
Trade and other payables	10	3,338,140	1,527,386
Total liabilities		<u>351,679,802</u>	<u>378,373,516</u>

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STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2025

	Notes	2025 R	Restated ** 2024 R
Insurance revenue	7	302,755,872	442,290,663
Insurance service expense		(368,876,395)	(421,528,516)
Claims incurred *	8.1	(334,363,125)	(407,044,642)
Net impairment loss on healthcare receivables	8.2	(13,921,102)	(151,281)
Accredited managed healthcare services (no risk transfer)	8.3	(6,571,908)	(4,651,743)
* Third-party claims recoveries	8.4	214,557	903,647
Attributable expenses incurred	8.5	(14,234,817)	(10,584,497)
Insurance service result		(66,120,523)	20,762,148
Other income		72,276,834	38,223,811
Investment income	13	23,883,969	27,678,979
Realised gain on disposal of financial assets at fair value through profit and loss	3	11,395,081	2,219,737
Unrealised gain on financial assets at fair value through profit	3	15,565,500	8,325,095
Sundry income	14	21,432,284	-
Other expenditure		(19,131,708)	(24,938,641)
Finance cost		(942,074)	(735,375)
Asset management fees		(1,547,056)	(1,465,776)
Administration fees and other operative expenses		(16,642,578)	(22,737,490)
Net (deficit)/surplus before transfer to members for future benefits		(12,975,397)	34,047,318
Amounts attributable to members for future benefits	9	12,975,397	(34,047,318)
Net surplus/(deficit) for the year		-	-
* Relevant healthcare expenditure		(340,935,033)	(411,696,385)

Relevant healthcare expenditure consists of net claims incurred and accredited managed healthcare expenses.

** Circular 6 of 2025 issued by the Council for Medical Schemes requires medical schemes to present Amounts attributable to members for future benefits separate from the Insurance service expenses and the Insurance service result. This resulted in a representation of the prior year affected line items as follows: Amounts attributable to members for future benefits to the negative value of R12 975 397 (2024: surplus of R34 047 318), are now being disclosed as a separate line item on the Statement of comprehensive income before the Net result.

Refer restatement note 1.15 on page 34.

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STATEMENT OF CASH FLOWS
for the year ended 31 December 2025

	Notes	2025 R	2024 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from members - contribution	6	304,148,033	484,260,089
Cash paid to providers, employees and members - claims	6	(361,552,809)	(419,893,107)
Cash paid to providers, employees and members - non-healthcare expenditure		(29,066,642)	(23,786,771)
Cash (utilised)/generated by operations		(86,471,419)	40,580,212
Finance cost		(942,074)	(735,375)
Cash flows from operations before working capital changes		(87,413,493)	39,844,837
CASH FLOWS GENERATED FROM INVESTING ACTIVITIES			
		91,683,268	(44,821,706)
Additions to financial assets at fair value through profit or loss		(194,141,742)	(350,181,291)
Proceeds on disposal of financial assets at fair value through profit or loss		240,200,000	277,719,737
Investment interest received		21,274,521	24,611,758
Dividends received	13	2,893,258	3,067,221
Other income received	14	21,432,284	-
Purchase of computer equipment	2	24,948	(39,131)
NET INCREASE/(DECREASE) IN CASH AND CASH		4,269,776	(4,976,869)
Cash and cash equivalents at the beginning of the year		1,455,871	6,432,739
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	5,725,646	1,455,871

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

1 MATERIAL ACCOUNTING POLICIES

The Scheme is a non-profit, closed Medical Scheme registered and domiciled in the Republic of South Africa in terms of the Medical Schemes Act 131 of 1998, as amended ("the Act"). The Scheme is administered by Discovery Health (Pty) Ltd.

The following are the material accounting policies applied in the preparation of these annual financial statements. These policies comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. These policies have been consistently applied to all years presented, unless otherwise stated.

1.1 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with IFRS® Accounting Standards (IFRS) as issued by the International Accounting Standards Board and in the manner required by the Medical Schemes Act, 131 of 1998 as amended, which requires additional disclosures for registered Medical Schemes.

Basis of measurement

The financial statements are prepared in accordance with the going concern principle using the historical cost basis, except for:

- Certain financial assets and liabilities (including derivative instruments) – measured at fair value.
- Insurance and reinsurance assets and liabilities – measured in terms of IFRS 17 estimates.
- The cash flows from operating activities are reported using the direct method.
- Acquisitions of financial assets at fair value through profit or loss and proceeds from disposals of financial assets at fair value through profit or loss are disclosed within investing activities.

Functional and presentation currency

These financial statements are presented in Rand, which is the Scheme's functional and presentation currency. All the financial information presented in Rand has been rounded to the nearest Rand.

Use of estimates and judgements

Consistent with other IFRS, financial reporting under IFRS 17 is, to a larger extent, based on estimates, judgements and models rather than exact depictions. The IFRS Conceptual Framework establishes the concepts that underlie those estimates, judgements and models. Where an application of a particular standard requires judgements or provides options, it is expected that the preparers of financial information will choose among the alternatives in a way that achieves the objective of financial reporting, to provide financial information about the reporting entity that is useful to CMS and members.

In addition to the existing requirement in IFRS to disclose critical judgements made in applying accounting policies (IAS 1(122)) and major sources of estimation uncertainties (IAS 1(125)), IFRS 17 requires the following specific disclosures with respect to contracts in the scope of the standard:

- the methods used to measure insurance contracts and the processes used for estimating inputs to those methods, including quantitative information about those inputs when practicable, and specifically approaches used to determine the risk adjustment for non-financial risk,
- any changes in the above method and process, together with an explanation of the reason for each change and the type of contracts affected.

If an entity uses a technique other than the confidence-level technique for determining the risk adjustment, it is required to disclose a translation of the result of that technique into a confidence level to allow users of financial statements to see how the entity's own assessment of its risk aversion compares to that of other entities.

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

1 MATERIAL ACCOUNTING POLICIES (continued)

1.1 Basis of preparation (continued)

a. New standards, amendments and interpretations not yet effective in 2025 relevant to the Scheme:

At the date of authorisation of these annual financial statements, the following standards which are relevant to the Scheme, were issued but not yet effective, and have not been adopted early in the annual financial statements.

Effective	Standard, amendments	Summary of requirements
Effective date - Annual reporting periods beginning on or after 1 January 2026.	Standard, Amendment or Interpretation - Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments.	<p>These amendments to IFRS 9 and IFRS 7 address feedback from the post-implementation review of classification and measurement requirements. They clarify the treatment of financial liabilities settled via electronic payment systems and refine the assessment of contractual cash flows, particularly for financial assets with ESG-linked features. Additionally, they enhance disclosure requirements for equity investments designated at fair value through other comprehensive income and introduce new disclosures for financial instruments with contingent features unrelated to basic lending risks and costs.</p> <p>This amendment has no further impact on the Scheme and the Scheme does not plan to early-adopt the standard.</p>
Effective date - Annual periods beginning on or after 1 January 2027.	Standard, Amendment or Interpretation - IFRS 18 Presentation and Disclosures in Financial Statements.	<p>The Standard was issued in April 2024 and supersedes IAS 1 Presentation of Financial Statements. The Standard provides additional requirements for the presentation and disclosure of information in the primary financial statements and the notes to improve transparency and comparability of information.</p> <p>IFRS 18 will impact the Scheme's Statement of Comprehensive Income and related note disclosures. The Scheme will not early-adopt the Standard, but will assess the additional disclosure requirements.</p>

New standards, amendments and interpretations effective in 2025:

No new standards, amendments and interpretations were effective in 2025.

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

1 MATERIAL ACCOUNTING POLICIES (continued)

1.1 Basis of preparation (continued)

1.1.1 Assessment as to whether the Scheme is a mutual entity

A Medical Scheme is not legally defined as a mutual entity and the assessment as to whether a Medical Scheme is a mutual entity was done based on the principles set out in IFRS.

IFRS 3 defined a “mutual entity” as “An entity, other than an investor-owned entity, that provides dividends, lower costs or other economic benefits directly to its owners, members or participants. For example, a mutual insurance company, a credit union and a co-operative entity are all mutual entities.”

IFRS 17 does not define a “mutual entity” however it provides a key characteristic of a mutual entity in the basis of conclusion to the standard. IFRS 17 paragraph BC265 explains that “a defining feature of an insurer that is a mutual entity is that the most residual interest of the entity is due to a policyholder and not a shareholder.” The Act is not explicit that members (i.e. policyholders) hold a residual interest or are entitled to the residual interest upon the liquidation of the Medical Scheme. Section 64 of the Act requires the Medical Scheme rules to be followed in the event of liquidation.

The rules of the Scheme do not contain specific guidance on how the assets of the Scheme should be distributed on liquidation. The Act prohibits the disposal of assets of a Medical Scheme except in limited, listed circumstances, one of them being the liquidation of the Scheme. Members can opt for voluntary liquidation and can distribute the Scheme’s remaining assets amongst themselves. As the Scheme does not have shareholders, the current members will access the reserves through economic benefits such as funding reductions in contributions or deferral of contribution increases.

Although the rules do not specify how the assets should be distributed on liquidation, IFRS 17 states that “contracts can be written, oral or implied by an entity’s customary business practices. Contractual terms include all terms in a contract, explicit or implied, but an entity shall disregard terms that have no commercial substance (i.e. no discernible effect on the economics of the contract). Implied terms in a contract include those imposed by law or regulation” (IFRS 17.2). Therefore, based on customary business practices, the remaining assets of the Scheme should be distributed to the members on liquidation if there are any and if the Scheme does not amalgamate with another Scheme. Even if the assets are distributed by a regulator or by the policyholders to an independent third party e.g. another Medical Scheme, an administrator or a charity, the important aspect is that the choice resides with the members or the regulator acting on behalf of the members, not with an equity holder.

The substance of the legal framework issued regarding insurance contracts and observed practice is that once a contribution is paid to the Medical Scheme, the contribution is used to provide benefits to members. The benefits are provided by the Medical Scheme (or amalgamated Schemes) through insurance coverage, reduced contributions, or payment to members on liquidation (based on votes taken by members).

IFRS17.B71 It is therefore expected that the remaining assets of the Scheme will be used to pay current and future members.

Based on the above, the Scheme meets the definition of a mutual entity in IFRS.

The Scheme has therefore developed an accounting policy in terms of the IFRS 17 guidance for mutual entities and the educational material as issued by the IASB and the Scheme recognises any cumulative profit or losses as part of the insurance liability attributable to future members (which forms part of the insurance contract liabilities on the face of the statement of financial position).

Consequently the statement of profit or loss and other comprehensive income reflects no total comprehensive income for the year.

Due to the Scheme being a mutual entity, the assessment of onerous contracts are also affected.

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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025****1.1.2 Unit of account**

Judgement has been applied to how the Scheme determined the unit of account for the measurement of its insurance contracts. Management has assessed their portfolio as the Scheme as a whole due to the holistic pricing methodologies and risk management strategy that manages the risk on a Scheme level. The above is demonstrated by the following:

- Hospital claims are managed on a Scheme level.
- Chronic conditions are managed on a Scheme level, i.e. no matter the option, the member will have access to the chronic condition management benefit.
- Pricing and benefit option changes are determined at a Scheme level to manage member migration between different benefit options to ensure each option is sustainable.
- Risk (utilisation and concentration) is managed holistically.

1.1.3 Risk adjustment – liability for incurred claims (LIC)

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Scheme requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Scheme fulfils insurance contracts. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Scheme's degree of risk aversion. The Scheme estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment was calculated at the portfolio level as the Scheme does not have groups due to laws that constrain the Scheme's ability to set a price for different members. The confidence level method was used to derive the overall risk adjustment for non-financial risk. In the confidence level method, the risk adjustment is determined by applying a confidence level to run-off triangles used to calculate the LIC. The confidence level is set to 75%.

The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2024 and 2025.

1.1.4 Initial recognition

The Scheme coverage period aligns to the financial reporting year as both begin on 1 January each year and conclude on 31 December of the same year.

The contracts with members will be recognised from 1 January, or from inception of cover should the member join the Scheme after 1 January.

1.1.5 Contract boundary

The contract boundary for the Scheme is one year from 1 January to 31 December each year.

1.1.6 Measurement model

The coverage period for the Scheme is one year or less (as discussed in the contract boundary section above), therefore the Premium Allocation Approach (PAA) will be applied.

1.1.7 Onerous contract assessment

In the consideration of whether facts and circumstances indicate that a group of insurance contracts is onerous, the Scheme considers whether the expected deficit of the following year exceeds the insurance liability attributable to future members. In the rare scenario where the following year's deficit exceeds the insurance liability attributable to future members – the contracts written would be onerous and an onerous contract liability raised. Where the amounts attributable to future members exceed the following year's deficit the contracts would not be determined as onerous, and no provision raised as a liability is already recognised.

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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025****1.2 Property, plant and equipment**

Property, plant and equipment comprises mainly of computer equipment. Property, plant and equipment is reflected at historical cost less accumulated depreciation and accumulated impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation on all assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Computer equipment and software	1-3 years
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1.3 Financial instruments

The Scheme has grouped the financial instruments in the following categories:

- Insurance and other receivables;
- Cash and cash equivalents;
- Insurance and financial liabilities; and
- Financial assets at fair value through profit or loss.

The classification depends on the purpose for which the financial instruments are acquired. The Board of Trustees determines the classification of financial instruments at initial recognition. All purchases and sales of financial instruments are recognised on the trade date, which is the date on which the Scheme commits to purchase the financial asset or assume financial liability. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

Financial Assets*Recognition and Derecognition*

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Scheme commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Scheme has transferred substantially all the risks and rewards of ownership.

Effective 1 January 2018 the Scheme has applied IFRS 9 and categorises its investments as "Fair value through profit or loss".

Classification

IFRS 9 contains three major categories relating to the classification of debt instruments.

- Measured at amortised cost;
- Measured at fair value through other comprehensive income (FVOCI); and
- Measured at fair value through profit or loss (FVTPL).

(a) Amortised Cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

1. the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows, and
2. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Fair value through other comprehensive income (FVOCI)

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1.3 Financial instruments (continued)

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

1. the financial asset is held within a business model whose objective is achieved
2. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Fair value through profit or loss (FVTPL)

Financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However an entity may make an irrevocable election at initial recognition for particular investments in equity instruments, that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income.

Financial liabilities

The Scheme is not permitted to borrow, in terms of Section 35 (6)(c) of the Medical Schemes Act 131 of 1998, as amended. The Scheme therefore has no long-term financial liabilities. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity. Financial liabilities include trade and other payables.

The Scheme has grouped the financial liabilities in the following categories:

- Financial liabilities; and
- Insurance payables

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Insurance payables

Insurance payables are initially measured at fair value (which approximates cost), and are subsequently measured at amortised cost, using the effective interest method.

IFRS 12 Unconsolidated investment structures

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

- restricted activities;
- a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Scheme has determined that its investments in pooled funds and collective investment Schemes ("funds") are investments in unconsolidated structured entities. The Scheme invests in these funds, whose objectives range from achieving medium to long-term capital growth and whose investment strategy does not include the use of leverage. The funds are managed by unrelated asset managers who apply various investment strategies to accomplish their respective investment objectives.

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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025****1.3 Financial instruments (continued)***Personal Medical Savings Account ("PMSA") liability*

The Personal Medical Savings Account, which is managed by the Scheme on behalf of its members, represents savings contributions (which are a deposit component of the insurance contracts), and accrued interest thereon, net of any savings claims paid on behalf of members in terms of the Scheme's registered rules.

Unspent PMSA balances at year-end are carried forward to meet future expenses for which the members are responsible. In terms of the Act, balances standing to the credit of members are refundable only in terms of Regulation 10 of the Act.

Advances on savings contributions are funded from the Scheme's funds, and the risk of impairment is carried by the Scheme.

PMSA contributions are credited on the accrual basis and withdrawals on a cash basis, i.e. no provision is made for outstanding claims related to PMSA portion at year-end. The Personal Medical Savings Accounts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

1.4 Provisions

Provisions are recognised when the Scheme has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Outstanding risk claims provision

Outstanding risk claims comprise provisions for the Scheme's estimate of the ultimate cost of settling all risk claims incurred but not yet reported at the reporting date. Risk claims outstanding are determined as accurately as possible based on a number of factors, which include previous experience in risk claims pattern, risk claims settlement patterns, changes in the nature and number of members according to gender and age, trends in risk claims frequency, changes in the risk claims processing cycle, and variations in the nature and average cost incurred per claim. The Scheme does not discount its provision for outstanding risk claims since the effect of the time value of money is not considered material.

1.5 Medical insurance contracts

Insurance contracts are contracts under which the Scheme accepts significant insurance risk from a member by agreeing to compensate the member if a specified uncertain future event adversely affects the member and their dependants. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Scheme uses judgement to assess whether a contract transfers insurance risk (i.e., if there is a scenario with commercial substance in which the Scheme has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The Scheme has assessed their portfolio to be at a scheme level as a whole.

Before the Scheme accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services.

The Scheme applies IFRS 17 to all remaining components of the contract.

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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025****1.6 Insurance revenue**

As the Scheme provides services under the group of insurance contracts, it reduces the liability for remaining coverage and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Scheme expects to be entitled to in exchange for those services.

For the group of insurance contracts measured under the PAA, the Scheme recognises insurance revenue based on the expected pattern of release of risk over the coverage period of the group of contracts.

1.7 Insurance Service Expenses

Insurance service expenses comprise the total estimated cost of all claims arising (excluding claims paid out of PMSA) from healthcare events that have occurred during the year and for which the Scheme is responsible, whether or not reported by the end of the year.

Insurance service expenses include:

- Claims submitted and accrued for services rendered during the year, net of recoveries from members for co-payments and savings plan accounts;
- Accredited managed healthcare services (no transfer of risk);
- Claims for services rendered during the previous year not included in the outstanding claims provision for that year net of recoveries from members' savings plan accounts;
- Movement in the outstanding risk claims provision;
- Net impairment surplus or loss on healthcare receivables; and
- Other incurred directly attributable insurance service expenses.

1.8 Managed healthcare services

These expenses comprise amounts paid or payable to a third party for managing the utilisation, costs and quality of healthcare services to the members of the Scheme. Managed care management service fees are expensed as incurred.

1.9 Insurance finance income and expenses

The non-distinct investment component (PMSA) accrues interest. This is disclosed within the insurance finance expense line item.

Interest payable on members' Personal Medical Savings Accounts is expensed when incurred.

Interest received is disclosed as cash flows from investment activities in the Statement of cash flows.

1.10 Reimbursements from the Road Accident Fund (RAF)

The Scheme grants assistance to its members in defraying expenditure incurred in connection with rendering of any relevant health service. Such expenditure may be in connection with a claim that is also made to the RAF, administered in terms of the Road Accident Fund Act No. 56 of 1996. If the member is reimbursed by the RAF, they are contractually obliged to cede that payment to the Scheme to the extent that they have already been compensated.

1.11 Investment income

Investment income comprises dividends, interest on cash and cash equivalents, interest on fixed interest securities and realised gains or losses on disposal of investments.

Interest income is recognised on the effective interest method, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Scheme.

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

1.11 Investment income (continued)

Dividend income from investments is recognised when the right to receive payment is established.

Distributions from collective investment schemes are recognised when entitlement to receive payment is established.

1.12 Unclaimed benefits

Unclaimed benefits are written back to income after a period of three years.

1.13 Allocation of income and expenditure to benefit options

The following items are directly allocated to benefit options:

- Risk contribution income;
- Net claims incurred;
- Managed care: management services; and
- Administration expenses.

The remaining items are apportioned based on the number of members on each option:

- Other administration expenditure;
- Investment income;
- Impairment and recoveries on receivables;
- Other income; and
- Other expenditure.

1.14 Impairment of insurance receivables

The carrying amounts of the Scheme's financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset. This can be caused by providers being liquidated or members deceased. If any such indication exists, the asset's recoverable amount is determined. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Objective evidence that a financial asset or group of financial assets is impaired includes information that comes to the attention of the Scheme regarding the following loss events:

- Significant financial difficulty of service provider or member debtors;
- Breach of contract, such as non-payment of member contributions when due where these remain unpaid for extended periods;
- Default or delinquency in payments due by service providers and other debtors;
- Information indicating that there is a measurable decrease in the estimated future cash flows from other Scheme assets since the initial recognition of those assets, although the decrease cannot yet be attributed to the individual financial assets in the Scheme;
- Adverse changes in the payment status of members of the Scheme, or
- National or local economic conditions that correlate with non-payment of debtor contributions.

The Scheme first assesses whether objective evidence of impairment exists, for financial assets that are individually significant, such as service provider debtors. In the case of assets which are not individually significant, such as contribution debtors, financial assets are grouped on the basis of similar credit characteristics, such as asset type and past-due status. These characteristics are used in the estimation of future cash flows recoverable.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

1.14 Impairment of insurance receivables (continued)

The recoverable amount of the Scheme's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets).

The provision for the impairment losses are based on previous experience and calculated in terms of the policy laid down by the Trustees, evaluating outstanding balances per member and not netting off debits and credits. The policy is based on past trends experienced in collection of debtors and stipulates that the following should be provided for:

- 100% of all resigned-member debt greater than 90 days;
- 100% of all active debt greater than 90 days; and
- no offset of credit balances.

Impairment of non insurance receivables

In accordance with IFRS 9, a scheme shall recognise a loss allowance for expected credit losses on financial assets measured at amortised cost. The loss allowance should be measured at an amount equal to the lifetime expected credit losses.

1.15 Restatement: Format of the Statement of Comprehensive income

Circular 6 of 2025 issued by the Council for Medical Schemes requires medical schemes to present 'Amounts attributable to future members' separate from the "Insurance service expenses" and the "Insurance service result". This resulted in a representation of the prior year affected line items as in the table below.

This restatement will be applied in preparing the Financial Statements for the year ended 31 December 2025. The change is applied retrospectively, with the comparative period presented as if this accounting policy had always been applied.

	2024 Previously reported R	Adjustment R	2024 Restated R
Insurance revenue	442,290,663	-	442,290,663
Insurance service expense	(455,575,833)	34,047,318	(421,528,516)
Insurance service result	(13,285,170)	34,047,318	20,762,148
Net investment income	38,223,811	-	38,223,811
Net insurance and investment result	24,938,641	34,047,318	58,985,959
Other income and expenses	(24,938,641)	-	(24,938,641)
Net surplus before amounts attributable to members for future benefits	-	34,047,318	34,047,318
Amounts attributable to members for future benefits			(34,047,318)
Net result			-

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

2. PROPERTY, PLANT AND EQUIPMENT	2025	2024
Computers	R	R
Cost		
At beginning of year	99,884	60,753
(Disposals)/additions	(24,948)	39,131
Carrying amount at end of period	<u>74,936</u>	<u>99,884</u>
Accumulated depreciation		
At beginning of year	65,919	53,784
Movement in accumulated depreciation	(42,554)	12,135
At end of period	<u>23,365</u>	<u>65,919</u>
Carrying amount at end of period	<u>51,571</u>	<u>33,965</u>
3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS		
Fair value at the beginning of the year	376,138,053	293,131,667
Additions	161,100,000	322,000,000
Disposals	(240,200,000)	(275,500,000)
Capitalised interest and dividends net of management fees	21,646,661	25,961,554
Realised gains on disposal of investments through profit and loss	11,395,081	2,219,737
Unrealised gains on revaluation of financial assets at fair value through profit and loss	15,565,500	8,325,095
Fair value at the end of the year	<u>345,645,295</u>	<u>376,138,053</u>
Non-current	<u>345,645,295</u>	<u>376,138,053</u>
The investments included above represent investments managed by:		
Prescient	102,034,201	114,815,880
Coronation	195,451,515	162,477,577
Nedgroup	48,159,579	98,844,596
	<u>345,645,295</u>	<u>376,138,053</u>
Investments are summarised as follows:		
- Bonds and debentures	118,915,144	195,587,993
- Money market	111,865,997	113,684,610
- Equities	114,864,154	66,865,450
	<u>345,645,295</u>	<u>376,138,053</u>
4. TRADE AND OTHER RECEIVABLES		
Non-Insurance receivables		
Prepayments	202,341	183,947
Interest receivable	54,948	357,153
	<u>257,290</u>	<u>541,100</u>
5. CASH AND CASH EQUIVALENTS		
Current account	<u>5,725,646</u>	<u>6,432,739</u>

The weighted average effective interest rate on the current account was 5.2% (2024: 0.0%).

The carrying value of cash and cash equivalents approximates the fair values due to the short-term nature of the assets.

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

6. INSURANCE CONTRACT LIABILITY

Reconciliation of liability for remaining coverage and liability for incurred claims

2024	Liability for remaining coverage (LRC)	Liability for incurred claims (LIC)		Total 2024
		Best estimate liability	Risk adjustment	
Opening insurance contract assets	(32,212,359)	(11,499,457)	-	(43,711,816)
Opening insurance contract liabilities	4,962,363	59,127,201	1,730,429	65,819,993
Net opening balance as at 1 January 2024	(27,249,996)	47,627,744	1,730,429	22,108,177
Changes in the statement of comprehensive income				
Insurance revenue	(442,290,663)	-	-	(442,290,663)
Insurance revenue	(442,290,663)	-	-	(442,290,663)
Insurance service expense	-	420,347,334	1,181,182	421,528,516
Incurred claims and other insurance service expenses	-	420,347,334	2,911,611	423,258,945
Adjustment to liabilities for incurred claims - past events	-	-	(1,730,429)	(1,730,429)
Total changes in the statement of comprehensive income	(442,290,663)	420,347,334	1,181,182	(20,762,148)
Investment components*	(11,536,347)	11,536,347	-	-
Cash flows				
Contributions received**	484,260,089	-	-	484,260,089
Claims and other directly attributable expenses paid	-	(419,893,107)	-	(419,893,107)
Insurance acquisition cash flows paid	-	-	-	-
Total Cash flows	472,723,742	(408,356,760)	-	64,366,983
Net closing balance as at 31 December 2024	3,183,083	59,618,318	2,911,611	65,713,012
Closing insurance contract assets	(3,283,748)	(10,859,623)	-	(14,143,371)
Closing insurance contract liabilities	6,466,831	70,477,941	2,911,611	79,856,383
Net closing balance as at 31 December 2024	3,183,083	59,618,318	2,911,611	65,713,012
Contributions received**	484,260,089			
Risk contributions	472,723,742			
PMSA contributions *	11,536,347			
Claims and other directly attributable expenses paid	(419,893,107)			
Risk claims	(389,668,825)			
PMSA claims and refunds	(9,664,611)			
Expenses	(20,559,671)			

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

6. INSURANCE CONTRACT LIABILITY (Continued)

Reconciliation of liability for remaining coverage and liability for incurred claims

2025	Liability for remaining coverage (LRC)	Liability for incurred claims (LIC)		Total 2025
		Best estimate liability	Risk adjustment	
Opening insurance contract assets	(3,283,748)	(10,859,623)	-	(14,143,371)
Opening insurance contract liabilities	6,466,831	70,477,941	2,911,611	79,856,383
Net opening balance as at 1 January 2025	3,183,083	59,618,318	2,911,611	65,713,012
Changes in the statement of comprehensive income				
Insurance revenue	(302,755,872)	-	-	(302,755,872)
Insurance revenue	(302,755,872)	-	-	(302,755,872)
Insurance service expense	-	369,843,449	(967,054)	368,876,395
Incurred claims and other insurance service expenses	-	369,843,449	1,944,557	371,788,006
Adjustment to liabilities for incurred claims - past events	-	-	(2,911,611)	(2,911,611)
Total changes in the statement of comprehensive income	(302,755,872)	369,843,449	(967,054)	66,120,523
Investment components*	(8,774,717)	8,774,717	-	-
Cash flows				
Contributions received**	304,148,033	-	-	304,148,033
Claims and other directly attributable expenses paid	-	(385,797,627)	-	(385,797,627)
Insurance acquisition cash flows paid	-	-	-	-
Total Cash flows	295,373,316	(377,022,910)	-	(81,649,595)
Net closing balance as at 31 December 2025	(4,199,473)	52,438,857	1,944,557	50,183,941
Contributions received**	304,148,033			
Risk contributions	295,373,316			
PMSA contributions *	8,774,717			
Claims and other directly attributable expenses paid	(385,797,627)			
Risk claims	(346,169,255)			
PMSA claims and refunds	(4,900,545)			
Expenses	(34,727,827)			

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

6. INSURANCE CONTRACT LIABILITY (Continued)

	2025	2024
	R	R
Insurance contract assets	2,679,019	14,143,371
Risk contributions outstanding	4,199,473	4,011,905
Provider debt outstanding	18,884,783	2,557,017
PMSA advances (note 6.2)	-	11,259,900
Provision for impairment losses on healthcare receivables	(20,405,238)	(3,685,451)
Insurance contract liabilities	52,862,959	79,856,383
Reported risk claims not yet paid	19,116,009	30,208,793
Contributions received in advance	-	6,466,831
Outstanding risk claims provision	18,244,557	35,661,614
Amount owing to the Administrator	1,949,400	-
Unallocated funds	738,819	-
PMSA liability	12,814,175	7,519,145
Net insurance contract liabilities	<u>50,183,941</u>	<u>65,713,012</u>

6.1 OUTSTANDING RISK CLAIMS PROVISION

Not covered by risk transfer arrangements

Provision for outstanding Risk claims - incurred but not yet reported	18,244,557	35,661,614
	<u>18,244,557</u>	<u>35,661,614</u>

Analysis of movements in outstanding risk claims

Balance at the beginning of the year	35,661,614	31,344,705
Payments in respect of prior year	(28,599,369)	(24,502,093)
Over-provision in prior year	7,062,245	6,842,612
Over-provision in respect of prior year written back	(7,062,245)	(6,842,612)
Adjustment for the current year	18,244,557	35,661,614
Balance at the end of the year	<u>18,244,557</u>	<u>35,661,614</u>

Analysis of outstanding Risk claims provision

Estimated gross claims	18,244,557	35,661,614
Balance at the end of the year	<u>18,244,557</u>	<u>35,661,614</u>

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NOTES TO THE FINANCIAL STATEMENTS
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6. INSURANCE CONTRACT LIABILITY (Continued)

6.1 OUTSTANDING RISK CLAIMS PROVISION (continued)

Process used to determine the assumptions

Insight Actuaries and Consultants (Pty) Ltd performed the outstanding claims provision calculation exercise in accordance with the principles and guidelines included within the Actuarial Society of South Africa's "Advisory Practice Note APN304: Liability Valuations of South African Medical Schemes".

Insight Actuaries and Consultants (Pty) Ltd provided an estimate of the Scheme's required Liability for Incurred Claims (LIC) as at 31 December 2025, taking into consideration of the risk adjustment in respect of non-financial risk introduced by IFRS 17.

The outstanding claims provision is calculated after considering the results of both the Health Monitor model, chain ladder techniques and BF method

- In general terms, chain ladder methods tend to be reliable when claims administration processes are stable, whether or not this is the case for beneficiaries' claims propensities.
- Conversely, using the methodology based on Health Monitor's projections (which bear some similarity to traditional Loss Ratio methods) tends to be more reliable when beneficiaries' claims propensities are stable; whether or not this is the case for administrative processes. The Health Monitor model also adjusts for demographic and benefit changes whereas these are not automatically reflected by traditional chain ladder methods.

The BF method incorporates the past history of claims processing with the estimate provided by the Health Monitor's projection.

Under IFRS 17, the risk adjustment reflects the compensation that an entity requires for bearing the uncertainty, with respect to the amount and timing of the cashflows that arise from non-financial risks. The Premium Allocation Approach (a simplified measurement approach adopted by the Scheme) requires the calculation for a risk adjustment to the liability for incurred claims. The method for its calculation is not prescribed by IFRS 17 and is therefore the choice of the insurance entity.

Considering IFRS 17 requirements, Insight shows the LIC provision at various percentiles of the simulated LIC estimates, each allowing for a different assumed risk adjustment. The risk adjustment has been introduced to allow compensation that the Scheme requires for bearing the uncertainty about the timing and amount of cashflows that arise from non-financial risk including claims risk, membership risk and expense risk.

Insight has therefore developed a bootstrapping model to determine risk adjustment for non-financial risk. The model estimates prediction errors (residuals) using the method of bootstrapping. Bootstrapping is a statistical technique that samples a single dataset with replacement in order to create many simulated samples.

- The risk adjustment for non-financial risk on the LIC is calculated at an option level and combined to determine the
- The confidence level has been set at 75% to reflect the risk tolerance of the outstanding claims provision.

6.2 PMSA LIABILITY	2025	2024
	R	R
Balance on PMSA liability at the beginning of the period	7,834,841	5,227,730
Less: advances on PMSA	-	(11,259,900)
Adjusted balance on PMSA liability at the beginning of the period	7,834,841	(6,032,170)
PMSA contributions (note 7)	8,774,717	11,209,320
Interest paid on PMSA	942,074	735,375
PMSA claims paid/charged on behalf of members	(4,603,524)	(9,664,611)
Refunds on death or resignation	(297,021)	-
PMSA advances	163,087	11,586,927
Balance on PMSA liability at the end of the year	12,814,175	7,834,841

In accordance with the Rules of the Scheme, the PMSA is underwritten by the Scheme. The PMSA liability contains a demand feature. In terms of Regulation 10 of the Act, any credit balance on a member's PMSA must be taken as a cash benefit option when the member terminates his or her membership of the Scheme or benefit option, and then enrolls in another benefit option or medical scheme without a PMSA or does not enrol in another medical scheme.

The carrying amount of the PMSA liability approximates its fair value.

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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025**

	2025	2024
	R	R
7. INSURANCE REVENUE		
Gross contributions	311,530,589	453,499,983
Less: savings contributions received	(8,774,717)	(11,209,320)
Risk contributions per registered rules	<u>302,755,872</u>	<u>442,290,663</u>
8. INSURANCE SERVICE EXPENSES		
8.1 Claims incurred		
Current year claims per registered rules	323,180,813	378,225,639
Movement in outstanding claims provision	11,182,312	28,819,003
Over provision in the prior year (note 6.1)	(7,062,245)	(6,842,612)
Adjustment for the current year (note 6.1)	<u>18,244,557</u>	<u>35,661,614</u>
Claims incurred	<u>334,363,125</u>	<u>407,044,642</u>
8.2 Net impairment loss on healthcare receivables		
Members' and service providers' portions that are not recoverable	13,921,102	151,281
Movement in provision for impairment losses	<u>250,348</u>	<u>151,281</u>
Write-offs	<u>13,670,754</u>	<u>-</u>
8.3 Accredited managed healthcare services - (no transfer of risk)	6,571,908	4,651,743
Hospital risk management	<u>2,124,047</u>	<u>1,833,898</u>
Medicine risk management	554,813	-
Managed care network management services	1,497,995	-
HIV & AIDS management	110,421	501,722
Disease risk management	2,155,045	1,727,322
Dental benefit management	94,110	427,606
Aligned	<u>35,477</u>	<u>161,195</u>
8.4 Third party claims recoveries		
Road Accident Fund (RAF) recoveries	214,047	272,617
Fraud Waste and Abuse (FWA) recoveries	510	631,030
	<u>214,557</u>	<u>903,647</u>
8.5 Attributable expenses incurred		
Accredited Administration fees	14,234,817	10,584,497
Member Record Management	<u>1,464,970</u>	<u>1,077,954</u>
Contribution/benefit Management Services	<u>1,582,612</u>	<u>2,340,477</u>
Claims Management	<u>1,759,142</u>	<u>1,848,943</u>
Financial Management	<u>385,426</u>	<u>1,607,114</u>
Information Management and Data Control	<u>2,481,155</u>	<u>1,247,796</u>
Customer Services	<u>6,561,512</u>	<u>2,462,213</u>
Total attributable expenses incurred	<u>14,234,817</u>	<u>10,584,497</u>
9. Liability to members for future benefits		
Opening balance	<u>311,133,118</u>	<u>277,085,800</u>
Movement in liability to members for future benefits	<u>(12,975,397)</u>	<u>34,047,318</u>
Closing balance	<u>298,157,721</u>	<u>311,133,118</u>
Non-current liability	294,210,316	266,997,160
Current liability	<u>3,947,405</u>	<u>44,135,958</u>
	<u>298,157,721</u>	<u>311,133,118</u>
10. TRADE AND OTHER PAYABLES		
Non-insurance liabilities		
Accrual for audit fees	385,551	561,972
Sundry creditors	<u>2,952,589</u>	<u>965,414</u>
Total non-insurance liabilities	<u>3,338,140</u>	<u>1,527,386</u>

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	2025	2024
	R	R
11. PROVISION FOR IMPAIRED LOSSES		
Provision for impaired losses at beginning of year Net impairment loss on healthcare receivables Unused amounts reversed during the year Additional provisions during the year Increase in insurance revenue debt Provision for impaired losses at year end	3,685,450 16,719,788 - 16,719,788 - 20,405,238	2,990,923 151,281 - 151,281 543,246 3,685,450
12. ADMINISTRATION EXPENSES		
Administration services: Previous administration Administration services - other: Current Administrator Other services Internal audit services Forensic investigations and recoveries Governance and compliance Additional services Quality management and monitoring services Advanced data analytics Digital service offering Enhanced service offering Enterprise risk management services Legal services Product innovation Actuarial fees Audit fees Audit committee fees AGM and conference and meeting expenses Bank charges Board of Healthcare Funders' levies Council for Medical Schemes' levies Conferences and seminars Consulting fees Curators fees Data/cellphone costs Debt recovery charges Depreciation Equipment rental Fidelity insurance Forensic services Legal fees Marketing expenses Meeting facilitation fees Migration cost Printing and postage Principal Officer's remuneration Principal Officer' travelling, accommodation and conference expenses Payroll expenditure Rental of premises Travel and entertainment Trustees' fees (note 12.1) Trustees' expenses (note 12.1)	3,357,127 921,754 183,428 229,542 36,378 172,669 144,488 53,799 29,205 29,205 8,710 34,329 1,001,006 644,800 169,586 77,908 194,681 102,315 375,859 577,668 593,153 - 85,268 100 23,901 98,984 202,343 - 318,711 509,894 145,156 748,616 14,401 2,262,376 82,441 1,720,588 147,014 422,625 1,479,149 365,154	4,120,970 - - - - - - - - - - - - 982,553 736,761 111,494 78,509 175,617 150,764 438,214 166,083 417,221 1,408,750 110,964 1,211 12,135 122,391 183,947 304,283 8,461,611 1,464,817 - - 27,539 895,141 35,520 1,357,609 150,461 11,019 734,490 77,416
	<u>16,642,578</u>	<u>22,737,490</u>

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12.1 TRUSTEE FEES AND EXPENSES

	Trustee fees	Data reimbursement	Conferences	Travelling and accommodation	Total Trustees' expenses
31 December 2025	R	R	R	R	R
N Ngubane	271,870	-	-	98,840	370,709
B Thabane	178,245	-	-	21,596	199,841
V Nair	172,616	-	-	42,134	214,750
J Swart	158,145	-	-	40,961	199,106
P Mkhosana	207,677	-	-	96,801	304,478
S Zwane	184,061	-	-	16,815	200,876
D Stemela	55,116	-	-	7,066	62,182
S Matshatshe	79,175	-	-	10,971	90,146
J van der Berg	80,294	-	-	10,229	90,523
A Nogwaza	91,951	-	-	19,741	111,692
	1,479,149	-	-	365,154	1,844,304

	Trustees' fees	Data reimbursement	Conferences	Travelling and accommodation	Total Trustees' expenses
31 December 2024	R	R	R	R	R
J Swart	99,700	-	-	28,157	127,857
B Thabane	90,628	-	-	12,208	102,836
N Ngubane	184,466	-	-	20,432	204,898
D John	(1,543)	-	-	-	(1,543)
V Nair	100,401	-	-	8,038	108,439
H Ngcobo	(1,148)	-	-	-	(1,148)
S Zwane	129,837	-	-	2,149	131,986
P Mkhosana	78,326	-	-	6,432	84,758
O Mhlari	24,371	-	-	-	24,371
D Stemela	30,193	-	-	-	30,193
K Rapoo	(740)	-	-	-	(740)
	734,491	-	-	77,416	811,907

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	2025 R	2024 R
13. INVESTMENT INCOME		
Interest income	20,990,711	24,611,758
- Cash and cash equivalents	918,605	6,043,479
- Interest income from financial assets fair value through profit or loss	20,072,106	18,568,279
- Dividend income from financial assets at fair value through profit or loss	2,893,258	3,067,221
	23,883,969	27,678,979
14. SUNDRY INCOME		
Write-back of credit balances	21,432,284	-
	21,432,284	-
15. PROFESSIONAL INDEMNITY AND FIDELITY GUARANTEE INSURANCE		

In terms of section 33(3) of the Medical Schemes Act 131 of 1998, as amended, the Scheme is covered in terms of a fidelity policy underwritten by Camargue Underwriting Managers (Pty) Limited (policy number: MEDC463896744) which, at 31 December 2025, provided cover of R100 million (2024: R100 million).

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

16. (DEFICIT) / SURPLUS FROM OPERATIONS PER BENEFIT OPTION

2025	Option A	Option B	Option C	Total
	R	R	R	R
Insurance revenue	58,849,557	178,679,041	65,227,274	302,755,872
Insurance service expense	(62,181,294)	(215,286,369)	(91,408,732)	(368,876,395)
Claims incurred	(59,149,668)	(196,040,220)	(79,173,237)	(334,363,125)
Net impairment loss on insurance receivables	(1,231,762)	(7,767,149)	(4,922,191)	(13,921,102)
Managed care: management services	(559,112)	(3,655,161)	(2,357,635)	(6,571,908)
Third-party claim recoveries	18,988	119,731	75,838	214,557
Attributable expenses	(1,259,740)	(7,943,570)	(5,031,507)	(14,234,817)
Insurance service result	(3,331,737)	(36,607,328)	(26,181,458)	(66,120,523)
Other income	6,396,291	40,333,226	25,547,317	72,276,834
Investment income	2,113,662	13,328,165	8,442,142	23,883,969
Realised gain on disposal of financial assets at fair value through profit and loss	1,008,432	6,358,889	4,027,760	11,395,081
Unrealised gain on disposal of financial assets at fair value through profit and loss	1,377,502	8,686,141	5,501,857	15,565,500
Sundry income	1,896,695	11,960,031	7,575,558	21,432,284
Other expenditure	(1,609,730)	(11,092,582)	(6,429,396)	(19,131,708)
Finance cost	-	(942,074)	-	(942,074)
Asset management fees	(136,910)	(863,316)	(546,830)	(1,547,056)
Administration fees and other expenses	(1,472,820)	(9,287,192)	(5,882,566)	(16,642,578)
Total comprehensive income for the year	1,454,823	(7,366,684)	(7,063,536)	(12,975,397)
Number of members at year end	476	3,121	2,024	5,621
Number of beneficiaries at the end of the year	548	5,724	4,025	10,297
Average age	78.7	41.4	36.7	41.5
Pensioner ratio	85.8%	16.3%	7.2%	16.4%

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NOTES TO THE FINANCIAL STATEMENTS
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16. (DEFICIT) / SURPLUS FROM OPERATIONS PER BENEFIT OPTION (continued)

2024	Option A	Option B	Option C	Total
	R	R	R	R
Insurance revenue	77,102,553	273,242,332	91,945,778	442,290,663
Insurance service expense	(66,935,782)	(260,396,493)	(94,196,241)	(421,528,516)
Claims incurred	(65,710,308)	(252,195,425)	(89,138,909)	(407,044,642)
Net impairment loss on insurance receivables	(57,220)	139,158	(233,219)	(151,281)
Managed care: management services	(383,013)	(2,706,948)	(1,561,782)	(4,651,743)
Third-party claim recoveries	78,431	525,549	299,667	903,647
Attributable expenses	(863,672)	(6,158,827)	(3,561,998)	(10,584,497)
Insurance service result	10,166,771	12,845,840	(2,250,463)	20,762,148
Other income	3,366,998	22,274,557	12,582,256	38,223,811
Investment income	2,320,312	16,102,705	9,255,962	27,678,979
Realised gain on disposal of financial assets at fair value through profit and loss	222,537	1,294,272	702,928	2,219,737
Unrealised gain on disposal of financial assets at fair value through profit and loss	824,149	4,877,580	2,623,366	8,325,095
Sundry income	-	-	-	-
Other expenditure	(2,180,164)	(14,431,508)	(8,326,969)	(24,938,641)
Finance cost	-	(735,375)	-	(735,375)
Asset management fees	(123,526)	(853,006)	(489,244)	(1,465,776)
Administration fees and other expenses	(2,056,638)	(12,843,127)	(7,837,725)	(22,737,490)
Total comprehensive income for the year	11,353,605	20,688,889	2,004,824	34,047,318
Number of members at year end	546	3,357	1,894	5,797
Number of beneficiaries at the end of the year	636	6,251	3,780	10,667
Average age	79.74	40.4	36.17	41.25
Pensioner ratio	86.0%	15.7%	7.0%	16.9%

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NOTES TO THE FINANCIAL STATEMENTS

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17. RELATED PARTY DISCLOSURES**Parties with significant influence over the Scheme**

South African Post Office SOC Ltd was able to participate in operating and financial decisions as they were able to appoint 50% of the Trustees up until 31 October 2022.

Discovery Health (Pty) Ltd has significant influence over the Scheme, as it provides financial and operational information on which policy decisions are based, but does not control the Scheme. Discovery Health provides administration services to the Scheme. Medscheme Holdings (Proprietary) Limited provided administration service to the Scheme up to 31 March 2025.

Managed care organisation, Discovery Health (Pty) Ltd, provides managed care services and has significant influence over the Scheme, but does not control the Scheme. Medscheme Holdings (Proprietary) Limited provided managed care services to the Scheme up to 31 March 2025.

Insight Actuaries and Consultants (Pty) Ltd has significant influence over the Scheme, as they provide operational information on which policy decisions are based, but does not control the Scheme. Insight Actuaries and Consultants (Pty) Ltd provides consulting and actuarial services.

Key management personnel and their close family members

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Scheme. Key management personnel included the Board of Trustees, the Principal Officer and members of Committees.

Close family members include family members of the Board of Trustees, Principal Officer and members of the Committees.

Transactions and balances with related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

	2025	2024
	R	R
Statement of Comprehensive Income		
Insurance revenue received (key management personnel)	477,372	272,160
Risk claims incurred (key management personnel)	292,683	29,490
Administrator's fees		
- Discovery Health (Pty) Ltd	12,911,724	-
- Medscheme Holdings (Proprietary) Limited	3,117,994	14,705,467
Managed care fees		
- Discovery Health (Pty) Ltd	5,548,130	-
- Medscheme Holdings (Proprietary) Limited	1,023,778	3,988,826
- Aid for Aids	-	501,722
Actuarial fee (Insight Actuaries and Consultants (Pty) Ltd)	1,001,006	881,928
Actuarial fee (3ONE Actuaries and Consultants (Pty) Ltd)	-	100,625
Contribution subsidies (South African Post Office State-owned Company Limited)	260,716,931	293,432,658
Principal Officer's remuneration	2,262,376	895,141
Staff remuneration	1,720,588	1,357,609
Principal Officer's travelling, accommodation and conference expenses	82,441	35,520
Trustee fees and expenses	1,844,304	811,907
Audit Committee fees	169,586	111,494
Curators fees	-	1,408,750

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NOTES TO THE FINANCIAL STATEMENTS
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17. RELATED PARTY DISCLOSURES (continued)

	2025	2024
	R	R
Statement of financial position		
Discovery Health (Pty) Ltd		
- Administration and managed care fees	1,949,400	-
Medscheme Holdings (Proprietary) Limited		
- Administrator's fees, forensic fees and cost recoveries payable	-	288,420

The terms and conditions of the related party transactions were as follows:

Insurance revenue received (key management personnel)

This constitutes the contributions paid by the related parties as members of the Scheme, in their individual capacities. All contributions were at the same terms as applicable to other members.

Risk claims incurred (key management personnel)

This constitutes amounts claimed by the related parties, in their individual capacities as members of the Scheme. All claims were paid out in terms of the rules of the Scheme, as applicable to other members.

Administration fees and managed care fees

The administration agreement is in terms of the rules of the Scheme. The outstanding balance bears no interest and is due within 30 days.

Trustee fees and expenses

The Board approved that as from 1 June 2014 the Scheme pay the Trustees remuneration and reimbursive expenses at cost.

18. GUARANTEES AND COMMITMENTS

The Scheme has not issued any guarantees and has no commitments.

19. CONTINGENT ASSET

At 31 December 2025 the Scheme had pending motor vehicle accident recoveries submitted to the Road Accident Fund (RAF) for assessment. These recoveries will only be accounted for when an amount is virtually certain to be received from the RAF.

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20. FINANCIAL RISK MANAGEMENT

The Scheme is exposed to a range of financial risks through its financial assets, financial liabilities and insurance liabilities. In particular, the key financial risk is that the Scheme's investment performance is not sufficient to maintain the solvency ratio, or that the Scheme should increase member contributions due to insufficient investment performance. The most significant components of this financial risk are interest rate risk, equity price risk and credit risk.

These risks arise from open positions in interest rate and equity risk products, both of which are exposed to general and specific market movements.

The following summary represents the major asset classifications held by the Scheme which are exposed to the financial risks discussed below:

Asset allocation summary	2025	2024
	R	R
Financial assets at fair value through profit and loss (note 3)	345,645,295	376,138,053
Cash and cash equivalents (note 5)	5,725,646	1,455,871
Trade and other receivables (note 4)	257,290	745,627
	<u>351,628,231</u>	<u>378,339,551</u>

Financial risk management strategy and policy

The Board of Trustees is assisted by the Investment Committee to formulate investment strategy, to perform risk management and asset allocation.

The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the financial performance of the investments that the Scheme holds to meet its obligations to its members.

For the year under review the Investment Committee identifies, evaluates and economically hedges (where appropriate) financial risks associated with the Scheme's investment portfolio. The Investment Committee recommends policy and considers mandates and procedures for overall risk management, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity. The Board of Trustees in consultation with the Audit and Risk Committee and the Investment Committee approved all written policies.

The Scheme appointed professional asset management companies with proven track records to manage the Scheme's investment portfolios.

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20. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

The Scheme is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate placings.

The tables below summarises the Scheme's exposure to interest rate risks. Included in the tables are the Scheme's investments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

As at 31 December 2025	<i>0 - 3 years</i>	<i>3 - 7 years</i>	<i>7 - 12 years</i>	<i>12+ years</i>	<i>Total</i>
	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>
Financial assets at fair value through profit and loss	264,868,277	58,987,857	21,408,304	380,857	345,645,295
Cash and cash equivalents	5,725,646	-	-	-	5,725,646
	270,593,923	58,987,857	21,408,304	380,857	351,370,941

As at 31 December 2024	<i>0 - 3 years</i>	<i>3 - 7 years</i>	<i>7 - 12 years</i>	<i>12+ years</i>	<i>Total</i>
	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>
Financial assets at fair value through profit and loss	340,371,391	14,105,865	20,193,069	1,467,729	376,138,053
Cash and cash equivalents	1,455,871	-	-	-	1,455,871
	341,827,262	14,105,865	20,193,069	1,467,729	377,593,924

Sensitivity analysis

The sensitivity analysis for interest rate risk illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

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for the year ended 31 December 2025

20. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

The impact has been evaluated by looking at the change to surplus or deficit and the accumulated funds based on an increase/decrease of 1% in the market interest rates applicable at 31 December 2025, for each class of financial instrument with all other variables remaining constant as follows:

Sensitivity analysis table at 31 December 2025	Actual 2025	Interest rate decreases by 1 %	Interest rate increases by 1 %
	R	R	R
Investments	345 645 295	(1 175 916)	1 175 916
Cash and cash equivalents	5 725 646	-	-
Insurance liability to members for future benefits	294 210 316	293 034 399	295 386 232

Sensitivity analysis table at 31 December 2024	Actual 2024	Interest rate decreases by 1 %	Interest rate increases by 1 %
	R	R	R
Investments	376 138 053	(1 061 105)	1 061 105
Cash and cash equivalents	1 455 871	-	-
Insurance liability to members for future benefits	266 997 160	265 936 055	268 058 265

The above sensitivity analysis is based on the following assumptions:

- changes in the market interest rates affect the interest income or expense of variable interest financial instruments;
- the financial assets and liabilities at 31 December 2025 remain until maturity or settlement without any action by the Scheme to alter the interest rate exposure.

Management monitors the reported interest rate movements on a monthly basis.

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20. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and the availability of funding through holding liquid cash positions with various financial institutions to ensure that the Scheme has the ability to fund its day-to-day operations.

At year end 33.5% (2024: 30.5%) of the Scheme's investable assets were invested in cash and cash equivalent investments to ensure that the Scheme can meet its short-term commitments. The table below illustrates the liquidity position of the Scheme:

At 31 December 2025				
<i>Category</i>	<i>Less than 1 month</i>	<i>Between 1 and 3 months</i>	<i>Between 3 months and 1 year</i>	<i>Total</i>
	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>
Trade and other payables	3,338,140	-	-	3,338,140
Insurance contract liability	29,269,459	2,736,684	18,177,798	50,183,941
	32,607,599	2,736,684	18,177,798	53,522,081
Cash and cash equivalents	351,370,941	-	-	351,370,941
Fair value assets measured at fair value through profit or loss	5,725,646	-	-	5,725,646
Trade and other receivables	345,645,295	-	-	345,645,295
	257,290	-	-	257,290
Net liquidity gap analysis	318,763,342	(2,736,684)	(18,177,798)	297,848,861

At 31 December 2024				
<i>Category</i>	<i>Less than 1 month</i>	<i>Between 1 and 3 months</i>	<i>Between 3 months and 1 year</i>	<i>Total</i>
	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>
Trade and other payables	1,527,386	-	-	1,527,386
Insurance contract liability	20,854,805	(8,611,905)	53,470,112	65,713,012
	22,382,191	(8,611,905)	53,470,112	67,240,398
Cash and cash equivalents	377,593,924	-	-	377,593,924
Fair value assets measured at fair value through profit or loss	1,455,871	-	-	1,455,871
Trade and other receivables	376,138,053	-	-	376,138,053
	745,627	-	-	745,627
Net liquidity gap analysis	355,211,733	8,611,905	(53,470,112)	310,353,526

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20. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

The Scheme has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Scheme is exposed to credit risk are:

- amounts due from the South African Post Office (SAPO) and other associated employer groups, members and service providers,
- interest due from financial institutions,

The table below illustrates the quality of the Scheme's receivables in order to assess credit risk:

As at 31 December 2025				
Class	<i>Not past due</i>	<i>Past due, not impaired</i>	<i>Past due and impaired</i>	<i>Total</i>
	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>
Trade and other receivables	257,290	-	-	257,290

As at 31 December 2024				
Class	<i>Not past due</i>	<i>Past due, not impaired</i>	<i>Past due and impaired</i>	<i>Total</i>
	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>
Trade and other receivables	745,627	-	-	745,627

The credit risk on cash and cash equivalents is limited because the counterparties are reputable financial institutions with high credit ratings.

Moody's National Long Term Rating

Financial institution	2025 R	2024 R	Credit Rating	
			2025	2024
Rand Merchant Bank/FNB	3,025,013	-	Baa3	n/a
Investec	2,700,634	-	Baa3	n/a
Standard Bank	-	1,455,871	n/a	Baa3

The Scheme has one significant concentration of credit risk, the South African Post Office (SAPO), who has historically not been able to pay across medical aid deductions and subsidies over to the Scheme.

The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset, where a legally enforceable right exists.

Bonds

Financial institution	2025 R	2024 R	Credit Rating	
			2025	2024
Coronation Fund Managers	66,277,609	68,444,512	not rated	not rated
Prescient Investment Management	74,674,673	84,595,578	not rated	not rated
Nedgroup Core Income Fund	-	43,547,904	not rated	not rated

The Bonds are part of a pooled and collective scheme investment vehicle and are administered by Coronation Fund Managers (Proprietary) Limited, Prescient Investment Management (Proprietary) Limited and Nedgroup Investments (Proprietary Limited) which are not rated.

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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025****20. FINANCIAL RISK MANAGEMENT (continued)*****Credit risk (continued)***

There are no indications at the reporting date that these debtors will not meet their payment obligations.

Class	2025	2024
	R	R
Trade and other receivables	257,290	745,627

The amounts presented in the statement of financial position are net of impairment of receivables, estimated by the Scheme's management based on prior experience and the current economic environment.

Market Risk

Market risk is the inherent risk associated with the underlying counterparty or asset class. These inherent risks will influence the levels of income and/or capital appreciation achieved over time and therefore affect the Scheme income and reserve levels. The investment management process employed seeks to manage the market risk with a view of optimising the risk/reward profile of the Scheme, whilst remaining compliant with Annexure B of the Medical Schemes Act 131 of 1998, as amended.

The table below summarises the primary risks affecting the Scheme's financial assets at fair value through profit or loss exposure to market risk.

2025	Total	Currency risk	Price risk	Interest rate risk
Bills & bonds	104,635,113			✓
Listed property	7,098,624		✓	
Listed equities	107,765,530		✓	
Money market	104,560,019			✓
Foreign cash	7,305,978	✓		
Foreign bonds	14,280,031	✓		
Cash	5,725,646			✓

2024				
Bills & bonds	168,494,262			✓
Listed property	5,626,436		✓	
Listed equities	61,239,014		✓	
Money market	113,244,564			✓
Foreign cash	440,046	✓		
Foreign bonds	22,116,863	✓		
Cash and call account	6,432,739			✓

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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025****20. FINANCIAL RISK MANAGEMENT (continued)*****Equity price risk***

The Scheme is exposed to equity price risk as it invested funds in South African Equities. The Scheme's equity portfolios are long-term investments, and the funds invested in these portfolios are not needed in the short or medium-term. This mitigates the risk for short-term fluctuations in the equity market. The Scheme appointed reputable asset managers with good track records in terms of performance.

Sensitivity analysis

The sensitivity analysis for equity price risk illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in the equity market at the reporting date.

A decrease of 4% in the JSE all share index would result in a decrease in reserves of R4 594 566 (2024: R2 324 926). This full amount would be recognised in the Scheme's statement of comprehensive income, but will not affect the Scheme's solvency ratio.

This sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated, for example the effect of interest rates on the equity market.

Management monitors the equity portfolio movements on a monthly basis, and the investment committee has regular meetings to review the Scheme's strategy and asset allocation. The Scheme uses the services of independent investment advisors to assist them in this function.

Fair value estimation

The fair value of financial assets through profit and loss is based on quoted published prices at the reporting date.

The tables below illustrates the fair values of financial assets by hierarchy level.

- There were no transfers between Levels 1 and 2 for recurring fair value measurements during both years.
- The policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

As at 31 December 2025	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Financial assets at fair value through profit and loss	<i>R</i>	<i>R</i>	<i>R</i>
Bonds and debentures	-	118,915,144	-
Money market (cash)	-	111,865,997	-
Equities	114,864,154	-	-
Total	114,864,154	230,781,141	-

As at 31 December 2024	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Financial assets at fair value through profit and loss	<i>R</i>	<i>R</i>	<i>R</i>
Bonds and debentures	-	195,587,993	-
Money market (cash)	-	113,684,610	-
Equities	66,865,450	-	-
Total	66,865,450	309,272,603	-

The hierarchy levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. These are readily available in the market and are normally obtainable from multiple sources.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation techniques for financial assets:

Observable unit prices were used in determining the value of unitised investments.

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20. FINANCIAL RISK MANAGEMENT (continued)

Fair value estimation (continued)

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Scheme for similar financial instruments.

Investment in unconsolidated structures

The asset managers invest the Scheme's monies in reputable funds which promise returns to the medical scheme. The Scheme views these funds as unconsolidated structured entities. The Scheme monitors the performance of the funds closely to ensure the Scheme earns high returns without unnecessary exposure to risk.

The Scheme has investments in certain pooled portfolios and collective investment schemes (the Funds) as listed in the table below. The Scheme's maximum exposure to loss from its interests in the funds is limited to the total fair value of its investments in the funds.

Fund	2025	2024
	Fair value	Fair value
	R	R
Coronation Medical Cash Plus Fund	195,451,515	162,477,577
Prescient Positive Return Medical Aid Fund	102,034,201	114,815,880
Nedgroup Investments	48,159,579	98,844,596
	345,645,295	376,138,053

Capital risk management

The Scheme is subject to the capital requirement imposed by Regulation 29(2) to the Medical Schemes Act 131 of 1998, as amended (the Act) which requires a minimum solvency ratio of 25% of accumulated funds expressed as a percentage of gross annual contributions. The Scheme manages its capital to ensure that it will be able to continue as a going concern. Based on the nature of the Medical Schemes industry, the assets are considered to be the capital of the Scheme. The Administrator ensures that on a quarterly basis the Scheme complies with Annexure B of Regulation 30 of the Act. The current investment strategies are mandated with Coronation Fund Managers (Proprietary) Limited, Prescient Investment Management (Proprietary) Limited and Nedgroup Investments (Proprietary) Limited. Compliance to the mandates are monitored by the Board of Trustees.

Capital adequacy risk is the risk that there may be insufficient reserves to provide for adverse variations on actual or expected future experience.

The Scheme's main objective is to manage its capital in such a way that the annual contribution increase to members is minimised.

The solvency ratio was 82.76% at 31 December 2025 and 78.24% at 31 December 2024. The accumulated funds ratio above compares favourably to the minimum prescribed accumulated funds ratio of 25% (refer to note 5.3 in the Board of Trustees report).

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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025****21. INSURANCE RISK MANAGEMENT****NATURE AND EXTENT OF RISKS ARISING FROM INSURANCE CONTRACTS****Principle features of the benefit options are as follows:**

- MEDIPOS Option A - The Option offers day-to-day benefits based on individual limits per family member. It also offers unlimited major medical benefits.
- MEDIPOS Option B - The Option offers day-to-day benefits based on individual limits per family member and a personal medical savings account. It also offers unlimited major medical benefits.
- MEDIPOS Option C - The Option offers limited day-to-day benefits. It also offer unlimited major medical benefits.

Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the Scheme assumes the risk of loss from members and their dependants that are directly subject to the risk. These risks relate to the health of the Scheme members. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The Scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation, case management and service provider profiling. These methods for mitigating insurance risk are reviewed annually and amended for changes in the Act and/or changes in the Scheme's ability to accept insurance risk.

The Board of Trustees assesses the necessity to enter into risk transfer arrangements, with the assistance of the Scheme's actuarial consultants.

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. The Scheme analyses the distribution of claims per category of claims, number of beneficiaries per age group and the geographic distribution of members.

The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are by their nature random and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Scheme has developed its insurance underwriting strategy to diversify the type of insurance risk accepted and within each of these categories to achieve a sufficient large population of risks to reduce the variability of the expected outcome.

Frequency and severity of claims

For insurance contracts issued, climatic and seasonal changes, as well as the spread of pandemics, give rise to more frequent and severe claims.

Source of uncertainty in the estimation of future claims payments

The Scheme frequently re-rates Scheme benefits to ensure that the necessary underwriting surplus is maintained relative to the risk exposure. It is relatively easy to assess the future claim payments since most claims are lodged soon after year-end before the four-month expiration of claims period comes into effect.

The Scheme's strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the variability of the outcome.

The strategy is set out in the annual review, which specifies the benefits to be provided.

The Scheme has the right to change the terms and conditions of the contract at any time with sufficient notice, with approval of the Registrar. Management information, including contribution income and claims ratios is reviewed monthly.

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NOTES TO THE FINANCIAL STATEMENTS

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21. INSURANCE RISK MANAGEMENT (continued)**Expense risk**

Expense risk is the risk of unexpected increases in policy maintenance, claim handling and other costs relating to fulfilment of insurance contracts. The risk is managed through budgeting and periodic cost evaluations.

Changes from previous period

There were no significant changes in Scheme's objectives, policies and IFRS processes for managing risk and the methods used to measure risk.

Credit risk management and exposures

Credit risk is the risk of financial loss resulting from a counterparty's failure to meet their contractual obligations. The Scheme doesn't have significant credit risk arising from reinsurance contract assets or insurance assets.

The Scheme does not make use of capitation agreements to reduce the Scheme's insurance risk, but use managed care protocols and sub limits to manage insurance risk.

Exposures to individual members are managed by adhering to the requirements of the Medical Scheme's Act. Below table illustrates the Scheme's exposure:

As at 31 December 2025	Fully performing	Past due	Impaired	Total
Insurance receivables	5,059,534	1,496,655	20,405,238	26,961,427
As at 31 December 2024	Fully performing	Past due	Impaired	Total
Insurance receivables	1,529,354	1,215,734	3,685,450	6,430,538

The table below provides an age analysis of the credit that is past due, but not yet impaired.

As at 31 December 2025	0 - 30 days	30 - 60 days	> 60 days	Total
Insurance receivables	1,372,660	123,995	-	1,496,655
As at 31 December 2024	0 - 30 days	30 - 60 days	> 60 days	Total
Insurance receivables	160,970	271,310	783,454	1,215,734

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21. INSURANCE RISK MANAGEMENT (continued)

The following table summarises the concentration of insurance risk, with reference to the number of beneficiaries per benefit option, by age group.

2025 (Number of beneficiaries)

Age grouping (in years)	Option A	Option B	Option C	Total
< 25	3	1,915	1,467	3,385
25 - 34	1	127	115	243
35 - 49	7	1,450	1,240	2,697
50 - 64	75	1,310	925	2,310
> 65	462	922	278	1,662
Total	548	5,724	4,025	10,297

2024 (Number of beneficiaries)

Age grouping (in years)	Option A	Option B	Option C	Total
< 25	4	2,130	1,382	3,515
25 - 34	1	149	118	269
35 - 49	7	1,572	1,168	2,748
50 - 64	77	1,416	846	2,339
> 65	547	984	266	1,798
Total	636	6,251	3,780	10,668

The following table summarises the concentration of insurance risk, with reference to the carrying amount of the insurance claims incurred, net of adjustments, by age group and in relation to the type of risk covered / benefits provided.

2025 (in Rands)

Age grouping (in years)	Other	General Practitioners	Specialists	Hospital	Medicine	Radiology and pathology	Total
<26	3,209,855	2,427,770	3,001,255	9,021,943	1,668,774	1,876,969	21,206,566
26 - 35	531,691	410,995	979,530	2,111,947	492,111	573,882	5,100,156
36 - 50	5,609,507	4589036.89	8,274,058	19,672,486	6,750,161	6,919,093	51,814,343
51 - 65	5,402,252	4,246,647	17,265,699	42,994,815	12,508,631	10,545,855	92,963,899
>65	3,045,294	4,458,893	29,121,679	81,146,966	16,801,454	17,521,565	152,095,850
Total	17,798,599	16,133,342	58,642,222	154,948,156	38,221,132	37,437,364	323,180,814

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NOTES TO THE FINANCIAL STATEMENTS
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21. INSURANCE RISK MANAGEMENT (continued)

2024 (in Rands)							
Age grouping (in years)	Other	General Practitioners	Specialists	Hospital	Medicine	Radiology and pathology	Total
<25	5,445,038	3,418,422	2,891,918	9,673,123	3,107,941	2,089,668	26,626,110
25 - 34	977,614	939,798	1,310,052	3,127,783	1,183,117	930,290	8,468,654
35 - 49	8,257,478	6,431,740	7,825,401	21,865,101	11,087,664	7,809,603	63,276,987
50 - 64	7,633,302	5,725,141	18,612,911	43,916,569	18,258,140	12,725,678	106,871,741
>65	5,120,487	5,222,292	33,074,828	89,934,118	19,276,536	20,353,887	172,982,148
Total	27,433,919	21,737,393	63,715,110	168,516,694	52,913,399	43,909,126	378,225,639

Sensitivity analysis to insurance risk variables

The following table provides a sensitivity analysis on the insurance contract liabilities. The table provides the sensitivity before and after the impact of the Scheme being a mutual entity. As the Scheme is a mutual entity, the impact of any changes in the insurance liability to current members would impact the insurance liability to future members. The table presents information on how reasonably possible changes in the risk confidence level will impact the risk adjustment.

	2025 R'000			2024 R'000		
	LIC as at 31 December	Impact on LIC	Impact on SOCl	LIC as at 31 December	Impact on LIC	Impact on SOCl
Insurance contract liabilities	50,184	-	-	65,713	-	-
Unpaid claims and expenses increase - 5% increase						
Insurance contract liabilities (before mutualisation)	-	2,509	2,509	-	3,286	3,286
Insurance contract liabilities (after mutualisation)	-	-	-	-	-	-
Expenses - 5% increase						
Insurance service expense	(368,876)	-	-	(421,529)	-	-
Insurance service expense (before mutualisation)	-	-	(18,444)	-	-	(21,076)
Insurance service expense (after mutualisation)						

Risk adjustment sensitivities

Any change in the risk adjustment will impact the incurred claims and other directly attributable expenses in insurance service expenses with an equal and opposite impact on the amounts attributable to members for future benefits in insurance services expenses. The net impact on profit or loss for any change in the risk adjustment would therefore be nil.

	2025 R	2024 R
Risk adjustment with a 75% confidence level – as reported	1,944,557	2,911,611
Risk adjustment with a 80% confidence level	2,672,264	4,013,583

Interest rate sensitivity

The following table presents analysis of how a possible shift in market interest rates might impact the balances of contracts within the scope of IFRS 17. A change in interest rates would impact the return on the PMSA, which in turn impacts the liability to the policyholders.

	2025 R	2024 R
A 0.5% change in interest rates:		
Insurance contract liabilities - PMSA	64,071	39,174

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for the year ended 31 December 2025

22. CRITICAL ACCOUNTING JUDGEMENTS AND AREAS OF KEY SOURCES OF ESTIMATION

In the process of applying the Scheme's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

22.1 REVENUE RECOGNITION

The Scheme's accounting policy is to account for contribution income when their collection in terms of the insurance contract is reasonably certain. Contribution income is unrecognised if payment has not been received within three (3) days of falling due. When payments are received for unrecognised revenue this is recognised as income in the month the payment is received.

22.2 OUTSTANDING CLAIMS PROVISION

A key assumption concerning the future that has a significant risk of causing a material adjustment to the carrying amounts of liabilities is used to determine the outstanding claims provision.

When arriving at this provision it is assumed that the reporting and settlement trend of claims incurred but not reported will be similar to that of the previous financial period. The provision is calculated based on percentages derived from the previous financial period and is adjusted, if necessary, as the claims are reported and settled.

Although the assumption is considered critical, post-reporting date settlements against the provision have been monitored to ensure reasonability of the original provision.

22.3 GOING CONCERN

The following assumptions and judgements were used in the going concern assessment of the Scheme:

Contributions

The SAPO has been placed under Business Rescue and the Scheme continues to receive monthly contribution payments.

Solvency

Based on the 2026 pricing budget prepared by the actuaries and submitted to the CMS, the Scheme is expected to reach 84.6% solvency at the end of 2026.

Usage of reserves

The healthy reserve position of the Scheme has assisted in absorbing the impact of the lower risk contributions due to the decline in membership. The Scheme continues to pursue contribution payments and the SAPO has been placed under Business Rescue.

Based on these assumptions in the scenario analysis performed by the Scheme and its actuary the Board of Trustees is confident the going concern basis of preparation should be applied.

23. SUBSEQUENT EVENTS

There have been no events that have occurred subsequent to the end of the accounting period that affect the annual financial statements and that the Trustees consider should be brought to the attention of the members of the Scheme.

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24. NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT NO 131 OF 1998

The Council for Medical Schemes stipulated, via Circular 11 of 2006, that all cases of non-compliance with the Act should be disclosed in the financial statements. The following stipulations were not complied with during the year:

Contravention of Section 35(8)(c) of the Medical Schemes Act 131 of 1998, as amended

24.1 *Nature and impact*

The Scheme holds shares indirectly in Discovery Holdings Ltd and Sanlam Ltd. This in contravention of Section 35(8)(c) of the Act, as the Scheme is not allowed to hold shares of the holding company of its administrator and other administrators.

Causes of the non-compliance

The Scheme invests in a pooled product and does not have control over the underlying assets.

Corrective course of action.

The Scheme applied for and received an exemption from the Council for Medical Schemes (CMS) on 15 September 2025, valid up until 31 December 2028, from complying with Section 35(8)(c) insofar as it relates to investments placed with asset managers who invest on behalf of the Scheme and where such investment choices are not influenced by the Scheme.

24.2 **Contravention of S26(7) of the Medical Schemes Act 131 of 1998, as amended**

Nature and impact

In terms of Section 26(7) of the Act, all contributions shall be paid to a medical scheme not later than three days after payment thereof becoming due. Not all the paypoints and direct paying members paid contributions to the Scheme within three days after payment thereof became due.

Causes of the non-compliance

There were limited instances where individual payments were made late. The Administrator is managing the late payments based on an approved debt mandate.

Corrective course of action

Continuous communication with members and employer groups is taking place every month to ensure payments are received on time.

Contravention of S33(2) of the Medical Schemes Act 131 of 1998, as amended

24.3 *Nature and impact*

In terms of section 33(2) of the Act, each benefit option shall be self-supporting in terms of membership and financial performance. As at 31 December 2025, Option A incurred a deficit before investment income of R3 331 737 (2024: surplus of R10 166 771), Option B recorded a deficit of R36 607 328 (2024: surplus of R12 845 840) and Option C recorded a deficit of R26 181 458 (2024: deficit of R2 250 463) before investment income.

Causes of the non-compliance

The performance of the Scheme is in line with the Scheme's pricing strategy for the year and to ensure contributions remain as affordable as possible to members.

Corrective course of action

The performance of all benefit options is monitored on a continuous basis with a view to improving their financial outcomes. When structuring benefit options, the financial sustainability of all the options and the requirements of the legislation are considered.

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for the year ended 31 December 2025

24. NON-COMPLIANCE WITH THE MEDICAL SCHEMES ACT NO 131 OF 1998 (continued)**24.4 Non-compliance with section 59(2) of the Medical Schemes Act 131 of 1998, as amended***Nature and impact*

In terms of Section 59(2) of the Act a medical scheme shall pay a member or supplier of services any benefit owing to that member or supplier within 30 days of receipt of the medical claim. A limited number of exceptions were noted where settlement took longer than 30 days from receipt.

Causes of the non-compliance

A few complex cases took more than 30 days to be resolved in order to process the claims payments.

Corrective course of action

The Administrator remains committed to resolve these matters and to deal with any exceptions in a responsible manner and in the best interests of the members and the Scheme.

