SABMEDICAL AID

SABMAS

Annual General Meeting

2026

www.sabmas.co.za

Agenda of the SAB Medical Aid Annual General Meeting

1. Welcome and Apologies
2. Attendance and Confirmation of Quorum
3. Confirmation of AGM format — Formalities/proxies
4. Adoption of minutes of previous meeting
5. Chairperson's Update
6. Adoption of the Annual Financial Statements for year ended 2025
7. Appointment of External Auditors for the 2026 Financial Year
8. Approval of Trustee Remuneration Policy
9. Notice of Motions
10. Trustee Election Results Announcement (EISA)
11. Closure of Meeting
12. General

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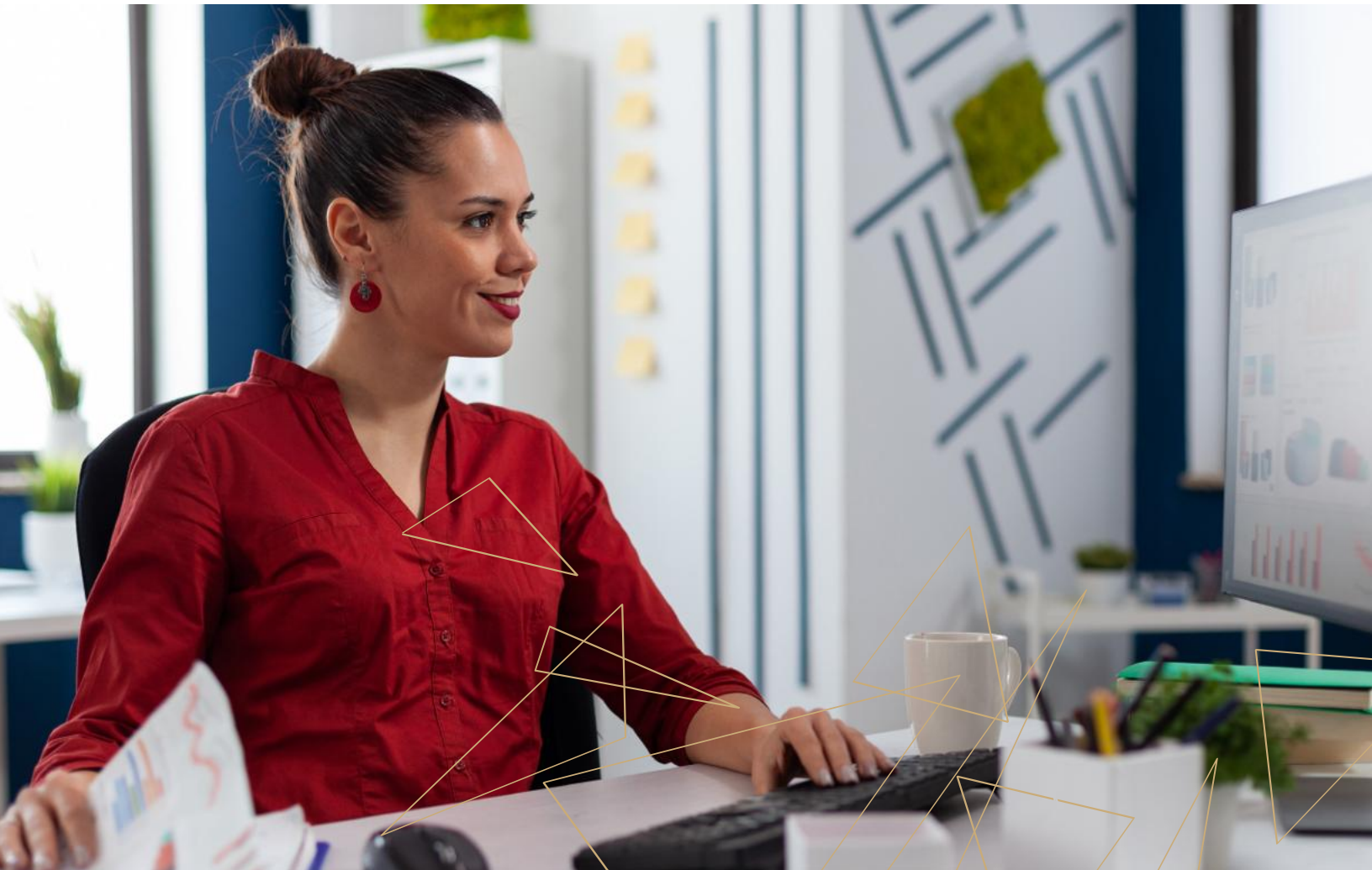


01

MINUTES OF THE ANNUAL GENERAL MEETING

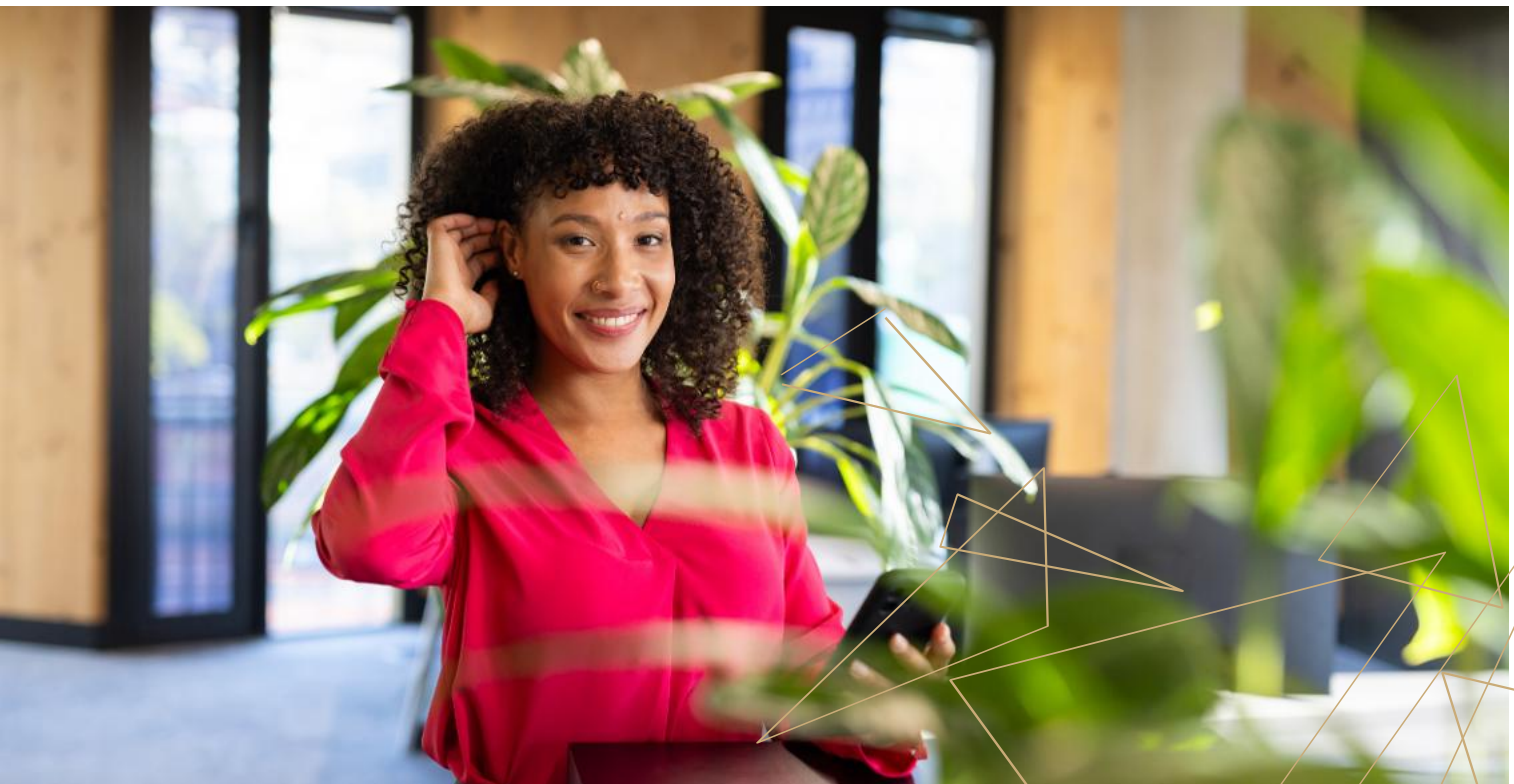
OF MEMBERS OF THE SOUTH AFRICAN BREWERIES MEDICAL AID SCHEME - HELD AT THE VENUE, MELROSE ARC AND VIRTUALLY VIA MS TEAMS ON

THURSDAY 19 JUNE 2025 AT 10:00

1. WELCOME AND APOLOGIES

Mr William Mogase, in his capacity as the Chairperson of the Scheme, introduced himself and welcomed everyone present to the 2025 hybrid Annual General Meeting (AGM) of the SAB Medical Aid Scheme (SABMAS). Mr Mogase confirmed that the notice of the meeting was distributed to all members of the Scheme in accordance with rule 27.1.2, which requires that the members of the Scheme be sent no later than 14 days before the date of the AGM. Mr Mogase reminded members that only principal members of the Scheme were allowed to speak, act and vote during the meeting and further advised members that all voting would be online for all resolutions for consideration in the meeting for proper recording of the votes.

Mr Mogase noted that comments were to be made by raising their hands or through the chat box for minuting and auditing purposes.



2. ATTENDANCE AND CONFIRMATION OF QUORUM

Mr Mogase noted that all members attending virtually and in person would be recorded and that would be taken as the attendance register for the meeting and provided to the Council for Medical Schemes (CMS) within 30 days after the meeting, as required by Circular 7 of 2025 issued by the CMS. No formal apologies have been received and recorded.

It was noted that that there was no representative from the Council for Medical Aid Schemes (CMS) that was present at the meeting, either online or physically. However, the recording of the AGM proceedings of the meeting will be shared no later than 30 days after the meeting.

According to 27.2.1 of the Scheme Rules, 30 members of the Scheme form a quorum at an Annual General Meeting must be present for a quorum to be met. Mr Mogase confirmed that there were 35 present in the meeting, and 303 members were represented by proxies. With the necessary quorum being present, Mr Mogase declared the meeting duly constituted.

In terms of Rule 27.6.4.3 of the Scheme, all proxies were to be submitted at least 48 hours prior to the meeting. Only proxies held by valid principal members of the Scheme, and received on or before 10am on the Wednesday, 17 June 2025, would be considered as valid. There were nine proxies that were invalid, and the reasons for this invalidity as these were spoilt proxies. Therefore, only 294 proxies were valid.

3. CONFIRMATION OF THE AGM FORMAT — FORMALITIES/PROXIES

Mr Mogase confirmed that the notice of the AGM was issued to all members, reflected the agenda of the meeting.

There were two resolutions that members needed to vote on, and attendees were advised that the voting line was open, and members could only cast their votes online. Valid proxies that had reached the Scheme by the deadline would be included in the count and would cover only motions received by 10am on Thursday 11 June 2025, as stipulated in the notice. Only those motions that were within the sphere of the AGM would be discussed.

Members would be given time to familiarise themselves with the platform and cast their votes for each resolution to be considered.

5. CHAIRPERSON'S UPDATE

Mr Mogase presented his update as the Chairperson of the Board of Trustee highlighting the growth performance of the Scheme over the years. Even though there have been continued challenges stemming from continued economic pressures and an evolving healthcare landscape.

Mr Mogase expressed comfort with SABMAS's continued financial stability and resilience throughout this period. With the recorded solvency ratio of 96.6%, in comparison to the regulatory requirement of 25%. It was noted that Scheme recorded a net surplus of R75,8 million and its reserves remained strong, which provide assistance that meet the current and future claims, and reliable access to benefits during period of uncertainties. The Scheme continues to comply with the evolving regulatory requirements.

The Board of Trustees has taken proactive measures to address issues slowing down the Scheme's growth. As such, to retain current members and raise awareness of the Scheme's brand, specifically within the CCBSA, specific actions were undertaken.

Board of Trustees remained attentive in monitoring developments surrounding the implementation of the National Health Insurance (NHI) and overall rising cost in the healthcare sector. Mr Mogase emphasized a firm commitment to advocate for a balanced, equitable, and inclusive healthcare system, while ensuring that members continue to receive the high-quality care, they both expect and deserve.

The Chairperson concluded by stating that the existence of the Scheme remains to primarily safeguard the health and wellbeing of its members, and it would continue to provide such services.

6. ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Mr. Mogase confirmed that the Annual Financial Statements (AFS) were prepared by 3Sixty Health (Pty) Limited, approved by the Scheme's auditors, Middel and Partners, reviewed by the Audit, Risk and Remuneration Committee, and subsequently approved by the Board of Trustees.

Mr Dieter Erasmus from 3Sixty Health (Pty) Limited presented the financial highlights for the year ending 31 December 2024. He provided an overview summary of the Scheme's financial performance as contained in the audited Annual Financial Statement, focusing on the following salient points:

- The AFS were prepared in accordance with the International Financial Reporting Standards (IFRS) and disclosures required by the CMS.
- The Scheme received an unqualified audit opinion issued by Middel and Partners.
- The Scheme recorded an insurance service surplus of R4.7 million for the year, down from R10.9 million in the previous year.
- This R6.2 million decline is primarily due to a reduction in insurance revenue, driven by a decrease in membership numbers.
- Investment income grew by 50% year-on-year, owing to strong market performance and favorable gains on both realized and unrealized investments.

- Cash and cash equivalents declined by 24%, due to the reallocation of funds from short-term deposits to long-term investments for improved returns.
- Overall, the Scheme reported a net surplus of R75.8 million, representing a 49% increase from the previous year.
- Investments increased by 18% year-on-year, amounting to a R107 million gain, again reflecting favorable market conditions and strong investment returns.
- The Scheme's principal membership declined by 825 members year-on-year, due to member resignations from the employer base.
- The Scheme continues to maintain a favorable average age profile, remaining below the industry average of 31.6 years.
- Return on investments improved by 3.8% year-on-year. The Scheme's investment performance was exceptionally strong during the year
- Lastly, the solvency ratio rose significantly from 88.7% to 96.6%, driven by increased accumulated funds and a reduced gross contributions base.
- A strong net surplus of R75.8 million was achieved, reflecting sound financial performance.
- The Scheme continues to demonstrate a sound and stable financial position.

- Importantly, the Scheme's solvency ratio remains well above the regulatory minimum requirement of 25%, reinforcing the Scheme's ability to meet future obligations.

Mr Richards asked about the reasonable and fair target for the solvency position of the Scheme as deemed about the Board of Trustees. Mr Mogase responded that SABMAS membership has been declining for more than 5 years, hence the high solvency.

Primarily because, SABMAS was no longer a condition of employment at Coca-Cola (CCBSA). In the past, CCBSA employees had to be members of SABMAS, but now they can choose from other open medical schemes that offer cheaper and lower-contribution options. To address this, the Board of Trustees and PwC have developed a strategy to regain membership, especially from Coke, where membership is not guaranteed.

Moreover, a major part of the plan involves changing the rules to allow more people from different CCBSA legacy companies to join SABMAS, which they are not currently eligible for due to eligibility restrictions. Part of the reason for SABMAS's high reserves was also the decline in membership.

Mr Mogase then proposed that the Annual Financial Statements for the year ended 31 December 2024 be adopted and asked for a member to second the adoption by raising their hand or using the chat box. Mr Richards seconded the proposal and Mr Mogase declared the Annual Financial Statements adopted.

7. APPOINTMENT OF EXTERNAL AUDITORS FOR THE 2024 FINANCIAL YEAR

The Audit, Risk, and Remuneration Committee supported the recommendation and further approved by the Board for the appointment of Middel, and Partner as the external auditors of the Scheme for the ensuing financial year ending 31 December 2025.

Mr Mogase then proposed that the Scheme's current auditors, Middel and Partner be appointed until the conclusion of the next Annual General Meeting and asked all members present to cast their votes using the online platform.

The vote casting process was allowed five minutes. The results of the voting were as follows (including proxies):

> Total Votes Cast: **297**
> In favour: **45 (15.15%)**
> Against: **252 (84.85%)**
> Abstain: **6 (0%)**

Mr Mogase declared the resolution to appoint Middel and Partners as the Scheme's auditors for the ensuing year (2025) not carried.

8. APPROVAL OF THE TRUSTEE REMUNERATION POLICY

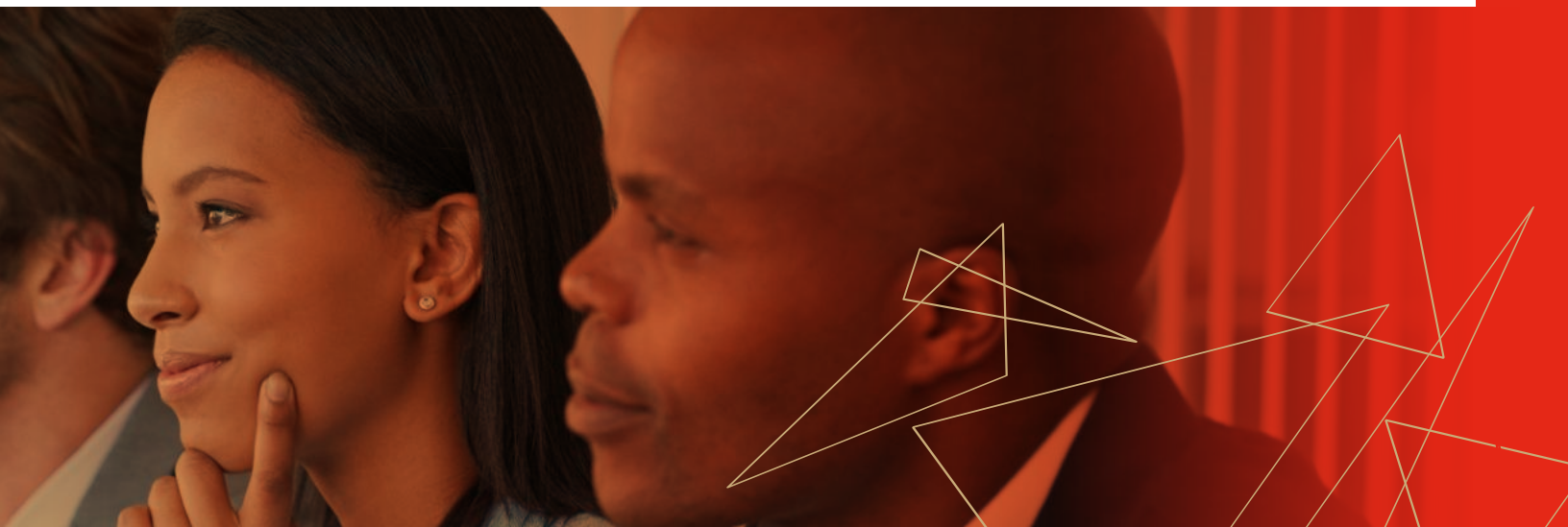
Mr Mogase informed members that the principle behind the Remuneration Policy was to ensure that the Scheme officials fulfilled their functions on the Board of Trustees and other sub-Committees with the best interest of members, and the continued sustainability of the Scheme in mind, rather than with remuneration as the motivating factor.

No official would be remunerated for their time preparing for meetings or meeting attendance related to their duties as an Official of the Scheme. Any travel expenses will be reimbursed, in line with an approved Scheme Travel policy.

Mr Mogase then asked members present to cast their vote in the same manner as the first resolution. The results of the voting (including proxies) were as follows:

Total Votes Cast: **295**
In favour: **40 (13.58%)**
Against: **255 (86.44%)**
Abstentions: **8**

The resolution to approve the Trustee Remuneration Policy was not carried.



9. SUBMITTED MOTIONS

After addressing the statutory requirement of the AGM matters in line the Medical Aid Schemes Act, Mr Mogase stated that in terms of the AGM the Notice of Motions were to be submitted to the Scheme by 10:00 am on 11 June 2025, by the principal member in good standing for adoption and be formally submit a written proposal known as a Notice of Motion.

The previous rules of the Scheme did not specify exactly what constituted a motion, so it was crucial that Members understood the changes to the Scheme Rules pertaining to motions.

Notice of Motion to be submission criteria was presented as follows:

1. A Notice of Motion may not deal with matters that fall outside the scope of the AGM.
2. A Notice of Motion may not deal with:
   - 2.1 Matters that affect the operations of the Scheme.
   - 2.2 Matters that affect how the Trustees may exercise their fiduciary or statutory duties.
   - 2.3 Matters that fetter the Trustees' discretion or compel/instruct the Trustees to act (whether by commission or omission) in a predetermined manner.
   - 2.4 Matters that are inconsistent or in contravention of the Medical Schemes Act and the Scheme Rules.
3. A Notice of Motion must be for the benefit of all members and/or be in the best interest of the Scheme and its members.
4. A Notice of Motion must be submitted in writing, must be concise, defined, free from ambiguity, and accompanied by a detailed motivation.

If a Notice of Motion does not meet all the above-mentioned criteria, the Notice of Motion would be viewed as invalid. It was noted that overall 6 motions were received by the deadline and only 1 motion was valid and the rest of the Notices of Motion did not meet criteria of what would constituted a valid Notice of Motion.

The valid motion received from Allen Esteen which met the criteria was read as submitted hereunder:

> Good day, a Notice of Motion for consideration with respect to 2024, AGM, Notice of Motion six, reflected in the 2025 AGM agenda. Section nine and page eight, I've noted and appreciated, as of March 2025 that the claim statements have been updated to include more transparency and details, as I had motivated by way of motion, which I submitted for the last year's AGM. Still a concern, however, is that these statements, and these are the statement that you get from the scheme, do not provide transactional per claim rand value, nor subtotal or total for various columns. For an example, all the claim statement I've received since March under the column, routine benefits, or day to day claims paid from Section, reflect zero. So, I'm not sure how one is to determine the accurately usage against the annual limit. Currently, it is stressful not knowing what the routine benefit is available, to plan for one's health consultation and medication requirements for the balance of 2025, and beyond. I've been provided a summary total of a routine benefit usage, but this does not make sense, when one statement reflects zero, there's been no proper reconciliation. In April 2025 I submitted a query about routine benefit usage total against annual limit total, to which I have no response. Therefore, my Notice of Motion is for recommissioning of the summary table of each claim statement, that will be providing transactional, and the running accumulated use, day to day, slash, routine benefit versus the total limit, as well as for mental health and specialized dentistry.

> If the changes are made to the current reporting, it will benefit all members, and the scheme. I therefore request that this motion be tabled to get a formal response as to whether, and when these changes will be made. I'll appreciate this motion be considered."

It was verified that Allan Esteen was not present in the meeting both physically and on the online platform.

The invalid Notice of Motions that did not meet the criteria were not read or taken into consideration at the AGM, as these did not meet the criteria and contravened the Scheme Rules. Mr Clive Liebenberg suggested that a communication going forward be provided to members that contravened the rules in cases where the motions cannot be adopted in the meeting.

Clarity was sought on the way forward for the motions that were not carried in the meeting. Mr Mogase clarified that in terms of the Scheme Rules the Board of Trustees was mandated and empowered to appoint external auditors of the Scheme and the matter was within the scope of the Board.

A lengthy deliberation was held centered about the liquidation of Scheme which was raised by Mr Elias Ranthakgwe, Mr Bongani Mashile, Mr Sahlasi Sibina, and Mr Thembani Mashile making reference to the Scheme which was endorsed in 2023 AGM. Mr Mogase re-emphasised that, when a new motion was being endorsed at the AGM. It would be referred to the Board of Trustees for consideration to establish if the motion was in the best interest of the Scheme and within the legal parameters governing the Scheme, and thereafter make a final decision.

Mr Mogase further explained that the same clarification was provided to the Mr Elias Ranthakgwe's lawyers, who wrote the Scheme enquiring about the execution of the 2023 liquidation motion. The Board of Trustees was compelled to perform their fiduciary duties for the Scheme according to

the Medical Aid Schemes Act. Therefore, there was a clear distinction of the matters and limitation of the AGM and that of the Board of Trustees.

Mr Allan Richard requested to have sight of the SABMAS Service Level Agreement for 3Sixty Health (Pty) Limited within 30 days of the 2025 AGM together with the PricewaterhouseCoopers (PWC) report since the appointment as the administrator. The matter fell outside of the AGM mandate, but merely within the ambit of the Board of Trustees.

Mr Shadrack Rabothate stated that any changes to the rules governing the Notice of Motions for the AGM should be clearly communicated to its members, he further encouraged strict adherence to rules that were in place to be progressive in the AGM.

Ms Refilwe Raseroka outlined the process followed for the rules amendment process pertaining to the limitation on the Notice of Motion, these were be submitted to the Council of Medical Schemes (CMS) for final approval.

There was an extensive deliberation between members and Mr Mogase providing a detailed response to each question raised which were primarily operational in nature. During the deliberations, Mr Mogase, cautioned members to refrain making allegation that could not be substantiated against any Employers and individuals.

In closing, Mr Mogase reminded members about the 2024 AGM's resolution to refer operationally related queries and those that related to the alleged incompetency of the administrator to the Schemes' governance structures, as part of the escalation process. He reiterated on the importance of either submitting these to him as the Chairperson of the Board of Trust, Principal Officer or the Client Liaison Officers for referral to the Operations Committee of the Scheme.

10. GENERAL

There were no further matters discussed under general.

11. CLOSURE

Mr. Mogase thanked everyone and closed the meeting. Mr Mogase then declared the AGM closed at 12:36 pm.

CHAIRPERSON

DATE

02

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2025

CHAIRPERSON'S UPDATE

Important Milestones

This Annual General Meeting marks an important milestone in the governance of SABMAS as we welcome the newly elected Trustees who will guide the Scheme into its next chapter.

The outgoing Board leaves behind a Scheme that is financially stronger, more resilient, and better positioned for the future. Through strategic leadership and disciplined governance, the Trustees have laid a solid foundation upon which the incoming Board can continue to build.

During this period, the Scheme also underwent rigorous oversight and investigation by the Council for Medical Schemes. The Board is proud to report that SABMAS emerged from these processes with favourable outcomes, reinforcing the strength of the Scheme's governance structures and the Trustees' commitment to transparency, accountability, and regulatory compliance.

With regard to the ongoing matter before the High Court between the Scheme, South African Breweries Medical Aid Scheme (SABMAS), and SAB, one of the participating employer groups, the matter remains sub judice. The Board will continue to keep members informed of any material developments as the matter progresses.

Despite several industry and economic challenges, the Scheme's accumulated funds have grown significantly since 2022. This notable improvement reflects the Board's unwavering focus on financial

sustainability, prudent management, regulatory compliance, and the protection of member interests.

Governance and Member Focus

The Board continued to fulfil its fiduciary responsibilities with diligence and integrity, ensuring sound governance, effective risk management, and alignment with all regulatory requirements.

Members remain at the centre of every decision taken by the Board. The Scheme continues to prioritise access to quality healthcare, efficient claims administration, and the protection of member interests.

Appreciation

On behalf of the Board of Trustees, I extend sincere appreciation to our members, participating employers, healthcare providers, management, and staff for their continued support and contribution to the Scheme's success.

I also wish to thank my fellow Trustees for their dedication, professionalism, and steadfast commitment throughout the past four years. Their contribution has been instrumental in strengthening the governance and sustainability of the Scheme.

Message to Incoming Trustees

To our newly elected Trustees, we extend our warm congratulations and best wishes.

You assume office at a time when SABMAS is stable, well-governed, and positioned for continued growth and sustainability.

The role you undertake is both a privilege and a profound responsibility. It demands integrity, independence, sound judgement, and an unwavering commitment to act in the best interests of members at all times.

The outgoing Board is confident that you will build on the progress achieved since 2022 and continue to strengthen SABMAS as a trusted, sustainable, and member-focused medical scheme.

We thank all members for their trust and continued support and wish the incoming Trustees every success as they take SABMAS forward into its next phase.

W Mogase
Chairperson
SAB Medical Aid Scheme

03

SOUTH AFRICAN BREWERIES MEDICAL AID SCHEME FINANCIAL STATEMENTS FOR THE YEAR ENDED 2025

- Report of the Board of Trustees
- Statement of Responsibility by the Board of Trustees
- Statement of Corporate Governance by the Board of Trustees
- Independent Auditor's Report
- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Changes in funds and reserves
- Statement of Cash Flows
- Accounting Policies
- Notes to the Financial Statements

REPORT OF THE BOARD OF TRUSTEES

The trustees present their report for the year ended 31 December 2025.

1. MANAGEMENT

1.1 Board of Trustees in office during the year under review and the date of this report:

Name	Member / Employer
W Mogase (Chairperson)	Member Elected Trustee
L Troskie	Employer Appointed Trustee
B Madela	Employer Appointed Trustee
M Gwanzura	Member Elected Trustee
R Raseroka	Member Elected Trustee
A Jefthas	Employer Appointed Trustee
S Frankel	Employer Appointed Trustee
N Gallant (Resigned 31 August 2025)	Member Elected Trustee
D Bouwer	Employer Appointed Trustee
N Sampson (Resigned 30 September 2025)	Member Elected Trustee

1.2 Principal Officer

N Sibiya
Registered office address:
South African Breweries (Pty) Limited
65 Park Lane
Sandton
2146

1.3 Scheme's registered office address and postal address

South African Breweries (Pty) Limited
65 Park Lane
Sandton
2146

1.4 Administrator

3Sixty Health (Pty) Ltd
23 West Street
Houghton Estate
Johannesburg
2198

1.5 Auditors

Middel & Partners
42 Lebombo Road
Ashlea
0081

Private Bag 2006
Gardens Menlyn
0063

1.6 Investment Managers

Old Mutual Wealth
2 Cullinan Close
Morningside
2196 2010
Financial Service Provider Number 588

PO Box 650140
Benmore Gardens

M&G Investments
181 Jan Smuts Drive
Rosebank
2196
Financial Service Provider Number 615

PO Box 963
Saxonworld
2132

Stanlib Collective Investments (Pty) Ltd
17 Melrose Boulevard
Melrose Arch
2196
Financial Service Provider Number 719

PO Box 202
Melrose Arch
2076

Vunani Fund Managers (Pty) Limited
6th Floor
Letterstedt House
Newlands on Main
Newlands
7700
Financial Service Provider Number 608

PO Box 44586
Claremont
7735

Coronation Fund Managers
Seventh Floor, MontClare Place
Cnr Campground and Main Road
Claremont
7708
Financial Service Provider Number 548

PO Box 44684
Claremont
7735

Sanlam
2 Strand Road
Bellville
7530
Financial Service Provider Number 2759

PO Box 1
Sanlamhof
7532

Aluwani Capital Partners (Pty) Ltd
EPPF Office Park Postnet Suite 8
24 Georgian Crescent East
Bryanston East
Johannesburg
2152
Financial Service Provider Number 46196

Private Bag X75
Bryanston
2021

Ashburton Management Company (RF) (Proprietary) Limited
2 Merchant Place
9 Friedman Drive
Sandton
2196
Financial Service Provider Number 40169

Mazi Capital (Pty) Ltd
4th Floor, North tower
90 Rivonia Road
Sandton
2146
Financial Service Provider Number 46405

PO Box 784583
Sandton
2146

1.7 Health Care Consultants

Insight Actuarial Solutions (Pty) Ltd
2nd Floor Gateway West Offices
22 Magwa Crescent
Waterval City
Midrand
2066

Private Bag X159
Halfway House
Midrand
1685

PricewaterhouseCoopers Inc
4 Lisbon Lane, Waterfall City
Jukskei View
2090

Private Bag X36
Sunninghill
2157

1.8 Principal Banker

First National Bank Limited
No.4 First Place, Bankcity
Cnr Kerk & Simmonds Street
Johannesburg
2001

PO Box 7791
Johannesburg
2000

2. DESCRIPTION OF THE MEDICAL AID

2.1 Terms of registration

South African Breweries Medical Aid Scheme ("the Scheme") is a non-profit closed healthcare fund registered in terms of the Medical Schemes Act 131 of 1998 ("the Act"), as amended.

Its membership is restricted to employees of South African Breweries Proprietary Limited ("SAB"), and Coca-Cola Beverages South Africa (Pty) Ltd ("CCBSA formerly known as ABI Bottling (Pty) Ltd") including subsidiaries and past subsidiaries of the SAB Miller Plc Group, as well as all current and future related entities of both SAB and CCBSA, which have been admitted to participation in the Scheme.

2.2 HEALTHCARE FUND OPTIONS WITHIN THE SCHEME

The Scheme offers two options to its members. These are:
- Essential
- Comprehensive

2.3 PERSONAL MEDICAL SAVINGS ACCOUNT

In order to provide a facility for members to set funds aside to meet future healthcare costs not covered in the benefit options, the Trustees have made available a medical savings account facility on the Comprehensive option. No savings option is available on the Essential option.

In respect of the Comprehensive option, an amount equal to 10% (2024: 10%) of the member's total contribution is credited to the members' savings account on a monthly basis.

The liability to the members in respect of the savings account is reflected as a current liability in the financial statements, repayable in terms of Regulation 10 of the Act. Savings contributions are refundable upon a member leaving the Scheme or where a member transfers from the Comprehensive option to the Essential option. The money is transferred to the member within 5 months of such change taking place. Where the member joins another scheme with a savings option, the money is transferred directly to the new scheme.

Unexpended medical savings balances are accumulated for the long-term benefit of the member and interest is paid on positive balances. Interest is determined at 90% of the current account interest rate.

Advances on savings contributions are funded from the Scheme's funds and the Scheme will assess the advances for impairment.

The Scheme Rules for Personal Medical Savings Accounts (PMSA) were amended, effective from 2018. There is no trust relationship with regards to Personal Medical Savings Accounts in terms of the Rules of the fund.

2.4 RISK TRANSFER ARRANGEMENTS

For the year under review, the Scheme continued with a risk transfer arrangement with Netcare 911. Further details of which are set out in note 11 to the annual financial statements.

3. INVESTMENT STRATEGY OF THE SCHEME

The Scheme's primary investment objective is to maximise the return on its investments on a long-term basis at minimal risk. The investment strategy takes into consideration both constraints imposed by legislation (Regulation 30 of the Medical Schemes Act, read in conjunction with Annexure B) and those imposed by the Board of Trustees.

The investment objectives of the Scheme are as follows:
- to remain financially sound at all times;
- to remain liquid enough to meet commitments as and when they fall due;
- to make adequate provision for possible long-term adverse claims experience;
- to manage and contain the effects of financial risk;
- to satisfy regulatory requirements in respect of medical scheme investments; and
- to maintain the accumulated funds requirement as set out in the Act at all times.

The Scheme invested in various investment instruments during 2025. This policy is reviewed annually, taking into consideration compliance with the Act, the risk and returns of the various investment instruments and funds available. For further details on the Scheme's investments refer to note 3 of the annual financial statements.

4. MANAGEMENT OF 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. This risk relates 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 and case management, service provider profiling, centralised management of risk transfer arrangements, and the monitoring of emerging issues.

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk management models, sensitivity analyses and scenario analyses. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims are 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 with statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the financial statements and there are no terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the Scheme's cash flows.

4.1 RISK MANAGEMENT

The Board of Trustees understand the importance of sound risk management and remains committed to the principles of ethical leadership and strong corporate governance.
These principles serve to protect the long-term sustainability of the Scheme and ensure its continued ability to provide value to its members. To this end, the Board conducts regular reviews of the risks facing the Scheme, actively managing those within its control. In shaping the Scheme's strategic direction, several key risks have been identified:

4.1.1 MEMBER RETENTION

The Scheme is exposed to the risk of declining membership, particularly due to employer groups reducing their workforce in response to industry changes. To mitigate this risk, the Scheme maintains close engagement with employer groups through dedicated relationship managers and ongoing discussions with key stakeholders. The financial impact of membership fluctuations is carefully assessed during the Board's annual pricing reviews.

4.1.2 MEMBER RISK PROFILE

Sustained growth of a younger, healthier membership base is essential to balance the impact of an ageing population and maintain the competitive value of the Scheme's product offerings.

4.1.3 REGULATORY CHANGE

Changes in healthcare regulations, including the potential implementation of a National Health Insurance (NHI) system, may impact the Scheme's ability to provide sustainable benefits to its members. The Board actively manages this risk through ongoing engagement with regulators .

4.1.4 RISING HEALTHCARE COSTS

Escalating healthcare costs, particularly in the absence of regulatory cost controls associated with prescribed minimum benefits (PMBs), pose a financial risk to the Scheme and exacerbate affordability constraints for members. Cost-containment initiatives, including clinical outcome monitoring, provider engagement, and ongoing research, are key strategies employed to mitigate this risk. The Scheme also monitors PMB-related claims and engages directly with providers where costs exceed expected thresholds.

4.1.5 SUSTAINABILITY OF BENEFIT OPTIONS

Setting contribution rates before actual claims experience is realized creates a pricing risk, particularly if contributions are underestimated. Additionally, increased healthcare demand from an ageing membership may drive costs beyond inflation and members' affordability limits. The Scheme mitigates this risk through rigorous risk management policies, including tariff negotiations, preauthorisation, case management, benefit limits, and managed care initiatives.

4.1.6 ECONOMIC CONDITIONS

Adverse economic conditions can affect members' ability to afford contributions or result in shifts to lower-cost benefit options that may not adequately meet their healthcare needs. To address this, the Scheme offers flexible benefit designs that cater to both healthcare needs and affordability, supported by provider networks and managed healthcare initiatives.

4.1.7 SERVICE DELIVERY FROM KEY SERVICE PROVIDERS

The Scheme relies on service providers for critical managed care functions. Any failure to meet performance expectations could
negatively impact member experience, benefit accessibility, and health outcomes. To mitigate this, the Scheme maintains stringent service level agreements with key providers, monitors performance through regular reporting, and holds frequent management discussions to address service issues and operational concerns.
Additionally, managed care providers report back to the Clinical Governance and Ex Gratia Committee to ensure accountability and alignment with Scheme objectives.

4.1.8 RISING BURDEN OF DISEASE

The increasing prevalence of chronic non-communicable diseases, including cancer and mental health conditions, presents a growing challenge. Rising disease burden, coupled with escalating healthcare costs, places additional affordability pressures on members. The Scheme proactively addresses this issue through member education, disease management programmes, and initiatives aimed at improving healthcare literacy and outcomes. Long-term risks, such as the lingering effects of COVID-19 and the health impacts of climate change, are closely monitored to ensure an effective response.

The Board of Trustees remains confident that the Scheme has robust controls in place to effectively manage these risks, ensuring its continued ability to serve its members with financial stability and high-quality healthcare benefits.

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 Operational statistics

Refer to note 14 of this report for a comparative analysis of the operational statistics of the Scheme.

5.2 Results of operations

As detailed in the annual financial statements, the Scheme generated a net surplus of R145,660,581 (2024: R75,751,904 net surplus) for the year ended 31 December 2025.

Investment income was R117,7 million (2024: R91,2 million).

The Essential option generated an insurance service result surplus of R97,1 million (2024: R31,9 million surplus).

The Comprehensive option generated an insurance result deficit of R48,5 million (2024: R27,1 million deficit).

The Scheme's solvency ratio at 31 December 2025 was 113,9% (2024: 96,6%), which exceeded the minimum requirement of 25% as laid out by the Medical Schemes Act.

5.3 Accumulated funds ratio

	2025	2024
The accumulated funds ratio is calculated on the following basis:		
Total members' funds per the statement of financial position	856,335,529	710,674,948
Less: Cumulative gain on remeasurement to fair value of investments held at fair value through profit or loss	(252,277,829)	(217,336,813)
Accumulated funds per Regulation 29 of the Act	604,057,700	493,338,135
Gross contributions	530,552,379	510,597,145
Accumulated funds ratio (Accumulated funds / Gross contributions x 100)	113.9%	96.6%
Number of members at year end	8,599	8,982

5.4 Liability for incurred claims

The liability for incurred claims includes estimated cost of healthcare benefits that have been incurred before the end of the accounting period but that have not been reported to the Scheme by that date. This provision is determined as accurately as possible on the basis of a number of factors, which may include previous experience in claims patterns, claims settlement patterns, changes in the nature and number of members according to gender and age, trends in claims frequency, changes in the claims processing cycle, and variations in the nature and average cost incurred per claim.

The provision is net of estimated recoveries from members for co-payments. The liability for incurred claims includes the PMSA utilised (transferred from the liability for remaining coverage). The calculation and movements on the liability for incurred claims is set out in note 7.

6. ACTUARIAL SERVICES

The Scheme's actuaries, Insight Actuaries, are contracted to identify and monitor health related risks, establish claiming patterns and recommend contribution and benefit levels. They also participate in the monthly and annual calculations of the outstanding claims provision.

7. LEGAL MATTER

The Scheme is involved in an ongoing legal matter relating to the participation of one of the participating employer groups, CCBSA. The matter relates to the qualification of CCBSA to remain on the Scheme as a participating employer due to the historical separation of CCBSA from AB-Inbev. The potential departure of CCBSA would leave the Scheme with an older demographic profile which in the long run would have a negative impact on the reserve level of the Scheme.

8. EVENTS AFTER REPORTING DATE

On 28 February 2026, the Scheme issued a formal termination notice to 3SixtyHealth, ending its appointment as administrator and managed care service provider. The termination will take effect on 31 August 2026. Following this decision, the Scheme has initiated a procurement process and is currently in the process of issuing a Request for Information (RFI) and Request for Proposal (RFP) to the market for the provision of administration and managed care services. There has been no other events after reporting date as at 31 December 2025.

9. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the funds will be available, contingent obligations and commitments will occur in the ordinary course of business. The Scheme has prepared the budget forecast which shows adequate funding for the Scheme and will continue to be monitored for any changes in circumstances.

10. RELATED PARTY TRANSACTIONS

Refer to related parties disclosure in Note 18 to the annual financial statements.

11. COMMITMENTS OF THE BOARD OF TRUSTEES

11.1 AUDIT COMMITTEE

The Audit Committee continued to operate in accordance with the provisions of the Act. The audit committee is mandated by the Board of Trustees by means of a written terms of reference as to its membership, authority and duties. The committee consisted of five members at year-end of which two are members of the Board of Trustees. The majority of the members, including the chairman, are not officers of the Scheme or of its third party administrator.

The principal officer, financial manager of the administrator and the external auditors attend all committee meetings and have unrestricted access to the chairman of the 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 its duties relating to the Scheme's accounting policies, internal control systems and financial reporting practices. The external auditors formally report to the committee on critical findings arising from their audit activities.

At year-end the Audit Committee comprised: R Moyo (Chairperson), W Mogase, D Bouwer, K De Lange and K Parthab.

The committee met on four occasions during the course of the year as follows:

- 18 February 2025
- 16 April 2025
- 3 July 2025
- 2 October 2025

11.2 FINANCE AND INVESTMENT COMMITTEE

The Investment Committee (the Committee) is a duly constituted committee of the Board of Trustees and has the responsibility to assist the Board of Trustees (the Board) in carrying out their duties relating to the Scheme's investment policy and strategy.

It is mandated by means of written terms of reference as to its membership, authority and duties.

The Committee acts in terms of the delegated authority of the Board. It has the power to investigate any activity within the scope of its terms of reference from a finance and investment perspective. The Board should however be kept informed at all times as to the activities and investigations being undertaken by the Committee.

The Committee comprise of no fewer than three Board members. The Scheme appointed Old Mutual Wealth as independent investment consultants to assist the Committee. At year-end the Finance and Investment Committee comprised: R Raseroka (Chairperson), N Sampson and D Bouwer.

The Committee met four times during the year and the Principal Officer, Administrator and investment consultant attended all committee meetings.

11.3 OTHER COMMITTEES

The Board of Trustees also have other working committees to assist with the effective management of the Scheme. These are as follows:

- Clinical and Benefits Committee
- Communications Committee
- Ex Gratia Committee
- Operations Committee

12. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT

12.1 Investment in administrators

Nature and impact
In terms of the Medical Schemes Act and specifically Regulation 35(8)(c), a medical scheme shall not invest any of its assets in the business of any administrator. During the year the Scheme had pooled investments with exposure to medical scheme administrators.

Causes of non-compliance
The Scheme's investments in pooled investment vehicles allow investment managers the discretion to invest in a combination of shares and bonds that will best achieve their stipulated benchmark.

Corrective action
The Scheme have exemption from this section of the Act until 31 December 2028.

12.2 Investment in participating employers

Nature and impact
In terms of the Medical Schemes Act and specifically Regulation 35(8)(a), a medical scheme shall not invest in a participating employer. During the year the Scheme had pooled investments with exposure to Anheuser-Busch InBev SA.

Causes of non-compliance
The Scheme's investments in pooled investment vehicles allow investment managers the discretion to invest in a combination of shares and bonds that will best achieve their stipulated benchmark.

Corrective action
The Scheme have exemption from this section of the Act until 31 December 2028.

12.3 Outstanding contributions

Nature and impact
In terms of Section 26(7) of the Act all contributions should be received within 3 days of becoming due. Instances were noted where contributions were received late.

Causes of non-compliance
Contribution reconciliations typically take more than 3 days to be resolved, and instances of non-compliance might occur.

Corrective action
The Scheme has a debt policy in place which deals with late contributions. Ongoing follow-ups are done with affected parties
and where applicable members are suspended.

12.4 Payment of claims within 30 days

Nature and impact
In terms of section 59(2) of the Act a member or provider claim should be settled within 30 days of submission. Instances were noted where settlements took more than 30 days.

Causes of non-compliance
Delays can occur when accounts are referred for clinical audit or other investigations. These are however the exceptions, and claims are generally paid within the prescribed time.

Corrective action
The administrator is aware of the requirements and complies as far as possible. It is however an inherent part of the industry that a limited number of problematic claims may exceed the payment requirement of 30 days.

12.5 Sustainability of benefit options

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. At 31 December 2025 the Comprehensive option incurred a deficit before investment income and other expenditure of R12,728,503 and a surplus of R48,478,546 after investment income and other expenditure.

Causes of non-compliance

In 2025, the average per life per month claims increased at a much faster rate compared to contributions. The most significant increase in claims occurred in the medication category.

Corrective action

The Board of Trustees (BOT) notes that the Comprehensive option has reported an operating deficit in recent years. The financial sustainability of both benefit options remains a core strategic focus and is routinely assessed as part of the Scheme's benefit design and pricing process.

The Scheme maintains a strong solvency position, supported by accumulated reserves that exceed regulatory requirements.

These reserves provide a financial buffer, enabling the Scheme to absorb short- to medium-term deficits without adversely affecting its overall financial soundness or members' benefits.

The performance of the Comprehensive option is subject to continuous financial monitoring, including detailed experience analysis. Targeted corrective actions are being implemented in a phased manner to address claims cost pressures and improve the option's claims ratio over time.

In addition, the Scheme regularly performs long-term solvency and sustainability projections to ensure that reserve levels remain sufficient under a range of scenarios, thereby supporting ongoing financial stability and compliance with regulatory standards.

13. TRUSTEE AND SUB COMMITTEE MEETING ATTENDANCE

The following schedule sets out Board of Trustee meeting attendances and attendances by members of the Board Sub-Committees:

	Board of Trustee Meetings		Audit Committee Meetings		Investment and Finance Committee Meetings	
Number of meetings for the year	**A**	**B**	**A**	**B**	**A**	**B**
Trustee members						
W Mogase (Chairman)*	4	3	4	2	-	-
S Frankel	4	3	-	-	-	-
N Gallant	4	3	-	-	-	-
M Gwanzura	4	3	-	-	-	-
A Jefthas	4	3	-	-	-	-
B Madela	4	3	-	-	-	-
R Raseroka	4	3	-	-	4	4
N Sampson	4	3	-	-	4	3
D Bouwer	4	3	4	4	4	3
L Troskie	4	3	-	-	-	-
A Moatshe #	3	3	-	-	-	-
Non-Trustee members						
R Moyo	-	-	4	4	-	-
K Parthab	-	-	4	4	-	-
K De lange	-		4	3	-	-
N Sibiya (Principal officer)	4	3	4	4	4	4

* - served on audit committee as a trustee member

A - total possible number of meetings could have attended

B - actual number of meetings attended

- resigned/apppointed during the year

14. OPERATIONAL STATISTICS PER BENEFIT OPTION

	2025		
	Essential	Comprehensive	Total Scheme
Number of members at the end of the accounting period	5,092	3,507	8,599
Average number of members for the accounting period	5,305	3,577	8,882
Number of beneficiaries at the end of the accounting period	10,178	7,443	17,621
Average number of beneficiaries for the accounting period	10,542	7,616	18,158
Beneficiaries per member at 31 December	2.00	2.12	2.05
Average age of beneficiaries for the accounting period	28.40	39.18	32.89
Pensioner ratio (beneficiaries > 65 years)	1.81%	17.23%	8.23%
Insurance Revenue (IR) pabpm	R 1,599	R 3,234	R 2,285
Insurance service expense (ISE) pabpm	R 1,520	R 3,375	R 2,298
Relevant healthcare expenditure incurred pabpm	R 1,406	R 3,267	R 2,187
Directly attributable insurance service expenses (DAE) pabpm	R 114	R 106	R 111
Insurance Service expense (ISE) ratio	95.08%	104.34%	100.58%
Relevant healthcare expenditure ratio	87.94%	101.02%	95.71%
Directly attributable insurance service expenses (DAE) ratio	7.11%	3.28%	4.84%
Accumulated funds per member at 31 December*			R 99,585
Return on investments			23.00%

	2024		
	Essential	Comprehensive	Total Scheme
Number of members at the end of the accounting period	5,302	3,680	8,982
Average number of members for the accounting period	5,286	3,752	9,038
Number of beneficiaries at the end of the accounting period	10,479	7,878	18,357
Average number of beneficiaries for the accounting period	10,494	8,066	18,560
Beneficiaries per member at 31 December	1.98	2.14	2.04
Average age of beneficiaries for the accounting period	27.20	37.05	31.43
Pensioner ratio (beneficiaries > 65 years)	1.33%	14.52%	6.99%
Insurance Revenue (IR) pabpm	R 1,490	R 3,004	R 2,148
Insurance service expense (ISE) pabpm	R 1,233	R 3,287	R 2,126
Relevant healthcare expenditure incurred pabpm	R 1,129	R 3,184	R 2,022
Directly attributable insurance service expenses (DAE) pabpm	R 108	R 100	R 104
Insurance Service expense (ISE) ratio	82.76%	109.44%	98.97%
Relevant healthcare expenditure ratio	75.78%	106.00%	94.15%
Directly attributable insurance service expenses (DAE) ratio	7.24%	3.31%	4.85%
Accumulated funds per member at 31 December*			R 79,122
Return on investments			12.40%

*Accumulated funds per member is only measured on a scheme level and not per option.

TRUSTEES' REPORT

14.1 Operational statistic for the Scheme

	2025 R	2024 R
Breakdown of total amount paid to Administrator:		
Administration fees (refer note 10.5)	24,088,673	23,208,322
Managed care services (refer note 10.4)	14,533,689	14,745,816
Total	**38,622,362**	**37,954,138**

15. FIDELITY COVER

The Scheme was covered under a professional indemnity and fidelity guarantee insurance policy throughout the year under review. The cover amounting to R20 million (2024: R20 million).

16. APPRECIATION

The Scheme would like to express its sincere gratitude to its members, service providers, staff and all other stakeholders for their loyalty and continued support.

The annual financial statements set out on pages 25 to 81 which have been prepared on the going concern basis were approved by the board of trustees on 22 May 2026 and were signed on its behalf by:

W. Mogase
Chairman of the Board of Trustees

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

TRUSTEES' RESPONSIBILITY AND APPROVAL

The trustees are required by the Medical Schemes Act (131 of 1998 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. These annual financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB®) and it is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the scheme, and explain the transactions and financial position of the business of the scheme at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the scheme and supported by reasonable and prudent judgements and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the scheme and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the scheme and all employees are required to maintain the highest ethical standards in ensuring the scheme's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the scheme is on identifying, assessing, managing and monitoring all known forms of risk across the scheme. While operating risk cannot be fully eliminated, the scheme endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements.

Based on forecasts and available cash resources the trustees have no reason to believe that the scheme will not be a going concern in the foreseeable future. The annual financial statements support the viability of the scheme.

The financial statements have been audited by the independent auditing firm, Middel & Partners, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the beneficiary, the trustees and committees of the trustees. The trustees believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 19 to 24.

The financial statements set out on pages 25 to 81 which have been prepared on the going concern basis, were approved by the trustees and were signed on22 May 2026 on their behalf by:

W Mogase (Chairperson)

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

STATEMENT OF CORPORATE GOVERNANCE

South African Breweries Medical Aid Scheme (the Scheme) is committed to the principles and practice of responsibility accountability, fairness and transparency in its dealings with all stakeholders and applies good governance principles.

The Scheme is committed to ensuring compliance within recognised frameworks and conducting its affairs based on ethical values, by the adoption of risk assessment, evaluation and management processes and regular monitoring of third party administrators and providers in accordance with contractual service level agreements. This includes evaluating the performance of the Board and the Board committees against agreed terms of reference and performance targets, the establishment and management of internal controls by assessing the adequacy and effectiveness through the reports of the internal auditor and calling on expert and professional advice when required.

Board of Trustees

The Board of Trustees and its Committees meet regularly and monitor the performance of the Administrator and other service providers. They address a range of key issues and ensure discussion on items of policy, strategy and performance are informed and constructive.

All Trustees have access to the advice and services of the Principal Officer and, where appropriate, the Board may seek independent professional advice at the cost of the Scheme.

To ensure compliance with corporate governance requirements, the Board of Trustees, subcommittees, and management have access to governance experts when necessary. This approach is considered sufficient to effectively oversee the affairs of the Scheme.

1. Ethics

The medical schemes industry faces significant challenges, including fraudulent claims and abuse of member benefits by certain healthcare

professionals and, in some cases, members. Such unethical practices compromise the financial sustainability of the industry and negatively impact all members. To counter these risks, the Scheme has implemented rigorous fraud prevention policies and detection mechanisms.

The Scheme adopts a zero-tolerance stance on fraud, waste, and abuse.

Preventive measures include:

- Raising awareness about fraud and unethical practices.
- Implementing stringent abuse prevention tactics; and
- Utilizing data analytics to detect irregular billing and claiming patterns.

All investigations into suspected fraudulent activities are conducted confidentially, and the identities of whistleblowers are protected.

2. Corporate citizenship

In accordance with the King IV Code, the Scheme recognizes its role as a responsible corporate citizen, acknowledging that it operates as an integral part of broader society. The Scheme and its Trustees are committed to ethical decision-making, ensuring responsible and sustainable operations.

2.1 Stakeholder engagement

The Scheme prioritizes meaningful engagement with stakeholders through:

- Regular communication with key stakeholder groups.
- Ensuring representation of major stakeholder groups on the Board of Trustees.
- Efficient resolution of stakeholder queries; and
- Prompt attention to and escalation of complaints where necessary.

2.2 Responsible business practices

The Scheme is dedicated to maintaining responsible business practices that safeguard its sustainability by:

- Employing skilled and adequately trained staff.
- Upholding high ethical standards, honesty, and integrity; and
- Evaluating the impact of decisions on all relevant stakeholders.

The Scheme enforces strict quality control measures, conducts performance evaluations, and monitors stakeholder feedback to continuously improve its operations.

Internal Control

The Administrators of the Scheme maintain internal controls and systems designed to provide reasonable assurance of the integrity and reliability of the financial statements and to safeguard, verify and 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.

Chairman	Trustee	Principal Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of The South African Breweries Medical Aid Scheme.

Report on the Financial Statements

Unqualified Opinion

We have audited the financial statements of The South Africa Breweries Medical Aid Scheme ("The Scheme") set out on pages 23 to 75, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in members' funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of South African Breweries Medical Aid 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 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 Auditors 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 corresponding sections of the International Ethics Standards Board for Accountant's International 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.

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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Insurance contract liability / Outstanding claim provision:

The Liability for incurred claims (LIC) provision consisting of:

- Best estimate liability of claims incurred but not reported R34 000 000 (2024: R25 500 000)
- Risk adjustment R703 723 (2024: R1 757 802)
- Reported claims not yet paid R12 102 958 (2024: R3 219 849) forms part of the insurance contract liability.

The insurance contract liability is described in note 5 to the financial statements. The LIC includes the estimated 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 (disclosed as the "Outstanding claims provision" in prior years"), as well as insurance accounts payable and the personal medical savings liability.

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.

The rules of the Scheme provide that

Audit Response

Our audit procedures for the Liability of incurred claims (LIC) provision included the following:

We obtained an understanding of the inherent risk factors in relation to the LIC provision estimate;

We assessed the appropriateness and timely recognition of the related LIC provision against the requirements of IFRS 17 - Insurance contracts;

We have gained a detailed understanding of the end to-end claims and LIC estimation process and obtained an understanding of the relevant controls.

We obtained the report of the Scheme's independent actuary of the LIC provision at year end and the restated prior year amounts, and tested the appropriateness of the estimate performed as follows:

- 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

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.

At year-end, the cost of outstanding incurred claims is estimated by the Scheme's actuaries, using the Bornhuetter-Ferguson method (BFM) 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 a different assumed risk adjustment factor. A LIC provision between the 50th and 60th percentile of the simulated LIC estimates has been selected by the Scheme.

We considered the Liability for incurred claims (Note 5) as a matter of most significance to the current year audit of the financial statements due to the following:

- The materiality of this liability;
- The degree of estimation uncertainty and complexity of the fulfilment cash flows;
- Significant judgment in selecting the related risk adjustment for non-financial risk factors.

Validity and accuracy of claims

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.

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.

Risk claims incurred was considered a key audit matter due to the significant risk related to the processing of valid claims during the year.

adjustment factors;
- Obtained an understanding of the data utilised in the calculation of the estimate;
- Assessed the estimate for indicators of possible management bias.

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:

- 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.

We evaluated the presentation of the disclosure relating to the LIC provision in the current year, as well as the retrospective restatement of the prior years, against the requirements of International Financial Reporting Standards and relevant industry guidance

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.

Other Information

The Scheme's Trustees are responsible for the other information. The other information comprises the information included in the documents titled Report of the Board of Trustees, Statement of Responsibility by the Board of Trustees, and the Statement of Corporate Governance by the Board of 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 are responsible for the preparation and fair presentation of the financial statements, in accordance with International Financial Reporting Standards 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 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 on the basis of 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.

- 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's 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 a 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:
   A medical scheme shall not invest any of its assets in the business of any administrator. During the year the Scheme had pooled investments with exposure to medical scheme 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 have exemption from this section of the Act until 31 December 2028.

2. Non-compliance with Regulation 35(8)(a) of the Medical Schemes Act 131 of 1998, as amended, of South Africa:
   In terms of the Medical Schemes Act and specifically Regulation 35(8)(c), a medical scheme shall not invest in a participating employer. During the year the Scheme had pooled investments with exposure to Anheuser-Busch InBev SA.
   The Scheme's investments in pooled investment vehicles allow investment managers the discretion to invest in a combination of shares and bonds that will best achieve their stipulated benchmark. The Scheme have exemption from this section of the Act until 31 December 2028.

3. 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.
   There are trade receivables consisting of members at year end which had not paid contributions. This may pose a financial risk to the Scheme due to non-payment as well as a loss of interest on these amounts to the Scheme. The Scheme has a debt policy in place which deals with late contributions. On-going follow up are done with affected parties and where applicable members are suspended.

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 services, any benefit owing to that member or supplier of services 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.

5. 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. At 31 December 2025 the Comprehensive option incurred a deficit before investment income of R12 758 503 and a surplus of R48 697 345 after investment income. This was due to the average life per month claims increasing at a much faster rate compared to contributions.

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 South African Breweries Medical Aid Scheme for 3 years. The engagement partner, Jacques Jean Marais, has been responsible for 3 years.

Middel & Partners
Per: Jacques Jean Marais
Chartered Accountant (SA)
Registered Auditor
22 May 2026
Pretoria

03

SAB MEDICAL AID FINANCIAL HIGHLIGHTS

STATEMENT OF FINANCIAL POSITION

Figures in R	Notes	2025	2024
ASSETS			
Non-current assets			
Financial assets held at fair value through profit and loss	3	501,181,710	378,685,882
Current assets			
Financial assets held at fair value through profit and loss	3	350,639,531	314,730,282
Other receivables	4	3,021,705	3,365,171
Cash and cash equivalents	5	128,768,021	113,582,033
Total current assets		**482,429,257**	**431,677,486**
Total assets		**983,610,967**	**810,363,368**
LIABILITIES			
Non-current liabilities			
Insurance contract liability to future members	6	856,335,529	710,674,948
Current liabilities			
Insurance contract liability	7	122,622,864	98,592,590
Trade and other payables	8	4,652,574	1,095,830
Total current liabilities		**127,275,438**	**99,688,420**
Total liabilities		**983,610,967**	**810,363,368**

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

Figures in R	Notes	2025	2024
Insurance revenue	9	497,802,977	478,374,522
Insurance service expense	10	**(500,692,394)**	**(473,465,757)**
Risk claims incurred	10.1	(462,729,115)	(434,352,368)
Net impairment losses on healthcare receivables	10.2	(402,941)	(2,881,540)
Accredited managed healthcare services (no risk transfer)	10.3	(14,533,689)	(14,745,816)
Claims recoveries:	10.4	1,062,024	1,722,289
Attributable expenses incurred	10.5	(24,088,673)	(23,208,322)
Net expenses from risk transfer arrangement/ reinsurance	11	**159,860**	**(116,192)**
An allocation of premiums paid	11	(2,361,158)	(2,275,420)
Amounts recovered from risk transfer arrangement/ reinsurance	11	2,521,018	2,159,228
Insurance service result		**(2,729,557)**	**4,792,573**
Other income		**171,689,581**	**91,180,815**
Investment income	12	171,689,581	91,180,815
Other income		-	-
Other expenditure		**(23,299,443)**	**(20,221,484)**
Administration fees and other operative expenses	13	(13,299,413)	(11,430,022)
Asset management fees	14	(6,259,294)	(4,303,397)
Interest paid on member savings accounts	15	(3,740,736)	(4,488,065)
Profit before amounts attributable to future members	6	**145,660,581**	**75,751,904**
Amounts attributable to future members	6	(145,660,581)	(75,751,904)
Profit/(Loss) for the year		-	-

STATEMENT OF CASH FLOWS

Figures in R	Notes	2025	2024
Cash flows from operating activities			
Cash receipts from members and providers		**528,514,994**	**510,061,494**
Cash receipts from members - contributions	7	528,917,935	511,167,499
Cash Receipts from member and providers - other		(402,941)	(1,106,005)
Cash paid to members and providers		**(517,966,589)**	**(522,929,640)**
Cash paid to members and providers - claims	7	(509,338,327)	(511,653,772)
Claims recoveries		1,062,024	-
Cash paid to providers - non-healthcare expenditure		(9,690,286)	(11,275,868)
Net cash (utilised in)/generated from operating activities		**10,548,405**	**(12,868,146)**
Cash flows from investing activities			
Additions to investments	3	(75,538,165)	(74,920,636)
Proceeds from disposal of investments	3	46,259,294	33,428,589
Dividends received	12	7,608,395	4,189,288
Interest received		32,567,353	17,598,744
Asset management fees	14	(6,259,294)	(4,303,397)
Net cash generated through/(utilised in) investing activities		**4,637,583**	**(24,007,412)**
Net increase/(decrease) in cash and cash equivalents		**15,185,988**	**(36,875,558)**
Cash and cash equivalents at beginning of the year		**113,582,033**	**150,457,592**
Cash and cash equivalents at end of the year		**128,768,021**	**113,582,033**

ACCOUNTING POLICIES

1. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS®) as issued by the International Accounting Standards Board (IASB®) and the requirements of the Medical Schemes Act 131 of 1998 of South Africa (the Act).

Basis of operation

The annual financial statements provide information regarding the financial position, results of operations and changes in financial position of the Scheme. These have been prepared under the historical cost convention, except for fair value through profit or loss investments, which are measured at fair value.

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.

All monetary information and figures presented in the annual financial statements are rounded to the nearest South African Rand, which is the Scheme's functional currency, unless otherwise indicated.

For accounting purposes, medical schemes meet the definition of a mutual entity in IFRS 3. As a result the Scheme recognises the future fulfilment cash flows in respect of current and future members as a liability, limited to the current available funds. It is expected that the remaining assets and accumulated funds of the Scheme will be used to pay current and future policyholders.

A liability for future members is recognised due to the Scheme's obligation to:
- provide coverage to that member;
- pay incurred claims of that member; or
- provide coverage to future members.

The liability has been determined on the basis that future administration expenses will be paid out of future contributions.

1.1 Financial instruments

Financial instruments are recognised when and only when, the Scheme becomes a party to the contractual provisions of the particular instrument.

The Scheme de-recognises a financial asset when and only when:
• The contractual rights to the cash flows arising from the financial asset have expired or been forfeited by the Scheme; or
• It transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset, but no longer retains control of the asset.

A financial liability is de-recognised when and only when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date.

Measurement and recognition

Financial instruments are initially measured at fair value plus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to acquisition or issue of the financial asset or liability. Subsequent to initial recognition, these instruments are measured as set out below.

Derecognition of financial assets

If the Scheme retains substantially all the risks and rewards of ownership of a transferred financial asset, the asset continues to be recognised in its entirety and the consideration received is recognised as a financial liability. In subsequent periods, income arising from the transferred asset and expenses incurred on the associated financial liability are recognised in profit or loss.

Where the Scheme neither transfers nor retains substantially all the risks and rewards of ownership, it assesses whether it has retained control of the financial asset. Control is retained if the transferee does not have the practical ability to sell the asset in its entirety to an unrelated third party without imposing additional restrictions.

If control is not retained, the Scheme derecognises the financial asset and recognises separately any rights and obligations created or retained in the transfer.

If control is retained, the Scheme continues to recognise the financial asset to the extent of its continuing involvement.

Business model assessment

The Scheme makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, in particular, whether management focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Scheme's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Scheme's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets held at fair value through profit or loss

A group of financial assets is designated as at fair value through profit or loss if it is managed and its performance is evaluated on a fair value basis, in accordance with the Scheme's documented risk management strategy, and information about the group of assets is provided internally on that basis to the Scheme's key management personnel.

Financial assets at fair value through profit or loss are initially recognised at fair value and the transaction costs are expensed in the profit or loss section of the Statement of Comprehensive Income.

The fair value of the financial instruments traded in an active market is determined by using quoted market prices or dealer quotes. The fair value of financial instruments not traded in an active market is determined by using valuation techniques that maximise the use of observable market data and rely as little as possible on entity specific estimates.

Gains or losses arising from subsequent changes in fair value are recognised within investment income under Other Income in the Statement of Comprehensive Income within the period in which they arise.

IFRS 12 Unconsolidated investment structures

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 do not include the use of leverage. The funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives.

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).

Trade and other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those the Scheme intends to sell in the short term.

Receivables are initially recognised at fair value plus transaction costs. The Scheme holds its Insurance Receivables and Loans and Receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less expected credit losses.

Trade and other receivables comprise Insurance Receivables, arising from the scheme's insurance contracts with its members and Loans and Receivables.

Cash and cash equivalents

Cash and cash equivalents comprise current bank accounts, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Cash and cash equivalents exclude funds held by investment managers as part of a collective investment Scheme.

Financial liabilities

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Offset

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously or to settle on a net basis, all related financial effects are offset.

1.2 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.3 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. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money. The discount rate used is a rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability. Future operating losses are not provided for.

1.4 Outstanding risk claims provision

Risk claims outstanding comprise provisions for the Scheme's estimate of the ultimate cost of settling claims incurred but not yet reported at the reporting date. Claims outstanding are determined as accurately as possible but depend on a number of factors, which include previous experience in claims patterns, claims settlement patterns, changes in

nature and number of members according to gender and age, trends in claims frequency, changes in the claims processing cycle, and variations in the nature and average cost incurred per claim.

Estimated co-payments and payments from personal medical savings accounts are deducted in calculating the outstanding risk claims provision. The Scheme does not discount its provision for outstanding risk claims, since the effect of the time value of money is not considered significant due to the short-term nature of the contracts.

1.5 Insurance contracts

Contracts under which the Scheme accepts significant insurance risk from another party (the member) by agreeing to compensate the member or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the member or other beneficiary, are classified as insurance contracts. The contracts issued compensate the Scheme's members for healthcare expenses incurred.

Liabilities under liability adequacy test The liabilities for insurance contracts are tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying amount of the insurance liabilities. Where a shortfall is identified, an additional provision is made and recognised in profit or loss.

1.6 Personal Medical Savings Account monies managed by the Scheme

Personal Medical Savings Accounts represent 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. The deposit component has been unbundled since the Scheme can measure the deposit component separately and the Scheme's accounting policies do not otherwise require recognition of all obligations and rights arising from the deposit component. The savings accounts contain a demand feature and are initially measured at fair value plus transaction costs, which is the amount payable to a member on demand, discounted from the first date that the amount could be required to be paid. Subsequent to initial measurement, the liability is measured at amortised cost using the effective interest rate method.

Unspent savings 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.

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

1.7 Risk contribution income

Gross contributions comprise risk contributions and Personal Medical Savings Account contributions. Contributions on member insurance contracts are accounted for monthly when their collection in terms of the insurance contract is reasonably assured.

Risk contributions represent gross contributions after the deduction of Personal Medical Savings Account contributions. Risk contributions are earned from the date of attachment of risk, over the indemnity period on a straight-line basis. The earned portion of risk contributions received is recognised as revenue.

1.8 Relevant healthcare expenditure

Relevant healthcare expenditure consists of risk claims incurred, managed care services and net income or expense from risk transfer arrangements, net of third party claims recoveries.

Risk claims incurred

Risk claims incurred comprise the total estimated cost of all claims arising from healthcare events that have occurred in the year and for which the Scheme is responsible in terms of its registered rules, whether or not reported by the end of the year. Risk claims incurred represent claims incurred net of discounts received, recoveries from members for co-payments and personal medical savings accounts. Net risk claims incurred represent risk claims incurred after taking into account recoveries from third parties.

Managed care services

These expenses represent internal expenditure and the amounts paid or payable to accredited managed care organisations contracted by the Scheme for managing the utilisation of costs and quality of healthcare services to the Scheme and its members. These fees are expensed as incurred.

Risk transfer arrangements

Risk transfer arrangements are contracts entered into by the Scheme that relate to insurance risk mitigation. Where such contracts give rise to a transfer of significant insurance risk, they are accounted for as reinsurance contracts. These contracts do not relieve the Scheme of its direct obligation under insurance contracts written. Risk transfer premiums are recognised as an expense over the indemnity period on a straight-line basis.

If applicable, a portion of risk transfer premiums is treated as prepayments. Risk transfer premiums and recovery of claims are presented in the statement of comprehensive income and statement of financial position on a gross basis.

Claims recoveries relating to risk transfer arrangements are equal to the cost the Scheme would have incurred had it not entered into the agreement to deliver the specified benefits to its members.

1.9 Investment income

Investment income comprises dividends and interest received and accrued on financial assets at fair value through profit or loss and interest on cash and cash equivalents.
Interest income is recognised using the effective interest method, taking into account the principal amount outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Scheme.

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

Income from collective investment schemes is recognised when received.

1.10 Impairment of insurance receivables

The Scheme assesses at each reporting date whether there is objective evidence that an insurance receivable is impaired. An insurance receivable, or group of insurance receivables is impaired, and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the insurance receivable (a “loss event”) and that loss event (or events) has an adverse impact on the estimated future cash flows of the insurance receivable that can be reliably estimated.

Objective evidence that an insurance receivable or group of insurance receivables is impaired includes observable data 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, and if these remain unpaid for extended periods.
* Default or delinquency in payments due by service providers and other debtors.
* Adverse changes in the payment status of members of the Scheme
* National or local economic conditions that correlate with non-payment of debtor contributions.

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

If there is objective evidence that an impairment loss on an insurance receivable has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows. The carrying amount of the receivable is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income.

When a receivable is uncollectable, it is written off against the related provision for impairment. Such receivables are written off after all the necessary collection procedures have been completed and the amount of the loss has been determined. Where a provision for impairment has not been raised, the receivable is written off directly to the Statement of Comprehensive Income. Subsequent recoveries of amounts previously written off decrease the amount of the provision for impairment in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the
allowance account. The amount of the reversal is recognised in the Statement of Comprehensive Income.

Impairment of non-insurance receivables

The Scheme applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for other receivables. To measure the expected credit losses, other receivables are grouped based on shared credit risk characteristics and days past due. Note 17 of the financial statements sets out information about impairment of other receivables.

1.11 Other income

Unclaimed benefits

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

1.12 Allocation of income and expenditure to benefit options

The following items are directly allocated to benefit options:
- risk contribution income;
- risk claims incurred;
- net income/(expense) on risk transfer arrangements fees;
- managed care services;
- administration fees paid to the administrator; and
- interest paid in terms of the rules of the Scheme on personal medical savings monies.

The following items are apportioned based on the number of members on each option:
- other administration expenses;
- sundry income; and
- net impairment losses on healthcare receivables.

The following items are apportioned based on risk contribution income:
- investment income; and
- asset management fees.

1.13 IFRS 17 - Insurance contracts

The Scheme applies IFRS 17 Insurance Contracts to insurance contracts issued or acquired and reinsurance contracts issued or held. Under these contracts, The Scheme accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary, which are classified as insurance contracts. The Scheme was previously applying IFRS 4 to itsinsurance contracts, the accounting policies illustrated below have been adopted in accordance with IFRS 17 transitional provisions.

Current period impact

Definition, classification and separation of components

Insurance contracts are contracts under which the Scheme accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. 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 applies judgment in assessing whether a contract transfers significant insurance risk.

SABMAS is a registered Medical Aid Scheme in South Africa that issues contracts which stipulate that SABMAS will compensate the policyholder should the policyholder claim

due to a specified uncertain event occurring. This compensation is in the form of settling claims on medical expenses.

The Scheme offers 2 options to its members. Insurance risk is significant if, and only if, an insured event could cause the issuer to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance (i.e., no discernible effect on the economics of the transaction). The Scheme accepts significant insurance risk from the member by agreeing to compensate the member should a specified uncertain event adversely affect the member, for example, providing hospitalization services should a member become ill. These services provided far exceed the premiums paid by the member. Therefore, the Scheme is accepting significant insurance risk.

To be eligible for the Premium Allocation Approach (PAA) under IFRS 17, the following conditions must be met:

- The coverage period for the group of insurance contracts is one year or less; or
- The PAA would result in a "reasonable approximation" to the General Measurement Model (GMM).

Level of aggregation (Unit of account)

For insurance contracts issued each benefit option exposes SABMAS to morbidity risk relating to it's members. All insurance contracts within each option represent a portfolio of contracts, therefore all options form one portfolio. Each option is managed similarly in that on an annual basis, each option is reviewed and priced separately during the benefit design phase.

Each option is managed the same irrespective of a savings account being included in the option or not. Each option is exposed to the risk that members will seek healthcare services. These healthcare services span across a wide range, e.g., hospitalisation, dentistry, optometry etc for various diseases. Although the maximum amount that may be claimed differs between the benefit options, the underlying insurance risk is the same. The portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. These groups are not subsequently reconsidered.

The annual cohorts are determined with reference to the benefit year. The profitability of groups of insurance contracts issued is assessed by actuarial valuation models that take into consideration existing and new business written. Contracts that are onerous at

initial recognition are grouped separately from contracts that at initial recognition have no significant possibility of becoming onerous subsequently. The board has determined that the Scheme as a whole is not onerous.

Recognition and Derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:
- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Scheme determines that a group of contracts becomes onerous.

The Scheme recognises groups of insurance contracts it issues from the earliest of the beginning of the coverage period of the group of contracts, the date when the first payment from a member in the group is due or when the first payment is received if there is no due date, or for a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Scheme recognises reinsurance contracts held from the earliest of the following:
- the beginning of the coverage period of the group of reinsurance contracts held; and
- the date the entity recognises an onerous group of underlying insurance contracts

Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups. “The Scheme will derecognise a contract when the rights and obligations relating to the contract are extinguished, i.e., expired, discharged, or cancelled. If a contract modification results in derecognition, a new contract is recognised on the modified terms. “

Measurement

a) Contract boundary

The Scheme uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period. The Scheme includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Scheme can compel the member to pay the premiums, or in which the Scheme has a substantive obligation to provide the member with insurance contract services.

A substantive obligation to provide insurance contract services ends when:

- The Scheme has the practical ability to reassess the risks of the member and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
  a) The Scheme has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
  b) The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria. Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some operating expenses, are recognised in other operating expenses as incurred.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Scheme that exist during the reporting period in which the Scheme is compelled to pay amounts to the reinsurer or in which the Scheme has a substantive right to receive services from the reinsurer.

The Scheme has determined the contract boundary for insurance contracts issued to be 12 months with reference to its substantive obligations, and 12 months or less in respect of reinsurance contracts held, with reference to its substantive obligations.

b) Initial and subsequent measurement

The Scheme determined that the coverage period for each of the insurance contracts it issues is 12 months or less. The Scheme applies the Premium Allocation Approach (PAA), measurement of these contracts under the PAA qualifies by virtue of these contracts having the coverage period of one year or less.

For insurance contracts issued, on initial recognition, the Scheme measures the Liability for Remaining Coverage (LRC) at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset. For reinsurance contracts held, on initial recognition, the Scheme measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of the LRC; and the LIC, comprising the fulfilment cash flows related to past service allocated to the group at the reporting date. The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of the remaining coverage; and the incurred claims, comprising the fulfilment cash

flows related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is increased for premiums received in the period; decreased for insurance acquisition cash flows paid in the period; decreased for the amounts of expected premiums received recognised as insurance revenue for the services provided in the period; and increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is increased for ceding premiums paid in the period; and decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Scheme does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

If a group of contracts becomes onerous, the Scheme increases the carrying amount of the LRC to the amounts of the fulfilment cash flows determined under the General Measurement Model (GMM) with the amount of such an increase recognised in insurance service expenses. Subsequently, the Scheme amortises the amount of the loss component within the LRC by decreasing insurance service expenses. The loss component amortisation is based on the passage of time over the remaining coverage period of contracts within an onerous group. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Scheme remeasures the fulfilment cash flows by applying the GMM and reflects changes in the fulfilment cash flows by adjusting the loss component as required until the loss component is reduced to zero.

c) Fulfilment cash flows within contract boundary

The fulfilment cash flows are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Scheme expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. The Scheme estimates fulfilment cash flows at the portfolio level and then allocates such estimates to groups of contracts.

The Scheme assessed the following future cash flows to arise:
- Premiums (cash inflow)
- Policy administration and maintenance costs (cash outflow)

- Payments from incurred claims (cash outflow)
- Directly attributable costs (cash outflow)
- Recoveries from the Road Accident Fund (RAF) (cash inflow)
- Premiums allocated to Personal Medical Savings Account (PMSA) (cash inflow)

The cash flows will be further split into the following for determining the Liability for Incurred Claims ('LIC') and Liability for Remaining Coverage('LRC'):
- Incurred claims (reported and unreported)
- Claims handling costs
- Premiums
- Attributable expenses
- Expected claims pay-outs

The estimates of future cash flows are based on a probability weighted mean of the full range of possible outcomes; are determined from the perspective of the Scheme, provided the estimates are consistent with observable market prices for market variables; and reflect conditions existing at the measurement date. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. As the contracts are measured under the PAA, the explicit risk adjustment for non-financial risk (except for those contracts that are onerous) is only estimated for the measurement of the LIC.

The following method/ technique of estimation for the identified cash flows in computing LIC are expected (based on an analysis of historical payment patterns):
- A combination of apriori/ FNOL (first notification of loss) estimates as well as case estimates (based on claims assessors' feedback) depending on the stage at which each claim is.
- Based on traditional actuarial triangulation methods as well as management input on the expectations of claims experience.

In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Scheme uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

d) Insurance acquisition costs
The Scheme includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

- costs directly attributable to individual contracts and groups of contracts; and
- costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

For insurance contracts issued, insurance acquisition cash flows are expensed in profit and loss.

e) Risk adjustment for non-financial risk
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 nonfinancial risk as the Scheme fulfils insurance contracts. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Scheme to the reinsurer.

Refer to the Significant judgements and estimates in applying IFRS 17 note on the Risk adjustment for non-financial risk methodology.

Amounts recognised on comprehensive income
Insurance revenue

As the Scheme provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue.

The amount of insurance revenue recognised in the reporting period depicts the expected consideration to be received over the coverage period of the contracts.

Insurance revenue comprises of the amounts relating to the changes in LRC; and Insurance acquisition cash flows recovery, determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

Insurance service expenses

Insurance service expenses include other incurred directly attributable insurance service expenses; insurance acquisition cash flows; changes that relate to past service (i.e. changes in the fulfilment cash flows relating to the LIC); and changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components). The Scheme does not issue insurance contracts or hold reinsurance contracts that include investment components.

Other expenses not meeting the above categories are included in other expenses in the statement of comprehensive income.

Net income (expenses) from reinsurance contracts held

The Scheme presents financial performance of groups of reinsurance contracts held on a net basis in net income/(expenses) from reinsurance contracts held, comprising of the reinsurance expenses; incurred claims recovery; other incurred directly attributable insurance service expenses; effect of changes in risk of reinsurer non-performance; changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Scheme expects to pay in exchange for those services. The Scheme recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effect of financial risk and changes in financial risk, the Scheme does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less. Insurance finance income or expenses is impacted by interest accreted on the LIC; and the effect of changes in interest rates and other financial assumptions.

The Scheme does not disaggregate risk adjustment movement into insurance service results and finance results for all contracts for operational simplicity.

Significant judgements and estimates

Significant judgements and estimates in applying IFRS 17

Areas of judgement	Applicable to the Scheme
Definition and classification	
a) Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk.	Applicable to the Scheme in classification of contracts and assessing whether significant insurance risk transfers. Refer to Note 1.1.
b) Whether contracts within the scope of IFRS 17 meet the definition of insurance contracts with direct participation features.	The Scheme does not issue insurance contracts with investment components. In assessing this, the Scheme considered all terms and conditions within contracts identified to be in the scope of IFRS 17.
(c) For insurance contracts with a coverage period of more than one year and for which the entity applies the PAA, the eligibility assessment as required by IFRS 17(53)(a),(54),(69)(a),(70) and may involve significant judgement.	All insurance contracts issued or measured by the Scheme under the PAA have a coverage period of one year or less. Thus, no assessment for insurance contracts under the PAA is required.
Level of aggregation (Unit of account)	
a) Combination of insurance contracts - whether the contracts with the same or related counterparty achieve or are designed to achieve an overall commercial effect and require combination.	No judgement is applicable to the Scheme.
b) Separation - whether components in IFRS 17(11)-(12) are distinct (i.e. meet the separation criteria).	No judgement is applicable to the Scheme. The contracts do not contain distinct components.
c) Separation of contracts with multiple insurance coverage - whether there are facts and circumstances where the legal form of an insurance contract does not reflect the substance and separation is required.	No judgement is applicable to the Scheme.

Areas of judgement	Applicable to the Scheme
d) Judgements involved in the identification of portfolios of contracts as required by IFRS 17(14) (i.e. having similar risks and being managed together).	The Scheme provides medical aid insurance, all contracts within each product line (Scheme) exposes the Scheme to the same risks and Schemes are managed together.
e) For insurance contracts issued or measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate any changes in the onerous group's profitability and whether any loss component remeasurement is required.	This area of judgement is applicable to the Scheme.
f) The determination of whether laws or regulations constrain the Scheme's practical ability to set a different price or level of benefits for policyholders with different risk profiles so the Scheme may include such contracts in the same group, disregarding the aggregation requirements set in IFRS 17(14)-(19), is an area of judgement.	"In making the pricing recommendations, the consulting actuaries are referring to the guidance in the Actuarial Society of South Africa's Advisory Practice Note APN303: Advice to South African Medical Scheme on Adequacy of Contributions. The guidance in APN203 follows the general guidance in the annual circular (e.g., Circular 44 of 2022: Guidance on benefit changes and contribution increases for 2023) issued by the Council for Medical Schemes (CMS) that includes specific considerations with regards to establishing the contributions (i.e. pricing). From this annual circular it is clear that the focus are on financial indicators such as headline inflation and consumer price inflation, as well as utilisation increases (with no specific reference to the underlying reason for such change, i.e. it is not broken down into the various sub-risk categories) and the single exist price (SEP) for medicines that are applicable across benefit options. The overall focus is on maintaining solvency of the Scheme as a whole, rather than pricing for specific individual health risks per benefit option. Medical Schemes in South Africa are legally required to provide certain prescribed minimum benefits, regardless of the risk profile of its members and are limited in how these benefits are incorporated into the pricing of the benefits.

Areas of judgement	Applicable to the Scheme
	In addition, no person may be prohibited from becoming a member of a medical scheme based on the underwriting risk associated with the prospective member. At most a scheme may apply late joiner penalties and/or waiting periods. Medical schemes are further prohibited from discriminating based on age. Given these legal / regulatory restrictions, there is a possibility that onerous contracts may be caused by these limitations."
Recognition and derecognition	
a) When contracts are modified, judgement might be applied to establish if the modification meets the criteria for derecognition.	No judgement is applicable to the Scheme in 2022 and 2023, there were no contract modifications.
Measurement	
a) The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract in the scope of IFRS 17. Judgements might be involved todetermine when the Scheme is capable of repricing the entire contract to reflect the reassessed risks, when policyholders are obliged to pay premiums and when premiums reflect risks beyond the coverage period.	No judgement involved as the contract boundary for insurance contracts issued are 12 months or less.
b) An entity may use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts.	The Scheme uses judgement to determine the extent to which expenses are directly attributable to fulfilling insurance contracts.
Financial performance	
a) The determination of what constitutes an investment component might be an area of judgement significantly affecting amounts of recognised insurance revenue and insurance service expenses as investment components should be excluded from those.	The Scheme does not issue insurance contracts with investment components.

Estimates and assumptions

The preparation of financial statements requires the use of accounting estimates. This note provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, together with information about the basis of calculation for each affected line item in the financial statements.
In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates.

The present value of future cash flows is estimated using predetermined scenarios. The assumptions used in these scenarios are derived to approximate the probability weighted mean of a full range of possible outcomes.

Discount rates:

Discounting is not applicable as the cashflows fall within 12 months.

Estimates of future cash flows to fulfil insurance contracts:
Where estimates of expenses related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. These expenses have been allocated in terms of activity, the Scheme has determined that this method results in a systematic and rational allocation. Acquisition cash flows are expensed directly into profit and loss.

Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force (policy count). Claims settlement related expenses are allocated based on the number of claims.

The Scheme applies judgement in assessing whether there are facts and circumstances indicating that insurance contracts may be onerous.

Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

Methods used to measure the risk adjustment for non-financial risk
The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. The Scheme calculates the risk adjustment using the Value-at-Risk (VaR) method for both LIC and LRC, where two factors are required, namely, the estimated cash flows (the BEL) and the standard deviation of the emerging estimated liabilities. The parameters required for the VaR have
been determined as follows:

- the confidence level has been set between the 80th and 90th percentile;
- the distribution of the cash flows is assumed to be normal, calibrated to reflect the confidence level of between the 80th and 90th percentile; and
- the time horizon has been set between the 80th and 90th percentile.

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

ACCOUNTING POLICIES

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

Standard, Amendment or Interpretation	Impact on the Scheme	Effective date
Amendment to IFRS 9, "Financial Instruments"and ÏFRS 7, "Financial Instruments : Disclosures" - Classification and Measurement of Financial Instruments.	• clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	Annual reporting periods beginning on or after 1 January 2026.
IFRS 18 Presentation and Disclosures in Financial Statements.	IFRS 18 Presentation and Disclosure in Financial Statements: The new IFRS Accounting Standard IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements. IAS 1 Presentation of Financial Statements did not have detailed requirements on: • classification of income and expenses in the statement of profit or loss. • presentation of subtotals above 'profit or loss' in the statement of profit or loss; or • aggregation and disaggregation of information presented in the primary financial statements or disclosed in the notes. This lack of detailed requirements led to diversity in practice as entities defined their own subtotals and performance measures. Investors found it difficult to analyse and compare companies' financial performance. IFRS 18 Presentation and Disclosure in Financial Statements, issued by the IASB on 9 April 2024, will improve the quality of financial reporting by: • requiring defined subtotals in the statement of profit or loss; • requiring disclosure about management-defined performance measures; and • adding new principles for aggregation and disaggregation of information. The IASB expects these improvements will enable investors to make more informed decisions leading to better allocations of capital that will contribute to long-term financial stability.	Annual periods beginning on or after 1 January 2027.

NOTES TO THE FINANCIAL STATEMENTS

Figures in R	2025	2024
3. Financial assets held at fair value through profit and loss		
Non-current assets	501,181,710	378,685,882
Current assets	350,639,531	314,730,282
	851,821,241	**693,416,164**
Fair Value at the beginning of the year	693,416,164	585,969,587
Additions	76,406,866	74,920,636
Purchases	40,000,000	60,000,000
Interest Received	28,798,471	10,731,348
Dividends received	7,608,395	4,189,288
Proceeds on disposal	(45,390,593)	(33,428,589)
Disposals	(40,000,000)	(30,000,000)
Management Fees	(5,390,593)	(3,428,589)
Fair value gains on revaluation	127,388,804	65,954,530
Fair Value at the end of the year	**851,821,241**	**693,416,164**
Less: Short-term portion shown in current asset	(350,639,531)	(314,730,282)
	501,181,710	**378,685,882**
The investments included above represent:		
Money Market	81,916,148	101,149,056
Bonds	407,078,557	308,764,513
Listed equities securities	324,374,439	255,368,589
Property unit trusts	32,177,839	23,017,284
Other	6,274,257	5,116,722
	851,821,240	**693,416,164**

For more detail on these investments, refer to note 21. A register of investments is available for inspection at the registered office of the Administrator.

The average return on investments for the year was 23% (2024: 12,41%).

4. Other receivables		
Accrued interest	2,771,230	3,155,522
Prepayments	250,475	209,649
	3,021,705	**3,365,171**
5. Cash and cash equivalents		
Call accounts	80,436,836	65,074,854
Fixed term deposits	47,500,000	48,000,000
Current accounts	831,185	507,179
	128,768,021	**113,582,033**

The overall weighted average effective interest rate on call accounts, current accounts and fixed term deposits for the year was 8.01% (2024: 8.98%), 6.5% (2024: 5.00%) and 8 % (2024: 9.48%) respectively.

NOTES TO THE FINANCIAL STATEMENTS

Figures in R	2025	2024

6. Reconciliation of the insurance liability attributable to future members

Opening balance	**710,674,948**	**634,923,044**
Movement in insurance liability attributable to future members	145,660,582	75,751,904
Closing balance	**856,335,529**	**710,674,948**

7. Reconciliation of insurance contracts - All contracts (aggregate)

	2025				2024			
	LRC	LIC			LRC	LIC		
	Excluding loss component	BEL	RA	Total	Excluding loss component	BEL	RA	Total
Net asset/(liability) as at 1 January	**3,310,741**	**(92,324,198)**	**(9,579,133)**	**(98,592,589)**	**3,881,095**	**(96,532,916)**	**(12,378,867)**	**(105,030,687)**
Insurance revenue	497,802,977			497,802,977	478,374,522			478,374,522
Insurance service expenses: with accrual								
Incurred claims		(453,824,201)		(453,824,201)		(434,992,872)		(869,985,744)
Directly attributable expenses		(40,983,520)		(40,983,520)		(40,229,558)		
Changes that relate to past service - adjustments to LIC			(8,500,000)	(8,500,000)			1,280,000	1,280,000
changes in the risk adjustment for non-financial risk			1,054,079	1,054,079			1,519,734	1,519,734
Insurance service result	**497,802,977**	**(494,807,721)**	**(7,445,921)**	**(4,450,665)**	**478,374,522**	**(475,222,430)**	**2,799,734**	**(388,811,488)**
Total amount recognised in statement of comprehensive income	**497,802,977**	**(494,807,721)**	**(7,445,921)**	**(4,450,665)**	**478,374,522**	**(475,222,430)**	**2,799,734**	**(388,811,488)**
Investment component (PMSA premiums received)	32,749,402	(32,749,402)		-	32,222,623	(32,222,623)		-
Cash flows - actual income statement								
Premiums recevied	(528,917,935)			(528,917,935)	(511,167,499)			(511,167,499)
Claims paid		439,438,695		439,438,695		438,560,201		438,560,201
Directly attributable expenses paid		44,235,565		44,235,565		40,287,994		
PMSA claims, refunds and interest		24,602,043		24,602,043		31,083,288		31,083,288
Claims recoveries		1,062,024		1,062,024		1,722,289		1,722,289
Total cash flows	**(528,917,935)**	**509,338,327**	**-**	**(19,579,608)**	**(511,167,499)**	**511,653,772**	**-**	**(39,801,721)**
Net asset/(liability) as at 31 December	**4,945,185**	**(110,542,994)**	**(17,025,054)**	**(122,622,864)**	**3,310,741**	**(92,324,198)**	**(9,579,133)**	**(98,592,590)**

NOTES TO THE FINANCIAL STATEMENTS

Figures in R

Reconciliation of insurance contracts - All contracts (aggregate) continued...

7.1 Reconciliation of insurance contracts - All contracts (aggregate)

	2025		2024	
	LRC	**LIC**	**LRC**	**LIC**
Opening Balance	3,310,741	(101,903,330)	3,881,095	(108,911,782)
Revenue	497,802,977		478,374,522	
Claims		(453,824,201)		(434,992,872)
Expenses		(40,983,520)		(40,229,558)
LIC Adjustment		(8,500,000)		1,280,000
Risk Adjustment		1,054,079		1,519,734
Claims recoveries		1,062,024		
Cashflows				
Premiums	(496,168,533)		(478,944,876)	
Claims		439,438,695		440,282,489
Expenses		44,235,565		40,287,994
PMSA		(8,147,361)		(1,139,335)
Closing Balance	**4,945,185**	**(127,568,049)**	**3,310,741**	**(101,903,330)**
Net closing balance		**(122,622,864)**		**(98,592,589)**

Liability for Remaining Coverage (LRC)	**2025**	**2024**
Opening balance - 01 January	3,310,741	3,881,095
Insurance revenue recognised	497,802,977	478,374,522
Contribution received (exc PMSA)	(496,168,533)	(478,944,876)
Closing LRC - 31 December	**4,945,185**	**3,310,741**
Cashflow statement impact	(496,168,533)	(478,944,876)
PMSA premiums	(32,749,402)	(32,222,623)
LRC cashflow impact	**(528,917,935)**	**(511,167,499)**

Liability for Incurred Claims	**2025**	**2024**
Claims paid	439,438,695	438,560,201
Directly attributable expenses paid	44,235,565	40,287,994
PMSA claims, refunds and interest	24,602,043	31,083,288
Claims recoveries	1,062,024	1,722,289
LIC cashflow impact	**509,338,327**	**511,653,772**

8. Trade and other payables	**2025**	**2024**
Sundry accounts payable	4,652,573	1,095,829
	4,652,573	**1,095,829**

NOTES TO THE FINANCIAL STATEMENTS

Figures in R		2025	2024
9.	**Insurance revenue**		
	Gross contributions	530,552,379	510,597,145
	Less: savings contributions received	(32,749,402)	(32,222,623)
	Risk contributions per registered rules	**497,802,977**	**478,374,522**
10.	**Insurance services expenses**		
10.1	Claims incurred	462,025,392	432,594,566
	Movement in outstanding claims provision	703,723	1,757,802
	Over provision in the prior year	3,638,964	699,641
	Adjustment for the current year	(2,935,241)	1,058,161
	Claims incurred excluding claims incurred in respect of risk transfer arrangements	462,729,115	434,352,368
10.2	Net impairment loss on healthcare receivables		
	Members' and service providers' portions that are not recoverable	**402,941**	**2,881,540**
	Movement in provision for impairment losses	402,941	2,881,540
10.3	**Claims recoveries**		
	Claims write-back	1,062,024	-
	Third party - RAF recoveries	-	1,722,289
		1,062,024	**1,722,289**
10.4	**Accredited managed healthcare services**		
	Active disease risk management	5,549,116	5,498,685
	Chronic medicine management	2,147,227	2,087,846
	HIV management	2,072,420	2,053,481
	Hospital benefit management	2,074,136	1,972,394
	Managed care network management	1,708,973	1,625,423
	Pharmacy benefit management	-	-
	Dental and Optometry benefit management	981,817	1,507,987
		14,533,689	**14,745,816**
10.5	**Attributable expenses**		
	Accredited services		
	Customer services	10,611,850	10,091,503
	Information management and data control	4,476,611	4,257,061
	Claims management	2,763,406	2,627,634
	Member record management	2,497,670	2,375,413
	Contribution management	2,195,160	2,087,161
	Financial management	1,543,976	1,467,952
		24,088,673	**22,906,724**
	Governance and compliance	-	**301,597**
	Total administrative expenses	**24,088,673**	**23,208,322**

11. Risk transfer arrangements

	2025			2024		
	ARC	AIC	Total	ARC	AIC	Total
Net opening balance	-	-	-	-	-	-
Net income/(expense from reinsurance contract held						
Reinsurance expenses	(2,361,158)		**(2,361,158)**	(2,275,420)		**(2,275,420)**
Claims recovered		2,521,018	**2,521,018**		2,159,228	**2,159,228**
Total changes in the statement of profit or loss and OCI	**(2,361,158)**	**2,521,018**	**159,860**	**(2,275,420)**	**2,159,228**	**(116,192)**
Cash flows						
Premiums paid	2,361,158		**2,361,158**	2,275,420		**2,275,420**
Amounts recovered		(2,521,018)	**(2,521,018)**		(2,159,228)	**(2,159,228)**
Total cash flows	**2,361,158**	**(2,521,018)**	**(159,860)**	**2,275,420**	**(2,159,228)**	**116,192**
Net closing balance	-	-	-	-	-	-

Netcare 911 (Pty) Limited provides emergency transportation by road or air to beneficiaries.

NOTES TO THE FINANCIAL STATEMENTS

Figures in R	**2025**	**2024**
12. Investment income		
Cash and cash equivalents:		
- Interest income	7,893,910	10,305,649
At fair value through profit or loss:		
- Interest income	28,798,471	10,731,348
- Dividend income	7,608,395	4,189,288
- Net fair value gains on investments	127,388,805	65,954,530
	171,689,581	**91,180,815**
13. Administration fees and other operative expenses		
13.1 Other expenses comprise:		
Actuarial Fees	1,222,757	1,163,999
AGM Costs	368,602	393,752
Association Fees	123,814	26,969
Audit fees	518,000	488,465
Bank Charges	671,691	309,883
Consulting fees	1,519,735	1,809,471
Consumables	-	1
Council for Medical Schemes	466,383	480,186
DLA - Maternity Program	369,112	479,103
Fidelity insurance	68,906	67,266
Legal Fees	1,216,589	804,519
Management fee: SAB	482,312	255,002
Medikredit	1,536,058	1,481,443
Optometry Management	1,019,292	-
Other expenses	316,909	-
Principal Officer`s remuneration	1,470,204	1,394,850
Printing and stationery	358,979	399,286
Professional fees	97,923	-
Subscriptions	117,076	96,169
Sundries	150,403	132,959
Trustees Expenses	399,225	485,682
Wellness Fees	805,443	1,161,017
Total other expenses	**13,299,413**	**11,430,022**

NOTES TO THE FINANCIAL STATEMENTS

Figures in R

Administration fees and other operative expenses continued...

13.2 Trustees' remuneration and considerations

2025	Accommodation, traveling and meals	Training	Conference fees	Total
W Mogase (Chairman)	-	32,966	-	32,966
M Gwanzura	32,986	33,416	24,167	90,569
R Raseroka	35,852	34,066	24,167	94,085
N Gallant	47,931	-	24,167	72,098
N Sampson	59,640	33,200	16,667	109,507
Total	**176,409**	**133,648**	**89,168**	**399,225**

2024	Accommodation, travelling and meals	Training	Conference fees	Total
W Mogase (Chairman)	28,066	22,400	21,040	71,506
M Gwanzura	31,934	53,920	21,040	106,894
R Raseroka	29,947	47,022	21,040	98,009
N Gallant	50,254	22,400	21,040	93,694
N Sampson	61,917	32,622	21,040	115,579
Total	**202,118**	**178,364**	**105,200**	**485,682**

14. Other expenditure

	2025	2024
Asset management fees	6,259,294	4,303,397

15. Finance costs

	2025	2024
Interest paid on member savings accounts	3,740,736	4,488,065

NOTES TO THE FINANCIAL STATEMENTS

Figures in R

Finance costs continued...

The movement in the impairment allowance account during the year was as follows:

2025	**Member Debt**	**Supplier Debt**	**Total**
Balance as at 1 January	(3,237,163)	(3,001,747)	(6,238,910)
Amount recognised in the statement of profit or loss and other comprehensive income for the year	(15,533)	(387,407)	(402,940)
Movement in provision during the year	(15,533)	(387,407)	(402,940)
Amounts utilised during the year	-	-	-
Balance as at 31 December	**(3,252,696)**	**(3,389,154)**	**(6,641,850)**

2024	**Member Debt**	**Supplier Debt**	**Total**
Balance as at 1 January	(2,454,886)	(902,484)	(3,357,370)
Amount recognised in the statement of profit or loss and other comprehensive income for the year	(782,277)	(2,099,263)	(2,881,540)
Movement in provision during the year	(782,277)	(2,099,263)	(2,881,540)
Amounts utilised during the year	-	-	-
Balance as at 31 December	**(3,237,163)**	**(3,001,747)**	**(6,238,910)**

16. Personal Medical Savings Account Liability

	2025	**2024**
Balance on Personal Medical Savings Accounts at the beginning of the year	64,491,012	63,351,677
Personal Medical Savings Accounts contributions received or receivable	32,749,402	32,222,623
Transfers from other schemes	-	-
Interest earned on savings plan account balances	3,740,736	4,488,065
Refunds on death or resignation	(1,930,262)	(4,864,147)
Claims paid on behalf of members	(25,350,493)	(30,707,206)
Balance of savings account liability at end of the year	**73,700,395**	**64,491,012**

17. Contingent assets

The Scheme has approximately R9.2 million (2024: R10.9 million) in recoveries outstanding from the Road Accident Fund (RAF) for claims paid on behalf of members. The likelihood of recovering the amounts is not certain, and the Trustees have elected not to recognise a receivable on the statement of financial position as any future recoveries are contingent on a multitude of factors.

18. Related party transactions

3SixtyHealth (Pty) Ltd

3SixtyHealth (Pty) Ltd (3Sixty) has significant influence over the Scheme since 3Sixty participates in and influences the financial and operating policy decisions of the Scheme, but does not control the Scheme.

SAB (Pty) Ltd

SAB (Pty) Limited, the member employer, has significant influence over the Scheme since SAB (Pty) Limited participates in and influences the financial and operating policy decisions of the Scheme, but does not control the Scheme.

Key management personnel

The Trustees, Principal Officer and sub-committee members are considered to be key management personnel since they have authority and responsibility for planning, directing and controlling the activities of the Scheme.

Key management personnels' contributions and claims are processed in line with the Scheme's rules and policies and the provisions of the Medical Schemes Act. They have received no preferential treatment for contributions or benefits as a result of their positions.

Transactions with related parties:

Statement of Comprehensive Income

Figures in R	2025	2024
3Sixty Health (Pty) Ltd		
Administration fees	24,088,673	23,208,322
Accredited Managed Healthcare fees	10,103,442	10,182,249
CDE - Diabetes management service	210,600	422,240
SAB (Pty) Ltd		
Administration fees	482,312	255,002
Key management personnel		
Contribution received	722,052	742,785
Claims paid	530,294	744,939
Interest on Medical Savings Account	8,667	7,229
Trustees' remuneration and considerations	399,225	485,682
Principal Officer's remuneration	1,470,204	1,394,850

NOTES TO THE FINANCIAL STATEMENTS

Figures in R	2025	2024
Related party transactions continued...		
Statement of financial position		
3Sixty Health (Pty) Ltd		
Amounts due to administrator	2,931,313	2,861,564
Discovery Health (Pty) Ltd		
Indirect investment	163,125	157,376
SAB (Pty) Ltd		
Included in trade and other payables	362,831	139,966
Anheuser-Busch InBev SA NV		
Indirect Investment	6,428,511	6,427,492
Key management personnel		
Positive savings balance	159,810	125,066

The terms and conditions of the related party transactions with key management personnel were as follows:

Contribution received

This constitutes the contributions paid by the related party as a member of the Scheme, in their individual capacity. All contributions were at the same terms as applicable to third parties.

Claims Incurred

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

Personal Medical Savings Accounts monies

The amounts owing to the related parties relate to medical aid savings balances to which the parties have a right. Interest earned on these balances are allocated to members Personal Medical Savings Accounts. The amounts are all current, and are payable on demand should an appropriate claim be issued, or the member exit the Scheme.

Terms and conditions of the administration agreement

The administration agreement is in accordance with instructions given by the Trustees of the Scheme. The agreement is reviewed annually and is renewable depending on fee negotiations.

Terms and conditions of the managed care agreements

The managed care agreements are in accordance with instructions given by the Trustees of the Scheme. The agreements are reviewed annually and are renewable depending on fee negotiations.

Terms and conditions of investments in participating employers

All investments in participating employers are made and managed via external investment managers and are managed in terms of the agreed mandates.

NOTES TO THE FINANCIAL STATEMENTS

Figures in R

19. Critical Accounting estimates, judgements and assumptions

The Scheme makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

Liability for incurred claims (LIC)

The provision for LIC is an estimate of the potential liability at statement of financial position date for risk claims that have been incurred by members but not yet received by the Scheme.

Net impairment losses - insurance receivables

Accounts receivable from members with accounts outstanding for 90 days and longer are fully impaired. Accounts receivable from providers with accounts outstanding for 90 days and longer are fully impaired. There are no key areas of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

20. Insurance Risk Management

Risk management objectives and policies for mitigating insurance risk

The primary medical 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 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 and case management, service provider profiling, centralised management of risk transfer arrangements as well as the monitoring of emerging issues.

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.

All the contracts are annual in nature and the Scheme has the right to change the terms and conditions of the contract at renewal. Management information including contribution income and claims ratios by option, and by demographic split, is reviewed monthly.

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses, scenario analyses and stress testing. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected.

Medical insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated.

Figures in R
Insurance Risk Management continued...

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

Age grouping	2025		2024	
(in years)	Essential	Comprehensive	Essential	Comprehensive
< 25	4,013	2,517	4,098	2,703
≥ 25 and < 35	2,471	698	2,668	807
≥ 35 and < 50	2,745	1,756	2,778	1,877
≥ 50 and < 60	619	855	642	913
≥ 60 and < 65	162	446	5	42
≥ 65	168	1,171	288	1,536
Total	**10,178**	**7,443**	**10,479**	**7,878**

Hospital (major medical) benefits cover all costs incurred by members whilst they are in hospital receiving pre-authorised treatment for certain medical conditions. Chronic benefits cover the cost of certain prescribed medicines consumed by members for chronic conditions and diseases, such as high blood pressure, cholesterol and asthma. Day-to-day benefits cover the cost of all out of hospital medical attention, such as visits to general practitioners and dentists as well as prescribed nonchronic medicines.

Sensitivity analysis on outstanding claims 2025

The following table provides a sensitivity 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 risk confidence level made by the Scheme will impact the risk adjustment. Hospital (major medical) benefits cover all costs incurred by members whilst they are in hospital receiving pre-authorised treatment for certain medical conditions. Chronic benefits cover the cost of certain prescribed medicines consumed by members for chronic conditions and diseases, such as high blood pressure, cholesterol and asthma. Day-to-day benefits cover the cost of all out of hospital medical attention, such as visits to general practitioners and dentists as well as prescribed nonchronic medicines.

Scenario	Claims for 2025 services paid from Jan 2025to Dec 2025	Total expected claims for 2025 services	Liability for Incurred Claims	Risk adjustment	Outstanding claims provision	Change in outstanding claims provision
10% increase in amount	426,080,420	464,254,515	38,174,095	703,723	38,174,095	**3,470,372**
10% increase in run-off speed	426,080,420	459,840,855	33,760,435	703,723	33,760,435	**(943,288)**
Base scenario:						
LIC plus risk adjustment	**426,080,420**	**460,080,420**	**34,000,000**	**703,723**	**34,703,723**	
10% decrease in amount	426,080,420	457,313,771	31,233,351	703,723	31,233,351	**(3,470,372)**
10% decrease in run-off speed	426,080,420	461,807,977	35,727,557	703,723	35,727,557	**1,023,834**

Insurance Risk Management continued...

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 future members in insurance services expenses.

The net impact on profit or loss for any change in the risk adjustment would therefore be nil. The analysis is based on a change in an assumption while holding all the assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. No changes were made by the Scheme in the methods and assumptions used in preparing the above analysis. To further demonstrate the sensitivity to insurance risk, the risk adjustment at a 65% confidence level has also been disclosed.

Claims development

Claims development tables have not been presented as the uncertainty regarding the amounts and timing of claims payments is typically resolved within a year. In most cases, claims are resolved within four months from the time they are reported to the Scheme. At year-end, a provision is made for those claims outstanding that have been incurred but not yet been reported.

Risk transfer arrangements

The Scheme has a risk transfer agreement with Netcare 911 (Pty) Limited. The risk transfer agreement is, in-substance, the same as a non-proportional reinsurance treaty, which aims to reduce the net medical insurance risk exposure to the Scheme.

Risk in terms of risk transfer arrangements

The Scheme cedes insurance risk to limit exposure to underwriting losses under various agreements that cover individual risks and defined blocks of risk on a co-insurance basis and an annually renewable term. These risk transfer arrangements spread the risk and minimise the effect of losses. The amount of each risk retained depends on the Scheme's evaluation of the specific risk, subject in certain circumstances, to maximum limits based on characteristics of coverage. According to the terms of the capitation agreement, the supplier provides certain minimum benefits to Scheme members on both benefit options, as and when required by the members. The Scheme does, however, remain liable to its members with respect to ceded insurance if the capitation provider fails to meet the obligations it assumes. When selecting a capitation provider the Scheme considers its stability from public rating information and from internal investigations.

Claims development

Claims development tables are not presented since the uncertainty regarding the amount and timing of claim payments is typically resolved within one year.

21. Financial Risk Management

The Scheme's activities expose it to a variety of financial risks, including the effects of changes in bond and equity market prices and interest rates. 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.

Investment risk management and investment decisions are carried out by the Scheme's investment manager, under the guidance and policies approved by the Board of Trustees. The investment manager identifies, evaluates and economically hedges, where appropriate, financial risk associated with the Scheme's investment portfolio. The investment manager provides written policies for overall investment risk management, as well as written policies 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 approves all of the written investment policies.

Financial risk factors

CURRENCY RISK

The Scheme operates in South Africa and therefore its cash flows are denominated in South African Rand.

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 valuation 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 being compliant to Annexure B of the Medical Scheme Act.

Equities and bonds are reflected at market values, which are susceptible to fluctuations. The Scheme manages its market risk by employing the following procedures:

- mandating a specialist fund manager to invest in equities and bonds, where there is an active market and where access is gained to a broad spectrum of financial information relating to the institutions invested in;
- diversifying across many securities to reduce risk, which is guided by the Medical Schemes Act; and
- considering the risk-reward profile of holding equities and bonds and bearing the risk in order to obtain higher expected returns on assets.

Diversification and concentration

The asset class diversifications and concentrations are shown below. The sensitivity of the market risks shown the illustrated impact of the profit/loss of the various asset classes.

NOTES TO THE FINANCIAL STATEMENTS

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Financial Risk Management continued...

Asset allocation of Scheme

Asset Class	2025		2024	
	R	%	R	%
Cash	217,267,336	22.2%	214,731,089	26.6%
Bonds	392,482,436	40.0%	308,764,513	38.3%
Property	30,462,536	3.1%	23,017,284	2.9%
Equity	332,414,798	33.9%	255,368,590	31.6%
Other	7,962,156	0.8%	5,116,722	0.6%
Total	**980,589,262**	**100.0%**	**806,998,197**	**100.0%**

Asset manager allocation as at 31 December 2025

Manager	Mandate	Investment Vehicle	R	%
Old Mutual Wealth Trust Company (Pty) Ltd	Liquidity / Cash	Segregated	128,768,021	13.1%
Sanlam Life Insurance Limited	Multi asset class	Pooled	108,423,432	11.1%
Vunani Fund Managers	Multi asset class	Segregated	138,056,184	14.1%
M&G Investments Life South Africa (RF) Ltd	Multi asset class	Pooled	183,418,175	18.7%
Coronation Life Assurance Company Limited	Multi asset class	Pooled	167,221,356	17.1%
STANLIB Collective Investments (RF) (Pty) Ltd	Multi asset class	Pooled	60,025,300	6.1%
MAZI Asset Management (Pty) Ltd	Multi asset class	Pooled	75,198,980	7.7%
ALUWANI Capital Partners (Pty) Ltd	Multi asset class	Pooled	74,940,317	7.6%
ASHBURTON	Multi asset class	Segregated	44,537,497	4.5%
Total			**980,589,262**	**100.0%**

Asset manager allocation as at 31 December 2024

Manager	Mandate	Investment Vehicle	R	%
Old Mutual Wealth Trust Company (Pty) Ltd	Liquidity / Cash	Segregated	113,582,033	14.1%
Sanlam Life Insurance Limited	Multi asset class	Pooled	98,384,437	12.2%
Vunani Fund Managers	Multi asset class	Segregated	108,949,667	13.5%
M&G Investments Life South Africa (RF) Ltd	Multi asset class	Pooled	162,639,777	20.2%
Coronation Life Assurance Company Limited	Multi asset class	Pooled	152,090,505	18.8%
STANLIB Collective Investments (RF) (Pty) Ltd	Multi asset class	Pooled	54,745,860	6.8%
MAZI Asset Management (Pty) Ltd	Multi asset class	Pooled	58,776,041	7.3%
ALUWANI Capital Partners (Pty) Ltd	Multi asset class	Pooled	57,829,877	7.2%
Total			**806,998,197**	**100.0%**

NOTES TO THE FINANCIAL STATEMENTS

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Financial Risk Management continued...

Asset Class	Top 5 Holdings – December 2025	Ratings (long term)	% of Portfolio
Cash	Nedbank Ltd	Aa1.za	5.81%
	Absa Bank Ltd	Aa1.za	5.13%
	Investec Bank Ltd	Aa1.za	4.94%
	The Standard Bank of South Africa Ltd	Aa1.za	4.66%
	FirstRand Bank Ltd	Aa1.za	1.30%
Bonds	RSA Bond		25.30%
	FirstRand Bank Ltd		2.00%
	Absa Bank Ltd		1.53%
	UNITED STATES OF AMERICA		1.25%
	Absa Bank Ltd		1.22%
Property	NEPI Rockcastle Plc		0.46%
	Redefine Properties Ltd		0.45%
	Growthpoint Properies Ltd		0.44%
	Vukile Investment Property Securitisation (Pty) Lt		0.26%
	FORTRESS REIT LIMITED		0.21%
Equity	Naspers Ltd		2.66%
	Anglogold ashanti Ltd		2.32%
	Standard Bank Group Ltd		2.28%
	Firstrand Ltd		1.84%
	Prosus NV		1.81%

Asset Class	Top 5 Holdings – December 2024	Ratings (long term)	% of Portfolio
Cash	Nedbank Ltd	Aa1.za	7.75%
	Investec Bank Ltd	Aa1.za	5.94%
	Absa Bank Ltd	Aa1.za	5.48%
	The Standard Bank of South Africa Ltd	Aa1.za	4.97%
	FirstRand Bank Ltd	Aa1.za	1.44%
Bonds	RSA Bond		23.68%
	FirstRand Bank Ltd		2.51%
	Nedbank Ltd		1.44%
	Transnet Ltd		1.33%
	UNITED STATES OF AMERICA		1.12%

Financial Risk Management continued...

Property	Redefine Properties Ltd	0.46%
	Growthpoint Properies Ltd	0.44%
	NEPI Rockcastle Plc	0.34%
	Attacq Limited	0.19%
	Vukile Investment Property Securitisation (Pty) Ltd	0.17%
Equity	Prosus NV	2.29%
	Naspers Ltd	2.20%
	Standard Bank Group Ltd	2.10%
	Firstrand Ltd	2.01%
	British American Tobacco	1.36%

Sensitivity analysis: Cash

Basis:
The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of interest (see table below). i.e. +1% suggests the closing market value could have been R212,643,57 if the interest growth had been higher by 1% during 2025 as compared to the actual interest growth. A one percent increase in the interest at the reporting date would have increased the cash valuation by R1,959,401 (2024 an increase of R1,987,739). An equal change in the opposite direction would have decreased the cash valuation by R1,959,401 (2024 a decrease of R1,987,739).

% Change	Return of Index	Adjusted Closing Value - Rand	Difference - Rand
2%	9.52%	214,602,972	3,918,803
1%	8.52%	212,643,571	1,959,401
0%	7.52%	210,684,169	-
(1%)	6.52%	208,724,768	(1,959,401)
(2%)	5.52%	206,765,366	(3,918,803)

Sensitivity analysis: Bonds

Basis:
The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of investment performance (see table below). i.e. +1% suggests the closing market value could have been R401,935,862 if the investment performance had been higher by 1% during 2025 as compared to the market investment performance. A one percent increase in the investment return at the reporting date would have increased the bond valuations by R3,209,398 (2024 an increase of R2,814,645). An equal change in the opposite direction would have decreased the bond valuations by R3,209,398 (2024 a decrease of R2,814,645).

Financial Risk Management continued...

% Change	Return of Index	Adjusted Closing Value - Rand	Difference - Rand
2%	26.24%	405,145,260	6,418,795
1%	25.24%	401,935,862	3,209,398
0%	24.24%	398,726,465	-
(1%)	23.24%	395,517,067	(3,209,398)
(2%)	22.24%	392,307,669	(6,418,795)

Sensitivity analysis: Equity

Basis: The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of investment performance (see table below). i.e. +2% suggests the closing market value could have been R337,400,816 if the investment performance had been higher by 2% during 2025 as compared to the market investment performance. A two percent increase in the investment performance at the reporting date would have increased the equity valuations by R4,673,002 (2024 a increase of R5,189,818). An equal change in the opposite direction would have decreased the equity valuations by R4,673,002 (2024 a decrease of R5,189,818).

% Change	Return of Index	Adjusted Closing Value - Rand	Difference - Rand
4%	46.40%	342,073,818	9,346,003
2%	44.40%	337,400,816	4,673,002
0%	42.40%	332,727,814	-
-2%	40.40%	328,054,813	(4,673,002)
-4%	38.40%	323,381,811	(9,346,003)

Notes:

1. The benchmarks used are the following:
   - Cash (STeFI Composite Index)
   - Bonds (All Bond Index)
   - Equity (All Share Index)

2. The 0% line reflects the actual closing value of the respective asset classes. The adjusted closing values are a reflection of the sensitivity of the return around the index. For the less volatile indices; i.e. Cash and bonds, a sensitivity of 1% and 2% is used and for the more volatile indices, i.e. equity, a sensitivity of 2% and 4% is used.

3. National Long-term Credit Ratings. (Fitch)
   Aaa.za: Issuers or issues rated Aaa.za demonstrate the strongest creditworthiness relative to other domestic issuers.
   Aa.za: Issuers or issues rated Aa.za demonstrate a very strong creditworthiness relative to other domestic issuers.
   A.za: Issuers or issues rated A.za present above-average creditworthiness relative to other domestic issuers.

4. Seeking higher investment returns is typically associated with taking additional risk through exposure to asset classes such as equities and bonds where the capital is at risk. Additional investment risk is typically associated with higher variability in asset prices. Also, the extent to which actual investment returns differ from expected returns is greater.

Credit Risk

Credit risk is the risk of financial loss to the Scheme, if a counterparty to a financial instrument fails to meet its contractual obligations.

Key areas where the Scheme is exposed to credit risk are:

- Trade and other receivables comprising insurance receivables and loans and receivables. The main components of insurance receivables are in respect of contributions due from members and amounts recoverable from members and suppliers in respect of claims debt. The Scheme has exposure from its loans and receivables.
- Financial assets are valued at fair value through profit and loss. These assets comprise cash, bond instruments, commodities and equities. The Scheme is exposed to the issuer's credit standing on these instruments. Exposure to credit risk is monitored and minimum credit ratings for these investments are set. Reputable asset managers have been appointed to manage these instruments; and
- Cash and cash equivalents comprise of fixed deposits and deposits held on call with banks. The risks associated with these deposits are managed by monitoring the Scheme's exposure to external financial institutions against approved deposit limits per institution.

	2025	2024
Other receivables	**3,021,705**	**3,365,171**
Accrued interest	2,771,230	3,155,522
Prepayments	250,475	209,649

(a) Contributions receivable are not credit rated by the Scheme as exposure to any single member is insignificant.
Contributions receivable comprise amounts receivable from individuals and corporates and are collected by means of debit orders or cash payments. They are actively pursued if not received within three days of becoming due. Benefits are suspended on member accounts when contributions have not been received for 30 days and membership are terminated when contributions have not been received for 60 days.

(b) Member and service provider claims receivable are amounts recoverable in respect of claims debt. They are not credit rated by the Scheme as exposure to any single party is insignificant. Member receivables are separated between active and withdrawn members.

Financial assets through profit and loss

	2025	2024
Cash	81,916,148	101,149,056
Bonds	407,078,557	308,764,513
Listed equities securities	324,374,439	255,368,590
Property unit trusts	32,177,839	23,017,284
Other	6,274,257	5,116,722
	851,821,240	**693,416,164**

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Financial Risk Management continued...

	2025	2024
Cash and cash equivalents		
Invested with counterparties with high quality credit ratings	**128,768,021**	**113,582,033**

Exposure to credit risk

The carrying amount of insurance receivables represents the maximum credit exposure.

The Scheme ages and pursues unpaid accounts on a monthly basis. The tables below highlight insurance receivables which are due, past due and impaired.

	2025		2024	
Insurance receivables	**Gross**	**Impairment**	**Gross**	**Impairment**
Current	4,945,185	-	3,252,306	-
30 days	1,096,920	-	126,898	-
60 days	44,437	-	77,476	-
90 days	164,550	164,550	143,520	143,520
120+ days	6,834,917	6,477,301	6,095,390	6,095,390
	13,086,009	**6,641,851**	**9,695,589**	**6,238,910**

Age analysis of trade and other receivables

2025	Gross carrying amount	Impairment	Carrying amount
Not past due	**4,945,185**	**-**	**4,945,185**
Past due 1 – 30 days	**1,096,920**	**-**	**1,096,920**
Past due 31 – 60 days	**44,437**	**-**	**44,437**
Past due 61 – 90 days	**164,550**	**164,550**	**-**
Past due more than 90 days	**6,834,917**	**6,477,301**	**357,616**
	13,086,009	**6,641,851**	**6,444,158**

2024	Gross carrying amount	Impairment	Carrying amount
Not past due	**3,252,306**	**-**	**3,252,306**
Past due 1 – 30 days	**126,898**	**-**	**126,898**
Past due 31 – 60 days	**77,476**	**-**	**77,476**
Past due 61 – 90 days	**143,520**	**143,520**	**-**
Past due more than 90 days	**6,095,390**	**6,095,390**	**-**
	9,695,590	**6,238,910**	**3,456,680**

With respect to the receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations based on, the nature of the counterparty, the historical information about the counterparty default rates and other information used to assess credit quality.

Financial Risk Management continued...

The Scheme establishes an allowance for impairment that represents its estimate of expected credit losses (IFRS 9) in respect of receivables. The collective loss allowance is determined based on a set policy, while bearing in mind historical data of payment statistics for similar financial assets. The provision for impairment at 31 December 2025 was determined in accordance with the guidelines of the simplified approach (lifetime expected losses) of the expected credit loss model as required by IFRS 9. It is in respect of contributions receivable, member and service provider debit balances and advances from savings plan accounts recoverable by management.

For the Scheme to determine lifetime expected losses, a provision matrix was used. The provision matrix is based on historical observed default rates, adjusted for forward looking estimates. At every reporting date, the historical observed rates are updated. The provision matrix is split for the following categories:

- Active member contributions and savings debtors
- Resigned member contributions and savings debtors
- Provider debtor

The expected credit loss estimates were updated to account for future economic conditions relative to historic conditions.

Payment defaults were managed according to the Credit Policy. Scheme management will write off debt on the recommendation of the debt collector following their attempt to recover outstanding amounts.

2025	Fair Value/Amortised Cost	Impairment	Carrying amount
Investments (note 3)	851,821,240		851,821,240
Non-Insurance receivables (note 4)	3,021,705	-	3,021,705
Cash and Cash equivalents (note 5)	128,768,021	-	128,768,021
Insurance receivables (Note 7)	4,945,185	-	4,945,185
Total	988,556,151	-	988,556,151

2024	Fair Value/Amortised Cost	Impairment	Carrying amount
Investments (note 3)	693,416,164	-	693,416,164
Non-Insurance receivables (note 4)	3,365,171	-	3,365,171
Cash and Cash equivalents (note 5)	113,582,033	-	113,582,033
Insurance receivables (Note 7)	3,310,741	-	3,310,741
Total	813,674,109	-	813,674,109

Investments

Risk is managed by limiting exposure as well as the quality of instruments that the Scheme's assets can be invested in, limiting the impact of a default on the overall portfolio. The following guidelines provide the current limits on each instrument:

Domestic equity investments

- Domestic Equity Investments shall be restricted to securities that are actively traded on the Johannesburg Stock Exchange (JSE) and readily marketable.
- Not more than 5 % of the total share portfolio may be invested in the share of any one company at the time of purchase.
- For investee companies that have a market capitalization of below R5 billion no more than 2.5% of the total Scheme investment portfolio may be invested in the share instrument of any one investee company; and
- In the case of investments into a pooled fund, the Scheme may invest in accordance with Regulation 30 requirements, in which case the Scheme may waive strict adherence to the guidelines above.

Domestic fixed-income and cash investments

- At the time of purchase, debt instruments should have a minimum quality rating of Ba or equivalent as rated by Moody's in accordance with their long-term rating definition. Split-rated issues will be governed by the lower quality designation. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. Modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; modifier 2 indicates a midrange ranking; and modifier 3 indicates a ranking at the lower end of that generic rating category. Obligations rated Ba and Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
- Debt instruments which are downgraded for which the asset manager believes should continue to hold the instrument, a report providing reasons should be provided within one month.
- Instruments that are rated Aa and above are limited to no more than 20% per issuer. Instruments below A but not lower than Ba are limited to not more than 10% and no instruments rated below B may be held; and
- Except for those situations involving reorganization of Scheme assets, debt securities should be made only in issuers with an outstanding value of at least R50 million, valued at par, at the time of purchase.
  The Scheme defines default in accordance with the Moody's risk management product definition, for which default includes these three types of credit events:
- A missed or delayed disbursement of interest and/or principal, including delayed payments made within a grace period.
- Bankruptcy, administration, legal receivership, or other legal blocks (perhaps by regulators) to the timely payment of interest and/or principal; or
- A distressed exchange occurs where:
  (i) the issuer offers debt holders new security or package of securities that amount to adiminished financial obligation (such as preferred or common stock, or debt with a lower coupon or par amount, lower seniority, or longer maturity);or
  (ii) the exchange had the apparent purpose of helping the borrower avoid default.

Impairment losses

The Scheme establishes an allowance for impairment that represents its estimate of anticipated losses in respect of Trade and other receivables. The provision is based on the expected difference between the current carrying amount and the amount recoverable from the counterparties.

The movement in the impairment for each component of other receivables is disclosed in note 17.
Based on past experience, the Scheme believes that no provision for impairment is required in respect of

Contribution debtors. For member and service provider claims debtors that are past due and outstanding for less than 90 days, past experience has indicated that no provision is required.

Credit quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by historical information about counterparty default rates:

	2025	2024
Insurance receivables		
Contributions receivable	4,945,185	3,419,080
Member claims receivable	17,071	1,185
Provider claims receivable	1,108,493	36,415
	6,070,749	**3,456,680**

Contribution receivables

The Scheme collected majority of outstanding debt in January 2025. Therefore it can reasonable be concluded that the credit quality of contribution debtors is high. Consequently no additional disclosure of the credit quality is provided.

Active member claim receivables

These debtors are active members of the Scheme. No further provision for impairment is therefore necessary.

Withdrawn member claim receivables

These amounts are due from members that have withdrawn from the Scheme. An impairment allowance covering 80% of the total amount due has been raised and the Trustees are satisfied that this is adequate.

Provider claim receivables

These debtors are the healthcare providers of the Scheme. The amounts due to the Scheme are offset against future payments to be made to these providers. An impairment allowance covering 99% of the total amount due has been raised and the Trustees are satisfied that this is adequate.

Liquidity Risk

Liquidity risk is the risk that the Scheme will be unable to meet its obligations when they fall due because of member benefit payments, cash requirements from contractual commitments or other cash outflows. Such outflows would deplete available cash resources for insurance activities. In extreme circumstances, lack of liquidity could result in reductions on the Statement of Financial Position, or potentially an inability to fulfil member commitments.

The Scheme's liquidity management process, as carried out within the Scheme and monitored by the Board of Trustees, includes day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met, maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flows and monitoring the liquidity ratios of the Statement of Financial Position against internal and regulatory requirements.

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

The financial liabilities posing a liquidity risk are insurance liabilities and trade and other payables.
Members of the Scheme are required to submit their claims within four months of the service date. Therefore, the liability attributable to current members is expected to be settled within four months. The PMSA balances are payable on demand when a member exits the Scheme.

The Scheme expects to achieve a net surplus (before considering amounts attributable to future members) for the period ending 31 December 2025 and therefore does not expect to utilise the liability attributable to future members within the next months, other than the portion relating to insurance premiums received in advance. The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Insurance liabilities

2025	0-12 months	+ 12 months	Total
Liabilities attributable to current members (note 7)	48,922,469	73,700,395	122,622,864
Liabilities attributable to future members (note 6)	145,660,581	710,674,948	856,335,529
Totals	194,583,050	784,375,343	978,958,393

2024	0-12 months	+ 12 months	Total
Liabilities attributable to current members (note 7)	98,576,938	15,652	98,592,590
Liabilities attributable to future members (note 6)	75,751,904	634,923,044	710,674,948
Totals	174,328,842	634,938,696	809,267,538

2025	0-12 months	+ 12 months	+ 12 months
Trade and other payables (note 8)	1,191,760	11,500	1,203,260
2024			
Trade and other payables (note 8)	1,084,045	11,785	1,203,260

Prudent liquidity risk management implies maintaining sufficient cash to fund operations. Liquidity is managed by monitoring forecast cash flows to ensure that the Scheme has adequate cash resources to meet its short term commitments, and the Trustees ensure that elements of the investment portfolio are readily liquid should the need arise. Even though the Scheme is in a negative liquidity for the 1 - 12 months columns below, the Scheme has a significant positive liquidity for the up to one month column, due to the cash and cash equivalents balance. Therefore when the ageing is combined, the Scheme will be in a positive liquidity position.

A summary of financial assets available to meet these liabilities is presented below

2025	Note	0 -12 months	+ 12 months	Total
Investments		350,639,531	501,181,710	851,821,241
Cash and cash equivalents		128,768,021	-	128,768,021
Totals		479,407,552	501,181,710	980,589,262

2024	Note	0 -12 months	+ 12 months	Total
Investments		314,730,282	378,685,882	693,416,164
Cash and cash equivalents		113,582,033	-	113,582,033
Totals		428,312,315	378,685,882	806,998,197

Financial Risk Management continued...

The table below analyses the assets and liabilities of the Scheme into relevant maturity groupings based on the remaining period at Statement of Financial Position date to the contractual maturity date:

The table below analyses the assets and liabilities of the Scheme into relevant maturity groupings based on the remaining period at Statement of Financial Position date to the contractual maturity date:

As at 31 December 2025	Up to 1 months	1 - 3 months	3 - 12 months	1 - 5 years	Total
Non Current Assets					
Investments held at fair value through profit or loss	-	-	-	350,639,531	350,639,531
Current Assets	**80,436,836**	**3,021,705**	**398,970,716**	**-**	**482,429,257**
Investments held at fair value through profit or loss	-	-	350,639,531	-	350,639,531
Other receivables	-	3,021,705	-	-	3,021,705
Cash and cash equivalents	80,436,836	-	48,331,185	-	128,768,021
Current liabilities	**122,622,863**	**4,134,574**	**-**	**-**	**126,757,437**
Trade and other payables		4,134,574	-	-	4,134,574
Insurance contract liability	122,622,863			-	122,622,863
Net Positive liquidity	**(42,186,027)**	**(1,112,869)**	**398,970,716**	**350,639,531**	**706,311,351**

As at 31 December 2024	Up to 1 months	1 - 3 months	3 - 12 months	1 - 5 years	Total
Non Current Assets					
Investments held at fair value through profit or loss	-	-	-	378,685,882	378,685,882
Current Assets	**65,582,033**	**3,021,705**	**362,730,282**	**-**	**431,334,020**
Investments held at fair value through profit or loss	-	-	314,730,282	-	314,730,282
Other receivables	-	3,021,705	-	-	3,021,705
Cash and cash equivalents	65,582,033	-	48,000,000	-	113,582,033
Current liabilities	**12,858,647**	**11,278,989**	**78,589,528**	**-**	**102,727,164**
Trade and other payables	-	1,095,830	-	-	1,095,830
Insurance contract liability	12,858,647	7,144,415	78,589,528	-	98,592,590
Net Positive liquidity	**52,723,386**	**(8,257,284)**	**284,140,754**	**378,685,882**	**707,292,738**

Fair value of financial instruments

The Scheme measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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 with level 1 that are observable for the asset or liability, either directly (i.e. 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).
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.

The Scheme's financial instruments are categorised below:

	2025		2024	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets at fair value through profit and loss				
Investments:				
Cash	81,916,148	81,916,148	101,149,056	101,149,056
Bonds (level 1)	407,078,557	407,078,557	308,764,513	308,764,513
Equities (level 1)	324,374,439	324,374,439	255,368,590	255,368,590
Property unit trusts (level 1)	32,177,839	32,177,839	23,017,284	23,017,284
Other (level 2)	6,274,257	6,274,257	5,116,722	5,116,722
Financial assets at amortised cost				
Cash and cash equivalents	128,768,021	128,768,021	113,582,033	113,582,033
Other receivables	3,021,705	3,021,705	3,365,171	3,365,171
Financial liabilities at amortised cost				
Trade and other payables	4,652,574	4,134,574	1,095,829	1,095,829
Insurance contract liability	122,622,864	122,622,864	98,592,590	98,592,590

Breakdown of investments

The investments managed by the Scheme's investment manager are split between investments held at fair value through profit or loss and cash and cash equivalents categories in the annual financial statements. To understand the risks associated with these investments, the investments are detailed below:

NOTES TO THE FINANCIAL STATEMENTS

Figures in R		2025	2024
Financial Risk Management continued...			
Investments consist of the following:			
Sanlam Life Insurance Limited	Pooled	108,423,432	98,384,437
Stanlib Medical Investment Fund	Pooled	60,025,300	54,745,860
Vunani Fund Manager (Pty) Ltd	Segregated	138,056,184	108,949,667
Aluwani Capital Partners (Pty) Ltd	Segregated	74,940,316	57,829,877
Mazi Capital (Pty) Ltd	Segregated	75,198,980	58,776,041
Coronation Life Assurance Company Limited	Pooled	167,221,356	152,090,505
Prudential Portfolio Managers (SA) Life Ltd	Pooled	183,418,175	162,639,777
Ashburton Management Company	Segregated	44,537,497	-
Total		**851,821,240**	**693,416,164**
Sanlam			
Cash		36,692,240	32,103,742
Bonds		62,823,716	56,026,436
Property		132,674	120,715
Equity		8,745,629	10,130,384
Other		29,173	3,159
Total		**108,423,432**	**98,384,436**
Stanlib			
Cash		6,777,232	6,407,566
Bonds		47,588,304	43,395,107
Property		4,255,389	4,943,186
Other		1,404,375	
Total		**60,025,300**	**54,745,860**
Vunani Fund Manager (Pty) Ltd			
Cash		22,218,473	35,764,274
Bonds		57,029,659	30,504,168
Property		5,526,550	4,763,898
Equity		53,180,426	37,917,328
Other		101,076	
Total		**138,056,184**	**108,949,668**

NOTES TO THE FINANCIAL STATEMENTS

Figures in R	2025	2024
Financial Risk Management continued...		
Coronation		
Cash	11,042,799	16,104,771
Bonds	49,051,661	52,996,275
Property	6,548,976	3,257,311
Equity	94,707,671	74,618,586
Other	5,870,249	5,113,563
Total	**167,221,356**	**152,090,506**
M&G Investments		
Cash	1,712,402	3,113,563
Bonds	82,484,437	73,103,538
Property	6,558,588	5,834,251
Equity	92,662,748	80,588,425
Total	**183,418,175**	**162,639,777**
Aluwani Capital Partners (Pty) Ltd		
Cash	3,910,123	4,787,551
Bonds	32,449,967	26,847,607
Property	2,295,136	602,393
Equity	36,285,091	25,592,326
Total	**74,940,317**	**57,829,877**
Mazi Capital (Pty) Ltd		
Cash	1,935,446	2,867,590
Bonds	33,963,114	25,891,382
Property	3,427,095	3,495,530
Equity	35,873,326	26,521,540
Total	**75,198,981**	**58,776,042**
Ashburton Management Company		
Cash	4,168,603	-
Bonds	27,106,540	-
Property	1,718,128	-
Equity	10,944,947	-
Other	599,279	-
Total	**44,537,497**	**-**

Unconsolidated investment structures

The asset managers invest the Scheme's monies in reputable funds which generate returns for the 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). The exposure the Scheme has to these Funds is listed in the table below. The Scheme's maximum exposure is limited to the total fair value of its investments in the Funds.

Fund	As at 31 December 2025		As at 31 December 2024	
	Fair value of fund assets held	% Fund exposure attributable to Scheme	Fair value of fund assets held	% Fund exposure attributable to Scheme
STANLIB Medical Investment Fund	162,639,777	0.2481%	162,639,777	10.8427%
M&G High Yield Bond FD	9,677,749	-	-	-
M&G High Interest Fund	1,962,792	0.0170%	151,185	0.0014%
M&G Money Market Fund	176,871	0.0093%	233,057	0.0129%
M&G Global Fixed Income Fund	19,194,569	4.7076%	18,131,014	4.4468%

Capital adequacy risk

This represents the risk that there are insufficient reserves to provide for adverse variations on actual and future experience. The Scheme defines its capital as insurance contract liability to future members in the statement of financial position. The Scheme manages its capital to ensure that it will be able to continue as a going concern as well as meet the solvency ratio of 25%, as regulated by the Medical Schemes Act of 1998.

The Scheme had R856 million (2024: R711 million) accumulated funds at 31 December 2025, which translated to a solvency ratio of 113.9% (2024: 96.6%).

Interest rate risk

The Scheme's investment policy during the year under review was to hold most of investments in interest bearing instruments when assessed on a look-through basis in accordance with Annexure B of Regulation 30 to the Medical Schemes Act. The Scheme's investments were therefore exposed to changes in the market interest rates. Except for the Scheme's investments in interest-bearing instruments, cash and cash equivalents also expose the Scheme to interest rate risk. The table below summarises the Scheme's exposure to interest rate risks. Included in the table are the Scheme's investments at carrying amounts categorised by earlier of contractual repricing or maturity dates.

	Note	2025	2024
Investments in property		**30,462,536**	**23,017,284**
Interest bearing investments, including bonds		**732,859,390**	**569,249,824**
Cash and cash equivalents		**217,267,336**	**214,731,089**
Total Variable rate instruments		**980,589,262**	**806,998,197**

Financial Risk Management continued...

The money market and cash and cash equivalents are managed on a net returns' basis by the Scheme's asset managers. The balance of fixed and variable instruments being held in these portfolios is adjusted in response to movements in market interest rates to maintain an acceptable level of risk as well as returns. The net returns are benchmarked against the SteFi Composite index.

The carrying amounts of fixed-rate instruments in these portfolios approximate their fair values due to the short period to maturity, and no fair value adjustments are processed to the statement of profit or loss in respect of these instruments. Variable-rate instruments are not linked to one specific market interest rate. The reported returns on these investments will vary in response to movements in market rates.

The Scheme does not discount insurance, trade or other receivables or payables as they are all settled or fall due within one year.

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2025		2024	
	Increase	Decrease	Increase	Decrease
Impact of a change in interest rates by 100 basis points on surplus/deficit	9,848,281	(9,848,251)	9,477,179	(9,477,179)

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, as well as the net impact on profit or loss and equity. A change in an interest rate would impact the return on the PMSA, which in turn impacts the liability to the policyholders.

	2025		2024	
	Insurance contract liabilities	Profit or loss	Insurance contract liabilities	Profit or loss
Impact of a change in interest rates by 50 basis points	6,131,143	(6,131,143)	4,929,630	(4,929,630)

The analysis is based on a change in an assumption while holding all the assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. No changes were made by the Scheme in the methods and assumptions used in preparing the above analysis.

Fidelity Insurance

The Scheme was covered under a professional indemnity and fidelity guarantee insurance policy throughout the year under review. The cover amounting to R20 million (2024: R20 million).

22. Non-Compliance with Medical Schemes Act

The Trustees are of the opinion that there are no material deviations from the Medical Schemes Act.

22.1 Investment in administrators

Nature and impact

In terms of the Medical Schemes Act and specifically Regulation 35(8)(c), a medical scheme shall not invest any of its assets in the business of any administrator. During the year the Scheme had pooled investments with exposure to medical scheme administrators.

Causes of non-compliance

The Scheme's investments in pooled investment vehicles allow investment managers the discretion to invest in a combination of shares and bonds that will best achieve their stipulated benchmark.

Corrective action

The Scheme have exemption from this section of the Act until 31 December 2028.

22.2 Investment in participating employers

Nature and impact

In terms of the Medical Schemes Act and specifically Regulation 35(8)(a), a medical scheme shall not invest in a participating employer. During the year the Scheme had pooled investments with exposure to Anheuser-Busch InBev SA.

Causes of non-compliance

The Scheme's investments in pooled investment vehicles allow investment managers the discretion to invest in a combination of shares and bonds that will best achieve their stipulated benchmark.

Corrective action

The Scheme have exemption from this section of the Act until 31 December 2028.

22.3 Outstanding contributions

Nature and impact

In terms of Section 26(7) of the Act all contributions should be received within 3 days of becoming due. Instances were noted where contributions were received late.

Causes of non-compliance

Contribution reconciliations typically take more than 3 days to be resolved, and instances of non-compliance might occur. This is common in the industry and is not viewed as material.

Corrective action

The Scheme has a debt policy in place which deals with late contributions. Ongoing follow-ups are done with affected parties and where applicable members are suspended.

22.4 Payment of claims within 30 days

Nature and impact

In terms of section 59(2) of the Act a member or provider claim should be settled within 30 days of submission. Instances were noted where settlements took more than 30 days.

Causes of non-compliance

In terms of section 59(2) of the Act a member or provider claim should be settled within 30 days of submission. Instances were noted where settlements took more than 30 days.

Causes of failure

Delays can occur when accounts are referred for clinical audit or other investigations. These are however the exceptions, and claims are generally paid within the prescribed time.

Corrective action

The administrator is aware of the requirements and complies as far as possible. It is however an inherent part of the industry that a limited number of problematic claims may exceed the payment requirement of 30 days.

22.5 Sustainability of benefit options

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. At 31 December 2025 the Comprehensive option incurred a deficit before investment income and other expenditure of R12,728,503 and a surplus of R48,478,546 after investment income and other expenditure.

Causes of non-compliance

In 2025, the average per life per month claims increased at a much faster rate compared to contributions. The most significant increase in claims occurred in the medication category.

Corrective action

The Board of Trustees (BOT) notes that the Comprehensive option has reported an operating deficit in recent years. The financial sustainability of both benefit options remains a core strategic focus and is routinely assessed as part of the Scheme's benefit design and pricing process.

The Scheme maintains a strong solvency position, supported by accumulated reserves that exceed regulatory requirements.

These reserves provide a financial buffer, enabling the Scheme to absorb short- to medium-term deficits without adversely affecting its overall financial soundness or members' benefits.

The performance of the Comprehensive option is subject to continuous financial monitoring, including detailed experience analysis. Targeted corrective actions are being implemented in a phased manner to address claims cost pressures and improve the option's claims ratio over time.

In addition, the Scheme regularly performs long-term solvency and sustainability projections to ensure that reserve levels remain sufficient under a range of scenarios, thereby supporting ongoing financial stability and compliance with regulatory standards.

23. Commitments and other contingent liabilities

There were no commitments or other contingent liabilities as at 31 December 2025.

24. COVID-19

The Trustees are continuously monitoring the impact of Covid-19 on the Scheme. This includes the Government's original vaccine roll out which is not believed to have a material impact on the Scheme's solvency level.

25. Legal matter

The Scheme is involved in an ongoing legal matter relating to the participation of one of the participating employer groups, CCBSA. The matter relates to the qualification of CCBSA to remain on the Scheme as a participating employer due to the historical seperation of CCBSA from AB-Inbev. The potential departure of CCBSA would leave the Scheme with an older demographic profile which in the long run would have a negative impact on the reserve level of the Scheme.

26. Events after reporting date On 28 February 2026, the Scheme issued a formal termination notice to

3SixtyHealth, ending its appointment as administrator and managed care service provider. The termination will take effect on 31 August 2026. Following this decision, the Scheme has initiated a procurement process and is currently in the process of issuing a Request for Information (RFI) to the market for the provision of administration and managed care services.

There has been no other events after reporting date as at 31 December 2025.

27. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presume that the funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Scheme has prepared the budget forecast which shows adequate funding for the Scheme and will continue to be monitored for any changes in circumstances.

28. NET (DEFICIT) / SURPLUS PER BENEFIT OPTION

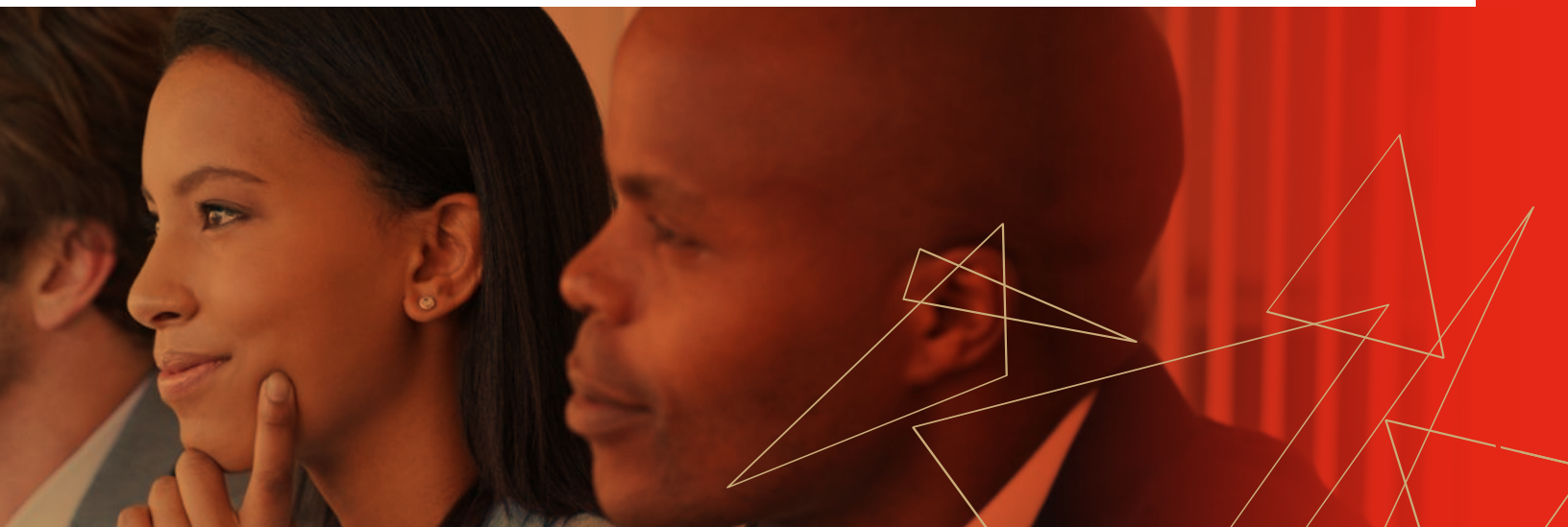
	2025			2024		
	Essential	Comprehensive	Total	Essential	Comprehensive	Total
Insurance revenue	**202,250,573**	**295,552,404**	**497,802,977**	**187,617,992**	**290,756,530**	**290,756,530**
Insurance service expenses	**(192,302,160)**	**(308,390,234)**	**(500,692,394)**	**(155,268,776)**	**(318,196,981)**	**(318,196,981)**
Net expenses from risk transfer arrangement	50,533	109,327	159,860	(482,026)	**365,833**	**365,833**
Insurance service result	**9,998,946**	**(12,728,503)**	**(2,729,557)**	**31,867,191**	**(27,074,618)**	**(27,074,618)**
Other income	98,531,235	73,158,346	171,689,581	51,066,752	40,114,063	40,114,063
Other operating expenses	(11,348,147)	(11,951,296)	(23,299,443)	(8,922,544)	(11,298,940)	(11,298,940)
Net (deficit)/surplus for the year	**97,182,034**	**48,478,547**	**145,660,581**	**74,011,399**	**1,740,505**	**1,740,505**

04

APPOINTMENT OF EXTERNAL AUDITORS

APPOINTMENT OF EXTERNAL AUDITORS

The Board, through the ARR Committee, undertook an extensive RFP process involving all CMS-accredited audit firms. The RFP process results led the Board to recommend the appointment of Middel & Partners as the Scheme's external auditors for the 2026 financial year.



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SAB MEDICAL AID SCHEME TRUSTEE REMUNERATION POLICY 2026

The Board believes that Trustees should serve without remuneration to avoid perverse incentives to join the Board for financial gain. Therefore, the Board resolved that trustees must not receive remuneration. Trustee expenses will be covered in line with the Scheme policies.

SAB MEDICAL AID SCHEME TRUSTEE REMUNERATION POLICY 2026

OBJECTIVE	The Board of Trustees has decided that the SAB Medical Aid Scheme's ("the Scheme") overarching goal in the area of remuneration is to ensure transparency, consistency and financial responsibility. This is underpinned by the Scheme's strategy to ensure that the members' best interests are prioritised in terms of ensuring responsible processes and policies aimed at controlling non-healthcare costs.
TO WHOM DOES THIS POLICY APPLY?	This Policy applies to all SAB Medical Aid Scheme trustees, co-opted trustees, non-trustees and members of sub-Committees of the Board of Trustees of the Scheme, collectively referred to as Officials in this Policy document.
REMUNERATION	**Principle:** Every Official is responsible for ensuring the best interest of the members of the Scheme and should not agree to fulfil the function of an Official if this is not the overarching motivation. **Policy:** Officials should ensure that they fulfil their functions on the Board of Trustees and other sub-Committees with the correct intention, i.e. the best interest of the members and the continued sustainability of the Scheme. Officials should not fulfil their functions with remuneration as the motivating factor. **Policy:** No Official will be remunerated for their time for preparation of meetings or meeting attendance related to their duties as an Official of the Scheme. **Process / Instructions:** Officials will not receive any compensation for meeting attendance, preparation or any other matters pertaining to the duties of Officials.
EXCEPTIONS	**Exceptions:** The Principal Officer (PO) and the Medical Advisor as contractors employed by the Board of trustees are remunerated outside of this Policy in accordance with their contracts with the Scheme.
NON-COMPLIANCE	Non-compliance with this Policy will be seen in a serious light. It will be documented and reported at the Board of Trustees meeting. All exceptions to this Policy must be brought to the Board of Trustees for consideration and approval and will be managed by the Chairperson of the Board /PO.

Signed on behalf of the Board of Trustees:

Chairperson of the Board **Vice — Chairperson of the Board**

TRUSTEE ELECTION RESULTS ANNOUNCEMENT (EISA)

SAB MEDICAL AID

SAB Medical Aid, registration number 1209, is regulated by the Council of Medical Schemes and administered by 3Sixty Health (Pty) Ltd, registration number 1978/001109/07, an accredited administration and managed care provider.