



THEBEMED MEDICAL AID SCHEME
(Registration Number 1592)

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2025**

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

The reports and statements set out below comprise the annual financial statements presented to the members of Thebemed Medical Aid Scheme.

| Contents | Page |
|--|-------------|
| Statement of responsibility by the Board of Trustees | 2 |
| Statement of corporate governance by the Board of Trustees | 3 |
| Independent auditor's report | 4 - 8 |
| Statement of financial position | 9 |
| Statement of comprehensive income | 10 |
| Statement of cash flows | 11 |
| Notes to the annual financial statements | 12 - 64 |

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Trustees are responsible for the preparation and fair presentation of the annual financial statements of Thebemed Medical Aid Scheme, comprising the statement of financial position at 31 December 2025, and the statements of comprehensive income and cash flows for the year ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with IFRS® Accounting Standards and in the manner required by the Medical Schemes Act of South Africa, no. 131 of 1998 as amended.

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

The Trustees are satisfied that the information contained in the annual financial statements fairly presents the financial performance for the year and the financial position of the scheme at year end. The Trustees also prepared the other information included in the annual financial report and are responsible for both its accuracy and its consistency with the annual financial statements.

The Trustees are responsible for ensuring that accounting records are kept. The accounting records disclose with reasonable accuracy the financial position of the scheme which enables the Trustees to ensure that the annual financial statements comply with the relevant legislation.

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

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

The scheme's external auditor is responsible for auditing the annual financial statements in terms of International Standards on Auditing and their report is presented on pages 4 to 8.

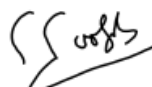
The annual financial statements were approved by the Board of Trustees on 16 April 2026 and are signed on its behalf.



**T. MOKOENA
CHAIRPERSON**



**W. MODISAPODI
TRUSTEE**



**DR. G. GOOLAB
ACTING PRINCIPAL OFFICER**

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REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

Thebemed Medical Aid Scheme is committed to the principles and practices of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Trustees are satisfied that these standards have been met. The Trustees are appointed and elected by the members of the scheme in terms of the rules of the scheme.

BOARD OF TRUSTEES

The Trustees meet regularly and monitor the performance of the Administrator and service providers according to service level agreements. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive. The performance of the Board and individual Trustees is evaluated annually taking into account their attendance at meetings.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Trustees is accountable for the process of risk management and internal controls. The ultimate responsibility for the implementation of the internal controls and risk management has been delegated to the Administrator. Risks are reviewed and identified annually and appropriate strategies are implemented to mitigate these risks. These actions are monitored quarterly by the Board and monthly by the Principal Officer.

The Administrator of the scheme maintains internal controls and the system is designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements and to safeguard, verify and maintain accountability for its assets adequately. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

Internal control audits are performed on a regular basis.

The Trustees call on expert and professional advice as and when required.

The scheme conducts its affairs in accordance with standards of acceptable corporate practice and conduct as it applies to medical schemes and trustees.

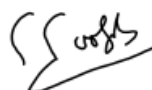
No event or item has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.



**T. MOKOENA
CHAIRPERSON**



**W. MODISAPODI
TRUSTEE**



**DR. G. GOOLAB
ACTING PRINCIPAL OFFICER**

INDEPENDENT AUDITOR'S REPORT

To the Members of Thebemed Medical Aid Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Thebemed Medical Aid Scheme (the Scheme) set out on pages 9 to 64, which comprise the statement of financial position as at 31 December 2025; and the statement of 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 material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Thebemed Medical Aid Scheme as at 31 December 2025, and its financial performance and cash flows for the 31 December 2025 then ended, in accordance with IFRS Accounting Standards Board (IASB) 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 (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Scheme, in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *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 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING | LEGAL

CEO P D Schulze Directors C D Betty, E Chapanduka, M G Q de Faria, A C Galloway, J Gondo, N C Hughes, J Jones, J Kitching, T R Mathebula, J P Mgiba, D Munu, R Rawoot, T P Singo, A D Young

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| Key audit matter | How the matter was addressed in the audit |
|---|--|
| <p>Outstanding claims Provision IBNR</p> <p>The carrying amount of the Outstanding Claims Provision (“IBNR”) as of 31 December 2025 was R25 668 511</p> <p>The determination of the outstanding claims provision (IBNR) requires the Scheme’s Actuaries to make assumptions in the valuation thereof, which is determined with reference to an estimation of the ultimate cost of settling all claims incurred but not reported at the Statement of Financial position date. The outstanding claims provision (IBNR) is calculated by the Actuaries after considering the results of both the Health Monitor model and Bornhuetter-Ferguson method and incorporating the chain ladder techniques. The chain ladder technique is used to estimate claims for those (future) payment months which were not paid when the report was prepared. These instruments take into consideration the:</p> <ol style="list-style-type: none"> a) Previous experience in claims patterns. b) Claims settlement patterns. c) Trends in claims frequency. d) Changes in the claims processing cycle; and <p>Other factors such as expectations of future events that are believed to be reasonable to be considered in the valuation of the IBNR at year-end. The above-mentioned factors require significant judgement and assumptions to be made by the Scheme’s Actuaries and therefore accordingly, for the purposes of our audit, we identified the valuation of the IBNR as a key audit matter.</p> | <p>For the audit of the IBNR estimation and disclosure we performed the following audit procedures:</p> <ul style="list-style-type: none"> ▪ We obtained an understanding from the Scheme’s actuaries regarding the process followed in calculating the outstanding claims provision. ▪ The actuarial methods applied by the Scheme are generally applied within the medical scheme industry and these were assessed as reasonable. ▪ We assessed the assumptions used by management expert/Actuary by: ▪ Testing the current year’s IBNR by comparing the balance to actual claims settled subsequent to year-end up to January 2026 ▪ Testing the integrity of the information used in the calculation of the IBNR by performing substantive procedures, on a sample basis, on the completeness and accuracy of the claims data used in calculating the IBNR. ▪ Evaluating the independence, objectivity, competence of management experts and placing reliance on their work; and ▪ Assessing the presentation and disclosure in respect of the IBNR and considering whether the disclosures are in line with the IFRS Accounting standards requirements in accounting for the IBNR. <p>Based on the procedures performed, we are satisfied that the valuation of the IBNR is appropriate.</p> |

Other information

The Schemes trustees are responsible for the other information. The other information comprises the information included in the document 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 IFRS Accounting Standards as issued by the IASB and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the Scheme's trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, 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 in relation 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. Investments

Section 35(8)(a) and (c) of the Act

In terms of the Medical Schemes Act Section 35(8)(a) and (c) of the Act states that a medical scheme shall not invest any of its assets in the business of an employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme or any administrator. We noted that the scheme was in contravention of these sections as they have investments in the above-mentioned entities.

The Scheme last obtained an exemption in terms of Section 8(h) from Section 35(8) of the Act from the Council of Medical Schemes which covers the periods 1 December 2022 to 30 November 2025 and 1 December 2025 to 31 December 2028. The exemption had been granted with the proviso that the Scheme does not make any direct investments in these entities.

2. Contributions

Contravention of Section 26(7) of the Act

In terms of section 26(7) of the Medical Schemes Act, contributions must be paid over to the Scheme within 3 days after becoming due. A few members did not adhere to the prescriptions of the Act.

3. Claims

Contravention of Section 59(2) of the Act

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 members 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.

Audit Tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, *Audit Tenure*, we report that RSM South Africa firm has been the auditor of Thebemed Medical Scheme for 2 years. The engagement partner, James Gondo, has been responsible for Thebemed Medical Scheme's audit for 2 years.

Signed by:



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RSM South Africa Inc.

James Gondo
Chartered Accountant (S.A.)
Registered Auditor
Director

Date 28 April 2026



**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

| | Notes | 2025 R | 2024 R |
|---|-------|--------------------|--------------------|
| ASSETS | | | |
| Non-current assets | | 225 362 254 | 189 162 813 |
| Plant and equipment | 5 | 841 826 | 42 180 |
| Financial assets at fair value through profit or loss | 6 | 148 397 059 | 119 204 062 |
| Financial assets at fair value through profit or loss - savings | 22 | 76 123 369 | 69 916 571 |
| Current assets | | 102 076 010 | 67 682 483 |
| Financial assets at amortised cost | 7 | 21 098 703 | 19 308 130 |
| Cash and cash equivalents | 8 | 79 881 262 | 47 698 396 |
| Reinsurance contract assets | 10 | 1 096 045 | 675 957 |
| Total assets | | <u>327 438 264</u> | <u>256 845 296</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Liability to members for future benefits | 11.2 | 237 006 223 | 178 152 785 |
| Current liabilities | | | |
| Trade and other payables | 9 | 239 939 | 130 688 |
| Insurance contract liabilities | 11.1 | 89 096 057 | 77 885 866 |
| Reinsurance contract liabilities | | 1 096 045 | 675 957 |
| Total liabilities | | <u>327 438 264</u> | <u>256 845 296</u> |

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

| | Notes | 2025 R | Restated 2024 R |
|--|--------|-------------------|-----------------------|
| Insurance revenue | 12, 13 | 503 847 278 | 400 056 892 |
| Insurance service expenses | 13 | (461 246 549) | (366 605 151) |
| <i>Claims incurred</i> | | (418 467 400) | (331 680 052) |
| Net claims incurred * | 14 | (406 672 221) | (321 854 154) |
| Accredited managed healthcare services (no transfer of risk) * | 15 | (11 795 179) | (9 825 898) |
| <i>Directly attributable insurance service expenses</i> | | (42 779 149) | (34 925 099) |
| Fees paid in respect of accredited administration services | 16 | (27 252 755) | (21 886 439) |
| Other administration expenditure - wellness benefit management | | (1 31 974) | (243 753) |
| Insurance acquisition cash flows expenses | 17 | (15 394 420) | (12 794 907) |
| Net expense from reinsurance contracts held * | 18 | (1 382 026) | (2 493 980) |
| Reinsurance expenses from reinsurance contracts held | 18 | (26 993 132) | (23 171 859) |
| Reinsurance income from reinsurance contracts held | 18 | 25 611 106 | 20 677 879 |
| Insurance service result | | 41 218 703 | 30 957 761 |
| Investment income from financial assets | 19 | 20 525 029 | 18 641 042 |
| Net fair value gains on fair value investments | | 11 660 724 | 4 628 476 |
| Net investment income | | 32 185 753 | 23 269 518 |
| Net result after investment income | | 73 404 456 | 54 227 279 |
| Sundry income | | 1 787 665 | 2 100 974 |
| Other operating expenses | 20 | (15 805 665) | (14 098 206) |
| Investment consulting | | (533 018) | (603 716) |
| Net surplus for the year before mutualisation | | 58 853 438 | 41 626 331 |
| Amounts attributable to members for future benefits ¹ | | (58 853 438) | (41 626 331) |
| Total comprehensive income for the year | | - | - |

* Relevant healthcare expenditure consists of net claims incurred, accredited managed healthcare services (no transfer of risk) and reinsurance results

¹ Circular 6 of 2025 issued by the Council for Medical Schemes requires medical schemes to present "Amounts attributable to members for future benefits" separately from the "Insurance service expenses" and "Insurance service result". This resulted in prior year line items being represented as follows: "Amounts attributable to members for future benefits" to the value of R 58 853 438 (2024: R 41 626 331) are not being disclosed as a separate line item on the Statement of Comprehensive income before the "Surplus/deficit for the year". Insurance service expenses in accordance with IFRS 17 includes amounts attributable to members for future benefits. Total insurance service deficit after adjusting for amounts attributable to members for future benefits amount to R 17 634 735 (2024: R 10 668 570).

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025**

| | Notes | 2025 R | 2024 R |
|---|-------|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash receipts from members | | 528 258 921 | 401 114 554 |
| Cash paid to providers and members | | (489 771 369) | (394 050 471) |
| Cash paid to providers and members - claims | | (391 053 489) | (308 198 309) |
| Cash paid to providers - accredited administration fees | | (27 252 755) | (21 886 439) |
| Cash paid to providers - managed care fees | | (11 795 179) | (9 825 898) |
| Cash payments to brokers for insurance acquisition costs | | (15 152 978) | (12 764 395) |
| Cash payments to reinsurers | | (26 993 132) | (23 171 859) |
| Cash payments to wellness programmes | | (131 974) | (280 222) |
| Cash paid to providers and employees - other expenditure | | (13 941 342) | (13 464 132) |
| Cash paid to members - savings plan refunds | | (3 450 520) | (4 459 217) |
| Net cash inflow from operations | | <u>38 487 552</u> | <u>7 064 083</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment income | 18 | 6 504 955 | 9 178 896 |
| Proceeds from investments - Non-current | 6 | - | 19 539 714 |
| Purchase of investments - Non-current | 6 | (10 000 000) | (98 882 513) |
| Proceeds from investments - current | 7 | 8 000 000 | 37 000 000 |
| Purchase of investments - current | 7 | (9 500 000) | (18 500 000) |
| Purchase of plant and equipment | 5 | (1 027 190) | (46 098) |
| Net cash used in investing activities | | <u>(6 022 235)</u> | <u>(51 710 001)</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 32 465 317 | (44 645 918) |
| Cash and cash equivalents at the beginning of the year | | 47 415 945 | 92 061 863 |
| Total cash and cash equivalents at the end of the year | | <u><u>79 881 262</u></u> | <u><u>47 415 945</u></u> |
| Comprising of: | | | |
| Cash and cash equivalents | 8 | <u>79 881 262</u> | <u>47 415 945</u> |
| | | <u><u>79 881 262</u></u> | <u><u>47 415 945</u></u> |

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

General information

Refer to the Board of Trustees report for general information related to the scheme.

1. Basis of preparation

The annual financial statements have been prepared in accordance with the Medical Schemes Act, No. 131 of 1998, which requires additional disclosures for registered medical schemes, and IFRS Accounting Standards issued by the International Accounting Standards Board (IASB). The annual financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) measured at fair value in terms of IFRS 9 and insurance and reinsurance assets and liabilities measured in terms of IFRS 17.

IFRS Accounting Standards comprise IFRS Accounting Standards, IAS Standards and Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The annual financial statements are prepared on the going concern principle. Amounts in the annual financial statements have been rounded to the nearest Rand value.

The South African Rand is the functional and presentation currency of the scheme.

The preparation of the annual financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the scheme's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements, are disclosed in Note 26. Refer to notes 2 and 3 for the significant judgements and estimates applicable to the scheme. Management does not have the power to amend the audited annual financial statements once issued.

a) Standards, amendments and interpretations to existing standards that are effective and apply to the scheme

The only accounting standards, amendments or interpretations effective during 2025 were the amendments to IAS 21 - Lack of Exchangeability. These amendments are, however, not applicable to medical schemes.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

1. Basis of preparation – continued

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the scheme

The following standards, amendments and interpretations to published standards have been published and are mandatory for the scheme's accounting periods beginning on or after 1 January 2026. These standards have not been early adopted.

- IFRS 7 Financial Instruments: Disclosures - Amendments to the Classification and Measurement of Financial Instruments

The amendments to IFRS 7 introduce additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets.

These amendments are effective for the scheme's period end commencing 1 January 2026. These amendments will not have a material impact on the scheme's annual financial statements.

- IFRS 7 Financial Instruments: Disclosures - Annual Improvements to IFRS Accounting Standards - Volume 11 - Gain or loss on derecognition

Narrow scope amendment to delete an obsolete reference that remained in IFRS 7 following the publication of IFRS 13 Fair Value Measurement and to make the wording of the requirements of IFRS 7 relating to disclosure of a gain or loss on derecognition consistent with the wording and concepts in IFRS 13.

This amendment is effective for the scheme's period end commencing 1 January 2026. This amendment will not have a material impact on the scheme's annual financial statements.

- IFRS 9 Financial Instruments - Amendments to the Classification and Measurement of Financial Instruments

Narrow scope amendments to address diversity in accounting practice by making the classification and measurement requirements of IFRS 9 more understandable and consistent, by:

- Clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and similar features; and
- Clarifying the date on which a financial asset or financial liability is derecognised when a liability is settled through electronic payment systems. These amendments also introduce an accounting policy option to allow an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

These amendments are effective for the scheme's period end commencing 1 January 2026. These amendments will not have a material impact on the scheme's annual financial statements.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

1. Basis of preparation – continued

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the scheme - continued

- IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 is the culmination of the IASB's Primary Financial Statements project.

IFRS 18 introduces three sets of new requirements to improve reporting of financial performance and give users of annual financial statements a better basis for analysing and comparing entities:

- Improved comparability in the statement of profit or loss (income statement) through the introduction of three defined categories for income and expenses - operating, investing and financing - to improve the structure of the income statement, and a requirement for all entities to provide new defined subtotals, including operating profit.
- Enhanced transparency of management-defined performance measures with a requirement for entities to disclose explanations of those entity-specific measures that are related to the income statement.
- More useful grouping of information in the annual financial statements through enhanced guidance on how to organise information and whether to provide it in the primary annual financial statements or in the notes, as well as a requirement for entities to provide more transparency about operating expenses.
- This Standard replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged.

This standard is effective for the scheme's period end commencing 1 January 2027. These amendments will not have a material impact on the scheme's annual financial statements, but could potentially affect the disclosures.

- IAS 7 Statement of Cash Flows - Annual Improvements to IFRS Accounting Standards - Volume 11 - Cost method

Narrow scope amendment to replace the term "cost method" with "at cost" following the earlier removal of the definition of "cost method" from IFRS Accounting Standards.

This amendment is effective for the scheme's period end commencing 1 January 2026. This amendment will not have a material impact on the scheme's annual financial statements.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. Significant judgements

2.1.1 Assessment as to whether the scheme is a mutual entity

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

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

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

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

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

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. Significant judgements - continued

2.1.1 Assessment as to whether the scheme is a mutual entity - continued

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

It is therefore expected that the remaining assets of the scheme will be used to pay current and future members. Based on the above, the scheme meets the definition of a mutual entity in IFRS Accounting Standards.

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

Consequently the statement of comprehensive income reflects no total comprehensive income for the year. The movement in the insurance liability to members for future benefits is included in the insurance service expenses line.

Due to the scheme being categorised as a mutual entity in terms of IFRS 17, the assessment of onerous contracts is also affected.

2.1.2 Unit of account

Judgement has been applied as to how the scheme determined the unit of account for the measurement of its insurance contracts. Management has assessed their portfolio of the scheme as a whole due to the holistic pricing methodologies and risk management strategies that are applied on a scheme level.

The above is demonstrated by the following:

- Hospital claims are managed on a scheme level;
- Chronic conditions are managed on a scheme level, i.e. no matter the option the member will have access to the chronic condition management benefit;
- Risk transfer arrangements are based on conditions and not on benefit options;
- Pricing and benefit option changes are determined at a scheme level to manage member migration between different benefit options to ensure each option is sustainable; and
- Risk (utilisation and concentration) is managed holistically.

In addition to the above, the scheme is applying the exemption to grouping as allowed in IFRS 17. Laws and regulations specifically constrain the scheme's practical ability to set different prices or levels of benefits for members with different characteristics. The Medical Schemes Act, No. 131 of 1998 prohibits the scheme from setting different prices for its members. As such, the scheme does not group contracts in various profitability groupings.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. Significant judgements - continued

2.1.3 Risk adjustment - liability for incurred claims (LIC)

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

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

The methods and assumptions used to determine the risk adjustment for non-financial risk were applied consistently in 2024 and 2025.

2.1.4 Risk adjustment - risk transfer arrangements

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the scheme to the reinsurer. The same methodology applies to the risk transfer agreements as for the insurance contracts with regards to the determination of the risk adjustment.

3. Significant estimates

The preparation of annual financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. This 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 annual financial statements.

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates. Future cash flows are estimated using deterministic scenarios.

For the sensitivities with regard to the assumptions made that have the most significant impact on measurement under IFRS 17, refer to note 26.

3.1.1 Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of the group of contracts are all the future cash flows within the boundary of the group of insurance contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The scheme estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the scheme uses information about past events, current conditions and forecasts of future conditions. The scheme's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability weighted average of the future cash flows is calculated using a deterministic scenario representing the probability weighted mean of a full range of scenarios.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. Significant estimates - continued

3.1.1 *Estimates of future cash flows to fulfil insurance contracts - continued*

The uncertainty in the insurance contracts lies in the number, severity and timing of claims.

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

3.1.2 *Methods used to measure the insurance contracts*

The scheme estimates insurance liabilities in relation to claims incurred for healthcare contracts.

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. The generally accepted actuarial methodology used in assessing the estimated claims outcome of insurance liabilities is the chain-ladder method.

The chain-ladder technique involves an analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each period (in the scheme's case, for the four months post year-end) that is not yet fully developed to produce an estimated ultimate case cost for each healthcare year. The chain-ladder method is the most appropriate for this claim pattern.

Run-off triangles are used in situations where it takes time after the treatment date for the full extent of the claims to become known. It is assumed that payments will emerge in a similar way in each service month. The proportional increase in known cumulative payments from one development month to the next can then be used to calculate payments for future development months.

The following was taken into account when estimating the LIC:

- The homogeneity of the data;
- Changes in the pattern of claims;
- Changes in the composition of members and their beneficiaries;
- Changes in benefit limits; and
- Changes in the prescribed minimum benefits.

4. Principal accounting policies

The following are the principal accounting policies used by the scheme, which are consistent with those applied in the comparatives.

4.1 Insurance contracts

4.1.1 *Definition*

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

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.1 Insurance contracts - continued

4.1.2 Unit of account

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

Please refer to note 2 for the assessment.

The scheme has applied the exemption not to perform profitability groupings as allowed by IFRS 17 and included all contracts in the same group. The scheme has further assessed that there are no facts and circumstances to indicate that a group was onerous at inception date.

The scheme operates the Fantasy Plan with a personal medical savings account (PMSA) element. Under IFRS 4, the investment component and insurance component are unbundled and disclosed separately, whilst IFRS 17 indicates certain considerations to be taken into account with regards to the disclosure of PMSA.

IFRS 17 requires that the investment component and insurance components are not highly correlated. In this respect, the one component cannot be measured with considering the other. Under the Fantasy Plan, once the risk component of benefits are exhausted, the PMSA component will become available. The two benefits are therefore highly interrelated.

Another indicator of the interrelationship between the two components is that the member cannot benefit from the one component unless the other component is also present. When a member joins an option with a PMSA component, they have to join both the risk component and PMSA component. If a member terminates their membership, they terminate both components.

As both the investment component and insurance component are highly interrelated, they cannot be separated and IFRS 17 has been applied to the entire contract, including the PMSA.

The PMSA is therefore a non-distinct investment component with the balances included in insurance contract liabilities in the statement of financial position. The scheme has elected to include the PMSA in the LIC.

4.1.3 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 annually, where necessary.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the member is obligated to pay contributions or the scheme has a substantive obligation to provide the member with insurance coverage or other services. A substantive obligation ends when both of the following conditions are satisfied:

- The scheme has the practical ability to reprice the group of contracts so that the price fully reflects the reassessed risk of that portfolio; and
- The pricing of contributions related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the member to the scheme are considered. Other risks, such as lapse or surrender and expense risk, are not included.

The scheme has assessed all its contracts and determined all contracts to have a boundary of one calendar year.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.1 Insurance contracts - continued

4.1.4 Recognition and derecognition

The group 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 member 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 uses the Premium Allocation Approach (PAA) for measuring contracts with a coverage period of one year or less.

In addition to the contracts with coverage of less than one year, the PAA can be used for measurements of groups of contracts where the entity reasonably expects that such a simplification would produce a measurement of the LRC that would not differ materially from the LRC that would be produced by applying the GMM or VFA.

An insurance contract is derecognised when it is:

- Extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- If the terms are modified due to an agreement between the scheme and its member or by regulation and the modification terms meet the requirement in IFRS 17.

If the modification does not comply with all the requirements of IFRS 17, the scheme treats the changes in cash flow as changes in estimates of fulfilment cash flows (FCF).

4.1.5 Initial and subsequent measurement

For insurance contracts issued, on initial recognition, the scheme measures the liability for remaining coverage (LRC) as the amount of contributions received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

The carrying amount of the group of insurance contracts issued at each reporting period is the sum of:

- a. The LRC; and
- b. The LIC, comprising the FCF related to past service allocated to the scheme at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- a. Increased for contributions received in the period;
- b. Decreased for insurance acquisition cash flows paid in the period; and
- c. Decreased for the amounts of expected contributions received recognised as insurance revenue for the services provided in the period.

The insurance contract liabilities consist of two components:

- a. the insurance liability attributable to current members; and
- b. the insurance liability to members for future benefits.

The insurance liability to members for future benefits consists of accumulated profits or losses of the scheme and it is:

- a. increased by net profits for the period; and
- b. decreased by the net losses for the period.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.1 Insurance contracts - continued

4.1.5 Initial and subsequent measurement - continued

For insurance contracts issued at each of the subsequent reporting dates, the LIC is:

- a. Best estimate of fulfilment cash flow; and
- b. Risk adjustment for non-financial risk.

Refer to notes 2.1.3 and 3.1.1 for the significant judgements and estimates used to determine the LIC and the estimates to determine the fulfilment cash flow.

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

4.1.6 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 transfer of promised services at an amount that reflects the portion of consideration the scheme expects to be entitled to in exchange for those services.

For the group of insurance contracts measured under the PAA, the scheme recognises insurance revenue based on the expected pattern of release of risk over the coverage period of the group of contracts, unless the expected pattern of incurring the insurance service expenses differs significantly from the coverage period.

4.1.7 Expenses

Insurance service expenses include:

- a. Incurred claims and benefits excluding investment components;
- b. Other incurred directly attributable insurance service expenses;
- c. Changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
- d. Changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

Cash flows that are not directly attributable to a group of insurance contracts, such as product development and training costs, are recognised in other operating expenses as incurred.

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 the group of contracts.

Insurance acquisition costs are expensed by the scheme when it incurs the cost and comprises, amongst others, broker service fees.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.1 Insurance contracts - continued

4.1.8 *Insurance interest income and expenses*

The non-distinct investment component (PMSA) does not accrue interest.

4.2 Reinsurance contracts

4.2.1 *Definition*

Risk transfer arrangements are contractual arrangements entered into by the scheme with a provider. The provider is paid a fixed fee per member per month to cover the risk of the number of incidents that occur during a specified period and the cost of providing the service. Risk transfer arrangements do not reduce the scheme's primary obligations to its members and their dependents. While the scheme's risk transfer arrangement meets the definition of a reinsurance contract under IFRS 17 and accounted for as such, the scheme's risk transfer provider does not meet the definition of a reinsurer.

4.2.2 *Unit of account*

Groups of reinsurance contracts held are assessed for aggregation separately from groups of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the scheme aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of contracts for which there is a net gain at initial recognition.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The scheme tracks internal management information reflecting historical experiences on such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

4.2.3 *Recognition and derecognition*

The reinsurance contract held that covers the losses of separate insurance contracts on a proportionate basis is recognised at the later of:

- The beginning of the coverage period of the group; or
- The initial recognition of any underlying insurance contract.

The scheme does not recognise their reinsurance contract held until it has recognised at least one of the underlying insurance contracts.

Refer to 4.1.4 under insurance contracts for guidance on modifications and derecognition.

4.2.4 *Initial and subsequent measurement*

For reinsurance contracts held, on initial recognition, the scheme measures the remaining coverage at the amount of ceding contributions paid.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- a. The remaining coverage; and
- b. The incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.2 Reinsurance contracts - continued

4.2.4 Initial and subsequent measurement - continued

Subsequent measurement of the remaining coverage for reinsurance contracts held is:

- a. Increased for ceding contributions paid in the period; and
- b. Decreased for the amounts of ceding contributions recognised as reinsurance expenses for the services received in the period.

The scheme does not adjust the asset for the remaining coverage for insurance contracts held for the effect of the time value of money. The reinsurance contributions are due within coverage periods which are one year or less.

4.2.5 Contract boundary

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations 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's capitation agreements held have a duration of one year, but are cancellable with the notice period agreed to between the parties.

Net income/(expense) from reinsurance contracts held:

The scheme presents the financial performance of groups of reinsurance contracts held on a gross basis.

Reinsurance income consists of:

- a. The amount that depicts the value the insurer benefits from entering into a risk transfer arrangement (i.e. the value of services received from the capitation provider).

Reinsurance expenses consists of:

- a. Reinsurance expenses;
- b. Other directly attributable insurance service expenses; and
- c. Effect of changes in risk of reinsurer non-performance.

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 contributions the scheme expects to pay in exchange for those services.

For groups of reinsurance contracts held measured under the PAA, the scheme recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.3 Plant and equipment

Plant and equipment consists of a motor vehicle and electronic equipment. It is reflected at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives are as follows:

| Item | Depreciation method | Useful life |
|----------------------|----------------------------|--------------------|
| Motor vehicles | Straight-line | 5 years |
| Electronic equipment | Straight-line | 3 years |

4.4 Financial assets

The scheme's financial assets comprise of financial assets at fair value through profit or loss, financial assets at amortised cost and trade and other receivables.

Recognition and initial measurement

On initial recognition trade receivables are recognised when they are originated and all other financial assets are recognised when the scheme becomes a party to the contractual provisions of the instrument.

All financial assets are initially measured at fair value plus transaction costs; for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Financial assets with maturity dates of more than 3 months up to 12 months at inception are classified as current investments, whereas financial assets with maturity dates of more than 12 months at inception are classified as non-current investments.

Classification and subsequent measurement

The scheme classifies its financial assets in the following categories: at fair value through profit or loss and at amortised cost. Management determines the classification of its financial assets at initial recognition.

Financial assets are not reclassified subsequent to their initial measurement unless the scheme changes its business model for managing financial assets, in which cases all affected financial assets are reclassified in the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- it is held within a business model whose objective it is to hold assets to collect contractual cash flows; and
- its contractual terms give rise to cash flows that are solely payments of principal and interest on principle amounts outstanding on specified dates.

All financial assets not classified as measured at amortised cost will be measured at fair value through profit or loss. On initial recognition, the scheme may irrevocably designate an asset that otherwise meet the criteria to be measured at amortised cost as at fair value through profit or loss if by doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.4 Financial assets - continued

Subsequent measurement and gains and losses

a. Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

b. Financial assets at amortised cost

These assets are subsequently measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in “gain/(loss) on derecognition of financial assets measured at amortised cost”. Impairment losses are presented as separate line item in the statement of profit or loss and reduces the amortised cost of the financial asset.

Derecognition

The scheme derecognises a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control over the transferred asset.

The scheme enters into a transaction whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred asset is not derecognised.

Impairment

a. Trade receivables (does not include members that are in arrears)

The scheme assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivables, the scheme applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

b. Debt instruments and other instruments carried at amortised cost

For debt investments and other instruments at amortised cost the scheme assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried and other instruments at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Equity instruments

The scheme subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as investment income financial assets when the group's right to receive payments is established.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.4 Financial assets - continued

Equity instruments - continued

Net fair value gains/(losses) on fair value investments are recognised in other gains/(losses) in the statement of comprehensive income as applicable.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

4.5 Cash and cash equivalents

Cash and cash equivalents comprise deposits held at call with banks and other short-term liquid investments that are readily convertible (within 3 months) to a known amount of cash and are subject to an insignificant risk of change in value.

4.6 Trade and other receivables

Trade receivables are amounts due from financial institutions for accrued interest on investments and sundry debtors, such as expenses paid in advance. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

4.7 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 and the risks specific to the liability using a pre-tax discount rate. The underwriting of the discount is recognised as finance cost.

4.8 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.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.9 Structured entities

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:

- a. restricted activities;
- b. 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;
- c. insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- d. financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The scheme has determined that some of 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.

The change in fair value of each fund is included in the statement of comprehensive income in 'Net fair value gains on fair value investments'.

4.10 Investment income from financial assets

Investment income consists of interest on investments and the current bank account. Interest is recognised as it accrues in profit or loss according to the effective interest method. Dividends are recognised as investment income in the statement of comprehensive income as it is received.

4.11 Impairment losses

A financial asset not carried at fair value through profit or loss is assessed at each reporting period as to whether it is impaired. Losses are recognised in profit or loss and reflected in an allowance account.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Calculation of recoverable amount

The recoverable amounts of the scheme's receivables carried at amortised cost are calculated as the present value of estimated future cash flows, discounted at the effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.11 Impairment losses - continued

Reversals of impairment

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

4.12 Reimbursement from the Road Accident Fund (RAF)

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

A reimbursement from the RAF is a possible asset that arises from claims submitted to the RAF and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the scheme. The contingent assets are assessed continually to ensure that developments are appropriately reflected in the annual financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the contingent asset and the related income are recognised in the annual financial statements of the period in which the virtual certainty occurs. Amounts received from members in respect of reimbursements from the RAF are recognised as a reduction in incurred claims.

4.13 Personal medical savings account (PMSA) monies managed by the scheme on behalf of its members

The personal medical savings account, which is managed by the scheme on behalf of its members, represents savings contributions (which are a deposit component of the insurance contracts), net of any savings claims paid on behalf of members in terms of the scheme's registered rules.

Refer to note 4.1.2 for the treatment of PMSA under IFRS 17.

Unspent savings at year-end are carried forward to meet future expenses for which the members are responsible. In terms of the Medical Schemes Act 131 of 1998, as amended, 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.

4.14 Income tax

In terms of Section 10(1)(d) of the Income Tax Act 58 of 1962, as amended, receipts and accruals of a benefit fund are exempt from normal tax. A medical scheme is included in the definition of a benefit fund and consequently the scheme is exempt from income tax. As a result, the scheme does not provide for income tax or deferred tax.

4.15 Insurance contract liabilities to members for future benefits

This represent the reserves of the scheme. The funds are mainly held as statutory reserves in lieu of solvency requirements as required by the Act.

4.16 Comparative figures

Comparative figures have been reclassified where considered necessary. Refer to note 34 for more detail around this reclassification.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

5. PLANT AND EQUIPMENT

| | Motor vehicles R | Electronic equipment R | Total R |
|-------------------------------------|---------------------------------|---------------------------------------|--------------------|
| 2025 | | | |
| Cost | | | |
| At 1 January 2025 | 517 000 | 66 317 | 583 317 |
| Additions | 1 027 190 | - | 1 027 190 |
| At 31 December 2025 | <u>1 544 190</u> | <u>66 317</u> | <u>1 610 507</u> |
| Accumulated depreciation | | | |
| At 1 January 2025 | (517 000) | (24 137) | (541 137) |
| Depreciation | (205 438) | (22 106) | (227 544) |
| At 31 December 2025 | <u>(722 438)</u> | <u>(46 243)</u> | <u>(768 681)</u> |
| Carrying amount | | | |
| Cost | 1 544 190 | 66 317 | 1 610 507 |
| Accumulated depreciation | (722 438) | (46 243) | (768 681) |
| At 31 December 2025 | <u>821 752</u> | <u>20 074</u> | <u>841 826</u> |
| | Motor vehicles R | Electronic equipment R | Total R |
| 2024 | | | |
| Cost | | | |
| At 1 January 2024 | 517 000 | 20 219 | 537 219 |
| Additions | - | 46 098 | 46 098 |
| At 31 December 2024 | <u>517 000</u> | <u>66 317</u> | <u>583 317</u> |
| Accumulated depreciation | | | |
| At 1 January 2024 | (517 000) | (6 740) | (523 740) |
| Depreciation | - | (17 397) | (17 397) |
| At 31 December 2024 | <u>(517 000)</u> | <u>(24 137)</u> | <u>(541 137)</u> |
| Carrying amount | | | |
| Cost | 517 000 | 66 317 | 583 317 |
| Accumulated depreciation | (517 000) | (24 137) | (541 137) |
| At 31 December 2024 | <u>-</u> | <u>42 180</u> | <u>42 180</u> |

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

| | 2025 | 2024 |
|--|--------------------|--------------------|
| | R | R |
| Argon BCI Flexible Income Fund | 49 638 174 | 43 302 177 |
| Coronation Balanced Fund | 31 348 715 | 21 872 676 |
| M & G Life Inflation Plus 5% Medical Aid Fund | 33 122 229 | 22 774 779 |
| Stanlib Income Fund | 34 287 941 | 31 254 430 |
| | <u>148 397 059</u> | <u>119 204 062</u> |
| | | |
| Financial assets at fair value through profit and loss (FVTPL) | | |
| As at 1 January | 119 204 062 | 96 685 400 |
| Fair value adjustments on investments at FVTPL | 11 534 619 | 5 107 763 |
| Interest capitalised to investments at FVTPL (refer note 18) | 7 579 881 | 7 408 472 |
| Dividends capitalised to investments at FVTPL (refer note 18) | 329 099 | 192 485 |
| Purchase of investments | 10 000 000 | 29 539 714 |
| Realised gains on disposal of investments | 60 411 | 25 296 |
| Disposal of investments | - | (19 539 714) |
| Investment manager fees | (311 013) | (215 354) |
| As at 31 December | <u>148 397 059</u> | <u>119 204 062</u> |
| | | |
| Investments at FVTPL include the following: | | |
| Listed equity investments | 30 995 275 | 21 428 578 |
| Bonds and debentures | 93 661 468 | 80 934 279 |
| Deposits with banks | 23 740 316 | 16 841 205 |
| | <u>148 397 059</u> | <u>119 204 062</u> |

Investments at FVTPL consist of the investments in the Argon BCI Flexible Income Fund, Coronation Balanced Fund, M & G Life Inflation Plus 5% Medical Aid Fund and Stanlib Income Fund, of which the underlying assets comprise bonds and debentures, and equity instruments. These do not have a specified maturity date.

Fair value hierarchy of investments

Investments are stated at quoted market prices. All investments are on level 1 of the hierarchy.

7. FINANCIAL ASSETS AT AMORTISED COST

| | | |
|---------------------|-------------------|-------------------|
| Short term deposits | 20 000 000 | 18 500 000 |
| Accrued interest | 1 098 703 | 808 130 |
| | <u>21 098 703</u> | <u>19 308 130</u> |

The weighted average effective return on current investments was 7.83% (2024: 8.64%). These investments are measured at amortised cost using the effective interest rate and are managed by Old Mutual Wealth.

As at 31 December 2025 and 2024 the carrying amounts of investments approximate their fair values.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

8. CASH AND CASH EQUIVALENTS

| | 2025 | 2024 |
|--|-------------------|-------------------|
| | R | R |
| Call accounts | 59 609 650 | 34 742 943 |
| Current accounts | 20 267 924 | 12 669 314 |
| Petty cash | 3 688 | 3 688 |
| Accrued interest | - | 282 451 |
| | <u>79 881 262</u> | <u>47 698 396</u> |
| Cash and cash equivalents excluding accrued interest | 79 881 262 | 47 415 945 |

As at 31 December 2025 the carrying amounts of cash and cash equivalents approximate their fair values due to the short-term nature of these assets. The weighted average effective interest rate on scheme call accounts was 6.02% (2024: 7.96%). The carrying value has been determined at amortised cost using the effective interest rate method. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. The call accounts are managed by Nedgroup Investment Managers and Prowess Investment Managers.

9. TRADE AND OTHER PAYABLES

Financial liabilities

| | | |
|-------------------------------------|----------------|----------------|
| Accrued expenses and other payables | <u>239 939</u> | <u>130 688</u> |
|-------------------------------------|----------------|----------------|

Contribution amounts owing to members, contributions received in advance, remittances initiated but not yet paid, accredited administration and managed care fees payable, accrued broker commission and wellbeing programme expenses payable have been disclosed under insurance contract liabilities in terms of IFRS 17.

The carrying amounts of trade and other payables approximate their fair values because of the short-term nature of these liabilities.

10. REINSURANCE CONTRACT ASSETS

| | Remaining Coverage Component R | 2025 Incurred claims for contracts under the PAA R | Total R |
|---|---|---|--------------------|
| Opening reinsurance contract assets | - | 675 957 | 675 957 |
| Opening reinsurance contract liabilities | - | (675 957) | (675 957) |
| Net expense of reinsurance contracts held | | | |
| Reinsurance expense | (26 993 132) | - | (26 993 132) |
| Claims recovered | - | 25 611 106 | 25 611 106 |
| Net expense of reinsurance contracts held | <u>(26 993 132)</u> | <u>25 611 106</u> | <u>(1 382 026)</u> |
| Cash flows | | | |
| Premiums paid | 26 993 132 | - | 26 993 132 |
| Recoveries from reinsurance | - | (25 611 106) | (25 611 106) |
| Changes in fulfilment cash flows relating to past service | - | (675 957) | (675 957) |
| Fulfilment cash flows relating to current service | - | 1 096 045 | 1 096 045 |
| Total cash flows | <u>26 993 132</u> | <u>(25 191 018)</u> | <u>1 802 114</u> |
| Closing reinsurance contract assets | - | 1 096 045 | 1 096 045 |
| Closing reinsurance contract liabilities | - | (1 096 045) | (1 096 045) |
| Net balance as at 31 December | <u>-</u> | <u>-</u> | <u>-</u> |

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

10. REINSURANCE CONTRACT ASSETS - continued

| | Remaining Coverage Component R | 2024 Incurred claims for contracts under the PAA R | Total R |
|--|---|--|--------------------|
| Opening reinsurance contract assets | - | 667 801 | 667 801 |
| Opening reinsurance contract liabilities | - | (667 801) | (667 801) |
| Net expense of reinsurance contracts held | | | |
| Reinsurance expense | (23 171 859) | - | (23 171 859) |
| Claims recovered | - | 20 677 879 | 20 677 879 |
| Net expense of reinsurance contracts held | <u>(23 171 859)</u> | <u>20 677 879</u> | <u>(2 493 980)</u> |
| Cash flows | | | |
| Premiums paid | 23 171 859 | - | 23 171 859 |
| Recoveries from reinsurance | - | (20 677 879) | (20 677 879) |
| Changes in fulfilment cash flows relating to past service | - | (667 801) | (667 801) |
| Fulfilment cash flows relating to current service | - | 675 957 | 675 957 |
| Total cash flows | <u>23 171 859</u> | <u>(20 669 723)</u> | <u>2 502 136</u> |
| Closing reinsurance contract assets | - | 675 957 | 675 957 |
| Closing reinsurance contract liabilities | - | (675 957) | (675 957) |
| Net balance as at 31 December | <u>-</u> | <u>-</u> | <u>-</u> |
| | | 2025 R | 2024 R |
| The risk adjustment factors on the reinsurance contracts are as follows: | | | |
| IBNR provision (included in claims recovered) | | 1 096 045 | 675 957 |
| Risk adjustment % | | 4.70% | 3.09% |
| Risk adjustment value | | 51 514 | 20 887 |

As these amounts are not considered significant by the Board of Trustees, the risk adjustment factor for reinsurance contracts has not been accounted for.

THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025

11. INSURANCE CONTRACT LIABILITY

| | 2025 R | 2024 R |
|---|--------------------|--------------------|
| Insurance contract liabilities is made up of the following two components: | | |
| ▪ Liability attributable to current members; and | | |
| ▪ Liability to members for future benefits. | | |
| Insurance contract liabilities - Current liability attributable to current members | 89 096 057 | 77 885 866 |
| Insurance contract liabilities - Non-current liability to members for future benefits | <u>237 006 223</u> | <u>178 152 785</u> |
| | <u>326 102 280</u> | <u>256 038 651</u> |

11.1 LIABILITY ATTRIBUTABLE TO CURRENT MEMBERS

Reconciliation of the liability for remaining coverage and the liability for incurred claims

| | 2025 | | | |
|---|---|--|-----------------------------------|----------------------|
| | Liability for Remaining Coverage R | Liability for Incurred Claims R | Risk adjustment factor R | Total R |
| Insurance contracts issued | | | | |
| Insurance contract liabilities/(Insurance contract assets) as at 1 January | (21 296 699) | 98 442 677 | 739 888 | 77 885 866 |
| Insurance revenue | | | | |
| New contracts and contracts measured under the PAA | (503 847 278) | - | - | (503 847 278) |
| Total insurance revenue | <u>(503 847 278)</u> | <u>-</u> | <u>-</u> | <u>(503 847 278)</u> |
| Insurance service expenses | | | | |
| Incurred claims and other directly attributable expenses | - | 419 525 048 | 1 205 821 | 420 730 869 |
| Changes that relate to past service - adjustment to the LIC | - | 250 042 | (739 888) | (489 846) |
| Insurance acquisition cash flows expense | - | 15 394 420 | - | 15 394 420 |
| Total insurance service expenses | <u>-</u> | <u>435 169 510</u> | <u>465 933</u> | <u>435 635 443</u> |
| Insurance service result | (503 847 278) | 435 169 510 | 465 933 | (68 211 835) |
| Finance expenses from insurance contracts issued | - | - | - | - |
| Total amounts recognised in comprehensive income | <u>(503 847 278)</u> | <u>435 169 510</u> | <u>465 933</u> | <u>(68 211 835)</u> |
| Investment components (savings contributions) - refer note 13 | (25 614 361) | 25 614 361 | - | - |
| Cash flows | | | | |
| Premiums received | 528 258 921 | - | - | 528 258 921 |
| Insurance acquisition cash flows paid | | (15 152 978) | - | (15 152 978) |
| Incurred claims paid and other directly attributable expenses paid (excluding insurance acquisition cash flows) - refer note 11.3 | | (433 683 917) | - | (433 683 917) |
| Total cash flows | <u>528 258 921</u> | <u>(448 836 895)</u> | <u>-</u> | <u>79 422 026</u> |
| Insurance contract liabilities/(Insurance contract assets) as at 31 December | <u>(22 499 417)</u> | <u>110 389 653</u> | <u>1 205 821</u> | <u>89 096 057</u> |
| Comprising of: | (22 499 417) | 110 389 653 | 1 205 821 | 89 096 057 |
| Trade and other receivables | | | | |
| Net contribution receivables | (23 406 198) | | | (23 406 198) |
| Accounts receivable: Providers/Members | | (565 290) | | (565 290) |
| Trade and other payables | | | | |
| Insurance liabilities | | | | |
| Contributions received in advance | 906 781 | | | 906 781 |
| Contribution amounts owing to members | | 1 008 239 | | 1 008 239 |
| Accrued broker commission | | 1 299 727 | | 1 299 727 |
| Reported claims not yet paid | | | | |
| Remittances initiated but not yet paid | | 5 946 758 | | 5 946 758 |
| Outstanding claims provision | | | | |
| Not covered by reinsurance contracts | | 25 668 511 | | 25 668 511 |
| Personal Medical Savings Account Monies managed by the scheme on behalf of its members | | 77 031 708 | | 77 031 708 |
| Risk adjustment factor for non-financial risk | | | 1 205 821 | 1 205 821 |

THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025

11.1 LIABILITY ATTRIBUTABLE TO CURRENT MEMBERS - continued

Reconciliation of the liability for remaining coverage and the liability for incurred claims

| | | 2024 | | |
|---|--|---------------------------------------|------------------------------|----------------------|
| | Liability for Remaining Coverage * | Liability for Incurred Claims * | Risk adjustment factor | Total |
| | R | R | R | R |
| Insurance contracts issued | | | | |
| Insurance contract liabilities/(Insurance contract assets) as at 1 January | (413 473) | 90 583 829 | 673 638 | 90 843 994 |
| Insurance revenue | | | | |
| New contracts and contracts measured under the PAA | (400 056 892) | - | - | (400 056 892) |
| Total insurance revenue | <u>(400 056 892)</u> | <u>-</u> | <u>-</u> | <u>(400 056 892)</u> |
| Insurance service expenses | | | | |
| Incurred claims and other directly attributable expenses | - | 329 360 865 | 739 888 | 330 100 753 |
| Changes that relate to past service - adjustment to the LIC | - | 1 852 625 | (673 638) | 1 178 987 |
| Insurance acquisition cash flows expense | - | 12 794 907 | - | 12 794 907 |
| Total insurance service expenses | <u>-</u> | <u>344 008 397</u> | <u>66 250</u> | <u>344 074 647</u> |
| Insurance service result | (400 056 892) | 344 008 397 | 66 250 | (55 982 245) |
| Finance expenses from insurance contracts issued | - | - | - | - |
| Total amounts recognised in comprehensive income | <u>(400 056 892)</u> | <u>344 008 397</u> | <u>66 250</u> | <u>(55 982 245)</u> |
| Investment components (savings contributions) - refer note 13 | (21 940 888) | 21 940 888 | - | - |
| Reclassification of reinsurance contract liabilities included in opening balance | - | (675 957) | - | (675 957) |
| Cash flows | | | | |
| Premiums received | 401 114 554 | - | - | 401 114 554 |
| Insurance acquisition cash flows paid | - | (12 764 395) | - | (12 764 395) |
| Incurred claims paid and other directly attributable expenses paid (excluding insurance acquisition cash flows) - refer note 11.3 | - | (344 650 085) | - | (344 650 085) |
| Total cash flows | <u>401 114 554</u> | <u>(357 414 480)</u> | <u>-</u> | <u>43 700 074</u> |
| Insurance contract liabilities/(Insurance contract assets) as at 31 December | <u>(21 296 699)</u> | <u>98 442 677</u> | <u>739 888</u> | <u>77 885 866</u> |
| Comprising of: | (21 296 699) | 98 442 677 | 739 888 | 77 885 866 |
| Trade and other receivables | | | | |
| Net contribution receivables | (22 127 843) | | | (22 127 843) |
| Accounts receivable: Providers/Members | | (283 656) | | (283 656) |
| Trade and other payables | | | | |
| Insurance liabilities | | | | |
| Contributions received in advance | 831 144 | | | 831 144 |
| Contribution amounts owing to members | | 953 521 | | 953 521 |
| Accrued broker commission | | 1 058 285 | | 1 058 285 |
| Reported claims not yet paid | | | | |
| Remittances initiated but not yet paid | | 5 485 617 | | 5 485 617 |
| Outstanding claims provision | | | | |
| Not covered by reinsurance contracts | | 23 939 738 | | 23 939 738 |
| Personal Medical Savings Account Monies managed by the scheme on behalf of its members | | | | |
| | | 67 289 172 | | 67 289 172 |
| Risk adjustment factor for non-financial risk | | | 739 888 | 739 888 |

* In the prior year, net contribution receivables was part of the liability for incurred claims. Following Circular 42 of 2025, net contribution receivables was reallocated to the liability for remaining coverage. This reallocation had no impact on the net total of this note.

11.2 INSURANCE CONTRACT LIABILITIES - LIABILITY TO MEMBERS FOR FUTURE BENEFITS

Reconciliation of the insurance liability to members for future benefits:

| | 2025 R | 2024 R |
|--|--------------------|--------------------|
| Opening balance | 178 152 785 | 136 526 454 |
| Movement in liability to members for future benefits | 58 853 438 | 41 626 331 |
| Closing balance | <u>237 006 223</u> | <u>178 152 785</u> |

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

11.2 INSURANCE CONTRACT LIABILITIES - LIABILITY TO MEMBERS FOR FUTURE BENEFITS - continued

| | Notes | 2025 R | Restated 2024 R |
|--|-------|-------------------|-----------------------|
| Included in insurance contract liabilities - liability to members for future benefits is the net unrealised gains and losses on investments held at FVTPL: | | | |
| Opening balance | | 6 391 706 | 5 258 276 |
| Unrealised fair value gains on fair value investments | | 11 660 724 | 4 628 476 |
| Realised fair value loss on fair value investments | | - | (3 495 046) |
| Closing balance | | <u>18 052 430</u> | <u>6 391 706</u> |

**11.3 CASH FLOWS - INCURRED CLAIMS AND OTHER DIRECTLY ATTRIBUTABLE EXPENSES
(EXCLUDING INSURANCE ACQUISITION CASH FLOWS)**

| | | | |
|--|--|----------------------|----------------------|
| Cash paid to providers and members - claims | | (391 053 489) | (308 198 309) |
| Cash paid to providers - accredited administration fees | | (27 252 755) | (21 886 439) |
| Cash paid to providers - managed care fees | | (11 795 179) | (9 825 898) |
| Cash payments to wellness programmes | | (131 974) | (280 222) |
| Cash paid to members - savings plan refunds | | (3 450 520) | (4 459 217) |
| Total cash flows - incurred claims and other directly attributable expenses (excluding insurance acquisition cash flows) | | <u>(433 683 917)</u> | <u>(344 650 085)</u> |

12. INSURANCE REVENUE

| | | | |
|---|----|--------------------|--------------------|
| Gross contributions per registered rules | | 529 884 603 | 422 020 708 |
| Less: Savings contributions received | 21 | (25 614 361) | (21 940 888) |
| Net impairment losses: Trade and other receivables | 20 | (422 964) | (22 928) |
| Insurance revenue per statement of comprehensive income | 13 | <u>503 847 278</u> | <u>400 056 892</u> |

The savings contributions are received by the scheme in terms of Regulation 10(1) and the scheme's registered Rules. Refer to note 22 to the annual financial statements for more detail on how these monies were utilised.

13. INSURANCE REVENUE AND SERVICE EXPENSES

| | | | |
|--|----|----------------------|----------------------|
| Insurance revenue | | | |
| Insurance revenue from contracts measured under the PAA | 12 | <u>503 847 278</u> | <u>400 056 892</u> |
| Total insurance revenue | | <u>503 847 278</u> | <u>400 056 892</u> |
| Insurance service expenses | | | |
| Net claims incurred | 14 | (406 672 221) | (321 854 154) |
| Accredited managed healthcare services (no transfer of risk) | 15 | (11 795 179) | (9 825 898) |
| Fees paid in respect of accredited administration services | 16 | (27 252 755) | (21 886 439) |
| Other administration expenditure - wellness benefit management | | (131 974) | (243 753) |
| Insurance acquisition cash flows expensed | 17 | (15 394 420) | (12 794 907) |
| Total insurance service expenses | | <u>(461 246 549)</u> | <u>(366 605 151)</u> |
| Net income/(expenses) from reinsurance contracts held | | | |
| Reinsurance expenses - contracts measured under the PAA | 18 | (26 993 132) | (23 171 859) |
| Total expenses from reinsurance contracts held | | <u>(26 993 132)</u> | <u>(23 171 859)</u> |
| Claims recovered | 18 | 25 611 106 | 20 677 879 |
| Total income from reinsurance contracts held | | <u>25 611 106</u> | <u>20 677 879</u> |
| Total insurance service result | | <u>41 218 703</u> | <u>30 957 761</u> |

¹ Circular 6 of 2025 issued by the Council for Medical Schemes requires medical schemes to present "Amounts attributable to members for future benefits" separately from the "Insurance service expenses" and "Insurance service result". This resulted in prior year line items being represented as follows: "Amounts attributable to members for future benefits" to the value of R 58 853 438 (2024: R 41 626 331) are not being disclosed as a separate line item on the Statement of Comprehensive income before the "Surplus/deficit for the year". Insurance service expenses in accordance with IFRS 17 includes amounts attributable to members for future benefits. Total insurance service deficit after adjusting for amounts attributable to members for future benefits amount to R 17 634 735 (2024: R 10 668 570).

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

14. NET CLAIMS INCURRED

| | Notes | 2025 R | 2024 R |
|--|-------|----------------------|----------------------|
| <i>Incurred claims (scheme risk)</i> | | (353 580 584) | (274 641 705) |
| Current year claims per registered rules | | (366 001 889) | (285 436 046) |
| Claims paid/charged to savings accounts | 22 | 12 421 305 | 10 794 341 |
| Third party claim recoveries | | - | - |
| <i>Incurred claims (reinsurance contracts)</i> | | (25 611 106) | (20 677 879) |
| Outstanding claims provision at year end - not covered by reinsurance contracts) | | (25 668 511) | (23 939 738) |
| Outstanding claims provision at year end - covered by reinsurance contracts) | | (1 096 045) | (675 957) |
| Reversal of risk adjustment factor (opening balance) | | 739 888 | 673 638 |
| Recognition of risk adjustment factor (closing balance) | | (1 205 821) | (739 888) |
| Adjustments to the risk adjustment factor | | (465 933) | (66 250) |
| <i>Outstanding claims provision</i> | | | |
| Balance at beginning of year | | 23 939 738 | 21 807 450 |
| Payments in respect of prior year | | (24 189 780) | (23 660 075) |
| Underprovision in prior year | 13 | (250 042) | (1 852 625) |
| Incurred claims and other incurred insurance service expenses | 13 | <u>(406 672 221)</u> | <u>(321 854 154)</u> |

15. ACCREDITED MANAGED HEALTHCARE SERVICES (NO TRANSFER OF RISK)

| | | |
|---------------------------------|---------------------|--------------------|
| Case management | (5 450 003) | (4 614 121) |
| Pharmacy benefit management | (3 934 881) | (3 170 438) |
| Active Disease Risk Management | (1 666 976) | (1 411 546) |
| Disease Risk Management Support | (743 319) | (629 793) |
| | <u>(11 795 179)</u> | <u>(9 825 898)</u> |

16. FEES PAID IN RESPECT OF ACCREDITED ADMINISTRATION SERVICES

| | | |
|---|---------------------|---------------------|
| Member record management | (1 738 612) | (1 396 026) |
| Contribution management | (1 974 977) | (1 586 506) |
| Claims management | (6 018 950) | (4 833 698) |
| Information management and data control | (6 952 402) | (5 583 331) |
| Financial management | (3 607 555) | (2 893 169) |
| Broker remuneration management | (285 613) | (233 194) |
| Customer services | (6 674 646) | (5 360 515) |
| | <u>(27 252 755)</u> | <u>(21 886 439)</u> |

17. INSURANCE ACQUISITION CASH FLOWS EXPENSED

| | | | |
|---------------------|----|---------------------|---------------------|
| Brokers' commission | 13 | <u>(15 394 420)</u> | <u>(12 794 907)</u> |
|---------------------|----|---------------------|---------------------|

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

18. NET EXPENSE FROM REINSURANCE CONTRACTS HELD

| | Notes | 2025 R | 2024 R |
|--|-------|--------------------|--------------------|
| The scheme entered into the following reinsurance contracts during the respective years. | | | |
| NETCARE 911 REINSURANCE CONTRACT | | | |
| Reinsurance expenses from reinsurance contracts held | | (5 345 473) | (4 543 017) |
| Reinsurance income from reinsurance contracts held | | 5 050 545 | 3 289 971 |
| Net expense | | <u>(294 928)</u> | <u>(1 253 046)</u> |
| PREFERRED PROVIDER NEGOTIATORS REINSURANCE CONTRACT | | | |
| Reinsurance expenses from reinsurance contracts held | | (8 695 835) | (8 267 347) |
| Reinsurance income from reinsurance contracts held | | 9 442 963 | 7 773 464 |
| Net income/(expense) | | <u>747 128</u> | <u>(493 883)</u> |
| DENTAL INFORMATION SYSTEMS RISK TRANSFER ARRANGEMENT | | | |
| Reinsurance expenses from reinsurance contracts held | | (12 951 824) | (10 361 495) |
| Reinsurance income from reinsurance contracts held | | 11 117 598 | 9 614 444 |
| Net expense | | <u>(1 834 226)</u> | <u>(747 051)</u> |
| SUMMARY | | | |
| Reinsurance expenses from reinsurance contracts held | 13 | (26 993 132) | (23 171 859) |
| Reinsurance income from reinsurance contracts held | 13 | 25 611 106 | 20 677 879 |
| Net expense | | <u>(1 382 026)</u> | <u>(2 493 980)</u> |

Netcare 911 provides members on the Energy, Universal and Fantasy Options with Emergency Medical Assistance. Claims incurred and recoveries received were calculated based on utilisation figures obtained from Netcare 911.

Preferred Provider Negotiators provides members on the Energy, Universal and Fantasy Options with optometry services. Claims incurred and recoveries received were calculated based on utilisation figures obtained from Preferred Provider Negotiators.

Dental Information Systems provides members on the Energy, Universal and Fantasy Options with dental care services. Claims incurred and recoveries received were calculated based on utilisation figures obtained from Dental Information Systems.

19. INVESTMENT INCOME FROM FINANCIAL ASSETS

| | | | |
|---|---|-------------------|-------------------|
| Interest on cash and cash equivalents | | 6 513 077 | 9 178 896 |
| Accrued interest on cash and cash equivalents | | - | 808 130 |
| Interest capitalised to financial assets at FVTPL | 6 | 7 579 881 | 7 408 472 |
| Dividends capitalised to financial assets at FVTPL | 6 | 329 099 | 192 485 |
| Interest capitalised to financial assets at FVTPL - savings | | 6 102 972 | 1 053 059 |
| | | <u>20 525 029</u> | <u>18 641 042</u> |

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

20. OTHER OPERATING EXPENSES

| | Notes | 2025 R | 2024 R |
|---|-------|---------------------|---------------------|
| Actuarial fees | | (473 607) | (401 332) |
| Association fees | | (213 159) | (213 197) |
| Audit committee fees and expenses | | (441 235) | (374 133) |
| Audit fee | | (489 839) | (353 355) |
| Bank charges | | (63 557) | (66 667) |
| Consulting fees | | (747 976) | (751 686) |
| Depreciation | | (227 544) | (17 397) |
| Fidelity guarantee and professional indemnity insurance | | (16 400) | (16 200) |
| Insurance fees | | (66 850) | (61 683) |
| Marketing expenses | | (7 258 077) | (6 695 606) |
| Other expenses | | (450 855) | (262 706) |
| Postage and courier costs | | (30 633) | (120 234) |
| Principal officer's fees and expenses | | (1 196 299) | (1 008 367) |
| Printing and stationery | | (12 383) | (147 875) |
| Registrar's levies | | (628 223) | (625 194) |
| Subscriptions | | (73 462) | (70 062) |
| Telephone expenses | | (233 972) | (184 707) |
| Total trustees' remuneration and consideration expenses | 25 | (2 896 530) | (2 494 982) |
| <i>Other administration services</i> | | (285 064) | (232 823) |
| Secretarial | | <u>(285 064)</u> | <u>(232 823)</u> |
| | | <u>(15 805 665)</u> | <u>(14 098 206)</u> |

21. NET IMPAIRMENT LOSSES: TRADE AND OTHER HEALTHCARE RECEIVABLES

| | | | |
|--|----|-------------------|------------------|
| Contributions that are not collectable | | (422 964) | (22 928) |
| Movement in provision | | <u>(422 964)</u> | <u>(22 928)</u> |
| Amounts written off during the year | | - | - |
| | 12 | <u>(422 964)</u> | <u>(22 928)</u> |

22. PERSONAL MEDICAL SAVINGS ACCOUNT MONIES MANAGED BY THE SCHEME ON BEHALF OF ITS MEMBERS

| | | | |
|--|----|-------------------|-------------------|
| Balance on personal medical savings account liability at beginning of year | | 67 289 172 | 60 601 843 |
| Add: | | | |
| Savings contributions received | 12 | 25 614 361 | 21 940 888 |
| Less: | | | |
| Savings claims paid on behalf of members | 14 | (12 421 305) | (10 794 341) |
| Refunds on death or resignation in terms of Regulation 10 | | (3 450 520) | (4 459 218) |
| Balance at the year end | | <u>77 031 708</u> | <u>67 289 172</u> |

The personal medical savings account liability contains a demand feature in terms of Regulation 10 of the Act that any credit balance on a member's personal medical savings account must be taken as a cash benefit when the member terminates his or her membership of the scheme or benefit option, and then enrolls in another benefit option or medical scheme without a personal medical savings account or does not enroll in another medical scheme.

No interest accrues on personal medical savings accounts. This is consistent with prior years.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

22. PERSONAL MEDICAL SAVINGS ACCOUNT MONIES MANAGED BY THE SCHEME ON BEHALF OF ITS MEMBERS - continued

As at year end the carrying amount of the members' personal medical savings accounts were deemed to be equal to its fair value which is of a short term nature.

The personal medical savings accounts were invested on behalf of members in the following assets at 31 December:

| | 2025 | 2024 |
|---------------------------------|-------------------|-------------------|
| | R | R |
| Ashburton Core Plus Income Fund | 76 123 369 | 69 916 571 |
| | <u>76 123 369</u> | <u>69 916 571</u> |

The underlying assets of the investment comprise bonds and debentures, and equity instruments. It does not have a specified maturity date and is therefore classified as non-current.

The difference between the savings plan liability and savings assets is due to timing differences in savings contributions and savings claims paid, as well as market movements on the underlying savings asset.

23. CRITICAL ACCOUNTING JUDGEMENTS AND AREAS OF KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to notes 2 and 3 for the significant judgements and estimates applicable to the scheme.

The table below reflects the impact of a change in the incurred claims and reported amounts attributable to future members caused by changes in key variables:

| | Change in variable | Impact on insurance contract liability to members for future benefits 2025 R | Impact on insurance contract liability to members for future benefits 2024 R |
|----------------------------------|---------------------------|---|---|
| General practioner claims | 1% increase in claims | 642 916 | 553 401 |
| Specialist claims | 1% increase in claims | 1 002 140 | 803 359 |
| Medicine claims | 1% increase in claims | 407 401 | 349 152 |
| Hospital claims | 1% increase in claims | 1 481 688 | 1 049 566 |
| Allied and support health claims | 1% increase in claims | 125 874 | 98 882 |

24. RELATED PARTY TRANSACTIONS

Momentum Thebe Ya Bophelo (Pty) Ltd, the administrator and managed care provider provides key management information to the scheme. Momentum Thebe Ya Bophelo (Pty) Ltd participates in the financial and operational activities of the scheme, but does not control the scheme.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the scheme. Key management personnel include the Board of Trustees, Principal Officer and members of the audit committee. The amounts include close family members of the Board of Trustees and the Principal Officer. (Refer to Note 25 for Trustee expenses)

Relationships

Administrator Momentum Thebe Ya Bophelo (Pty) Ltd

Other related parties Momentum Health (Pty) Ltd

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

24. RELATED PARTY TRANSACTIONS - continued

Key management personnel and their close family members

| | |
|--------------------------------------|---|
| Principal Officer | Dr. V. Mpongoshe |
| Board of Trustees | Dr. G. Goolab W. Modisapodi T.E. Mokoena - chairperson G.P. Mokoena B. Seithobogeng T.E. Mokhele |
| Audit, Investment and Risk Committee | M. Tonjeni (chairperson) S. Maharaj T. Mochatsi |

| | 2025 R | 2024 R |
|--|------------|------------|
| Transactions with parties that have significant influence over the scheme | | |
| Administration fees paid | | |
| Momentum Thebe Ya Bophelo (Pty) Ltd | 27 537 819 | 22 119 262 |
| Wellbeing program expenses | | |
| Momentum Health (Pty) Ltd | 131 974 | 243 753 |
| Managed care fees | | |
| Momentum Thebe Ya Bophelo (Pty) Ltd | 11 795 179 | 9 825 898 |
| Distribution fee | | |
| Momentum Thebe Ya Bophelo (Pty) Ltd | 3 938 330 | 3 055 633 |
| Key management personnel | | |
| Principal Officer fees and expenses | 1 196 299 | 1 008 367 |
| Trustee fees and expenses | 2 896 530 | 2 494 982 |
| Audit committee fees and expenses | 441 235 | 374 133 |
| Contributions received | 229 440 | 210 744 |
| Claims incurred | 116 358 | 58 786 |
| <i>Outstanding balances at 31 December</i> | | |
| Key management personnel | | |
| Contributions owing | 5 640 | 10 850 |
| Accumulated Savings | 32 349 | 25 471 |

These transactions were all concluded in terms of the rules of the scheme.

Administration fees paid

The administration agreement is in terms of the rules of the scheme and in accordance with instructions given by the scheme. The agreement is automatically renewed each year unless notification of termination is received.

Wellbeing program expenses

Wellness is provided to the members in accordance with the instructions given by the scheme. All transactions were at an arm's length basis.

Managed care fees

The managed care agreement is in accordance with the instructions given by the scheme. The agreement is automatically renewed each year unless notification of termination is received. All transactions were at an arm's length basis.

Distribution fee

The distribution fee agreement is in accordance with the instructions given by the scheme. The agreement is automatically renewed each year unless notification of termination is received. All transactions were at an arm's length basis.

Contributions received

Contributions received are as per the rates and benefits table.

Claims incurred

Claims are medical expenses paid on behalf of trustees as per the rules of the scheme.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

25. TRUSTEES' EXPENSES

2025

| | Meeting fees | Travel, accommodation and meals | Conferences | Other costs | Total |
|------------------|------------------|---------------------------------------|---------------|---------------|------------------|
| Dr. G. Goolab | 446 177 | 1 428 | - | 7 411 | 455 015 |
| W. Modisapodi | 417 023 | 31 430 | 15 406 | 7 411 | 471 270 |
| T.E. Mokoena | 422 337 | 47 983 | 15 406 | 9 891 | 495 617 |
| G.P. Mokoena | 422 337 | 44 609 | 15 406 | 7 411 | 489 763 |
| B. Seithlobogeng | 422 337 | 47 146 | 15 406 | 7 411 | 492 300 |
| T.E. Mokhele | 422 337 | 47 412 | 15 406 | 7 411 | 492 565 |
| | <u>2 552 546</u> | <u>220 009</u> | <u>77 030</u> | <u>46 945</u> | <u>2 896 530</u> |

2024

| | Meeting fees | Travel, accommodation and meals | Training | Conferences | Total |
|------------------|------------------|---------------------------------------|---------------|---------------|------------------|
| Dr. G. Goolab | 415 630 | 6 638 | - | - | 422 268 |
| W. Modisapodi | 415 630 | 6 866 | - | - | 422 496 |
| T.E. Mokoena | 345 459 | 43 413 | - | 16 990 | 405 862 |
| G.P. Mokoena | 328 928 | 47 867 | - | 16 990 | 393 785 |
| B. Seithlobogeng | 345 459 | 53 128 | - | 16 990 | 415 577 |
| T.E. Mokhele | 339 499 | 53 883 | 24 622 | 16 990 | 434 994 |
| | <u>2 190 605</u> | <u>211 795</u> | <u>24 622</u> | <u>67 960</u> | <u>2 494 982</u> |

26. MEDICAL INSURANCE RISK MANAGEMENT

The scheme issues healthcare contracts. These contracts compensate members and their beneficiaries in the event of a healthcare event. The scheme is therefore exposed to the uncertainty of the severity and timing of the healthcare event. As the scheme undertakes to compensate the members and their beneficiaries, the scheme is exposed to insurance risk. This section summarises these risks and the way in which the scheme manages them.

Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the scheme assumes the risk of loss from members and their dependants that are directly subject to the risk. These risks relate to the health of the scheme members; as such the scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The scheme also has exposure to market risk through its 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 reinsurance contracts and the monitoring of emerging issues.

Certain risks are mitigated by entering into reinsurance contracts. In this regard the scheme specifically decided to transfer all risks relating to emergency and ambulance services, optometry, and dental services to an external service provider.

The scheme uses several methods to assess and monitor insurance risk exposure both for individual types of risk 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 event during any one year period may vary from those estimated using established statistical methods.

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

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

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

26. MEDICAL INSURANCE RISK MANAGEMENT - continued

Risk management objectives and policies for mitigating insurance risk - continued

General practitioner benefits cover the cost of all visits by members to general practitioners and of the procedures performed by them.

Specialists' benefits cover the cost of all visits by members to specialists and of the out-of-hospital procedures performed by specialists. Specialists' benefits also include radiology and pathology benefits provided to members.

Dentistry benefits cover the cost of all visits by members to dental practitioners and the procedures performed by them, up to a prescribed annual limit per member.

Optometry benefits cover the cost of all visits by members to optometrists, the cost of prescribed glasses and contact lenses and the cost of procedures performed by optometrists, up to a prescribed annual limit per member.

Medicine benefits cover the cost of all medicines prescribed to members.

Hospital benefits cover all costs incurred by members, whilst they are in the hospital to receive pre-authorised treatment for certain medical conditions.

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

The strategy is set out in the annual business plan, which specifies the benefits to be provided by each option, the preferred target market and demographic split of this market.

All the contracts are annual in duration 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, target market and demographic split is reviewed monthly. There is also an underwriting review programme that reviews a sample of contracts on a quarterly basis to ensure adherence to the scheme's objectives.

Expense risk

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

Changes from the previous period

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

Methods used and assumptions made

Methods used and assumptions made for insurance liabilities assessment are disclosed in note 3.1.2.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

26. MEDICAL INSURANCE RISK MANAGEMENT - continued

Impact of legislation and regulation

The medical scheme industry is governed by the Medical Schemes Act. The governance under the Act is fulfilled by a statutory body, the Council for Medical Schemes. Various legislative measures restrict the scheme from fully managing its insurance risk, the main factor being that the scheme is not allowed to risk rate its members at all. This severely increases the risk in a risk pool with a too high load of above average claimers.

Managed care initiatives such as disease management programmes are implemented to reduce risk.

Sensitivity to Insurance Risk

The most significant medical insurance risk that the scheme faces is the risk that insurance revenue is not sufficient to cover the insurance service expenditure and other expenses, and still have a sufficient surplus to maintain the solvency ratio of the scheme at the required level.

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

As at 31 December 2025

| Age grouping (in years) | General Practitioners | Specialists | Medicines | Hospital | Allied and support health | Total |
|--------------------------------|------------------------------|--------------------|-------------------|--------------------|----------------------------------|--------------------|
| <29 | 17 100 563 | 17 412 797 | 7 352 962 | 37 989 089 | 3 125 725 | 82 981 136 |
| 30 - 39 | 15 239 028 | 22 044 086 | 7 248 859 | 30 973 652 | 2 724 436 | 78 230 061 |
| 40 - 54 | 26 052 118 | 44 264 677 | 20 215 415 | 57 773 018 | 5 196 594 | 153 501 822 |
| 55 - 69 | 5 594 167 | 14 080 290 | 5 634 183 | 16 722 768 | 1 144 748 | 43 176 156 |
| >70 | 305 708 | 2 412 140 | 288 695 | 4 710 304 | 395 867 | 8 112 714 |
| Total | 64 291 584 | 100 213 990 | 40 740 114 | 148 168 831 | 12 587 370 | 366 001 889 |

As at 31 December 2024

| Age grouping (in years) | General Practitioners | Specialists | Medicines | Hospital | Allied and support health | Total |
|--------------------------------|------------------------------|--------------------|-------------------|--------------------|----------------------------------|--------------------|
| <29 | 14 457 183 | 12 483 263 | 6 002 010 | 24 221 560 | 2 125 350 | 59 289 367 |
| 30 - 39 | 13 675 886 | 16 793 343 | 6 530 994 | 22 171 490 | 2 537 985 | 61 709 699 |
| 40 - 54 | 22 322 096 | 35 607 356 | 17 530 611 | 38 083 854 | 3 728 829 | 117 272 746 |
| 55 - 69 | 4 691 740 | 13 019 386 | 4 571 219 | 17 141 407 | 1 248 599 | 40 672 350 |
| >70 | 193 165 | 2 432 591 | 280 406 | 3 338 288 | 247 434 | 6 491 883 |
| Total | 55 340 070 | 80 335 940 | 34 915 240 | 104 956 599 | 9 888 197 | 285 436 046 |

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

26. MEDICAL INSURANCE RISK MANAGEMENT - continued

Reinsurance contracts

The scheme entered into capitation agreements with Netcare 911, Preferred Provider Negotiators and Dental Information Systems. The capitation agreements are in substance, the same as a non-proportional commercial reinsurance contract.

Risk in terms of reinsurance contracts

The scheme cedes insurance risk to limit exposure to underwriting losses under various agreements that cover individual risks, group risks or defined blocks of business, on a co-insurance, yearly renewable term, excess or catastrophe excess basis. These contracts 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 on the basis of characteristics of coverage. According to the terms of the contracts, the third party agrees to reimburse the ceded amount in the event the claim is paid. According to the terms of the capitation agreements, the suppliers provide certain minimum benefits to all scheme members, as and when required by the members. The scheme does, however, remain liable to its members with respect to ceded insurance if any reinsurer (or supplier) fails to meet the obligations it assumes. When selecting a reinsurer (or supplier), the scheme considers its relative security. The security of the reinsurer (or supplier) is assessed from public rating information and from internal investigations.

Underwriting risk

Underwriting risk is the risk that the actual exposure of the scheme in respect of outstanding claims will exceed prudent estimates of such outstanding claims. Actuaries have been consulted in setting these estimates at year-end, including the estimate for those claims outstanding at year-end which had not yet been reported.

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. In the majority of cases, claims are resolved within four months from the time they are reported to the scheme. At year-end, a provision is made for the liability for incurred claims.

Sensitivity analysis to insurance risk variables

The following table provides a sensitivity on the insurance contract liabilities. 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.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

26. MEDICAL INSURANCE RISK MANAGEMENT - continued

Sensitivity analysis to insurance risk variables - continued

The following table presents information on how possible changes in the risk confidence level made by the scheme will impact the risk adjustment.

| As at 31 December 2025 | LIC | Impact on LIC | Impact on profit/loss |
|---|------------|----------------------|------------------------------|
| Insurance contract liabilities | 89 096 057 | | |
| Unpaid claims and expenses - 5% increase | | | |
| Insurance contract liabilities | | 4 454 803 | 4 454 803 |
| Expenses - 5% increase | | | |
| Insurance service expense | | | (23 062 327) |

Risk adjustment with a 75% confidence level - as reported 1 205 821
Risk adjustment with a 80% confidence level 1 542 677

| As at 31 December 2024 | LIC | Impact on LIC | Impact on profit/loss |
|---|------------|----------------------|------------------------------|
| Insurance contract liabilities | 77 885 866 | | |
| Unpaid claims and expenses - 5% increase | | | |
| Insurance contract liabilities | | 3 894 293 | 3 894 293 |
| Expenses - 5% increase | | | |
| Insurance service expense | | | (18 330 258) |

Risk adjustment with a 75% confidence level - as reported 739 888
Risk adjustment with a 80% confidence level 924 298

The above analysis is based on a change in one assumption, whilst holding all other assumptions constant. This is unlikely to occur and changes in certain assumptions could be correlated. No further 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 80% confidence level has also been disclosed.

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

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

27. FINANCIAL RISK MANAGEMENT

27.1 General

The scheme's activities expose it to a variety of financial risks, including the effects of changes in interest rates and market risk. The scheme's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the investments which the scheme holds to meet its obligations to its members.

Risk management and investment decisions are carried out by the Board of Trustees. The Board of Trustees identifies, evaluates and economically hedges (where appropriate) financial risk associated with the scheme's investment portfolio. The Board of Trustees provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and investing excess liquidity. The Board of Trustees approves all these written policies.

27.2 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 with Annexure B of the Medical Schemes Act.

Diversification and concentration

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

| Asset class | December 2025 | | December 2024 | |
|-------------|--------------------|---------------|--------------------|---------------|
| | R | % | R | % |
| Cash | 116 867 942 | 47.50 | 121 133 026 | 47.50 |
| Bonds | 171 629 590 | 42.56 | 108 531 356 | 42.56 |
| Equity | 35 904 158 | 9.94 | 25 372 196 | 9.94 |
| Total | 324 401 690 | 100.00 | 255 036 578 | 100.00 |

Asset manager allocation

Allocation as at December 2025

| Manager | Mandate | Investment vehicle | Rand | % |
|----------------------|------------------------|---------------------|--------------------|---------------|
| Old Mutual Wealth | | | | |
| Treasury | Liquidity/Cash | Segregated | 40 271 612 | 12.41 |
| STANLIB Asset | | | | |
| Management | Income Fund | Pooled | 34 287 941 | 10.57 |
| Coronation | Medical Audit Fund | Pooled | 31 348 715 | 9.66 |
| Prudential Portfolio | Life Inflation Plus 5% | | | |
| Managers | Medical Aid Fund | Policy of Insurance | 33 122 229 | 10.21 |
| Argon | Income Fund | Pooled | 49 638 174 | 15.30 |
| Ashburton | Income Fund | Pooled | 76 123 369 | 23.48 |
| Nedgroup | Income Fund | Pooled | 23 501 262 | 7.24 |
| Prowess | Income Fund | Pooled | 36 108 388 | 11.13 |
| | | | 324 401 690 | 100.00 |

Allocation as at December 2024

| Manager | Mandate | Investment vehicle | Rand | % |
|----------------------|------------------------|---------------------|--------------------|---------------|
| Old Mutual Wealth | | | | |
| Treasury | Liquidity/Cash | Segregated | 65 915 944 | 25.85 |
| STANLIB Asset | | | | |
| Management | Income Fund | Pooled | 31 254 431 | 12.25 |
| Coronation | Medical Audit Fund | Pooled | 21 872 676 | 8.58 |
| Prudential Portfolio | Life Inflation Plus 5% | | | |
| Managers | Medical Aid Fund | Policy of Insurance | 22 774 779 | 8.93 |
| Argon | Income Fund | Pooled | 43 301 177 | 16.98 |
| Ashburton | Income Fund | Pooled | 69 916 571 | 27.41 |
| | | | 255 035 578 | 100.00 |

THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025

27. FINANCIAL RISK MANAGEMENT - continued

27.2 Market Risk - continued

Counter party analysis

| Asset Class | Top 5 Holdings as at December 2025 | Ratings (Moody's at December 2025) | % of portfolio |
|-----------------|------------------------------------|------------------------------------|----------------|
| Cash | FirstRand Bank Limited | Aa1.za | 11.16 |
| | ABSA Bank Limited | Aa1.za | 10.15 |
| | Nedbank Limited | Aa1.za | 6.94 |
| | Investec Bank Limited | Aa1.za | 3.87 |
| | The Standard Bank of South Africa | Aa1.za | 3.57 |
| Bonds | RSA Bond | | 18.88 |
| | The Standard Bank of South Africa | | 7.51 |
| | FirstRand Bank Limited | | 5.43 |
| | Nedbank Limited | | 3.55 |
| | ABSA Bank Limited | | 3.41 |
| Property | Redefine Properties Limited | | 0.43 |
| | Thekwini Fund Limited | | 0.39 |
| | Amber House Fund 2 (RF) Limited | | 0.23 |
| | Fortress REIT Limited | | 0.22 |
| | The Thekwini Fund 19 (RF) Limited | | 0.22 |
| Equity | Naspers Limited | | 0.53 |
| | Prosus NV | | 0.50 |
| | Standard Bank Group Limited | | 0.49 |
| | Anglogold Ashanti Limited | | 0.46 |
| | FirstRand Limited | | 0.40 |

| Asset Class | Top 5 Holdings as at December 2024 | Ratings (Moody's at December 2024) | % of portfolio |
|--------------|------------------------------------|------------------------------------|----------------|
| Cash | FirstRand Bank Limited | Aa1.za | 28.47 |
| | Nedbank Limited | Aa1.za | 15.85 |
| | ABSA Bank Limited | Aa1.za | 14.82 |
| | The Standard Bank of South Africa | Aa1.za | 2.03 |
| | Investec Bank Limited | Aa1.za | 0.70 |
| Bonds | RSA Bond | | 8.51 |
| | FirstRand Bank Limited | | 2.00 |
| | The Standard Bank of South Africa | | 1.42 |
| | ABSA Bank Limited | | 1.34 |
| | Standard Bank Group Limited | | 1.12 |

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

27. FINANCIAL RISK MANAGEMENT - continued

27.2 Market Risk - continued

Diversification and concentration - continued

Counter party analysis - continued

| Asset Class | Top 5 Holdings as at December 2024 | Ratings (Moody's at December 2024) | % of portfolio |
|--------------------|---|---|-----------------------|
| Property | Growthpoint Properties Limited | | 0.35 |
| | Amber House Fund 2 (RF) Limited | | 0.33 |
| | Redefine Properties Limited | | 0.30 |
| | Resilient Property Income Fund | | 0.17 |
| | Fortress REIT Limited | | 0.12 |
| Equity | Naspers Limited | | 1.08 |
| | ABSA Group Limited | | 0.74 |
| | FirstRand Limited | | 0.69 |
| | British American Tobacco | | 0.63 |
| | Anglogold Ashanti Limited | | 0.59 |

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 R 117 954 835 if the interest had been higher by 1% during 2025 as compared to the actual interest rate. A one percent increase in the interest at the reporting date would have increased cash by R 1 086 893 (2024 an increase of R 1 116 331). An equal change in the opposite direction would have decreased cash by R 1 086 893 (2024 a decrease of R 1 116 331).

| % Change | Return of Index | Adjusted closing value | Difference |
|-----------------|------------------------|-------------------------------|-------------------|
| | | R | R |
| 2% | 9.52% | 119 041 729 | 2 173 787 |
| 1% | 8.52% | 117 954 835 | 1 086 893 |
| 0% | 7.52% | 116 867 942 | - |
| -1% | 6.52% | 115 781 049 | (1 086 893) |
| -2% | 5.52% | 114 694 156 | (2 173 787) |

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 R 173 011 057 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 bonds by R 1 381 467 (2024 an increase of R 926 194). An equal change in the opposite direction would have decreased bonds by R 1 381 467 (2024 a decrease of R 926 194).

| % Change | Return of Index | Adjusted closing value | Difference |
|-----------------|------------------------|-------------------------------|-------------------|
| | | R | R |
| 2% | 26.24% | 174 392 525 | 2 762 935 |
| 1% | 25.24% | 173 011 057 | 1 381 467 |
| 0% | 24.24% | 171 629 590 | - |
| -1% | 23.24% | 170 248 123 | (1 381 467) |
| -2% | 22.24% | 168 866 655 | (2 762 935) |

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

27. FINANCIAL RISK MANAGEMENT - continued

27.2 Market Risk - continued

Diversification and concentration - continued

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 R 36 408 414 if the investment performance had been higher by 2% during 2025 as compared to the market investment performance.

All equity investments are listed on the JSE. A two percent increase in the investment return at the reporting date would have increased equity by R 504 257 (2024: an increase of R 447 324); an equal change in the opposite direction would have decreased equity by R 504 257 (2024: a decrease of R 447 324).

The change will have an impact on the fair value adjustment reserve and/or the surplus/deficit depending on the investment type.

| % Change | Return of Index | Adjusted closing value | Difference |
|-----------------|------------------------|-------------------------------|-------------------|
| | | R | R |
| 4% | 46.40% | 36 912 671 | 1 008 513 |
| 2% | 44.40% | 36 408 414 | 504 257 |
| 0% | 42.40% | 35 904 158 | - |
| -2% | 40.40% | 35 399 901 | (504 257) |
| -4% | 38.40% | 34 895 645 | (1 008 513) |

Notes:

- 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.
- Investment Risk and Investment Return**
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.

Unconsolidated structured entities

The scheme's investments in investee funds are subject to the terms and conditions of the respective investee fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those investee funds. The investment manager makes investment decisions after extensive due diligence of the underlying fund, its strategy and the overall quality of the underlying fund's manager. All of the investee funds in the investment portfolio are managed by portfolio managers who are compensated by the respective investee funds for their services. Such compensation generally consists of an asset-based fee and a performance-based incentive fee and is reflected in the valuation of the scheme's investment in each of the investee funds.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

27. FINANCIAL RISK MANAGEMENT - continued

27.2 Market Risk - continued

Unconsolidated structured entities - continued

The right of the scheme to request redemption of its investments in investee funds ranges in frequency from weekly to semi-annually. The exposure to investments in investee funds at fair value, by strategy employed, is disclosed in the following table. These investments are included in financial assets at FVTPL in the statement of financial position.

| Fund | Number of investee funds | Net asset value of investee fund (range and weighted average) Rand | Fair value of scheme's assets of investment (Rand) | % of net assets attributable to holders of redeemable shares* |
|---|--------------------------|--|--|---|
| Argon BCI Flexible Income Fund | 1 | 718 037 397 | 49 638 174 | 6.91% |
| Ashburton Core Plus Income Fund | 1 | 17 730 000 000 | 76 123 369 | 0.43% |
| Coronation Balanced Fund | 1 | 1 530 000 000 | 31 348 715 | 2.05% |
| M & G Life Inflation Plus 5% Medical Aid Fund | 1 | 1 480 343 347 | 33 122 229 | 2.24% |
| Nedgroup Core Income Fund | 1 | 62 700 000 000 | 23 501 262 | 0.04% |
| Prowess Money Markey 27four Fund | 1 | 434 506 000 | 36 108 388 | 8.31% |
| Stanlib Income Fund | 1 | 65 310 000 000 | 34 287 941 | 0.05% |

*This represents the scheme's percentage interest in the total net assets of the investee funds.

The scheme's maximum exposure to loss from its interests in investee funds is equal to the total fair value of its investments in investee funds. Once the scheme has disposed of its shares in an investee fund, it ceases to be exposed to any risk from that investee fund.

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, excluding accrued interest, categorised by the earlier of contractual re-pricing or maturity dates.

| | Up to 1 month R | 1 - 3 months R | More than 3 months R | Total R |
|--|-------------------|------------------|----------------------|--------------------|
| As at 31 December 2025 | | | | |
| Cash and cash equivalents | 79 881 262 | - | - | 79 881 262 |
| Investments | - | - | 168 397 059 | 168 397 059 |
| Savings trust assets | - | - | 76 123 369 | 76 123 369 |
| Personal medical savings account monies managed by the scheme on behalf of its members | (12 144 811) | (982 935) | (63 903 962) | (77 031 708) |
| Total | 67 736 451 | (982 935) | 180 616 466 | 247 369 982 |

| | Up to 1 month R | 1 - 3 months R | More than 3 months R | Total R |
|--|-------------------|------------------|----------------------|--------------------|
| As at 31 December 2024 | | | | |
| Cash and cash equivalents | 47 415 945 | - | - | 47 415 945 |
| Investments | - | - | 137 704 062 | 137 704 062 |
| Savings trust assets | - | - | 69 916 571 | 69 916 571 |
| Personal medical savings account monies managed by the scheme on behalf of its members | (8 108 564) | (417 249) | (58 763 359) | (67 289 172) |
| Total | 39 307 381 | (417 249) | 148 857 274 | 187 747 406 |

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

27. FINANCIAL RISK MANAGEMENT - continued

27.3 Credit Risk

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The scheme doesn't have significant credit risk arising from reinsurance contract assets or insurance assets.

The capitation agreements with Netcare 911, Preferred Provider Negotiators and Dental Information Systems are used to manage insurance risk. This does not, however, discharge the scheme's liability as the primary insurer. If the reinsurers fail to pay a claim for any reason, the scheme remains liable for the payment of incurred claims, to the members.

Investments

Cash investments are limited to high credit quality financial institutions. The scheme has a policy of limiting the amount of credit exposure to any one financial institution. Financial assets at FVTPL are invested based on clearly defined terms in order to limit credit exposure to those investments.

Cash and cash equivalents

Credit risk is managed through transactions with South African financial institutions with investment grade ratings as assigned by internationally recognised rating agencies.

Due to these investment grade ratings, the Trustees do not generally expect any of the counterparties to fail to meet their obligations. Credit limits per institution are prescribed by annexure B of the Regulations to the Medical Schemes Act, 131 of 1998, as amended, which reduces the risk per individual institution. The utilisation of these credit limits are regularly monitored.

The scheme manages credit risk by:

- Actively pursuing all contributions not received after three days of becoming due, as required by Section 26(7) of the Medical Schemes Act 131 of 1998, as amended.
- Suspending benefits on member accounts when contributions have not been received for 30 days.
- Terminating benefits on member accounts when contributions have not been received for 60 days.
- Ageing and pursuing unpaid accounts on a monthly basis.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

27. FINANCIAL RISK MANAGEMENT - continued

27.3 Credit Risk - continued

Exposure to credit risk

Trade and other receivables

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | Carrying amount 2025 R | Carrying amount 2024 R |
|---|---|---|
| Cash and cash equivalents | 79 881 262 | 47 698 396 |
| Financial assets at amortised cost | 21 098 703 | 19 308 130 |
| Financial assets at fair value through profit or loss | 148 397 059 | 119 204 062 |
| Financial assets at fair value through profit or loss - savings | 76 123 369 | 69 916 571 |
| | <u>325 500 393</u> | <u>256 127 159</u> |

Contribution receivables are collected by means of debit orders, electronic receipts and receipts from payroll offices.

The maximum credit exposure to member and service provider claim receivables (included in other receivables) was:

| | | |
|------------------------------------|----------------|----------------|
| Member claim receivables | 583 | 583 |
| Service provider claim receivables | 564 707 | 283 073 |
| | <u>565 290</u> | <u>283 656</u> |

Allowance for impairment

The ageing of the components of insurance receivables at year-end was:

| Description | Allowance for impairment | | Allowance for impairment | |
|-------------------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|
| | Gross 2025 R | 2025 R | Gross 2024 R | 2024 R |
| Contribution debtors | | | | |
| Not past due | 23 034 853 | - | 21 900 159 | - |
| Past due 4 - 30 days | 42 856 | - | 19 330 | - |
| Past due 31 - 60 days | - | - | - | - |
| Past due 61 - 90 days | - | - | - | - |
| 91 days to more than one year | - | - | - | - |
| Total | <u>23 077 709</u> | <u>-</u> | <u>21 919 489</u> | <u>-</u> |
| Withdrawn members | | | | |
| Not past due | 328 489 | - | 208 354 | - |
| Past due 4 - 30 days | 38 607 | 38 607 | 42 170 | 42 170 |
| Past due 31 - 60 days | 70 830 | 70 830 | 25 795 | 25 795 |
| Past due 61 - 90 days | 59 197 | 59 197 | 4 057 | 4 057 |
| 91 days to more than one year | 574 264 | 574 264 | 247 912 | 247 912 |
| Total | <u>1 071 387</u> | <u>742 898</u> | <u>528 288</u> | <u>319 934</u> |
| Total | 24 149 096 | 742 898 | 22 447 777 | 319 934 |
| Net included in LIC | | 23 406 198 | | 22 127 843 |

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

27. FINANCIAL RISK MANAGEMENT - continued

27.3 Credit Risk - continued

Exposure to credit risk - continued

Allowance for impairment - continued

The movement in the allowance for impairment, for each class of financial asset, during the year was as follows:

| | Trade and other receivables | |
|--|-----------------------------|---------|
| | Contribution debtors | Total |
| | R | R |
| Balance 1 January 2024 | 297 006 | 297 006 |
| Change to allowance made during the year | 22 928 | 22 928 |
| Balance 31 December 2024 | 319 934 | 319 934 |
| Change to allowance made during the year | 422 964 | 422 964 |
| Balance 31 December 2025 | 742 898 | 742 898 |

Contribution debtors

The scheme collected 96.88% (2024: 98.36%) of outstanding debt in January 2026.

The scheme applies the IFRS 9 simplified approach to measuring credit losses which uses a lifetime expected loss allowance for trade receivables, which includes contributions receivables (included in insurance contract liabilities). To measure the expected credit losses, trade receivables have been grouped based on the days past due.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The scheme does not hold any collateral as security.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

27. FINANCIAL RISK MANAGEMENT - continued

27.3 Credit Risk - continued

Exposure to credit risk - continued

Investments

Cash transactions are limited to high credit quality financial institutions. The scheme has a policy of limiting the amount of credit exposure to any one financial institution.

Due to these high credit ratings the Trustees do not expect any counterparty to fail to meet its obligations. Credit limits per institution are prescribed by annexure B of the Regulations to the Medical Schemes Act, 131 of 1998, as amended which reduces the risk per individual institution. The utilisation of these credit limits are regulatory monitored.

The table below shows the limit and balance of cash and cash equivalents and investments (including savings balances) with the major counterparties held at year-end. Accrued interest is excluded from these balances:

| Counterparty | Limit | 2025 | | 2024 | |
|-----------------------|-------|------------|--------------|------------|--------------|
| | | R Limit | R Balance | R Limit | R Balance |
| <i>Cash deposits</i> | | | | | |
| First National Bank | 35% | 60 548 872 | 36 209 832 | 64 806 765 | 32 023 960 |
| Nedbank Limited | 35% | 60 548 872 | 17 842 357 | 64 806 765 | 23 940 103 |
| Investec Bank Limited | 35% | 60 548 872 | 3 574 566 | 64 806 765 | 2 162 954 |
| ABSA Bank Limited | 35% | 60 548 872 | 30 310 658 | 64 806 765 | 21 721 286 |
| Standard Bank Limited | 35% | 60 548 872 | 7 097 925 | 64 806 765 | 2 369 334 |

The table below shows the limit and balance of savings trust assets held at the major counterparties at year-end:

| Counterparty | 2025 | | 2024 | |
|-----------------------|------------|--------------|------------|--------------|
| | R Limit | R Balance | R Limit | R Balance |
| First National Bank | n/a | - | n/a | 5 980 728 |
| Nedbank Limited | n/a | 4 668 249 | n/a | 8 646 648 |
| Investec Bank Limited | n/a | 8 982 388 | n/a | 11 162 519 |
| ABSA Bank Limited | n/a | 2 617 364 | n/a | 3 823 125 |
| Standard Bank Limited | n/a | 4 470 700 | n/a | 6 521 975 |

In terms of Circular 38 of 2011, the Annexure B restrictions are not applicable to savings trust assets.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

27. FINANCIAL RISK MANAGEMENT - continued

27.4 Liquidity Risk

Liquidity risk is the risk that the scheme will be unable to meet its obligations when they fall due as a result of member benefit payments or cash requirements from contractual obligations. 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 commitments to members.

The scheme's liquidity management process, as carried out by the administrator and monitored by the scheme, 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.

The following tables present the estimated amount and timing of the remaining contractual undiscounted cash flows arising from insurance contract liabilities/(assets). When debt securities mature, the proceeds not needed to meet liability cash flows will be reinvested.

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.

Members of the scheme are required to submit their claims within 4 months of the service date. Therefore the liability attributable to current members is expected to be settled within 12 months.

The scheme expects to achieve a net surplus (before taking into account amounts attributable to members for future benefits) for the period ending 31 December 2026 and therefore does not expect to utilise the liability attributable to future members within the next 12 months.

| | R | |
|---|---------------|-------------|
| | 0 - 12 months | 12 months + |
| 2025 | | |
| <i>Insurance contract balances</i> | | |
| Insurance contract liabilities to current members | 89 096 057 | |
| Insurance contract liabilities to members for future benefits | | 237 006 223 |
| <i>Other payables, not related to the insurance contract</i> | | |
| Trade and other payables | 239 939 | |
| 2024 | | |
| <i>Insurance contract balances</i> | | |
| Insurance contract (assets) to current members | 77 885 866 | |
| Insurance contract liabilities to members for future benefits | | 178 152 785 |
| <i>Other payables, not related to the insurance contract</i> | | |
| Trade and other payables | 130 688 | |

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

27. FINANCIAL RISK MANAGEMENT - continued

27.4 Liquidity Risk - continued

The table below analyses financial assets and liabilities of the scheme into relevant maturity groupings based on the remaining period at financial position date to the contractual maturity date. For the purposes of this table accrued interest has been included in trade and other receivables:

As at 31 December 2025

| | Up to 1 month R | 1 - 3 months R | 3 - 12 months R | Total R |
|---------------------------------------|-----------------------|----------------------|-----------------------|--------------------|
| Non-current and Current assets | 103 418 185 | 2 035 228 | 245 114 513 | 350 567 926 |
| Trade and other receivables | 23 536 923 | 2 035 228 | 594 085 | 26 166 236 |
| Cash and cash equivalents | 79 881 262 | - | - | 79 881 262 |
| Investments | - | - | 168 397 059 | 168 397 059 |
| Savings assets | - | - | 76 123 369 | 76 123 369 |
| Total assets | 103 418 185 | 2 035 228 | 245 114 513 | 350 567 926 |

| | | | | |
|--|-------------------|---------------------|--------------------|--------------------|
| Current liabilities | 13 632 682 | 26 651 446 | 69 878 850 | 110 162 979 |
| Trade and other payables | 1 487 871 | - | 5 974 888 | 7 462 760 |
| Personal medical savings account monies managed by the scheme on behalf of its members | 12 144 811 | 982 935 | 63 903 962 | 77 031 708 |
| Outstanding risk claims provision | - | 25 668 511 | - | 25 668 511 |
| Total liabilities | 13 632 682 | 26 651 446 | 69 878 850 | 110 162 979 |
| Net liquidity gap analysis | 89 785 503 | (24 616 218) | 175 235 663 | 240 404 947 |

As at 31 December 2024

| | Up to 1 month R | 1 - 3 months R | 3 - 12 months R | Total R |
|---------------------------------------|-----------------------|----------------------|-----------------------|--------------------|
| Non-current and Current assets | 69 986 216 | 1 065 714 | 208 162 714 | 279 214 645 |
| Trade and other receivables | 22 570 271 | 1 065 714 | 542 081 | 24 178 067 |
| Cash and cash equivalents | 47 415 945 | - | - | 47 415 945 |
| Investments | - | - | 137 704 062 | 137 704 062 |
| Savings assets | - | - | 69 916 571 | 69 916 571 |
| Total assets | 69 986 216 | 1 065 714 | 208 162 714 | 279 214 645 |

| | | | | |
|--|------------------|-------------------|-------------------|-------------------|
| Current liabilities | 9 297 241 | 24 356 987 | 64 249 270 | 97 903 498 |
| Trade and other payables | 1 188 677 | - | 5 485 911 | 6 674 588 |
| Personal medical savings account monies managed by the scheme on behalf of its members | 8 108 564 | 417 249 | 58 763 359 | 67 289 172 |
| Outstanding risk claims provision | - | 23 939 738 | - | 23 939 738 |
| Total liabilities | 9 297 241 | 24 356 987 | 64 249 270 | 97 903 498 |

| | | | | |
|-----------------------------------|-------------------|---------------------|--------------------|--------------------|
| Net liquidity gap analysis | 60 688 976 | (23 291 273) | 143 913 444 | 181 311 146 |
|-----------------------------------|-------------------|---------------------|--------------------|--------------------|

These tables have been compiled based on the nature of the line items and not using IFRS 17.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

27. FINANCIAL RISK MANAGEMENT - continued

27.4 Liquidity Risk - continued

Cash and cash equivalents

Cash and cash equivalents are made up of the following:

| | 2025 | 2024 |
|------------------------|-------------------|-------------------|
| | R | R |
| Call accounts - Scheme | 59 609 650 | 34 742 943 |
| Current accounts | 20 267 924 | 12 669 314 |
| Petty cash | 3 688 | 3 688 |
| Accrued interest | - | 282 451 |
| Total | <u>79 881 262</u> | <u>47 698 396</u> |

27.5 Capital adequacy risk

This represents the risk that there are insufficient insurance contract liabilities to future members to provide for adverse variations on future investments and claims experience. At the year end, the solvency ratio computed in terms of the Registrar's formula was 41.32% (2024: 40.70%). The Trustees believe that this cover is appropriate for the scheme's needs.

The scheme has complied throughout the year with the capital adequacy requirements as imposed by Regulation 29(2) of the Medical Schemes Act of 25% of annual contributions.

27.6 Fair values

The fair values of all financial instruments are substantially identical to the carrying values reflected in the statement of financial position.

27.7 Legal risk

Legal risk is the risk that the scheme will be exposed to contractual obligations which have not been provided for. At 31 December 2025 the scheme did not consider there to be any legal risk to which the scheme was exposed to.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

27. FINANCIAL RISK MANAGEMENT - continued

27.8 Capital management

The scheme is subject to the capital requirements imposed by Regulation 29(2) of the Act, which requires a minimum solvency ratio of insurance contract liabilities to future members expressed as a percentage of gross contributions to be 25%.

The scheme's objectives when managing capital are to maintain the capital requirements of the Act, and to safeguard the scheme's ability to continue as a going concern in order to provide benefits for its stakeholders.

The calculation of the regulatory capital requirement is set out below:

| | 2025 R | 2024 R |
|---|-------------------|-------------------|
| The solvency ratio is calculated on the following basis: | | |
| Liabilities to members for future benefits | 237 006 223 | 178 152 785 |
| Less: cumulative unrealised net gains | (18 052 430) | (6 391 706) |
| Liabilities to members for future benefits excluding unrealised gains | 218 953 793 | 171 761 079 |
| Gross contributions | 529 884 603 | 422 020 708 |
| Ratio of liabilities to members for future benefits to gross annual contribution income | 41.32% | 40.70% |

The scheme is currently operating above the statutory requirement of 25%.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

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

For management purposes the Scheme is organised into three benefit options – Energy Plan, Universal Plan and Fantasy Plan. The principal features of the benefit options are as follows:

- Universal Plan: This plan consists of private hospital cover as well as day-to-day benefits. These day-to-day benefits must be obtained from a selected network doctor.
- Energy Plan: This plan offers extensive benefits at private hospital level, as well as comprehensive day-to-day benefits. Members have the choice to visit any Designated Service Provider.
- The Fantasy Plan has 100% of negotiated tariffs based on internal protocols subject to PMB's. This option offers medical savings.

| | 2025 R | 2025 R | 2025 R | 2025 R |
|--|-------------------|-------------------|-------------------|-------------------|
| | Energy Plan | Universal Plan | Fantasy Plan | Total |
| Insurance revenue | 134 771 967 | 138 844 086 | 230 231 225 | 503 847 278 |
| Insurance service expenses | (114 351 576) | (131 599 917) | (215 295 056) | (461 246 549) |
| <i>Claims incurred</i> | (101 846 461) | (118 867 292) | (197 753 647) | (418 467 400) |
| Net claims incurred | (99 510 071) | (114 661 885) | (192 500 265) | (406 672 221) |
| Accredited managed healthcare services (no transfer of risk) | (2 336 390) | (4 205 407) | (5 253 381) | (11 795 179) |
| <i>Directly attributable insurance service expenses</i> | (12 505 115) | (12 732 625) | (17 541 409) | (42 779 149) |
| Fees paid in respect of accredited administration services | (8 552 445) | (8 664 034) | (10 036 276) | (27 252 755) |
| Other administration expenditure - wellness benefit management | (33 593) | (34 586) | (63 795) | (131 974) |
| Insurance acquisition cash flows expenses | (3 919 076) | (4 034 006) | (7 441 338) | (15 394 420) |
| Net expense from reinsurance contracts held | 886 738 | (1 280 805) | (987 960) | (1 382 026) |
| Reinsurance expenses from reinsurance contracts held | (6 327 008) | (8 367 289) | (12 298 836) | (26 993 132) |
| Reinsurance income from reinsurance contracts held | 7 213 746 | 7 086 484 | 11 310 876 | 25 611 106 |
| Insurance service result | 21 307 129 | 5 963 364 | 13 948 210 | 41 218 703 |
| Interest income from financial assets | 3 671 053 | 3 779 453 | 13 074 523 | 20 525 029 |
| Net fair value gains on fair value investments | 2 085 607 | 2 147 191 | 7 427 926 | 11 660 724 |
| Net investment income | 5 756 659 | 5 926 644 | 20 502 449 | 32 185 753 |
| Net result after investment income | 27 063 788 | 11 890 008 | 34 450 659 | 73 404 456 |
| Sundry income | 455 040 | 468 476 | 864 149 | 1 787 665 |
| Other operating expenses | (4 024 788) | (4 165 344) | (7 615 534) | (15 805 665) |
| Investment consulting | (135 677) | (139 683) | (257 658) | (533 018) |
| Net surplus for the year before mutualisation | 23 358 364 | 8 053 458 | 27 441 616 | 58 853 438 |
| Amounts attributable to members for future benefits | (23 358 364) | (8 053 458) | (27 441 616) | (58 853 438) |
| Total comprehensive income for the year | - | - | - | - |
| Members at 31 December 2025 | 1 925 | 5 440 | 6 301 | 13 666 |

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

28. SURPLUS/(DEFICIT) FROM OPERATIONS PER BENEFIT OPTION - continued

| | 2024 R | 2024 R | 2024 R | 2024 R |
|--|--------------|----------------|---------------|---------------|
| | Energy Plan | Universal Plan | Fantasy Plan | Total |
| Insurance revenue | 82 045 697 | 120 573 099 | 197 438 096 | 400 056 892 |
| Insurance service expenses | (68 971 426) | (109 961 807) | (187 671 917) | (366 605 151) |
| <i>Claims incurred</i> | (61 062 967) | (98 566 031) | (172 051 054) | (331 680 052) |
| Net claims incurred | (59 591 958) | (94 837 275) | (167 424 921) | (321 854 154) |
| Accredited managed healthcare services (no transfer of risk) | (1 471 009) | (3 728 757) | (4 626 132) | (9 825 898) |
| <i>Directly attributable insurance service expenses</i> | (7 908 460) | (11 395 776) | (15 620 864) | (34 925 099) |
| Fees paid in respect of accredited administration services | (5 373 602) | (7 670 292) | (8 842 546) | (21 886 439) |
| Other administration expenditure - wellness benefit management | (47 375) | (69 651) | (126 727) | (243 753) |
| Insurance acquisition cash flows expenses | (2 487 484) | (3 655 833) | (6 651 591) | (12 794 907) |
| Net expense from reinsurance contracts held | 430 102 | (1 737 728) | (1 186 355) | (2 493 980) |
| Reinsurance expenses from reinsurance contracts held | (4 029 673) | (8 009 158) | (11 133 029) | (23 171 859) |
| Reinsurance income from reinsurance contracts held | 4 459 775 | 6 271 430 | 9 946 674 | 20 677 879 |
| Insurance service result | 13 504 372 | 8 873 565 | 8 579 824 | 30 957 761 |
| Interest income from financial assets | 2 668 451 | 3 923 201 | 12 049 390 | 18 641 042 |
| Net fair value gains on fair value investments | 662 563 | 974 111 | 2 991 802 | 4 628 476 |
| Net investment income | 3 331 014 | 4 897 311 | 15 041 193 | 23 269 518 |
| Net result after investment income | 16 835 387 | 13 770 876 | 23 621 017 | 54 227 279 |
| Sundry income | 408 335 | 600 341 | 1 092 298 | 2 100 974 |
| Other operating expenses | (2 751 972) | (4 043 548) | (7 302 686) | (14 098 206) |
| Investment consulting | (117 336) | (172 508) | (313 872) | (603 716) |
| Net surplus for the year before mutualisation | 14 374 414 | 10 155 161 | 17 096 756 | 41 626 331 |
| Amounts attributable to members for future benefits | (14 374 414) | (10 155 161) | (17 096 756) | (41 626 331) |
| Total comprehensive income for the year | - | - | - | - |
| Members at 31 December 2024 | 1 351 | 5 037 | 5 688 | 12 076 |

THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025

29. ANALYSIS OF CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

| Financial assets | | | | | | | |
|----------------------------------|----------------|---------------------|-----------------------|-------------|---------------|-------------|----------------|
| | Amortised cost | Financial assets at | Financial liabilities | Reinsurance | Insurance | Reinsurance | Total carrying |
| 2025 | R | FVTPL | measured at | contract | contract | contract | amount |
| | | R | amortised cost | assets | liabilities | liabilities | R |
| | | | R | R | R | R | |
| Investments | - | 148 397 059 | - | - | - | - | 148 397 059 |
| Investments - savings | - | 76 123 369 | - | - | - | - | 76 123 369 |
| Short term deposits | 21 098 703 | - | - | - | - | - | 21 098 703 |
| Cash and cash equivalents | 79 881 262 | - | - | - | - | - | 79 881 262 |
| Reinsurance contracts assets | - | - | - | 1 096 045 | - | - | 1 096 045 |
| Trade and other payables | - | - | (239 939) | - | - | - | (239 939) |
| Insurance contract liabilities | - | - | - | - | (326 102 280) | - | (326 102 280) |
| Reinsurance contract liabilities | - | - | - | - | - | (1 096 045) | (1 096 045) |
| | 100 979 965 | 224 520 428 | (239 939) | 1 096 045 | (326 102 280) | (1 096 045) | (841 826) |

| Financial assets | | | | | | | |
|----------------------------------|----------------|---------------------|-----------------------|-------------|---------------|-------------|----------------|
| | Amortised cost | Financial assets at | Financial liabilities | Reinsurance | Insurance | Reinsurance | Total carrying |
| 2024 | R | FVTPL | measured at | contract | contract | contract | amount |
| | | R | amortised cost | assets | liabilities | liabilities | R |
| | | | R | R | R | | |
| Investments | - | 119 204 062 | - | - | - | - | 119 204 062 |
| Investments - savings | - | 69 916 571 | - | - | - | - | 69 916 571 |
| Short term deposits | 19 308 130 | - | - | - | - | - | 19 308 130 |
| Cash and cash equivalents | 47 698 396 | - | - | - | - | - | 47 698 396 |
| Reinsurance contracts assets | - | - | - | 675 957 | - | - | 675 957 |
| Trade and other payables | - | - | (130 688) | - | - | - | (130 688) |
| Insurance contract liabilities | - | - | - | - | (256 038 651) | - | (256 038 651) |
| Reinsurance contract liabilities | - | - | - | - | - | (675 957) | (675 957) |
| | 67 006 526 | 189 120 633 | (130 688) | 675 957 | (256 038 651) | (675 957) | (42 180) |

Investments are stated at quoted market prices. All investments are on level 1 * of the fair value hierarchy. This analysis is performed on the same basis for 2024 and 2025.

* Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

30. NON-COMPLIANCE MATTERS

Section 59 (2)

Certain claims were paid in excess of 30 days after receipt by the administrator as a result of queries to be investigated/audited in relation thereto. Non-compliance could impact on the relationship with members and providers. Procedures and policies are in place to manage late payment of claims, including a weekly report of claims held for investigation which is checked and signed by management to ensure that the 30 day limit is not exceeded. This practice ensures accurate claims processing and is in the interest of the risk management of the scheme.

Section 26 (7)

Certain contributions were not received within three days of becoming due. Non-compliance could affect the cash flow of the scheme and lead to member benefits being suspended. Due to the short duration of the contributions being outstanding, this is not significant. The scheme has a credit control policy in place.

Section 35 (8) (a)

In terms of this section of the Medical Schemes Act 131 of 1998, as amended, a medical scheme shall not invest any of its assets in the business of or grant loans to an employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme. The scheme has investments in pooled funds which may invest in the shares and bonds of the ultimate holding companies of certain medical scheme administrators from time to time, as well as participating employers, at the discretion of the Fund Managers. The scheme has been granted exemption from section 35(8)(a) by the Council for Medical Schemes.

The Trustees do not consider that these non-compliance matters have had a significant impact on the operations of the scheme or on the annual financial statements.

31. CONTINGENCIES AND COMMITMENTS

The scheme did not have any contingencies or commitments at year end other than those disclosed.

32. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period that require disclosure, other than those already addressed.

33. SIGNIFICANT NON-CASH TRANSACTIONS

| | 2025 | 2024 |
|--|--------------|--------------|
| | R | R |
| Reinsurance income from reinsurance contracts held | 25 611 106 | 20 677 879 |
| Less: Incurred claims | (25 611 106) | (20 677 879) |

Claims incurred that are subject to risk transfer arrangements are fulfilled by the service providers by providing services to the members, and thereby discharging its reinsurance obligations. As such the claims expense and the reinsurance income are non-cash transactions.

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

34. RECLASSIFICATION OF COMPARATIVES

During the preparation of the current year's annual financial statements, reclassifications were made to enhance transparency and consistency in financial reporting.

34.1 RECLASSIFICATION OF INSURANCE SERVICE EXPENSES

Circular 6 of 2025 issued by the Council for Medical Schemes (CMS) requires medical schemes to present "Amounts attributable to future members" separately from the "Insurance service expenses" and "Insurance service result". The circular effectively removes the accounting policy choice previously allowed to medical schemes regarding this disclosure.

This change in accounting policy was applied retrospectively and as a result certain prior year financial statement line items have been reclassified to comply with the above Circular. The reclassification of the comparative year amounts impacted the Statement of Comprehensive Income and the Notes to the Annual Financial Statements. There was no impact on the Statement of Financial Position and the Statement of Cash Flows. These changes are disclosure in nature, and do not affect the overall financial result of the previous financial year. The affected items are detailed below:

| | 2024 as previously reported R | Adjustment R | 2024 Restated R |
|--|--|-------------------------|--------------------------------|
| Insurance revenue | 400 056 892 | - | 400 056 892 |
| Insurance service expense | (408 231 482) | 41 626 331 | (366 605 151) |
| Net income of reinsurance contracts held | (2 493 980) | - | (2 493 980) |
| Insurance service result | (10 668 570) | 41 626 331 | 30 957 761 |
| Net investment income | 23 269 518 | - | 23 269 518 |
| Net result after investment income | 12 600 948 | 41 626 331 | 54 227 279 |
| Sundry income | 2 100 974 | - | 2 100 974 |
| Other operating expenses | (14 098 206) | - | (14 098 206) |
| Investment consulting | (603 716) | - | (603 716) |
| Net deficit for the year before mutualisation | - | 41 626 331 | 41 626 331 |
| Amounts attributable to members for future benefits | - | (41 626 331) | (41 626 331) |
| Total comprehensive income for the year | - | - | - |

34.2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

It was identified that financial assets at fair value through profit or loss in the prior year included amounts invested to support the personal medical savings plan liability. To improve the accuracy of financial statement presentation, these amounts have been reclassified and presented separately as the scheme rules state that these funds belong to the members of the scheme. This adjustment has been applied retrospectively to ensure comparability across reporting periods. The affected line items are detailed below:

| | 2024 as previously reported R | Adjustment R | 2024 Restated R |
|---|--|-------------------------|--------------------------------|
| Financial assets at fair value through profit or loss | 189 120 633 | (69 916 571) | 119 204 062 |
| Financial assets at fair value through profit or loss - savings | - | 69 916 571 | 69 916 571 |
| | 189 120 633 | - | 189 120 633 |

34.3 INSURANCE CONTRACT LIABILITIES - CURRENT PORTION

It was identified that insurance contract liabilities in the prior year included reinsurance contract liabilities. To improve the accuracy of financial statement presentation, these amounts have been reclassified and presented separately. This adjustment has been applied retrospectively to ensure comparability across reporting periods. The affected line items are detailed below:

| | 2024 as previously reported | Adjustment | 2024 Restated |
|----------------------------------|--|-------------------|--------------------------|
| Insurance contract liabilities | 78 561 823 | (675 957) | 77 885 866 |
| Reinsurance contract liabilities | - | 675 957 | 675 957 |
| | 78 561 823 | - | 78 561 823 |

**THEBEMED MEDICAL AID SCHEME
REGISTRATION NUMBER 1592
ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2025**

34. RECLASSIFICATION OF COMPARATIVES - continued

34.4 RECLASSIFICATION OF NET CONTRIBUTION RECEIVABLES

Circular 42 of 2025 issued by the Council for Medical Schemes requires medical schemes to disclose net contribution receivables as part of the liability for remaining coverage. In the prior year, net contribution receivables formed part of the liability for incurred claims.

This reclassification had no impact on the net total of insurance contract liabilities.

Refer to the table below for details of the reclassification in Note 11. There was no impact on the Statement of Financial Position, Statement of Comprehensive Income and the Statement of Cash Flows.:

| | 2024 opening balance as previously reported | Adjustment | 2024 opening balance Restated |
|--|--|-------------------|--|
| Liability for Remaining Coverage (asset)/liability | 88 235 | (501 708) | (413 473) |
| Liability for Incurred Claims | 90 082 121 | 501 708 | 90 583 829 |



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