AECI®
MEDICAL AID SOCIETY

Annual General Meeting

Time: 09:30

Date: Tuesday, 23 June 2026

Venue: Hybrid Platform

Via Microsoft Teams and Basalt Meeting Room, Building 24, Woodlands Office Park, Woodmead, Johannesburg

MEDICAL AID SOCIETY

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF MEMBERS WILL BE HELD ON TUESDAY 23 JUNE 2026 AT 09H30 VIA A HYBRID PLATFORM AT THE AECI OFFICES, BASALT MEETING ROOM, BUILDING 24, WOODLANDS OFFICE PARK, WOODMEAD, JOHANNESBURG AND MICROSOFT TEAMS

A G E N D A

1. Notice of Meeting
2. Adoption of the Agenda
3. Confirmation of the Minutes of the Annual General Meeting held on 24 June 2025
4. Adoption of the Annual Financial Statements for year the ended 31 December 2025
5. Confirmation of Trustees
6. Confirmation of Audit Committee
7. Appointment of External Auditors
8. General

Notice of any motion to be placed before the Annual General Meeting must reach the Principal Officer's office, Ms M Potgieter, mada@aecimedicalaidsociety.co.za by no later than 17 June 2026.

By order of the Board of Trustees

A member is entitled to appoint a proxy. A proxy form is enclosed.

In keeping with the Society rules (26.1.2), highlights of the financial results of the Society are included with this notice. A full set of the Audited Annual Financial Statements will be available at the Annual General Meeting, on the AECI Medical Aid Society website www.aecimedicalaidsociety.co.za or on request from the AECI Medical Aid Society Call Centre, telephone number 086 000 2103.

MINUTES OF ANNUAL GENERAL MEETING HELD AT 09:30 ON TUESDAY, 24 JUNE 2025 VIA A HYBRID PLATFORM: EXCELLENCE MEETING ROOM, AECI OFFICES, WOODLANDS AND MICROSOFT TEAMS

PRESENT

M Oosthuizen	In the Chair
Members personally present	8
Members attending virtually	2
Members present by proxy	26
Total members	**36**

Upon invitation from the Society

M Potgieter – Principal Officer
T Baloyi-Motaung – Council for Medical Schemes
K Hlongwane – Internal Audit: Medscheme
L Chetty – Assistant Fund Manager: Medscheme
E Spann – Senior Finance Manager: Medscheme
K Macleod - Client Liaison Consultant: Medscheme
S Adams – Client Liaison Consultant: Medscheme

1. **WELCOME**

The Chairperson welcomed all members present to the Annual General Meeting of AECI Medical Aid Society. There being a quorum, the Chairperson declared the meeting duly constituted.

The Chairperson advised that any attendees who were not members of AECI Medical Aid Society had no voting or speaking rights, and informed members attending via Microsoft Teams, of the virtual housekeeping rules to be observed for the duration of the meeting.

2. **NOTICE OF MEETING AND ADOPTION OF THE AGENDA**

The members **CONFIRMED** that the notice of the meeting had been duly circulated and was taken as **READ**.

The Agenda was adopted by the members, without any additional items.

3. **CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 25 JUNE 2024**

The Chairperson confirmed that the minutes of the Annual General Meeting held on 25 June 2024 had been circulated to members, with the notice of the meeting, and were taken as **READ** and **REVIEWED**.

The attending members unanimously APPROVED the Minutes of the Annual General Meeting, held on 25 June 2024, thereby confirming the minutes to be a true record of the proceedings.

4. **ADOPTION OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

The Chairperson confirmed that the summarised Audited Financial Statements for the year ended 31 December 2024, as included in the Annual General Meeting Pack, had been distributed to all members, together with the notice of the meeting 14 (fourteen) days prior to the meeting, as required by the Scheme Rules, and that a full set was available on the AECI Medical Aid Society's website on www.aecimedicalaidsociety.co.za.

There being no queries or questions on the Annual Financial Statements, the Chairperson moved that the Society's Audited Financial Statements for the year ended 31 December 2024, be approved.

The motion, on being put to the meeting, was CARRIED unanimously and the Society's Audited Financial Statements for the year ended 31 December 2024, was APPROVED accordingly.

5. **CONFIRMATION OF TRUSTEES**

The Chairperson confirmed that the Trustees and Principal Officer in office as at the date of the Annual General Meeting were as follows:

EMPLOYER APPOINTED	**ALTERNATE EMPLOYER APPOINTED**
Mizpah Oosthuizen (Chairperson)	Tania Naudé
Mfundo Myeza	Khabonina Ramoupi
Trevor Starke	
Pieter Breet	

MEMBER ELECTED	**ALTERNATE MEMBER ELECTED**
Louis van der Walt (Vice-Chairperson)	Innocent Selepe
Angela Wille	Colin Rilley
Gys du Plessis	
Ronnie Madiba	

Principal Officer: Mada Potgieter

6. CONFIRMATION OF AUDIT COMMITTEE

The Chairperson confirmed that the Audit Committee members in office as at the date of the Annual General Meeting were as follows:

Trevor Jackson	Chairperson (Independent)
Mfundo Myeza	Trustee
Mizpah Oosthuizen	Trustee
Charles Ranger	Independent
Douglas Crisp	Independent

No objections were received from the members concerning the constitution of the Board of Trustees and Audit Committee.

7. APPOINTMENT OF EXTERNAL AUDITORS

The Chairperson advised that in terms of the Scheme Rules, the members of the Society were required to appoint the external auditors for the ensuing year, at the Annual General Meeting.

The Board of Trustees had proposed that KPMG be re-appointed as the external auditors for the Society, for the ensuing year.

The motion, on being put to the meeting, was CARRIED unanimously, and KPMG was re-appointed as the Scheme's external auditors for the ensuing year.

8. GENERAL

The Chairperson confirmed that in accordance with the Rules of the Society, notice of any motion to be placed before the Annual General Meeting, should have reached the office of the Principal Officer by 18 June 2025.

The Principal Officer confirmed that no motions had been received.

The Chairperson opened the floor to any questions from the members of the Society and no questions were raised.

9. CONCLUSION

The Chairperson thanked everyone for their participation and attendance at the meeting. There being no further business for discussion, the meeting was duly concluded at 09h40.

SIGNED AS A TRUE RECORD

CHAIRPERSON

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

This document contains highlights of the Scheme's results for the year ended 31 December 2024. The financial information has been extracted from and is in agreement with the Audited Financial Statements audited by KPMG Inc. The 2024 Audited Financial Statements are available on the AECI Medical Aid Society member portal on www.aecimedicalaidsociety.co.za or alternatively by calling 086 000 2103.

1 DESCRIPTION OF THE MEDICAL SCHEME

1.1 Terms of registration

AECI Medical Aid Society (the Scheme) is a not-for-profit restricted medical scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended.

1.2 Benefit options within the Scheme

The Scheme offers three benefit options to the employees and pensioner members of the employer group:
Comprehensive Option
Comprehensive Select Option
Value Option

The Scheme provides traditional medical aid benefits and does not offer a savings element.

1.3 Risk transfer arrangement during the year

Netcare Jet Air Ambulance Proprietary Limited t/a Netcare Limited Administration (Netcare Limited Administration)
The Scheme contracted with Netcare Limited Administration effective 1 January 2024. Netcare Limited Administration accepts the risk of providing members with ambulance services, including evacuations from accident scenes.

2 Management

2.1 Board of Trustees

The Board of Trustees in office during the year under review and up to date of signing were:

Name	Designation	Re-Appointed/Re-Elected Date	Resignation date
MG Oosthuizen	Alternate Trustee Trustee (Chairperson: Effective 1 March 2025)	01 January 2024 01 May 2024	30 April 2024
RP Hamilton	Trustee (Chairperson: Effective 01 May 2024 to 28 February 2025)	01 January 2024	28 February 2025
LJ van der Walt	Trustee (Vice-Chairperson)	01 January 2024	
PH Breet	Alternate Trustee Trustee	01 January 2024 01 March 2025	28 February 2025
KM Campbell	Alternate Trustee	11 February 2026	
GW Du Plessis	Trustee	01 January 2024	
RA Madiba	Trustee	01 January 2024	
AM Myeza	Trustee	01 January 2024	
T Naudé	Alternate Trustee	01 March 2025	
RK Ramoupi	Alternate Trustee	01 May 2024	10 February 2026
CD Rilley	Alternate Trustee	01 January 2024	
TJ Starke	Trustee	01 January 2024	
MI Selepe	Alternate Trustee	01 January 2024	
AL Wille	Trustee	01 January 2024	

2 MANAGEMENT (continued)

2.2 Principal Officer

Name and Physical Address	Postal Address
M Potgieter	
AECI Limited	
Building 24	P O Box 1101
The Woodlands Office Park	Florida Glen
Woodlands Drive	Gauteng
Woodmead	1708
Sandton	
2191	

2.3 Registered office address and postal address

Name and Physical Address	Postal Address
AECI Limited	
Building 24	P O Box 1101
The Woodlands Office Park	Florida Glen
Woodlands Drive	Gauteng
Woodmead	1708
Sandton	
2191	

2.4 Medical Scheme Administrator (the administrator)

Name and Physical Address	Postal Address
Medscheme Holdings Proprietary Limited, a subsidiary of Afrocentric Health (RF) Proprietary Limited	
37 Conrad Street	P O Box 1101
Florida North	Florida Glen
Roodepoort	Gauteng
1709	1708
Accreditation Number: ADMIN 21	

2.5 Managed Healthcare Services Providers

Name and Physical Address	Postal Address
Medscheme Holdings Proprietary Limited, a subsidiary of Afrocentric Health (RF) Proprietary Limited	
37 Conrad Street	P O Box 1101
Florida North	Florida Glen
Roodepoort	Gauteng
1709	1708
Accreditation Number: MCO 53	

2 MANAGEMENT (continued)

2.6 Investment Managers

Name and Physical Address	Postal Address
M&G Investment Managers (South Africa) Proprietary Limited 7th Floor Protea Place 40 Dreyer Street Claremont Cape Town 7708 Financial service provider number: 45199	P O Box 44813 Claremont Cape Town 7735
Prescient Life (RF) Limited Prescient House Westlake Business Park Otto Close Westlake 7945 Financial service provider number: 612	P O Box 31142 Tokai 7966
Sanlam Collective Investments (RF) Proprietary Limited 2 Strand Road Bellville 7530	P O Box 30 Sanlamhof 7532
Sanlam Investment Management Proprietary Limited 55 Willie van Schoor Avenue Bellville 7530 Financial service provider number: 579	Private Bag X8 Tyger Valley 7536

2.7 Investment Advisors

Name and Physical Address	Postal Address
Fairburn Consult Proprietary Limited No 1 Mutual Place 2nd Floor 107 Rivonia Road Sandton 2196 Financial service provider number: 18427	P O Box 2444 Saxonwold 2132

2 MANAGEMENT (continued)

2.8 Actuaries

Name and Physical Address	Postal Address
Insight Actuarial Solutions (Pty) Ltd	
2nd Floor Gateway West Offices	Postnet Suite # 026
22 Magwa Crescent	Private Bag x159
Waterval City	Halfway House
Midrand	Midrand
2066	1685

2.9 External auditor

Name and Physical Address	Postal Address
KPMG Inc	
KPMG Crescent	Private Bag 9
85 Empire Road	Parkview
Parktown	2122
2193	

2.10 Internal auditor

Name and Physical Address	Postal Address
AfroCentric Health (RF) Proprietary Limited	
37 Conrad Street	P O Box 1101
Florida North	Florida Glen
Roodepoort	Gauteng
1709	1708

3 SUB-COMMITTEES

The following committees assist the trustees with their responsibilities and provide expert guidance where required:
- Audit and Risk Committee;
- Investment Committee; and
- Management and Advisory Committee.

These committees are mandated by the Trustees by means of written terms of reference as to its membership, authority and duties.

3.1 Audit and Risk Committee

An Audit and Risk Committee was established in accordance with the provisions of the Act. The Audit and Risk Committee consists of five members of which only two are members of the Board of Trustees. The Chairman of the Audit and Risk Committee is not an officer of the Scheme or its third party administrator.

The Audit and Risk Committee met on three occasions during the year as follows:
15 April 2025
2 April 2025
18 November 2025

The Principal Officer, the administrator and the external auditor are invited to all Audit and Risk Committee meetings and have unrestricted access to the Chairman of the Audit and Risk Committee.

3 SUB-COMMITTEES (continued)

3.1 Audit and Risk Committee (continued)

In accordance with the provisions of the Act, the primary responsibility of the Audit and Risk Committee is to assist the Board of Trustees in carrying out its duties relating to the Scheme's accounting policies, internal control systems and the financial reporting practices. The external auditor and administrator's internal auditors formally report to the committee on critical findings arising from their activities.

The Audit and Risk Committee comprised of:

Name	Designation	Appointed/Re-appointed date	Resignation date
T Jackson	Independent member/ Chairperson	01 January 2019/13 April 2021/12 April 2023/26 February 2025	
DR Crisp	Independent member	01 October 2024	
C Govender	Independent member	01 January 2023	31 May 2025
AM Myeza	Trustee	01 May 2024	
MG Oosthuizen	Alternate Trustee Trustee	01 January 2024 01 May 2024	30 April 2024
CE Ranger	Independent member	01 November 2024	

3.2 Investment Committee

The primary responsibility of the Investment Committee is to assist the Board of Trustees in implementing the investment strategy of the Scheme. The Investment Committee's mandate ensures that:

- the Scheme remains liquid;
- the investments are placed after consideration of the risk and returns of each asset;
- the investments are made in compliance with the regulations of the Act; and
- a risk assessment is performed regularly with feedback to the Board of Trustees with recommendations on the risks identified.

The Investment Committee met on four occasions during the year:
19 March 2025
13 June 2025
17 September 2025
18 November 2025

The Principal Officer, the administrator and the investment advisor are invited to all Investment Committee meetings and have unrestricted access to the Chairman of the Investment Committee.

The Investment Committee comprised of:

Name	Designation	Appointed/Re-appointed date	Resignation date
TJ Starke	Chairperson (Effective 5 June 2024)	01 January 2024	
PH Breet	Alternate Trustee Trustee	01 January 2024 01 March 2025	28 February 2025
RP Hamilton	Trustee	01 January 2024	28 February 2025
CD Rilley	Alternate Trustee	01 March 2025	

3 SUB-COMMITTEES (continued)

3.3 Management and Advisory Committee

The primary responsibility of the Management and Advisory Committee is to assist the Board of Trustees in dealing with operational and strategic aspects of the Scheme's management, unrelated to finances. The Management and Advisory Committee's mandate is to take the following decisions and action:

- approve or decline properly motivated applications for ex gratia assistance;
- approve or decline properly motivated applications for extension of benefits;
- approve or decline applications for additional/special dependants;
- take decisions and action as required to achieve the agreed objectives and levels of performance within the policies and strategies set by the Board of Trustees.

The Principal Officer, the administrator (if required) and other third party providers (if required) are invited to all Management and Advisory Committee meetings and have unrestricted access to the Chairman of the Management and Advisory Committee.

The Management and Advisory Committee comprised of:

Name	Designation	Appointed/Re-appointed date	Resignation date
GW Du Plessis	Chairperson	01 January 2024	
RP Hamilton	Trustee	01 January 2024	28 February 2025
MG Oosthuizen	Alternate Trustee Trustee	01 January 2024 01 May 2024	30 April 2024
MI Selepe	Alternate Trustee	01 January 2024	
AL Wille	Trustee	01 January 2024	

4. INVESTMENT STRATEGY OF THE SCHEME

The investment strategy of the Scheme ensures that its accumulated funds are invested in accordance with the Act and the regulations thereto, and further takes into consideration constraints imposed by the Board of Trustees.

The Scheme invests its accumulated funds to ensure that it always has sufficient liquidity to meet its day to day commitments for healthcare and non-healthcare expenditure. Funds that are not immediately required to meet the Scheme's short-term needs are invested in assets that are expected to achieve an investment return significantly better than the inflation rate, as measured by the consumer price index, over time. These assets comprise of listed equity shares, listed government and corporate bonds, cash and money market instruments. The investment return on listed equity shares is benchmarked against All Share Index and the investment return of the remaining investments is benchmarked against the BESA Total Return All Bond Index.

5 MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Scheme assumes the risk arising from the health of the Scheme members and their dependants. As such the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The principal risk is the frequency and severity of claims being greater than expected.

5 MANAGEMENT OF INSURANCE RISK (continued)

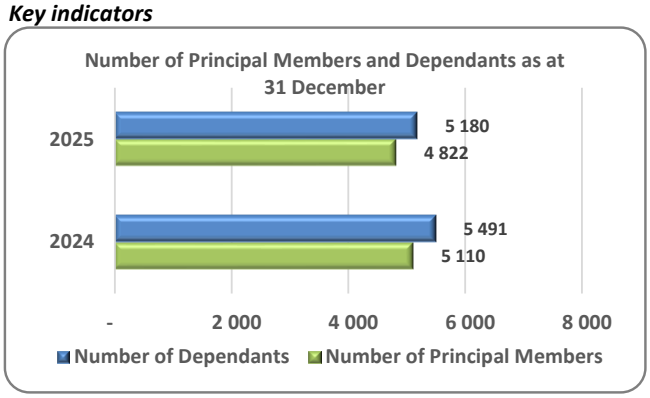
The Scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for claims, guidelines for pricing, pre-authorisation and case management, risk transfer arrangements and the monitoring of emerging issues.

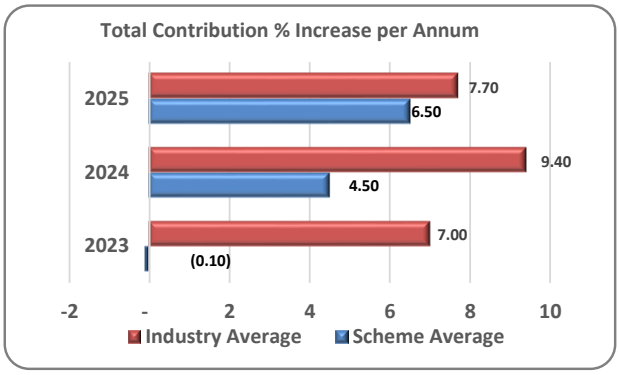
The Scheme uses several methods to assess and monitor insurance risk exposures both for individual and overall risks. These methods include internal risk measurement models, sensitivity analyses, scenario analyses and stress testing. The theory of probability is applied to the pricing and provisioning for risk exposures.

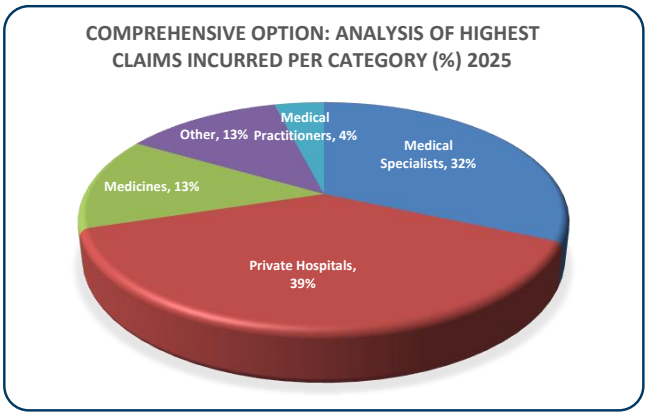
Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the financial statements and there are no terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of the Scheme's cash flows.

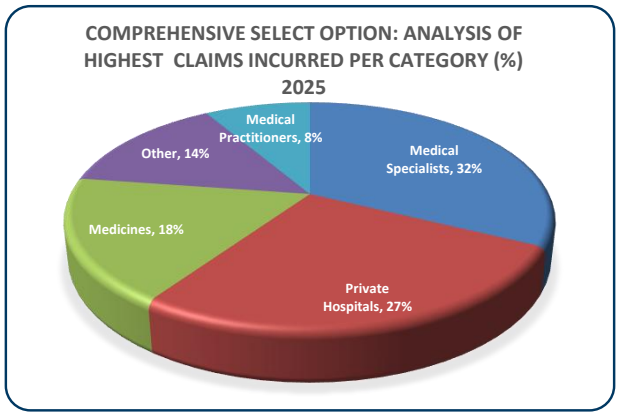
6 REVIEW OF THE YEAR'S ACTIVITIES

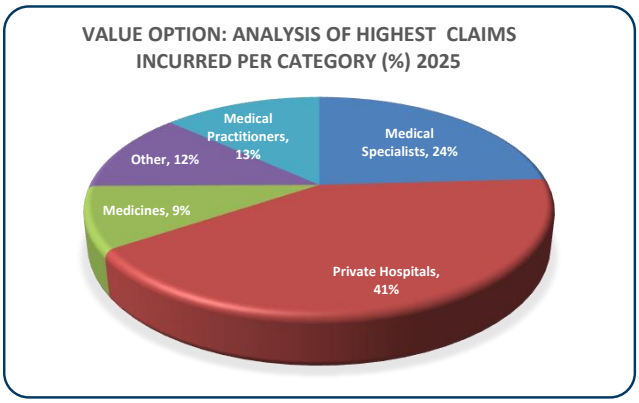
Key indicators











6 REVIEW OF THE YEAR'S ACTIVITIES (continued)

6.1 Results of operations

The results of the Scheme are set out in the attached financial statements. The Scheme reported a net income before amounts attributable to members for future benefits of R126 351 408 (2024 net income before amounts attributable to members for future benefits: R47 343 124) for the year ended 31 December 2025. The results of the Options are set out in note 15.

6.2 Solvency ratio

In terms of Regulation 29(2) of the Act, the Scheme must maintain accumulated funds expressed as a percentage of insurance revenue income for the financial year under review of not less than 25%.

	2025 R	2024 R
Total members' funds (Liability to members for future benefits) per the statement of financial position	795 822 131	669 470 723
Less: Revaluation reserve (Cumulative net gains on re-measurement to fair value of financial instruments included in accumulated funds)	(146 735 939)	(60 406 714)
Accumulated funds per Regulation 29	**649 086 192**	**609 064 009**
Risk contribution income (insurance revenue)	**431 827 703**	**430 203 086**
Solvency ratio	**150.31%**	**141.58%**

*Cumulative net gains on re-measurement to fair value of financial assets at fair value through profit or loss included in the accumulated funds are calculated as follows:

Balance at beginning of the year	60 406 714	37 625 739
Movement in unrealised gains on re-measurement to fair value of financial assets at fair value through profit or loss included in accumulated funds (note 11)	86 329 225	22 780 975
Balance as the end of the year	**146 735 939**	**60 406 714**

Unrealised net losses are ignored in the calculation of accumulated funds as per Circular 13 of 2001.

During 2023 the Scheme's actuaries prepared a Risk-Capital Based Solvency assessment to assess the Scheme's solvency requirements based on specific risk factors affecting the Scheme. The outcome of the assessment was that the Scheme's Risk-Based Capital Solvency requirement is between 47.9% and 53.8%.

6.3 Liability for incurred claims

The basis for calculating the liability for incurred claims including the movements in the liability for incurred claims are set out in note 6.3 to the financial statements.

6 REVIEW OF THE YEAR'S ACTIVITIES (continued)

6.4 Operational statistics

Details	2025 Comprehensive Option	2025 Comprehensive Select Option	2025 Value Option	2025 Consolidated	2024 Comprehensive Option	2024 Comprehensive Select Option	2024 Value Option	2024 Consolidated
Dependant ratio to members at 31 December (%)	85	127	143	107	86	132	142	107
Number of members at 31 December (n)	2 938	120	1 764	4 822	3 142	101	1 867	5 110
Number of dependants at 31 December (n)	2 509	152	2 519	5 180	2 712	133	2 646	5 491
Number of beneficiaries at 31 December (n)	5 447	272	4 283	10 002	5 854	234	4 513	10 601
Average number of members during the year* (n)	3 239	101	1 906	5 246	3 239	101	1 906	5 246
Average number of beneficiaries during the year* (n)	6 030	233	4 604	10 867	6 030	233	4 604	10 867
Average age of the beneficiaries at 31 December* (yrs)	51	29	28	41	51	29	27	40
Average insurance revenue per beneficiary per month* (R)	4 337	4 199	1 923	3 311	4 414	3 487	1 829	3 299
Relevant healthcare expenditure per average beneficiary per month* (R)	5 200	2 322	1 309	3 490	5 082	2 964	1 084	3 342
Directly attributable insurance service expenditure (DAE) per average beneficiary per month* (R)	93	90	71	84	92	74	71	83
Relevant healthcare expenditure as a percentage of insurance revenue (Claims ratio) (%)	120	55	68	105	115	85	59	101
Directly attributable insurance service expenditure (DAE) as a percentage of insurance revenue (%)	2	2	4	3	2	2	4	3
Pensioner ratio (%) (> 65 years) at 31 December	54	12	2	34	54	9	2	34
Chronic Profile (%)	65	27	14	34	64	23	14	45
Average liability to members for future benefits per member at 31 December (R)	n/c	n/c	n/c	165 040	n/c	n/c	n/c	131 012
Breakdown of total amount paid to the administrator and managed healthcare providers:								
- Administration fees (R)	7 841 703	301 794	4 731 829	12 875 326	7 990 849	248 572	4 701 455	12 940 876
- Fraud IT investigation fees (R)	357 027	13 731	215 775	586 533	427 429	13 391	252 090	692 910
- Accredited managed healthcare services (R)	6 542 054	251 775	3 947 596	10 741 425	4 067 715	126 534	2 393 260	6 587 509
Return on investments (%)	n/c	n/c	n/c	21	n/c	n/c	n/c	11

* Averages are calculated using the sum of the 12 months' actual membership divided by 12.

n/c - not calculated

Member: any person who has been enrolled or admitted as a main member or principal member.
Dependant: is the spouse or partner, dependant children or other members of the member's immediate family in respect of whom the member is liable for family care and support or any other person that, under the rules of the Scheme, is recognised as a dependant of such a member and is eligible for benefits under the rules of the Scheme.
Beneficiary: is a member and a person registered as a dependant of a member to the Scheme. Beneficiaries include both members as well as dependants.

7 ACTUARIAL SERVICES

The Scheme's actuaries have been consulted in the determination of the contribution, benefit levels and the outstanding claims provision.

8 SUBSEQUENT EVENTS

There have been no events that have occurred subsequent to the financial year-end that affect the financial statements which the Board of Trustees believes should be brought to the attention of the members of the Scheme.

9 GOING CONCERN STATEMENT

The financial statements have been prepared on the going concern basis. The trustees reviewed the going concern assessment taking the Scheme's financial position as at 31 December 2025, as well as the budget for the year ending 31 December 2026 into account. The Scheme reflected a net income before amounts attributable to members for future benefits of R126 351 408 (2024 net income before amounts attributable to members for future benefits: R47 343 124) for 2025 and budgeted a net expense before amounts attributable to members for future benefits of R20 144 877 for 2026. The liability to members for future benefits as at 31 December 2025 was R795 822 131 with a solvency level of 150.31% (2024: 141.58%).

Based on the above, the trustees considers that:

- The Scheme's assets currently exceeds its liabilities; and
- The Scheme will be able, in the ordinary course of the Scheme's business, to settle its liabilities as they arise in the foreseeable future.

Based on the assessment conducted, the Board of Trustees has no reason to believe that the Scheme would not be a going concern in the foreseeable future.

10 INVESTMENTS IN AND LOANS TO EMPLOYERS OF MEMBERS OF THE SCHEME AND TO OTHER RELATED PARTIES

The Scheme holds bonds in AECI Limited of R36 485 (2024: R31 751) and has not made loans to employers of the members of the Scheme and to other related parties.

11 RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 17 to the financial statements.

12 FRAUD MANAGEMENT

The Scheme has a zero tolerance policy against fraud, waste and abuse. The Scheme has ensured that there are effective measures in place to detect, prevent and manage fraud, waste and abuse.

Medscheme Holdings Proprietary Limited’s forensic department has been appointed by the Scheme and use the FICO Insurance Fraud Manager (IFM) system. Fraud management within the healthcare industry is outdated and fragmented which has led to rapidly escalating instances of fraud. This currently represents a significant cost driver within a medical scheme’s expenditure. IFM is a robust solution that detects irregular claiming behaviour at the claim (pre-payment or quick post-payment) and provider (retrospective post-payment) levels. It uses an automated data driven approach that leverages proven, advanced analytic models and workflows that are integrated in purpose-built software to rapidly and effectively enhance a scheme’s ability to identify and address existing and emerging losses. Thus, by the use of this system, the Scheme is actively managing and preventing fraud, waste and abuse.

13 FIDELITY INSURANCE

The Scheme's Fidelity Insurance Policy was renewed in March 2025 to the value of R40 million with Lloyd's Syndicate 2987 (Brit) for 40%, Lloyd's Syndicate 1274 (Antares) for 10%, Lloyd's Syndicate 1618 (KI Insurance) for 12,5%, Lloyd's Syndicate 1686 (Axis) for 7,5%, Compass Insurance Company Limited for 25% and Bryte Insurance Company Limited for 5%. The policy is underwritten by Camargue Underwriting Managers Proprietary Limited.

14 NON-COMPLIANCE

The following areas of non-compliance of the Act were identified during the course of the year:

14.1 Non-compliance with Section 35(8)(a) and (c) of the Act

Nature and cause of non-compliance

Per Section 35(8) of the Act states that:

(8) A medical scheme shall not invest any of its assets in the business of or grant loans to:

a) an employer who participates in the medical scheme or any administrator or any arrangement associated with the medical scheme;

b) any other medical scheme;

c) any administrator; and

d) any person associated with any of the abovementioned.

The Scheme invests its assets in accordance with an Investment Policy. These assets are invested in a series of pooled and segregated investment vehicles each having a specific investment mandate, benchmark and chosen investment manager.

Some of these mandates may allow exposure to shares or bonds listed in the South African market. The investment manager has full discretion to choose a combination of shares and bonds that will best achieve the benchmark. The representatives of the Scheme have given discretionary powers in terms of the investment mandate, in accordance with Annexure B, to the underlying investment manager.

A number of shares and bonds are held in ultimate holding companies of Scheme administrators and in the Scheme's employer company AECI Limited.

Possible impact of non-compliance

For the current year, the Scheme holds shares and bonds in ultimate holding companies of Scheme administrators and in the Scheme's employer company AECI Limited, which is prohibited in terms of Section 35(8)(a) and (c) of the Act.

	31 December 2025	
Company name	Shares R	Bonds R
Discovery Group Limited	-	11 857
Discovery Holdings Limited	2 357 909	271 966
Momentum Metropolitan Holdings Limited	5 174 216	-
Momentum Metropolitan Life Limited		154 458
Sanlam Limited	15 128 359	-
Sanlam Capital Markets Limited	-	96 149
AECI Limited	-	36 485

By applying Section 35(8) and (c) of the Act, the Scheme will not be able to invest in these companies. The diversification of opportunities is reduced and the Scheme will be forced to take on additional risk. This is not in the best interest of the members.

14 NON-COMPLIANCE WITH THE ACT (continued)

14.1 Non-compliance with Section 35(8)(a) and (c) of the Act (continued)

Corrective course of action adopted to ensure compliance, including timing of corrective action

The Scheme received exemption from Section 35(8)(a) and (c) of the Act from the Council for Medical Schemes until 31 December 2028. The exemptions is applicable in so far as the investment relates to investments placed with asset managers who invest on behalf of the Scheme and where such investment choices are not influenced by the Scheme.

In terms of compliance to Annexure B of the Act, the Scheme does perform a comprehensive analysis of the total assets to monitor the Scheme's investments against limitations set out per Annexure B. When a non-compliance is identified, the Investment Committee will ensure that corrective action is taken. It would not be prudent to remove these investment opportunities from the scope of investments available to the underlying investment managers.

14.2 Claim payments not within 30 days of receipt by the Scheme

Nature and cause of non-compliance

The Act requires a medical scheme to pay to a member or a supplier of service within 30 days after the day on which the claim was received. The Scheme processes and pays the majority of all claims within 30 days from date of receipt. Situations beyond the control of the Scheme could result in claims being paid later than 30 days after receipt when for example further supporting information will be required.

Possible impact of non-compliance

These are isolated cases and have not resulted in a material gain or loss to the Scheme, inconvenience to members or healthcare service providers.

Corrective course of action adopted to ensure compliance, including timing of corrective action

The necessary assistance is provided to the identified members and healthcare providers to ensure that these types of isolated cases are minimised.

14.3 Contributions not paid within 3 days thereof becoming due

Nature and cause of non-compliance

Section 26(7) states that: "All subscriptions or contributions shall be paid directly to a medical scheme not later than three days after the payment thereof becoming due". Certain contributions were submitted to the Scheme more than three days after the payment thereof became due. The Scheme does not hold any special contracts with members nor employer paypoints authorising such late payments.

During the reporting period the Scheme received 17 late payments from paypoints averaging R325 006. The majority of these payments were a few days late.

Possible impact of non-compliance

Late payments may result in a loss of interest to the Scheme. This amount would, however, not be considered significant.

Corrective course of action adopted to ensure compliance, including timing of corrective action

The Scheme's credit control policy ensures that losses to the Scheme are minimised. The Board of Trustees has reviewed the list of instances where contributions were submitted to the Scheme more than three days after the payment thereof became due and will contact the paypoints concerned to decrease instances in the future.

14 NON-COMPLIANCE WITH THE ACT (continued)

14.4 Scheme's option (Comprehensive Option) generating a negative insurance service result

Nature and cause of non-compliance

Per Section 33(2) of the Act:

The Registrar shall not approve any benefit option under this section unless the Council is satisfied that such benefit option:

a) includes the prescribed benefits;
b) shall be self-supporting in terms of membership and financial performance;
c) is financially sound; and
d) will not jeopardise the financial soundness of any existing benefit option within the medical scheme.

The results for the Comprehensive Option during the year were the following:

	2025 R	2024 R	Change R
Insurance service result	(68 990 146)	(54 768 976)	(14 221 170)
Net income/(expense)	28 606 320	(15 544 511)	44 150 831

Insurance revenue per average beneficiary per month (pabpm) for this option amounted to R4 337 (2024: R4 414) compared to an insurance service expense pabpm of R5 293 (2024: R5 174). Thus insurance service expense exceeded insurance revenue by R956 pabpm, contributing to the negative insurance service result.

The higher insurance service expense were mainly due to high cost claims, change in claiming patterns and change in case mix. The increase to the insurance revenue was lower to minimise the contribution increase to members and utilise some of the excess reserves. A negative insurance service result for the Comprehensive Option of R84 777 850 was budgeted for 2025.

Possible impact of non-compliance

The Comprehensive Option may be deemed as not self-supporting in terms of financial performance, nor financially sound.

The Scheme is financially sound and has a high level of reserves available to cover instances where deficits occurs. A negative insurance service result was budgeted for to minimise the contribution increase to members and utilise some of the excess reserves.

Corrective course of action adopted to ensure compliance, including timing of corrective action

A negative insurance service result was budgeted for. The Trustees will continue to monitor the variances between the actual and budgeted net healthcare results, investigate any significant variances and take the necessary corrective actions.

The Trustees have also considered the required increase in contributions and implemented minimum increases to tariffs and benefit limits for the 2026 financial year.

15 GOVERNANCE AND COMPLIANCE

15.1 Council for Medical Schemes (CMS) routine inspection

During 2022, CMS conducted a routine inspection on Scheme information dating from 2019 to 2021, to which the Scheme provided all the necessary information, documents and assistance. The Chairman of the Board of Trustees and the Principal Officer provided comments on the draft report findings. CMS communicated on 22 January 2024 that the final inspection report will be issued in due course.

The Board of Trustees closed the inspection process at the end of 2024 noting that further consideration would be given when the final report has been received from CMS.

CMS subsequently submitted their final report to the Scheme in October 2025 on which the Scheme was given 30 days to respond. The Scheme submitted all requested responses and information. CMS submitted a letter dated 30 March 2026 confirming that the routine inspection has been completed and closed.

Confirmation was provided that the Scheme is compliant with all directives issued, excluding reference to "evergreen" components contained in contractual agreements which will be reviewed by the Board.

15.2 The Protection of Personal Information Act (POPIA)

POPIA (Act 4 of 2013) was promulgated on 17 June 2020 with an effective date of 1 July 2021. The Scheme and it's contracted service providers have been compliant with the requirements of POPIA from the effective date of 1 July 2021.

The Scheme will share member information with their contracted service providers in line with the POPIA act to ensure health care services to the members. During 2025, data were shared with Netcare Limited Administration and Insight Actuaries & Consultants. The Scheme has appointed a data officer who is responsible for the overseeing of the information shared and the monitoring of the compliance requirements of POPIA.

16 TRUSTEES AND SUB COMMITTEE MEETINGS ATTENDANCE

The following schedule sets out Board of Trustees, Audit and Risk Committee, Investment Committee and Management and Advisory Committee meetings attendances:

Name	Board of Trustees Meetings		Audit and Risk Committee Meetings		Investment Committee Meetings		Management and Advisory Committee Meetings	
Trustees	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
PH Breet (Alternate/trustee)	5	4			4	4		
GW Du Plessis	5	5					2	2
RP Hamilton - Resigned 28 Febuary 2025	1	1			0	0	0	0
RA Madiba	5	4						
AM Myeza	5	4	3	2				
T Naudé (Alternate) - Appointed 1 March 2025	4	3						
MG Oosthuizen	5	5	3	1			2	2
RK Ramoupi (Alternate)	5	0						
CD Rilley (Alternate)	5	4			4	4		
TJ Starke	5	4			4	4		
MI Selepe (Alternate)	5	4					2	2
LJ van der Walt	5	5						
AL Wille	5	5					2	2
Principal Officer								
M Potgieter (Principal Officer)	5	5	3	3	4	4	2	2
Audit and Risk Committee (Independent Members)								
T Jackson (Chairperson)			3	3				
DR Crisp			3	2				
C Govender - Resigned 31 May 2025			2	0				
CE Ranger			3	3				

A - Total number of meetings members could attend B - Number of meetings attended

* - Attendance of audit committee meetings by invitation

_____ _____ _____

Chairperson **Trustee** **Principal Officer**

Board of Trustees meeting: 26 May 2026

STATEMENT OF FINANCIAL POSITION
at 31 December 2025

	Notes	31-Dec-25 R	31-Dec-24 R Restated*
ASSETS			
Non-current assets		**643 952 416**	**547 552 797**
Investments		**643 952 416**	**547 552 797**
Financial assets at fair value through profit or loss	**2**	643 952 416	547 552 797
Current assets		**177 111 071**	**150 215 092**
Cash and cash equivalents	**3**	177 023 764	150 136 456
Trade and other receivables	**4**	87 307	78 636
Total assets		**821 063 487**	**697 767 889**
FUNDS AND LIABILITIES			
Non-current liabilities		**795 822 131**	**669 470 723**
Liability to members for future benefits	**5**	795 822 131	669 470 723
Current liabilities		**25 241 356**	**28 297 166**
Insurance contract liabilities	**6**	24 195 106	27 317 276
Reinsurance contract liability	**7**	182 889	182 882
Trade and other payables	**8**	863 361	797 008
Total funds and liabilities		**821 063 487**	**697 767 889**

*Refer to note 25 relating to the restatement

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2025

	Notes	2025 R	2024 R **
Insurance revenue		**431 827 703**	**430 203 086**
Insurance service expense		**(466 004 665)**	**(446 663 795)**
Net claims incurred*		**(448 224 305)**	**(429 281 733)**
Claims incurred	**9.1**	(448 908 506)	(429 281 733)
Third party claim recoveries	**9.2**	684 201	-
Accredited management healthcare services (no transfer of risk)*	**9.3**	(6 865 832)	(6 587 509)
Directly attributable expenditure		**(10 914 528)**	**(10 794 553)**
Accredited administration services	**9.4**	(10 741 425)	(10 794 553)
Other administration expenditure	**9.5**	(173 103)	-
Net income from reinsurance contract held	**10**	**211 169**	**295 608**
Insurance service result		**(33 965 793)**	**(16 165 101)**
Other income		**172 702 829**	**74 717 972**
Investment income	**11**	172 320 997	74 366 664
Sundry income	**12**	381 832	351 308
Other expenditure		**(12 385 628)**	**(11 209 747)**
Other administration expenditure	**13**	(8 542 174)	(7 665 951)
Asset management fees	**14**	(3 843 454)	(3 543 796)
Net income for the year before amounts attributable to members for future benefits		**126 351 408**	**47 343 124**
Transfer to liability to members for future benefits		(126 351 408)	(47 343 124)
Other comprehensive income		**-**	**-**
Total comprehensive income for the year		**-**	**-**

* Relevant healthcare expenditure consist of net claims incurred and accredited managed healthcare services.

** The format of the Statement of the Comprehensive Income was amended to align to the SAICA Medical Schemes Accounting guide issued in 2025.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2025

	Notes	2025 R	2024 R Restated*
Cash flows from operating activities			
Cash receipts from members and providers		**433 177 265**	**429 152 766**
Cash receipts from members: Contributions		432 795 433	428 801 458
Cash receipts from members and providers: Other		381 832	351 308
Cash paid to members and providers		**(478 648 805)**	**(453 315 442)**
Cash paid to members and providers: Claims		(469 883 387)	(445 377 936)
Cash paid to providers: Non-healthcare expenditure		(8 765 418)	(7 937 506)
Net cash from operating activities		**(45 471 540)**	**(24 162 676)**
Cash inflow from investing activities		**72 358 848**	**40 093 574**
Additions of financial assets at fair value through profit or loss		(308 923 467)	(231 612 982)
Disposals of financial assets at fair value through profit or loss		346 461 886	237 322 354
Interest received		23 414 776	23 798 638
Dividend income		14 968 181	13 857 369
Other: Investment management fees		(3 562 528)	(3 271 805)
Net increase in cash and cash equivalents		26 887 308	15 930 898
Cash and cash equivalents at the beginning of the year		150 136 456	134 205 558
Cash and cash equivalents at the end of the year	**3**	**177 023 764**	**150 136 456**

*Refer to note 25 relating to the restatement