

ANNUAL FINANCIAL STATEMENTS / 2025

VALUE IN EVERY MOMENT OF CARE



gems

Government Employees
Medical Scheme

FUNDING BETTER OUTCOMES FOR ALL

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BOARD OF TRUSTEES REPORT

2025 was the penultimate year of our current strategic plan period. The board conducted a review to examine the appropriateness of the scheme's strategic direction in a rapidly evolving environment. Our review covered our strategic response to the operating environment in 2025 assessing performance and laying the groundwork for the next strategic plan period. As for the current strategic plan period, the strategic objectives and key KPIs remain unchanged.

The strategy review affirmed that GEMS retains substantial institutional strength. Our stable contribution base, strong long-term investment performance, comparatively low non-healthcare expenditure, established governance structures, and deep institutional expertise provide a solid foundation for institutional strength. Our scale and restricted membership base remain distinct strategic advantages within the sector. However, stewardship requires that we confront our constraints with equal openness.

Our contribution increases for the 2025 and 2026 financial years especially brought about stakeholder pressure for lower increases. This is not unexpected as stakeholders maintain a vigilant position on the scheme's affordability and overall core value proposition. The contribution increases imposed for the 2024 to 2026 financial years are required to gradually realign contribution levels with healthcare costs. This follows a period of sustained lower than required contribution increases from 2020 to 2023, where we counteracted healthcare funding requirements with a deliberate decrease in member reserves and cost cutting measures. The Scheme concluded the 2025 financial year with a statutory solvency ratio of 24.72%, nominally below the regulatory requirement. However, this marginal variance does not detract from the Scheme's long-term viability. Our robust financial standing is underscored by a credit rating of AA+(ZA), reinforced by strong liquidity and R18.7 billion in accumulated reserves. To mitigate future volatility in contribution adjustments, the Board is evaluating enhanced capital management strategies, including the adoption of risk-based capital principles. The approved benefit changes were designed to enhance affordability and ensure clinical appropriateness for members. These interventions resulted in estimated cost savings of approximately R121 million (0.2% of annualised risk income), supporting a budgeted reserve ratio of 21.90%. Without these changes, the reserve ratio would have been projected at 19.8% for year-end 2026.

The high levels of stakeholder dissatisfaction require that we communicate clearly and effectively on how we intend to solve the affordability-sustainability conundrum in the best interests of our members.

Organisationally, we recognise that strengthening leadership continuity, refining organisational design, and advancing a culture of accountability and inclusion are essential to ensure agility in strategy execution. Similarly, enhancing technological resilience, through improved cybersecurity architecture, disaster recovery capability, and modernised digital service delivery, remains a priority to protect members and strengthen trust.

As our operating environment continues to evolve, we remain confident in the enduring strengths of the scheme. With steady governance, strategic clarity, and collective capacity and commitment, we are well positioned to navigate this period of transition responsibly. Our responsibility goes beyond preserving financial sustainability to safeguarding the trust placed in us by our members and stakeholders. Through thoughtful recalibration and purposeful execution, we will continue to advance our mandate in support of the realisation of UHC.

The Board continued member and stakeholder engagement at special member events set up in addition to the AGM. We focused extensively on the PSCBC, while continuing regular meetings with the Ministry for the Public Service and Administration. The GEMS Service Provider Network and their sub-contracted B-BBEE partners are in many instances the face of GEMS service delivery. The Board continued engaging directly with contracted entities on achieving B-BBEE objectives. Our engagement included B-BBEE partners for meaningful empowerment and contribution to the Scheme's operations. We provided B-BBEE partners with the opportunity to raise concerns on their participation. In instances where sub-contracting arrangements were terminated, the board met with affected parties to understand the issues.

Annual General Meeting

The 2025 AGM was held on 31 July 2025, with members in attendance virtually. All motions placed before the meeting for resolution were adopted. We provided members with information on the policy guiding the remuneration of trustees and detailed the remuneration paid in 2024. We shared with members our continued push to ensure that GEMS is a medical scheme of choice, focused on affordability and good service and benefits. We will continue holding these meetings virtually, as they allow participation for members from all parts of the country.

Board of Trustees

The first terms of three member-elected trustees ended in 2025. After a trustee election conducted according to the Rules of GEMS, we welcomed Nkobane Constance 'Conny' Ntshane-Legong and Lebohang Precious Khumalo who were re-elected for a further six-year term ending September 2031. We welcomed Patrick Babsy Makhafane, elected to for six years from October 2025. We thank Dr Hendrik 'Henk' Pieter Punt, who served on the Board from February 2024 to fill an unscheduled vacancy.

There were no changes among the trustees appointed by the MPSA.

**OUR RESPONSIBILITY
GOES BEYOND
PRESERVING
FINANCIAL
SUSTAINABILITY TO
SAFEGUARDING THE
TRUST PLACED IN
US BY
OUR MEMBERS AND
STAKEHOLDERS.**

Key outlook information

Global Credit Rating Company has maintained the Scheme's previous national scale financial strength rating of AA+(za), with stable outlook, citing strong business profile and sustained healthy financial profile, supported by sound reserve levels and liquidity. Our consistent credit rating assures members and stakeholders that the Scheme has sufficient funds to meet and pay claims in a volatile and uncertain future.

The highest insurer financial strength rating assigned by the GCR is AAA.



Appreciation

I sincerely thank our members for continuing to entrust us with their healthcare coverage and for serving in the public sector, making an important contribution to South Africa. I thank you, too, for attending the AGM and other Scheme events. Your ongoing participation in member satisfaction surveys and in using the Scheme's compliments and complaints channels helps us to improve our services and benefits.

I thank the Honourable Minister Mzamo Buthelezi (MPSA), Sharon Kekana (Deputy Minister for the Public Service and Administration), Yoliswa Makhasi (Director-General of DPSA) and DPSA department officials for constructive discussions and guidance during the year.

My sincere appreciation goes to the late PSCBC chairperson, Ingrid Dimo, the current chairperson, Magate Phala, the deputy chairpersons, Aubrey Zungu (labour) and Mompati Galorale (employer) and general secretary, Frikkie de Bruyn, for holding our feet to the fire and remaining focused on the mandate of GEMS. Your constructive input enables us to understand the real issues experienced by members and stakeholders. We look forward to a continued robust relationship and to walking the road ahead with you. We recognise the leadership and wisdom of the unions admitted to the PSCBC as well as the National Department of Health and National Treasury as we constantly seek enduring partnerships to achieve national health objectives.

GEMS' trustees again shouldered a large workload, dealing with complex decisions to protect members' interests. The Board continued introspective discussion to strengthen corporate governance. Thank you, trustees, for your hard work and support in stakeholder meetings.

The chairpersons of the Board committees continued their immense contributions in 2025 to advance corporate governance across the Scheme. I thank Pierre de Villiers (Risk, Social and Ethics Committee), Alvin Rapea (Human Resources and Remuneration Committee), Dr Johannes Smit (Clinical Governance and Administration Committee), Siyabulela Tsengiwe and Constance Ntshane (Oversight Committee on Special Projects and Programmes) for leading the standing committees so well. Rene van Wyk is our independent chairperson of the Audit Committee and we value her quick onboarding into the role and her effective and professional leadership of the Scheme's assurance structures. We also appreciate Aziza Galiel and Pritish Dala, who served on the Audit Committee as independent committee members in 2025.

Dr Stanley Moloabi is one of the most experienced principal officers in the South African medical schemes industry. As always, the Board acknowledges his expertise, visible leadership superior loyalty to GEMS and the work underway for building a scheme that will thrive. We will continue to support him and the entire GEMS team.

I am grateful to Exco, the staff of GEMS and the SPN for implementing the GEMS strategy and for the considerable competencies they make available to the Scheme.

Without the strategic relationships we have built with the healthcare sector - including healthcare practitioner societies, hospital groups, pharmacy and pathology groups and claims switching bureaus - we would not have successful networks, improved health outcomes and enhanced benefits and member services. Your involvement is greatly appreciated.

Finally, I thank the members of the GEMS Integrated Reporting Steering Committee, representing all the GEMS business divisions, for drafting and compiling the integrated report for 2025. The report gives members and stakeholders an informed opinion of the state of GEMS and value creation, preservation and erosion. I wish you all the best for the new reporting journey ahead, where you will compile the Scheme's first sustainability report.

The Board is satisfied with the Scheme's operational results for the period ending 31 December 2025 and is confident that the team will continue performing where excellence was achieved and meeting performance targets where expectations were not fully met.

STRUCTURES AND PROCESSES FOR GOVERNANCE

An independent Board of Trustees forms the core of the Scheme’s corporate governance structure and is ultimately accountable and responsible for the Scheme’s performance and affairs.

The GEMS Board Charter defines the governance parameters within which the Board operates, sets out the role, responsibilities and duties of the Board of Trustees collectively and certain roles and responsibilities incumbent on trustees. The charter aligns with the provisions of the MSA, its regulations, the registered Rules of GEMS and the latest King Report on Corporate Governance for South Africa. The full Board Charter and King IV application register are available at www.gems.gov.za.

The Board is accountable for setting the strategic direction of the Scheme and providing effective oversight to ensure its long-term sustainability and sound governance.



All page references and labelling of infographics relate to the 2025 Annual Integrated Report

Figure 53: Performance and outcomes monitoring by the Board of KPIs and risks



The five-year strategic plan and the annual performance plan give practical effect to the Board's governance mandate by guiding the activities of the Principal Officer, management and employees. The governance structure enables streamlined oversight, allowing the Board to monitor performance and ensure that the Scheme's operations are conducted efficiently and effectively.

Implementation of the Board-approved five-year strategic plan for 2022 to 2026 was monitored through quarterly performance reports submitted by management, detailing progress against agreed performance areas.

During 2025, the Board received regular, standardised reports on the status of the Scheme, including key business indicators such as membership growth, financial performance and stakeholder engagement.

Performance targets are reviewed annually by the Board based on changing realities and interrelated plans such as the business plans approved for the Scheme by the Registrar of Medical Schemes from time to time.

The Board of Trustees governs the management of risk and a formal risk management process is in place in accordance with the Scheme's approved Risk Management Policy. The approach to risk management and the governance of risk is discussed on pages 64 and 156 of the integrated report.

The Board monitored the implementation of approved strategic and operational risk mitigation measures and the Scheme's changing risk environment during 2025 through quarterly and ad hoc reports from Scheme management. The Board is comfortable that the residual risks facing the Scheme were managed throughout the year and that risk assessments and mitigations to safeguard Scheme and member interests were effective.

King IV Report on Corporate Governance for South Africa 2016:

The Board of Trustees formally adopted the King IV Report on Corporate Governance for South Africa 2016 from 1 January 2018 through a Board resolution. On CMS recommendation, the Scheme uses the governance and compliance instrument, an online tool developed by The Global Platform for Intellectual Property, to assess whether the recommended King IV principles are applied.

The most recent full assessment, conducted in 2022, found that the King IV principles are satisfactorily applied through the Scheme's business practices.

The explanation of our business practices is available at www.gems.gov.za.

King V was published in October 2025 and applies to the reporting period starting 1 January 2025.

BOARD AND COMMITTEE EFFECTIVENESS

The Board of Trustees annually evaluates its overall effectiveness, including the performance of its committees, the Board collectively and the role of the Chairperson. The most recent assessment performed by the Institute of Directors South Africa (IoDSA) began in 2024 and closed in 2025. This included assessment against King IV and emerging King V governance principles. The GEMS governance framework was found to be fundamentally sound and mature. Future effectiveness will depend on strengthening key improvement areas.

Table 21: Key review outcomes

Board performance	Good (3.9/5)	Strengths: <ul style="list-style-type: none"> • Sound fiduciary oversight, compliance with MSA and CMS directives • Improving Board culture and psychological safety, enabling more robust deliberation • Strong risk, compliance and ethical oversight foundations • Committee effectiveness (Audit Committee, Corporate Governance and Administration Committee and Finance and Investment Committee particularly strong) 	Improvement areas <ul style="list-style-type: none"> • Succession planning at executive and Board role-player level (lowest scoring theme) • Timeliness, quality and flow of information to the Board and committees • Digital and ICT governance maturity at Board level • Stakeholder relationship management, particularly in a complex public sector environment
Committee performance	Upper good (4.2/5)	Committees performing good to excellent, with variability by mandate	Common challenges: <ul style="list-style-type: none"> • Meeting pack timing • Ongoing training and skills refresh • Strategic vs operational boundary management
Overall Board response	Quarterly reporting on the remediation of improvement areas against an action plan with clear deliverables and timelines to begin in 2026		

QUALITY OF STAKEHOLDER RELATIONSHIPS

A marked deterioration in the quality of the relationship between the scheme, organised labour in the PSCBC, the MPSA and groupings of healthcare providers and members is noted with concern. Dissatisfaction with the weighted average contribution increase of 13.4% for the 2025 financial year was exacerbated by the increase announced initially for the 2026 financial year. Combined with a delay in the implementation of the employer subsidy increase this resulted in dissatisfaction levels unprecedented in the scheme's recent history with stakeholders questioning whether the scheme remains true to its mandate.

For healthcare provider groupings, the release of the Section 59 Final Investigation Report in July 2025 led to renewed concerns regarding transparency on the algorithms used for fraud, waste, and abuse detection and the timelines for auditing and recovering funds from providers.






Additional to the affordability of contributions, members expressed dissatisfaction over benefit exhaustion early in the year, negatively affecting the accessibility of healthcare.

The dissatisfaction levels remained despite a concerted effort by the board to engage directly with stakeholders on the issues during 2025.

The board remains committed to constructive dialogue, strategic partnerships and solutions developed collectively to solve the "affordability – sustainability" conundrum.

Table 22: Key board focuses and actions

The Board's main focus remained enhancing functional strategies to better align with NHI implementation strategies, market conditions and the Scheme's performance against the KPI targets of the strategic plan

Focuses and decisions for 2025	Capitals affected	Link to material matters	Stakeholders affected
The Board continued face-to-face engagements with members as part of its ongoing focus on GEMS' brand positioning, for which quality of interaction with members and the GEMS communication capabilities are important factors.		Core value proposition strength	
The Board considered an in-depth analysis of the challenges to achieving the desired organisational culture and potential solutions. It approved and monitored the implementation of a holistic organisational culture strategy in 2025.		People and culture	
In September 2024, the Board approved a new integrated Stakeholder Management Strategy and Engagement Plan to strengthen relationships across the Scheme's diverse stakeholder landscape. This includes members, employer representatives, organised labour, regulators, service providers and other strategic partners.		Stakeholder inclusivity Strategic partnerships	 
As part of this, the Board sought to reset the relationship with key stakeholders in 2025, including the PSCBC, based on mutual responsiveness, alignment of interests, transparency and ongoing communication. The renewed approach seeks to foster constructive engagement, enhance collaboration and support the long-term sustainability of the Scheme.			
The Board re-assessed the Scheme's insourcing of capabilities and approved a revised programme aligned to NHI implementation scenarios and the renewed focus on strategic partnerships and collaboration in an NHI future.	 	Operating model effectiveness Strategic partnerships	 
The Board's consideration of and deliberation on the benefit design and contribution increases for 2026 focused extensively on achieving the appropriate level of trade-offs for financial resilience and a healthy and thriving membership.	 	Core value proposition strength	    

OUR BOARD MEMBERS IN 2025

The Board comprises 12 trustees, six of whom are elected by Scheme members and six appointed by the MPSA.

Table 23: GEMS trustees in 2025

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2025 ⁵	Other significant positions/roles in 2025
Dr Nomzamo Tutu Board of Trustees Chairperson (19 February 2024 to date) (12 December 1965)	Appointed 30 July 2020, tenure ends 29 July 2026	Master of Business Administration; Specialising in Executive Management; Bachelor of Medicine and Surgery; Bachelor of Science; Postgraduate Diploma: Occupational Health; Postgraduate Diploma: HIV/Aids Management in the World of Work. Expertise: Clinical care, investment and executive management	Finance and Investment Oversight on Strategic Projects and Programmes	Member of KwaZulu-Natal Provincial Planning Commission Directorships in various private companies Memberships/Affiliations: South African Medical Association, South African Society of Occupational Medicine, IoDSA, The Ethics Institute (TEI)
Dr Mpho Mashoto Johannes Rabada Board of Trustees Deputy Chairperson (19 September 2025 to date) (17 June 1970)	Appointed, 16 September 2024, tenure ends 15 January 2030	Master of Business Administration; Dissertation: Health Economy and Healthcare Financing-Surrey University (UK). Bachelor of Medicine and Bachelor of Surgery (MBBCh) Expertise: Health and business consultant, sustainable development, public health, occupational medicine and strategic management	Clinical Governance and Administration Oversight on Strategic Projects and Programmes	Department of Health: Health and business consultant Memberships/Affiliations: IoDSA, TEI

⁵ The Board periodically revises membership of standing committees. Board members may serve on up to three standing committees while also serving on temporary committees from time to time

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2025 ⁵	Other significant positions/roles in 2025
Nkobane Constance 'Conny' Ntshane-Legong (17 May 1974)	Elected, tenure started on 25 September 2019 and ended on 24 September 2025. Re-elected 29 October 2025 until 28 October 2031	Bachelor of Arts (Honours): Social Work; Postgraduate Diploma: Public Health Certificate: Gender Excellence; Certificate: Employee Assistance Programme; Certificate: Employee Wellness Programme; Expertise: Employee wellness, project management, member advocacy	Finance and Investment Oversight Committee on Strategic Projects and Programmes	Department of Health Mpumalanga – wellness manager. Memberships/affiliations: IoDSA, TEI
Siyabulela Thomas Tsengiwe Board of Trustees Deputy Chairperson (19 February 2024 to 19 September 2025) (21 December 1967)	Appointed 25 January 2024, tenure ends 24 January 2030	Bachelor of Commerce: Economics and Commercial Law; Bachelor of Education; Master of Arts: Applied Ethics for Professionals; Master of Management: Public and Development Management Expertise: Strategy, leadership management, strategy formulation and implementation, research, negotiations, policy planning and development, conflict and communications management reporting, project management	Finance and Investment Oversight Committee on Strategic Projects and Programmes	Serves on iKamvehlhle Development Trust, IoDSA; TEI

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2025 ⁵	Other significant positions/roles in 2025
Dr Izak Jacobus 'Kobus' van Zyl (31 January 1951)	Elected, tenure started 30 July 2020 and ended on 28 July 2021. Re-elected from 29 July 2021 to 28 July 2027	Bachelor of Military Science; BCom (Honours) Personnel Management; MBA; Doctor of Philosophy: Industrial Economics; Industrial Relations Development Programme Expertise: Labour relations, dispute resolution	Finance and Investment Human Resources and Remuneration Risk, Social and Ethics	Retired from: Department of Employment and Labour as Chief Director: Labour Relations in 1996 Memberships/affiliations: IoDSA, TEI
Dr Johannes Frederik Smit (22 July 1951)	Elected, tenure started 30 July 2021 and ends 28 July 2027	Bachelor of Dental Surgery; Post Graduate Diploma in Dental Public Health; Post Graduate Diploma in Public Health Administration Expertise: Clinical care (dentistry), administration and leadership, governance ethics	Clinical Governance and Administration Risk, Social and Ethics	Retired from senior management: National Department of Health Serving on Health Professionals Council of South Africa and Allied Health Professions Council of South Africa Memberships/affiliations: IODSA, TEI
Pierre Francois de Villiers (25 June 1960)	Elected, tenure started 30 August 2021 and ends 29 August 2027	NND English Studies (Ekurhuleni Technical and Vocational Education Training College); Teachers Diploma; Bachelor of Education; Master of Education: Management in Education. Expertise: Governance and ethics, member advocacy	Finance and Investment Risk, Social and Ethics Oversight Committee on Strategic Projects and Programmes	Retired from Department of Higher Education and Training as chief education specialist (curriculum development) Memberships/affiliations: IoDSA, TEI

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2025 ⁵	Other significant positions/roles in 2025
Lebohlang Precious Khumalo (25 March 1980)	Elected, tenure started 30 August 2021 and ended 24 September 2025 (served for the unexpired term of Lekgema Mankge, who left on 31 March 2021) Reappointed 1 December 2025, tenure ends 30 November 2031	Diploma: Clinical Nursing Science; Diploma: General Nursing; Advanced Certificate: Project Management; Advanced Certificate: Healthcare Management - Foundation for Professional Development; Postgraduate Diploma: Health Systems Management – Executive Leadership Expertise: Clinical care, business administration, leadership, member advocacy	Clinical Governance and Administration Human Resources and Remuneration Relationship-by-Objective Task Team	Chief executive officer: Bertha Gxowa Hospital Nursing professional Memberships/affiliations: IoDSA; TEI
Dr Hendrik 'Henk' Pieter Punt (25 May 1953)	Elected, tenure started 22 February 2024 and ended 24 September 2025 (served for the unexpired term of Martinus Cornelis Brand who resigned on 31 December 2023)	Primary Teachers Diploma, Teachers Diploma (Handwork); Bachelor of Arts; Bachelor of Education; Master of Education; Doctor of Philosophy. Expertise: Business administration and leadership, education, member advocacy	Clinical Governance and Administration Human Resources and Remuneration	Educational consultant: Training team of the SAOU Temporary headmaster: Private high school in Somerset West since October 2023 Memberships/affiliations: IoDSA, TEI

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2025 ⁵	Other significant positions/roles in 2025
Alvin Phumudzo Rapea (29 June 1964)	Appointed 25 January 2024, tenure ends 24 January 2030	Bachelor of Commerce; Postgraduate Diploma: Management (Wits Business School); Diploma: Labour Law: Graduate Institute of Management and Technology; Certificate Executive Coaching Expertise: People management, remuneration, performance management, public administration, public policy, stakeholder management, strategic management, financial management, governance, leadership culture transformation, labour law, executive and business coaching	Human Resources and Remuneration Risk, Social and Ethics Oversight Committee on Strategic Projects and Programmes	Director: Tshivhambe Trading Memberships/affiliations: IoDSA, TEI
Neville Pulane Ndumo (28 January 1963)	Appointed, 25 January 2024, tenure ends 24 January 2030	Bachelor of Arts: Accounting Science; Certificate: Tax; Certificate: Executive Development Programme; Master of Arts: Business Leadership Expertise: Finance	Audit Committee Finance and Investment Risk, Social and Ethics	District Treasurer: Methodist Church of Southern Africa Memberships/affiliations: IoDSA, TEI

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2025 ⁵	Other significant positions/roles in 2025
Adv Sibongile Sigodi (13 December 1957)	Appointed 16 September 2024, tenure ends 15 January 2030	Bachelor of Procurement; Bachelor of Laws; Master of Laws; International Legal Studies (Georgetown University Law Center in Washington DC: International Women's Human Rights) Expertise: Advocate and legal professional, various facets of law, human rights, constitutional law and local government law	Audit Committee Human Resources and Remuneration Risk, Social and Ethics	Retired Memberships/affiliations: IoDSA; TEI
Patrick Babsy Makhafane (10 January 1978)	Elected 1 December 2025, tenure ends 30 November 2031	Certificate: Labour Relations Management Higher Certificate: Paralegal Studies Expertise: Labour relations, dispute resolution and negotiations, labour relations and collective bargaining, organisational governance and public sector health administration	Clinical Governance and Administration Human Resources and Remuneration	Actively affiliated: Second deputy president of the National Education, Health and Allied Workers' Union Trade union leadership (National Education, Health and Allied Workers' Union Congress of South African Trade Unions) Memberships/affiliations: IoDSA, TEI

Note: Trustees' qualifications are verified through the Scheme's annual vetting procedure.

Table 24: Combined Board expertise and skills:

Capital	Expertise	% of Board
	Financial management, accounting and reporting	25%
	Project management	33%
	Supply chain management	8%
	People management	25%
	Remuneration and awards	16%
	Healthcare (clinical), public health and health and wellness	41%
	Communication	8%
	Labour relations	25%
	Negotiations	16%
	Training/education/coaching/mentoring	25%
	Corporate governance	100% Covered by annual trustee training
	Innovation	8%
	Sustainable development	8%
	Regulatory, legal and compliance	8%
	Investment	8%
	Information and technology	Provided by audit committee members
 	Risk management	100%
 		Covered by annual trustee training
	Ethics management	100% Covered by annual trustee training

MEETINGS IN 2025

The Board met in 2025 to meet corporate governance requirements, including effective business oversight:

Table 25: Board meetings and engagements in 2025:

	Meeting focus	Requirement
24 February	Quarterly meeting focused on business overview, quarter four 2024 progress reports and procurement planning for 2025	MSA, Rules of GEMS
13 March	Special meeting to debrief and address requirements from a workshop held with the PSCBC on 25 February 2025	Corporate governance requirement
14 April	Special in-committee meeting focused on decision-making on large operational services tenders	Corporate governance requirement
24 April	Quarterly meeting focused on business overview, quarter one 2025 progress reports, approval of the 2024 integrated report and annual financial statements, the preliminary annual general meeting agenda and minutes, Board report for the annual general meeting, 2024 debt write-off and performance considerations	MSA, Rules of GEMS
26 June and 23 July	Interim meeting to approve the agenda for the annual general meeting to be held on 31 July 2025 and continuation of Board in-committee meeting that began on 26 June	Rules of GEMS
30 July	Quarterly meeting focused on preparation for the annual general meeting of 31 July 2025, including reporting on proxy forms received and annual general meeting risk management planning	Rules of GEMS
31 July	Annual general meeting final preparations, review of quarter two 2025 progress reports and consideration of the 2025 year-end plan for benefit design	MSA, Rules of GEMS
7 August	Special meeting to begin the strategy review process for 2026	Corporate governance requirement
15-19 September	Annual strategic planning meeting focused on strategic risk assessment, assessment of the operating environment and benefit design for 2026	Corporate governance requirement
30 September	Special meeting to receive the trustee election and election audit reports.	Rules of GEMS
29-30 October	Quarterly meeting focused on the review of quarter three 2025 progress reports, consideration of the 2026-year planner, revised board charter, audit charter, draft annual general meeting and strategic planning minutes	MSA, Rules of GEMS
1-2 December	Interim meeting focused on corporate governance planning requirements for 2026.	Corporate governance requirement
The Board was convened for special meetings in 2025 to attend to key focuses and urgent matters:		
21 January, 11 and 17 December	Special meeting to prepare for joint workshop with the PSCBC and further PSCBC engagements on contribution increases for 2026	
11 February	Special meeting to prepare for the Congress of South African Trade Unions meeting on 14 February	
26 to 28 March	Meeting with the SPN and their BBBEE partners focused on achievement of real BBBEE	
14 October	Special meeting to prepare for engaging the MPSA	
25 November	Special meeting to deal with the termination of certain sub-contractors' services	

The Board attended to additional work requirements in the form of workshops, induction training and SPN site visits:

5 February	New Audit Committee chairperson meet and greet
11 to 13 March	Site visits to the SPN in Cape Town and JHB
23 and 25 April	Audit Committee chairperson induction programme
29 October	Board charter revision workshop
1 December	Board governance reporting workshop
Building strong stakeholder relationships	
The Board prioritised stakeholder engagement in 2025, focusing on government and the PSCBC. Meetings were held when indicated and when requested by stakeholders. Most meetings were not attended by the full Board but by the Chairperson supported by selected trustees, the Principal Officer and Scheme management	
MPSA meetings focused on performance, the S59, 2026 contribution increase and introductions to new trustees	21 February, 25 March, 12 June, 9 July, 22 July, 16 October, 3 December and 23 December.
PSCBC meetings focused on resetting the relationship with the Scheme and engaging the member-elected trustees	22 January, 25 February, 23 September; 3, 12 and 18 December
Portfolio committee briefings focused on performance, the S59 report and 2026 contribution increases	23 April, 18 June, 16 July, 8 October, 6 November
The Congress of South African Trade Unions (COSATU) meeting focused on performance	14 February

Members of the Board attended the DPSA Budget Vote on 2 July and supported Scheme management at the annual GEMS stakeholder symposium on 28 and 29 August 2025, celebrating 20 years since the establishment of GEMS.

Board members attended the annual BHF conference on 10 to 14 May 2025

The board formed small task teams and panels to deal with additional requirements where full board meetings were not indicated.

12 February 2025	GEMS task team/Momentum/Metropolitan Health special meeting
7 April and 14 April, 6 June, 28 July, 14 and 18 August, 10 December	Interviews and follow-up meetings of the panels for the selection and appointment of the Scheme's Chief Healthcare Officer, Company Secretary and Legal Counsel and Chief Corporate Services Officer
9 May 2025	CMS Principal Officer Forum
5 June 2025	Attorneys meeting regarding a legal opinion on a contracting matter
4 June	Principal Officer half-year performance appraisal
12 June 2025	Bela-Bela hospital project
30 June 2025	South African Broadcasting Corporation/GEMS talk show launch
16 and 24 July 2025	AGM dry run with the Chairperson

Standing committee responsibilities, membership and meetings

The Board of Trustees has established its own governance practices and standing committee structure that comply with governance and regulatory requirements. These committees fulfil key roles in ensuring good corporate governance.

The standing committee structure is based on:

- Statutory requirements (MSA and Rules of GEMS)
- The King IV Report on Corporate Governance.
- The GEMS strategic plan for accountability and strategic oversight framework.
- The GEMS operating model.
- Cost effectiveness and value-for-money considerations.

The committees are mandated by the Board of Trustees by written terms of reference on membership, authority and duties. A standing committee responsibility matrix clarifies and demarcates committees' areas of responsibility.

The standing committees meet at least quarterly and in line with the year planner. Committee meetings are attended by Scheme management in keeping with the Board's requirements.

Hybrid meetings are enabled, with most attendees opting to be physically present

Table 26: Board committees in 2025

Audit Committee		
Stakeholders: Members, employees, regulators, SPN		
The committee is mandated by the Board of Trustees by a written audit committee charter on membership, authority and duties. The charter was reviewed and approved by the Board in December 2024 for 2025. The committee's primary responsibilities include evaluating the adequacy and efficiency of the Scheme's internal controls, accounting practices, financial reporting processes, information systems and risk management. Other responsibilities include oversight on external reports (other than financial statements) and guiding the combined assurance processes applied by the Scheme and its SPN. The committee considers and recommends the appointment of the external auditors, monitors them and reports on their independence to the Board. It appoints, assesses the performance of and dismisses the Chief Audit Executive and approves the internal audit plan and internal audit charter. The external auditors and internal auditors report formally to the committee on crucial findings arising from audit activities.		
Membership		
The committee consists of five members, two of whom are members of the Board of Trustees. Most members, including the Chairperson, are independent and are not trustees or officers of the Scheme or of any of its service providers. For the year ended 31 December 2025, the committee members were:		
Name/Designation	Qualifications	Other roles during 2025
Rene Amber van Wyk (11 June 1963) Independent committee member appointed for first term from 1 January 2025 to 31 December 2027	Master of Business Administration, Bachelor of Commerce (Honours): Accounting, Diploma: Advanced Banking, Chartered Accountant (South Africa)	Independent non-executive director, consultant Memberships: SAICA, IoDSA, ABASA

Name/Designation	Qualifications	Other roles during 2025
Prittish Dala (13 November 1982) Independent committee member appointed for first term from 2 February 2023 to 1 February 2026 and extended to second term ending February 2029.	Doctor of Philosophy: Information Technology); Master of Arts: Information Technology; Bachelor of Science (Honours): (Computer Science); Bachelor: Information Technology; Certified Information Systems Auditor, Certified Information Security Manager, , Certified in Risk and Information Systems Control, Certified in the Governance of Enterprise Information Technology, Certified Information Systems Security Professional, Certified Data Privacy Solutions Engineer, Lead Auditor ISO 27001, Certified Ethical Hacker, Computer Hacking Forensic Investigator	Independent non-executive director and executive director of a private company
Aziza Galiel (10 August 1969) Independent committee member appointed for first term from 1 April 2022 to 31 March 2025 and extended to second term ending 30 August 2026 (to be revised in May for March 2028).	Chartered Accountant (South Africa), Bachelor of Commerce Postgraduate Diploma: Accounting	independent non-executive director and entrepreneur
Adv Sibongile Sigodi (13 December 1957) Trustee, appointed 16 September 2024, tenure ends 15 January 2030	Bachelor of Procurement; Bachelor of Laws; Master of Laws; International Legal Studies (Georgetown University Law Center in Washington DC: International Women's Human Rights)	Retired Memberships: IoDSA; TEI
Neville Pulane Ndumo (28 January 1963) Trustee, appointed 25 January 2024, tenure ends 24 January 2030	Bachelor of Arts: Accounting Science; Certificate: Taxation; Certificate: Executive Development Programme; Master of Arts: Business Leadership	District treasurer: Methodist Church of Southern Africa Memberships: IoDSA, TEI

Meetings

The committee met seven times during 2025 (2024: 8).

- 6 February 2025 (quarterly meeting)
- 13 March 2025 (special meeting)
- 16 April 2025 (quarterly meeting)
- 4 June 2025 (special in-committee meeting)
- 23 June 2025 (ICT meeting)
- 10 July 2025 (quarterly meeting)
- 23 October 2025 (quarterly meeting)

The Principal Officer, Chief Financial Officer, Chief Audit Executive, the Chief Operations Officer, the Scheme's internal auditors and the external auditors attended committee meetings on invitation and had unrestricted access to the Chairperson of the Audit Committee.

Benefit Design Committee

Stakeholders: Members, employees, PSCBC, government (MPSA, National Treasury), SPN

The committee develops benefit design recommendations considering input from Scheme members, the PSCBC, SPN and other stakeholders.

Membership

For the year ended 31 December 2025, attendance of the committee's meetings was open to all trustees and most trustees attended these meetings.

Meetings

The committee met twice during 2025 (2024: 2)

- 13 August 2025
- 10 September 2025

Clinical Governance and Administration Committee

Stakeholders: Members, employees, SPN, healthcare providers

The committee supports the Board by providing oversight and reporting on key aspects of the Scheme's operations. These include healthcare management, administration and other operational services, procurement in line with delegated authority, member and stakeholder communication, management of member complaints and compliments, marketing and membership growth, client liaison office activities, member satisfaction, the GEMS service delivery structures, knowledge management, data analytics and actuarial services, health policy and research and development. The committee's focus on healthcare management includes improving the Scheme's clinical risk profile, containing claims experience and overseeing product development.

It also assesses, decides on and reports on the approval of ex gratia applications and payments exceeding R50 000 and where the condition and the withholding of therapy is life-threatening, the treatment will improve the applicant's quality of life, the treatment is clinically appropriate and based on internationally accepted evidence-based treatment guidelines and protocols or the applicant has proven a financial inability to afford the treatment by any other means.

Membership

- Dr JF Smit (trustee, elected - Chairperson, tenure 29 July 2021 to 28 July 2027)
- LP Khumalo (trustee, elected, tenure began 30 August 2021, ended 24 September 2025)
- Dr N Tutu (trustee, appointed, tenure 30 July 2020 to 29 July 2026)
- Dr H Punt (trustee, elected, tenure began 22 February 2024, ended 24 September 2025)
- Dr MMJ Rabada (trustee, appointed, tenure 16 September 2024 to 15 September 2030)

Meetings

The committee met over two days every quarter in 2025 (2024: 5).

- 18 and 19 February 2025 (quarterly meeting)
- 21 and 22 May 2025 (quarterly meeting)
- 20 and 21 August 2025 (quarterly meeting)
- 5 and 6 November 2025 (quarterly meeting)

Finance and Investment Committee

Stakeholders: Members, government (MPSA, National Treasury), regulators, society

The committee supports the Board of Trustees with oversight and reporting on the Scheme's key financial and strategic activities. These include monitoring the Scheme's financial performance, overseeing investment and property acquisition and reviewing product development and benefit design initiatives. It also ensures effective governance of the Scheme's information and technology functions and monitors procurement practices and compliance with the BBBEE framework.

Membership

- ST Tsengwiwe; (trustee, appointed, Chairperson, tenure 25 January 2024 to 24 January 2030)
- Dr N Tutu (trustee, appointed, tenure began on 30 July 2020)
- C Ntshane-Legong (trustee, elected, tenure began 23 September 2019, ended 24 September 2025)
- P de Villiers (trustee, elected, tenure 30 August 2021 to 29 August 2027)
- Dr IJ van Zyl (trustee, elected, tenure commenced on 30 July 2014, ended 28 July 2021, re-elected from 29 July 2021 to 28 July 2027)
- NP Ndumo (trustee, appointed, tenure 25 January 2024 to 24 January 2030)

Meetings

The committee met four times in 2025 (2024: 5).

- 20 February 2025 (quarterly meeting)
- 20 May 2025 (quarterly meeting)
- 11 September 2025 (quarterly meeting)
- 12 November 2025 (quarterly meeting)

Human Resources and Remuneration Committee

Stakeholders: Employees

The committee assists the Board of Trustees in ensuring fair, responsible and transparent remuneration for trustees, independent committee members, executives and employees, aligned with the long-term interests and sustainable value creation of the Scheme. The committee oversees that the Scheme's remuneration report, ensuring that disclosure of trustee, independent committee member and executive remuneration is accurate, complete and presented in plain language in accordance with reporting standards. It ensures that effective remuneration policies, reflecting the Board's strategic direction, are consistently applied and that human resource management policies and systems are aligned with the Scheme's employee value proposition and consistently implemented across all levels. The committee also oversees procurement matters in accordance with delegated authority.

Membership

- AP Rapea (trustee, appointed - Chairperson, tenure 25 January 2024 to 24 January 2030)
- Dr IJ van Zyl (trustee, re-elected, - Chairperson, term 29 July 2021 to 28 July 2027)
- LP Khumalo (trustee, elected, tenure began 30 August 2021, ended 24 September 2025)
- Dr H Punt (trustee, elected, tenure began 22 February 2024, ended 24 September 2025)
- Dr JF Smit (trustee, elected, tenure 29 July 2021 to 28 July 2027)
- Adv Sibongile Sigodi (trustee, appointed, tenure 16 September 2024 to 15 September 2030)

Meetings

The committee met four times in 2025 (2024: 5).

1. 20 February 2025 (quarterly meeting)
2. 20 May 2025 (quarterly meeting)
3. 11 September 2025 (quarterly meeting)
4. 12 November 2025 (quarterly meeting)

Oversight Committee on Special Projects and Programmes

Stakeholders: Members, employees

The committee ensures effective oversight of the strategic portfolio of projects and programmes and other change activities defined in its terms of reference. It reports quarterly to the Board on progress. The committee is responsible for effective communication with and between associated Board committees on its activities.

Membership

- CN Ntshane (trustee, elected - Chairperson, tenure began 23 September 2019, ended 24 September 2025)
- Dr MMJ Rabada (trustee, appointed – interim Chairperson, tenure 16 September 2024 to 15 September 2030)
- P de Villiers (trustee, elected, tenure 30 August 2021 to 29 August 2027)
- AP Rapea (trustee, appointed, tenure 25 January 2024 to 24 January 2030)
- ST Tsengiwe (trustee, appointed, tenure began 25 January 2024)
- NP Ndumo (trustee, appointed, tenure 25 January 2024 to 24 January 2030)

Meetings

The Committee met six times in 2025 (2024: 6).

1. 23 January 2025 (quarterly meeting)
2. 9 April 2025 (quarterly meeting)
3. 9 July 2025 (quarterly meeting)
4. 9 September 2025 (special meeting)
5. 22 October 2025 (quarterly meeting)
6. 18 November 2025 (special meeting)

Risk, Social and Ethics Committee

Stakeholders: Members, employees, society

The committee provides oversight and reports on key governance areas at GEMS. Its responsibilities include risk governance, ethics and compliance governance and oversight of the Scheme's legal function. It monitors procurement in line with delegated authority, the Scheme's commitment to responsible corporate citizenship and the promotion of sustainable development.

Membership

- P de Villiers (trustee, elected, Chairperson tenure 30 August 2021 to 29 August 2027)
- CN Ntshane (trustee, elected, tenure began 23 September 2019, ended 24 September 2025)
- Dr IJ van Zyl (trustee, re-elected tenure 29 July 2021 to 28 July 2027)
- Dr JF Smit (trustee, elected, tenure 29 July 2021 to 28 July 2027)
- AP Rapea (trustee, appointed, tenure 25 January 2024 to 24 January 2030)
- Adv Sibongile Sigodi (trustee, appointed, tenure 16 September 2024 to 15 September 2030)

Meetings

The committee met four times in 2025 (2024: 4).

1. 13 February 2025 (quarterly meeting)
2. 8 May 2025 (quarterly meeting)
3. 14 August 2025 (quarterly meeting)
4. 13 November 2025 (quarterly meeting)

Table 27: Complementary committee responsibilities

Responsibility	Committees
Product development and benefit design	Clinical Governance and Administration Committee (first phase) Benefit Design Committee (second phase)
Compliance management	Risk Social and Ethics Committee Audit Committee
Risk management effectiveness, monitoring of top risks	Risk Social and Ethics Committee Audit Committee All standing committees depending on risk
Fraud, waste and abuse management, monitoring of outcomes and impacts (on, for example, healthcare providers)	Risk Social and Ethics Committee Audit Committee
Stakeholder management, monitoring of outcomes and quality of relationships	Clinical Governance and Administration Committee (healthcare provider relationships) Clinical Governance and Administration Committee Risk Social and Ethics Committee
Oversight of strategic programmes and projects, including insourcing and ICT projects	Oversight Committee on Strategic Projects and Programmes Clinical Governance and Administration Committee Finance and Investment Committee

MEETING ATTENDANCE

Table 28: Trustee and Principal Officer meeting attendance in 2025

A – Meetings attended, B – Meetings that could have been attended

	Annual general meeting		Board		Strategic planning		Audit Committee		Benefits Design Committee		Clinical Governance and Administration Committee		Finance and Investment Committee		Human Resources and Remuneration Committee		Oversight Committee on Special Projects and Programmes		Risk, Social and Ethics Committee		Training, including induction	Stakeholder meetings	Task teams		Workshops		
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	
Board of Trustees	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	
De Villiers P	1	21	21	1	1			2	2					4	4			6	6	4	4	10	11	1	1	5	5
Khumalo LP	1	17	17	1	1			2	2	4	5					4	4					9	11			4	5
Ntshane, NC	1	19	19	1	1			2	2					4	4			5	5	4	4	9	10			5	5
Rapea, AP	1	21	21	1	1			1	2							6	6	6	6	4	4	9	12	1	1	5	5
Smit JF	1	21	21	1	1			2	2	5	5					6	6					9	10			5	5
Tutu, N	1	20	21	1	1			2	2	4	5			3	4							8	13	1	1	5	5
Van Zyl, IJ	1	17	21	1	1			2	2					4	4	6	6			3	4	9	10			5	5
Ndumo, NP	1	21	21	1	1	7	7	2	2					4	4			6	6			10	11			5	5
Tsengiwe, ST	1	21	21	1	1			2	2					4	4			6	6	4	4	9	12	1	1	5	5
Punt, HC	1	12	12	1	1			2	2	4	4					3	4					5	5			4	5
Rabada, MMJ	1	21	21	1	1			2	2	5	5											11	8			5	5
Sigodi S	1	21	21	1	1	7	7	2	2							6	6			4	4	10	12	1	1	5	5
Makhafane	-	4	4																			1	4			-	-
Principal Officer																											
Moloabi, BOS (Principal Officer)	1	19	21	1	1	7	7	2	2	4	5			4	4	5	6	5	6	3	4	9	10			4	5

Table 29: Independent committee members meeting attendance in 2025

A – Meetings attended, B – Meetings that could have been attended

Member	Annual general meeting		Board		Audit Committee		Strategic planning		Training, including induction		Task teams		Workshops
	AGM	A	B	A	B	A	B	A	B	A	B	A	
Van Wyk RA	1	5	5	7	7	1	1	1		1	2	2	3
Dala P	1			7	7	1	1				2	2	1
Galiel A	1			7	7	1	1				2	2	1

TRUSTEE REMUNERATION

The GEMS Board of Trustees and the committees meet frequently to ensure effective oversight of the Scheme. Board and committee meetings are all necessary and convened to:

- Ensure that the Scheme's statutory obligations are met.
- Adhere to corporate governance standards.
- Ensure that the Scheme manages its strategic risk and that the appropriate control framework is implemented and adhered to.
- Guide Scheme management on stakeholder engagements considering the Scheme's complex stakeholder relations environment.

Close oversight maintained by the Board contributes extensively to the Scheme's continued financial and operational performance as demonstrated by the Scheme's track record of unqualified audits, sound procurement processes, improving member survey results and productive stakeholder relationships. The performance and effectiveness of the Board directly influences the Scheme's ability to create value for its members, the MPSA and stakeholders.

Trustee and Independent Committee Member Remuneration Policy

Trustees and independent committee members are remunerated for attendance of Board and committee meetings, in accordance with GEMS' Trustee and Independent Committee Member Remuneration Policy. Trustees and committee members may also be reimbursed for costs incurred for travelling and subsistence in the performance of their obligations.

Trustees and committee members are paid for preparation for, and attendance of meetings. They are not paid for:

- Meetings not attended.
- Participating in the Scheme's Board effectiveness assessment.
- Attendance of training sessions/interventions.
- Attendance of member and other stakeholder events where trustees are not required to perform work.
- Attendance of member and other stakeholder information and communication sessions.

Trustees and committee members are paid a fixed daily meeting fee for each day of quarterly and interim meetings. The fee is based on an average meeting duration of six hours and 12 hours' preparation time. Trustees are paid a reduced daily meeting fee for attending ad hoc and special meetings.

For meetings with the MPSA and stakeholders, the meeting fee is half of the fixed meeting fee.

Trustees receive a monthly stipend to cover expenses such as stationery, telephone and internet fees.

The fees stipulated in GEMS' Trustee and Independent Committee Member Remuneration Policy are determined through independent remuneration surveys to ensure that it is commensurate with the fiduciary obligations assumed by trustees and the expertise of trustees and independent committee members.

Compliance statement

The Scheme complied without deviation with its Trustee and Independent Committee Member Remuneration Policy in 2025.

Remuneration benchmarks:

Trustee remuneration benchmarking compares remuneration from at least 10 of the largest closed and open medical schemes in the Industry.

The Board assigned the responsibility for setting the meeting fee through benchmarking to the Audit Committee, most whose members are independent of the Board of Trustees. The Board accepted a zero increase in the fixed daily meeting fee for both 2024 and 2025. The fee for Board members remained at R21 486,38 and at R32 289,46 for chairpersons.

Trustee remuneration 2025

The remuneration paid in 2025 per trustee is shown below. Meeting fees, travel and accommodation costs, training costs and other disbursements are disclosed separately per trustee in accordance with Regulation 6A of the Regulations of the MSA 1998, as amended.

Table 30: Trustee remuneration

	Term end	Attendance fees		Travel and accommodation		Reimbursements and allowances		Training		Total	
		R	R	R	R	R	R	R	R	R	R
		2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Conny Ntshane	25/09/2030	925 689	926 157	537 188	606 894	6 302	31 359	41 558	89 718	1 510 738	1 654 129
Dr IJ Van Zyl	28/07/2027	856 765	948 664	187 181	198 417	10 804	13 631	39 058	37 547	1 093 808	1 198 258
Dr SM Hlatshwayo			262 705		103 477	-	2 056	-	8 927	-	377 165
Johannes Frederick Smit	24/09/2025	997 644	901 197	299 104	327 904	59 477	62 455	41 558	68 769	1 397 783	1 360 325
Lebohang Khumalo	28/07/2027	777 031	981 034	254 806	361 190	7 357	23 574	100 876	77 366	1 140 069	1 443 164
Marthinus Brand			-		681	-	1 299	-	-	-	1 980
D de Villiers	29/08/2027	978 715	952 998	135 836	109 765	14 223	20 465	37 861	80 388	1 166 635	1 163 616
RA Manoko			175 718		61 323	-	3 196	-	2 375	-	242 613
Nomzamo Tutu	29/07/2026	1 206 983	1 329 705	698 316	652 706	-	1 575	48 518	75 988	1 953 816	2 059 975
Siyabulela Tsengiwe	24/01/2030	1 058 467	908 698	66 799	77 528	9 517	10 118	39 058	35 747	1 173 842	1 032 091
Alvin Rapea	24/01/2030	1 165 085	1 049 695	145 300	160 003	13 018	12 228	38 458	64 284	1 361 860	1 286 210
Hendrik Punt	24/09/2025	717 729	714 813	365 507	275 228	8 334	7 214	32 695	22 547	1 124 265	1 019 802
Mpho Rabada	15/04/2030	948 157	308 968	141 806	-	11 584	3 846	41 558	20 172	1 143 105	332 986
Neville Ndumo	24/01/2030	1 005 599	1 001 317	143 575	218 228	12 714	12 964	38 458	74 289	1 200 345	1 306 799
Sibongile Sigodi	15/04/2030	1 087 582	319 819	90 372	-	2 972	1 573	39 058	20 172	1 219 983	341 564
Patrick Makhafane	30/11/2031	50 515	-	-	-	-	-	-	-	50 515	-
		11 775 961		3 065 790		156 302		538 711		15 536 764	14 820 676

Trustee remuneration paid in 2025 was **R15.5** million (2024: **R14.8** million), an increase of 4.8% from 2024. Of this, **R14.9** million (97%) was meeting fees, reimbursements and allowances. The balance of **R0.5** million covered travel, accommodation and training costs. In 2025, trustee fees as a percentage of insurance revenue were **0.02%**.

GEMS trustees undertook additional duties voluntarily during 2025 to represent the Scheme at important stakeholder events and to support Scheme management at important engagements with key stakeholders such as unions.














Conclusion

The Human Resources and Remuneration Committee recommended the GEMS 2025 remuneration report to the Board of Trustees. We are satisfied that the committee fulfilled its obligations in 2025.

OTHER KEY AREAS OF BOARD OVERSIGHT:

Information and technology

King IV Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

Relevant material matters:	Capitals affected	Stakeholders affected	Linked risks
 Core value proposition strength	 	 	 Ineffective operating model and capabilities for the Scheme's strategic future
 Operating model effectiveness	 	 	 Inadequate business resilience
 Innovation and digital transformation			

The information and communication technology division, led by the Chief Information Officer, reports to the Finance and Investment Committee and the Board of Trustees.

The division has six key functional areas, namely applications development, infrastructure and operations, data management and business intelligence, ICT service management, business continuity and security management. These functions are supported by ICT strategy and governance, service planning and enterprise architecture frameworks.

The ICT division is crucial in realising strategic objective 4 (Be an agile, data-driven scheme that leverages research, information, technology and platforms to manage risk, create disruptive innovations and contribute to clinically appropriate, socially responsible and cost-effective interventions to improve member health).

The adequacy and effectiveness of technology and information management controls are monitored through management risk control effectiveness reviews, supported by the GEMS risk management function. Independent assurance is provided through periodic reviews conducted by internal audit and external assurance providers.

Finance and Investment Committee key oversight focuses 2025:

- **Key strategic initiatives:** The ICT division, project management office and other divisions drove the digitisation programme, infrastructure optimisation, cybersecurity initiatives and support for the insourcing of capabilities programme.
- **Enhancement of engagement platforms,** including the GEMS website, member and provider apps and portals and the chatbot. These platforms offer members real-time access to Scheme services and information, including their benefits, healthcare providers and the public.

- **Organisational enablement** through optimisation of the Scheme's intranet platform, incorporating the Board portal, divisional portals and the public library, to enable and support collaboration and secure access to key records. The Scheme successfully migrated to a multi-cloud, software-defined wide area network and hyper-converged infrastructure environment, simplifying infrastructure management, improving scalability and agility, enhancing data durability and resilience, strengthening data security and privacy and improving energy efficiency. Employees are further enabled through enterprise productivity tools, the enterprise-wide resource system for financial management and customer engagement solutions supporting client and provider liaison officers and healthcare providers.
- **Information security** is a foundation of the Scheme's technology environment. An information security management system aligned with ISO 27001:2022 and ISO 27017:2015 for cloud security is advanced. This framework has strengthened the Scheme's cybersecurity posture and no critical security breaches were recorded during 2025.
- **ICT policy was reviewed** in 2025 to update and strengthen existing policies to ensure alignment with evolving governance, technology and regulatory requirements. The reviewed policies are summarised in table 31 below

Table 31: ICT policy review

Policy	Purpose of policy
Data and Information Governance Policy	Establish a robust framework that drives adherence to data and information standards, responsible data management through protection, data quality maintenance, ensuring legal compliance, clarifying accountability and supporting reliable decision-making.
Electronic and Digital Signature Policy	Provide policy measures and provisions on the use of electronic and digital signatures at GEMS.

Future focuses

- The ICT division will advance its strategic objectives on modern architecture, automation, digitisation and innovation, building a robust data-driven backbone, adopting agile infrastructure architectures and optimising cybersecurity and security systems, supporting engagement with members and healthcare providers and engaging in innovation, DevOps, ICT governance and research and development.
- Focuses for 2026 and beyond are adoption of artificial intelligence and establishment of strategic technology partnerships while incorporating advanced intelligent user interfaces.

Risk governance for protecting sustained value creation

King IV Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives

The Board retains accountability for the governance of risk and is committed to its effective management in pursuit of the Scheme's strategic objectives. The Board, therefore, is responsible for driving and compliance to the Scheme Risk Management Policy. It oversees the management of all strategic risks by considering quarterly reports detailing the risk and control environment, including significant changes in the risk environment and allocation of resources to address them. This is all guided by the GEMS vision and strategy, risk appetite and stakeholder expectations. The constant consideration of stakeholder expectations is driven by the realisation that stakeholder inclusivity is a vital component of risk management.

The Board approves the Scheme's risk appetite, namely its propensity to take appropriate risk, and limits the potential loss that the organisation can tolerate.

The Risk, Social and Ethics Committee oversees the management of all Scheme risks on behalf of the Board through a comprehensive annual workplan. This is against terms of reference reviewed annually. The committee also oversees the risk management strategy, which builds capacity and capabilities in risk management governance and processes to enable the strategy. The effectiveness of risk management processes is assessed periodically by the internal audit function and the committee works closely with the Audit Committee to address gaps. It simultaneously drives risk culture to ensure the risk-led approach is fully embedded.

The committees of the Board consider quarterly reports for risks within their ambit. These include monitoring major changes in the risk environment and implementation and progress of risk mitigation plans.

Key oversight focuses in 2025	Key future oversight focuses
Strengthening risk management capacity and capabilities.	Achieving and maintaining an optimal risk management maturity level.
Continued and full integration of risk management into strategy and day-to-day activities via collaboration.	Further expansion of transversal risk management and third party risk management.
Strengthening risk management systems and tools.	

Protecting value creation through ethics and compliance

Risk, Social and Ethics Committee statement

The committee is satisfied that, for the reporting period, it fulfilled the obligations of its terms of reference and that the objectives of the ethics and compliance policies were met without material deviations.



Ethics and human rights

We protect value creation in relation to the following capitals by preventing, detecting and mitigating unethical conduct:



King IV Principle 1: The governing body should lead ethically and effectively

King IV Principle 2: The governing body should govern the ethics of an organisation in a way that supports the establishment of an ethical culture

We are committed to ensuring that GEMS is a medical scheme of choice in which conducting business responsibly and ethically is not negotiable. People and health and upholding human rights in healthcare, are central to our business.

The Board exercises ethical leadership and assumes responsibility for the governance of ethics by setting the tone at the top and the direction for how ethics should be approached and addressed by the Scheme in all its strategic and operational dealings, also encompassing our stakeholder relationships.

Ethics governance objectives for protecting sustained value creation:	Governance arrangements
Clear ethics standards for all stakeholders, including Board members, employees, service providers, members and healthcare providers.	Ethics positioned in strategic objectives #6: (Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring, innovative leader in the South African healthcare sector). The Rules of GEMS registered under the MSA. Code of Conduct for Trustees and Independent Committee Members. Code of Ethics and Business Conduct, including human rights. Supply Chain Management Code of Conduct. Ethics policies, including conflict of interest, lifestyle audits, vetting, claims, fraud, waste and abuse, gifts and hospitality with periodical review and ongoing performance. Ethic performance is a key performance indicator in the annual performance plan.

Ethics governance objectives for protecting sustained value creation:	Governance arrangements
Effective ethics management against approved ethics management strategy	<p>Board delegation to the Risk, Social and Ethics Committee to oversee implementation of the ethics management strategy through the annual ethics management plan.</p> <p>Quarterly reporting to monitor the adequacy and effectiveness of the ethics management process and adequate capacitation of the ethics management function.</p> <p>Centre of excellence for leading people processes and systems capabilities in ethics.</p> <p>Periodical internal audit review of the effectiveness of ethics controls.</p>
Ethical culture strategically considered	Monitoring ethical culture risks as part of the Scheme culture strategic risk and across operating divisions and outsourced service providers.
Ethical behaviour towards and from all stakeholders, including in procurement, contract and financial management, and strategy implementation.	<p>Central ethics management function involvement in service provider engagements, risk assessment meetings, procurement conflict of interest process and financial management.</p> <p>Focused ethics management programmes.</p> <p>Ethics leadership training, including ethical conduct training for members and awareness for healthcare providers.</p> <p>Providing ethics opinions to business and supporting strategic projects, including insourcing of capabilities.</p> <p>Ethics principles are embedded in ESG strategy and implementation plans.</p>

Table 32

Key focuses in 2025	Planned key focuses for 2026 and beyond
Successful implementation of the 2025 ethics management plan.	Implementation of the 2026 ethics management plan.
Focused ethics solutions for members, healthcare providers and the SPN.	Continued ethical leadership training for the Board of Trustees and further training for Exco and all employees to advance the mature ethics culture.
Ethical leadership training for the Board of Trustees and further training for Exco and all employees to advance the mature ethics culture.	Continuation of the independent external ethics survey to gauge the effectiveness of the ethics management strategy.
Ethics awareness programmes (20) for healthcare providers and members.	Intensifying ethics awareness for healthcare providers, members and employees.
An independent external ethics survey to gauge the effectiveness of the ethics management strategy began in quarter four 2025 and will be completed in 2026.	

Compliance

We protect value creation in relation to the following capitals by preventing, detecting and mitigating non-compliance events:



King IV Principle 13: The governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen

The Board governs compliance by setting and steering the Scheme's compliance approach and management by identifying regulatory requirements, monitoring their effectiveness and responding where change is needed. The Risk, Social and Ethics Committee is mandated by the Board to oversee the implementation of the compliance strategy through the annual compliance coverage plan.

Compliance governance objectives to protect sustained value creation	Governance arrangements
Compliance with regulatory requirements	Approved GEMS compliance universe to identify and prioritise laws, regulations, Rules of GEMS and adopted codes and standards.
Effective management of compliance risks	<p>Annual review and update of the GEMS compliance universe.</p> <p>Compilation of compliance risk management plans for high-risk legislation.</p> <p>Monitoring of compliance risks and progress against the approved compliance coverage plan.</p> <p>Continuous monitoring of the regulatory and policy environment</p>
Proactive compliance management	<p>Alignment to the Generally Accepted Compliance Practice Framework (Compliance Institute South Africa) with compliance governance documents streamlined into a compliance framework, compliance strategy and coverage plan. It is supported by a compliance policy and a compliance monitoring and reporting standard operating procedure.</p> <p>Combined assurance model where compliance is part of the second line of defence with risk management and legal services.</p> <p>Risk, Compliance and Ethics Forum comprising representatives from all Scheme divisions and the SPN to support compliance monitoring and promote robust discussion on compliance issues that affect internal stakeholders.</p> <p>Quarterly reporting on adequacy and effectiveness of the compliance management process and capacitation of the compliance management function.</p> <p>Incorporating regulatory requirements into control measures such as compliance risk management plans, standard operating procedures, manuals and P/policies.</p> <p>Recommending corrective measures or steps to ensure compliance.</p> <p>Monitoring compliance through the adequacy and effectiveness of control measures.</p> <p>Maintaining constructive relationships with the CMS, Financial Sector Conduct Authority and Information Regulator.</p>

Compliance governance objectives to protect sustained value creation	Governance arrangements
Avoidance of regulatory non-compliance to safeguard against fines, reputational harm and freedom to operate sanctions.	Maintaining a compliance index score of 90% and above.

Table 33

Key focuses in 2025	Key focuses for 2026
Embedding compliance across the financial services provider and Financial Advisory and Intermediary Services Act environment.	Ensuring fit-for-purpose policy framework through management of policy development, review and monitoring.
Implementation and monitoring of the 2025 compliance coverage plan.	Strengthening Financial Advisory and Intermediary Services Act and Treating Customers Fairly compliance by prioritising fair customer outcomes for members.
Maintaining a GEMS compliance index score of 90% and above.	Maintaining a GEMS compliance index score of above 90%.
Progression of the compliance risk management plans for the MSA, Rules of GEMS, Financial Advisory and Intermediary Services Act and the Protection of Personal Information Act.	Enhancing the Scheme's effectiveness and coverage of compliance monitoring.
Continuous compliance awareness training.	
Maintaining proactive and constructive relationships with Scheme regulators.	

Disclosure on regulatory matters

GEMS did not attract regulatory penalties or fines in 2025. However, it addressed enquiries with the CMS.

1. Section 43 enquiry – Allegations questioning the suitability of Board Members

On 13 November 2025, the CMS launched a Section 43 enquiry on allegations questioning the suitability of board members. The objection is based on their current employment as public servants and the high volume of commitment implied by the number of meetings held during the 2024 financial year. The Scheme responded to the CMS on 12 December 2025 and is waiting for feedback from the CMS.

2. Section 43 enquiry - Educational Psychology Association of South Africa

The Scheme received a Section 43 Notice from the CMS in November 2022, wherein the CMS notified the Scheme that they received a complaint from the Educational Psychology Association of South Africa (EPASSA). EPASSA had complained about the exclusion/dismissal of claims of its members by medical schemes, including GEMS. It is to be noted that EPASSA had submitted a letter of complaint to the Scheme in October 2020 through their lawyers. The Scheme reviewed its Rules, wherein the educational psychologists were included in the benefits of the members. The Rules were subsequently registered by the CMS on 25 January 2021 and EPASSA lawyers were informed of this. The Scheme met with the CMS on this matter in December 2023 and the CMS dismissed the enquiry on 28 February 2025.

3. Section 44 enquiry - multivitamin investigation

In July 2023, the CMS launched a Section 44 enquiry into the affairs of the Scheme, concerning the Multivitamin Programme, through Ernst and Young (E&Y). The E&Y representatives were furnished with required information in August 2023 and a follow up meeting was held in October 2023. The Scheme awaits the CMS' feedback on this matter.

4. S59 investigation into alleged unfair treatment of black healthcare practitioners during Fraud, Waste and Abuse processes

The final Section 59 Investigation Report was released on 7 July 2025. The investigation panel affirmed its analysis in the Interim Report on the far-reaching but procedural fairness in the implementation of medical schemes' FWA systems. They did not find evidence of direct discrimination and did not find medical schemes/administrators to be racist.

We remain committed to ethical and fair FWA management and have made improvements to our processes as recommended by the investigation panel. These include revision of our Fraud Waste and Abuse (FWA) policy and processes, extensive stakeholder engagements and awareness programmes and co-operation on the Industry Code of Good Practice.

5. CMS inspection 2017/18

GEMS responded formally to the final inspection report and awaits CMS feedback.

REGULATORY NON-COMPLIANCE

To the best of the Scheme's knowledge, the compliance matters listed below and in the 2025 annual financial statements, page 119 - 122 cover all non-compliances.

Nature of non-compliance	Cause	Corrective action and timeframe/ Mitigation
Reserve ratio below legislated requirement		
In terms of Regulation 29 (2) of the Medical Schemes Act Regulations, Subject to sub regulations (3), (3A) and (4), a medical scheme must maintain accumulated funds expressed as a percentage of gross annual contributions for the accounting period under review which may not be less than 25%. Further, Regulation 29(4) states that a medical scheme that for a period of 90 days fails to comply with sub regulation (2) must notify the Registrar in writing of such failure, and must provide information relating to; (a) the nature and causes of the failure, and (b) the course of action being adopted to ensure compliance therewith.	For the 2025 reporting period, as disclosed in Note 28 (Capital Management), the reserve ratio was 24.7%, which is not compliant with the requirement of the regulation. The non-compliance is due to higher than budgeted claims utilization during the year. The non-compliance occurred in the last three months of the year, which made sub regulation 4 applicable.	The auditors classified a non-compliance issue as "material" under IRBA standards, but this is a reporting requirement based on their judgment. It does not affect management's view that the Scheme can continue operating as a going concern. The Scheme remains solvent, liquid, and adequately funded for sustainable operations, with further details in Note 33. The Scheme has been in engagements with the CMS in accordance with Regulation 29(4) on the development of a business plan to address the non-compliance. The Scheme's projections indicate compliance with the requirements of Regulation 29(2) by the 2028 or 2029 reporting periods. The Scheme is also engaging with the regulator in a pilot project for an alternative reserving model, the Risk Based Capital Model. The actuarial analysis on this alternative model indicates the Scheme only needs to hold reserves of approximately 15%.
Late paying Employer groups		
In terms of Rule 13.5 of the Scheme Rules and Section 26 (7) of the Medical Schemes Act (MSA), members' contributions are due monthly in arrears and payable by no later than the third day of each month.	During the period under review, certain employer groups paid over contributions on behalf of their members after the third day of the month. Late payments may result in loss of interest earnings for the Scheme; however, this is not significant due to the short duration of the contributions being outstanding.	Scheme management engaged with the employer groups concerned to ascertain the reasons for the late payment of contributions and to highlight the impact of this practice on members of the Scheme and requested payment to be made within a stipulated timeframe. The appointed administrator engages these employer groups on non-compliance as part of its regular stakeholder engagement. The Council for Medical Schemes (CMS) is informed quarterly of any late payers. The non-compliance was mostly corrected by the eighth day of the month following communication from the Scheme to the employer groups.

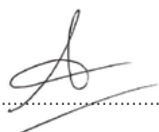
Nature of non-compliance	Cause	Corrective action and timeframe/ Mitigation
Benefit Options		
In terms of Section 33 (2) of the MSA, medical scheme benefit options shall be self-sufficient in terms of membership and financial performance.	The Scheme's Tanzanite One, Emerald and Onyx options did not meet the self-sufficiency requirement in terms of Section 33(2) of the MSA. Loss making options adversely affect the financial performance of the Scheme and the reserve ratio. The deficits on these options were as a result of higher healthcare costs which deviated from budget during the 2025 reporting period.	The Scheme's reserves are sufficient to absorb these deficits over the short to medium term. Continuous long-term forecasting, scenario planning, and sensitivity analysis are employed to ensure the Scheme's solvency margin remain above the statutory level. Regular updates on the Scheme's performance during the 2025 financial year were provided to the Registrar through quarterly performance reports and meetings with the CMS. The Scheme has prepared the compulsory business plan as required by Regulation 29(4) to the MSA, outlining plans to address the Scheme's reserve ratio falling below the statutory level, impacted by the deficits from these benefit options.
Guarantees		
Section 35(6) (a) of the Act states that a medical scheme shall not encumber its assets.	The guarantee in favour of the CMS has been issued in terms of Section 24(5) of the Act, 1998 to the value of R2,5 million. The Scheme's banker issued the guarantee as part of the Scheme's banking facilities. The guarantee of R5 million in favour of the South African Post Office allows the Scheme to transact directly with the service provider for the provision of postal services, rather than procuring these services on an agency basis.	Council for Medical Schemes has issued the Scheme an exemption from the provision of Section 35(6) (a) of the MSA valid for the duration of the guarantees, effective 8 December 2025. Despite the granted exemption from the Regulator, the period 8 March – 7 December 2025 did not have an exemption, and thus this period constitutes non-compliance, as the Scheme was in the process of renewing the exemption. The Scheme will commence renewal processes for all exemptions at least six months before expiry for future periods.

Nature of non-compliance	Cause	Corrective action and timeframe/ Mitigation
Investment in Medical Scheme Administrator		
Section 35 (8) (a), (c) and (d) 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 Scheme, or any administrator or any arrangement associated with the scheme. The Scheme has investments in a number of equities which involve some of its appointed administrators.	The Scheme has investments in certain companies associated with the administrators of the scheme within its diversified investment portfolio.	The Regulator has granted the Scheme an exemption in terms of Section 8(h) of the MSA from compliance with the requirements of section 35(8) of the Act, valid from 1 December 2025 to 31 December 2028.
Claims settled after 30 days		
In terms of Section 59 (2) of the MSA, the scheme shall, where a valid claim has been received and subject to a Beneficiary's entitlement in terms of his/her applicable Benefit Option, pay the Scheme Rate for any benefit due to the Beneficiary to the Member, or the supplier of the relevant health service, who rendered the account within thirty (30) days of receipt of the claim pertaining to such benefit.	During the financial year, there were instances where the above regulation had not been complied with.	Additional controls have been put in place by the Scheme working with contracted Administrator to mitigate the risk of non-compliance and the Scheme will ensure that these are tested as part of the Internal Audit processes. These measures are continuously monitored, despite the volume of claims received by the Scheme, relative to the membership numbers. The Scheme has a minimum of two claims payments in a month to further enhance compliance with the requirement.
Delays in addressing member queries		
In terms of Section 57(4)(d) of the MSA, the duties of the board of trustees shall be to ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions and duties in terms of the rules of the medical scheme.	During the 2025 reporting period, there were multiple instances of delays in addressing member queries due to issues with the enquiries mailbox administered by a contracted service provider, which led to member dissatisfaction in most instances.	The Scheme has attended to the matter with the contracted service provider and will continue monitoring the remedial actions agreed to ensure the matter is fully addressed by early 2026.

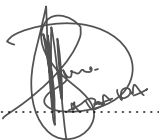
Table 35: Operational statistics

	Tanzanite One		Beryl		Ruby	
	2025	2024	2025	2024	2025	2024
Number of members at 31 December 2025	222 376	181 141	128 522	95 279	117,225	128,121
Number of beneficiaries at 31 December 2025	774 191	633 839	349 788	261 047	297,680	334,229
Average number of members during the year	210 605	120 537	120 563	75 061	118,141	124,504
Chronic prevalence of beneficiaries	10.81%	8.12%	17.69%	15.72%	22.36%	18.37%
Average age	30.1	30.0	30.5	30.8	31.1	30.0
Pensioner ratio	5.4%	5.3%	4.8%	5.0%	4.7%	4.0%
Dependant ratio to members at 31 December 2025	3.48	3.50	2.72	2.74	2.54	2.61
Insurance revenue (IR) pabpm	1 146	938	1 846	1 509	2,262	1,925
Insurance service expense pabpm	1 252	1 081	1 868	1 746	1,894	1,635
Relevant healthcare expenditure incurred pabpm	1 188	1 028	1 786	1 678	1,807	1,564
Directly attributable insurance service expenses pabpm	64	53	82	68	87	71
Insurance service expense ratio	109%	115%	101%	116%	84%	85%
Relevant healthcare expenditure ratio	104%	110%	97%	111%	80%	81%
Directly attributable insurance service expenses ratio	6%	6%	4%	5%	4%	4%
Average accumulated funds per member						
Return on investments as a percentage of investments						

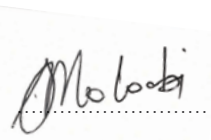
	EVO		Emerald		Onyx		Total Scheme	
	2025	2024	2025	2024	2025	2024	2025	2024
	159,632	144,604	255,546	314,137	15,454	17,281	898,755	880,563
	430,034	398,342	580,312	741,402	21,957	25,195	2,453,962	2,394,054
	156,438	120,184	266,978	346,063	15,995	19,495	888,720	805,844
	31.58%	28.41%	40.66%	34.12%	80.05%	75.80%	24.51%	23.73%
	33.6	32.7	39.5	37.3	68.7	67.0	33.4	33.2
	7.7%	6.9%	14.1%	11.2%	66.7%	62.5%	8.2%	7.8%
	2.69	2.75	2.27	2.36	1.42	1.46	2.73	2.72
	2,609	2,209	3,444	2,931	6,557	5,689	2,229	2,017
	2,619	2,343	3,942	3,327	8,584	8,086	2,359	2,210
	2,536	2,275	3,844	3,248	8,427	7,958	2,277	2,141
	82	68	98	79	156	128	81	69
	100%	106%	114%	113%	131%	142%	106%	110%
	97%	103%	112%	111%	129%	140%	102%	106%
	3%	3%	3%	3%	2%	2%	4%	3%
							21 079	24 373
							17.8%	12.2%



Dr Nomzamo Tutu
Chairperson
05 May 2026



Dr Mpho Mashoto Johannes Rabada
Deputy Chairperson



Dr BOS Moloabi
Principal Officer

STATEMENT OF RESPONSIBILITY OF THE BOARD OF TRUSTEES

The Board of Trustees is responsible for the preparation, integrity and fair presentation of the GEMS annual integrated report and financial statements. The statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the MSA and include amounts based on judgments and estimates by management.

Accounting policies applied by the Scheme are informed by and updated, when required, according to CMS circulars, the Annual Medical Schemes Accounting Guide issued by SAICA and the latest IFRS developments. The trustees consider that, in preparing the annual financial statements, they have used the most appropriate accounting policies, consistently applied them and supported their application with reasonable and prudent judgments and estimates.

The Board adopted the King IV Report on Corporate Governance for South Africa and the Scheme applies the practices where appropriate to the business of a medical scheme and its trustees.

The trustees are satisfied that the information contained in the annual integrated report fairly presents the results of operations for the year and the financial position of the Scheme at year-end. The trustees also prepared the other information in the report and are responsible for both its accuracy and consistency with the annual financial statements.

The trustees ensure that adequate accounting records are maintained and that they disclose with reasonable accuracy the financial position of the Scheme, which enables them to ensure that the annual financial statements comply with legislation.

The trustees are also responsible for internal controls that enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining an effective system of risk management.

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

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


The Scheme's external auditor, BDO South Africa Incorporated and RAIIN Chartered Accountants consortium, audits the statements in terms of international auditing standards and its unqualified report is presented with the Scheme's annual financial statements.

The annual financial statements for 2025 were approved by the Board of Trustees on 30 April 2026 for distribution to members and are signed on its behalf by:



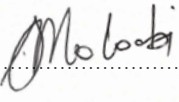
Dr Nomzamo Tutu

Chairperson
05 May 2026



Dr Mpho Mashoto Johannes Rabada

Deputy Chairperson



Dr BOS Moloabi

Principal Officer

STATEMENT OF CORPORATE GOVERNANCE

GEMS is committed to the principles and practices of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Board conducts all its affairs ethically and within a recognised framework comprising the Rules of GEMS, the GEMS governance framework, the GEMS Board Charter and Scheme policies.

The Scheme acknowledges its role in the medical schemes industry as well as its responsibilities to each beneficiary and the community. The Scheme recognises that sustainability is achieved only through strong relationships with all stakeholders and responsible management of risk.

TRANSPARENCY AND ETHICS

The Scheme has adopted a stakeholder-inclusive approach to corporate governance and is bound by mandates and principles of treating members fairly. The close stakeholder relationship and the election and appointment of the Board of Trustees by the members and the employer allows the Scheme to recognise the concerns and objectives of stakeholders in decision-making.

The Board of Trustees acknowledges that the perception of stakeholders affects the reputation of the Scheme. Therefore, clear and open communication with stakeholders enhances the reputation of the Scheme. The trustees have produced a holistic and reliable integrated report to illustrate both the financial and non-financial performance of the Scheme.

BOARD OF TRUSTEES

The Board of Trustees is responsible for the stewardship and governance of the Scheme. The trustees are elected and appointed by the members of the Scheme and the employer (MPSA respectively), according to the provisions of Medical Schemes Act No 131 of 1998, as amended, and the Rules of the Scheme. The trustees are representatives of the Scheme's members and are legally responsible for the management and strategic direction of the Scheme on behalf of the members.

The Board meets regularly and monitors performance of the Scheme's employees, administrators and other contracted service providers. The Board addresses issues and ensures that discussion of strategy, policy, risk management, fraud management and operational performance are critical, informed and constructive. The affairs of the Scheme are managed according to the Rules of the Scheme and adhere to all aspects of governance as required by the MSA, as amended. The Board is committed to the principles of the King IV Report on Corporate Governance for South Africa.

The Board resolved to hold the Board effectiveness assessment every year from 2024. The Chairperson meets with individual trustees one-on-one during induction training of new trustees and should the need arise.

All trustees have access to the Principal Officer and, where appropriate, may seek independent professional advice at the expense of the Scheme.

INTERNAL CONTROLS

Management and the administrators of the Scheme maintain internal controls and systems to provide reasonable assurance of the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability for its assets. Such controls are based on established policies and procedures and are implemented by trained personnel with appropriate segregation of duties.

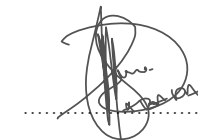
The GEMS internal audit function performs an independent analysis of the controls of the Scheme and those of service providers as part of its annual audit plan.

The Board-appointed Risk, Social and Ethics Committee consisting of Board members and attended by senior management of the Scheme assesses the risk register and plans to mitigate risks. This committee reports to the Board of Trustees independently.

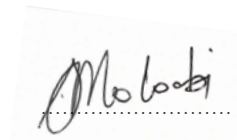
Annually, the Board assesses risks facing the Scheme and determines their impact and likelihood through development of a strategic risk register. Once the register is approved by the Board, monitoring of the implementation of mitigation measures and internal controls takes place at least quarterly. No event nor item came to the attention of the Board of Trustees during the year that indicates any material breakdown in the functioning of the key internal control and systems.



Dr Nomzamo Tutu
Chairperson
05 May 2026



Dr Mpho Mashoto Johannes Rabada
Deputy Chairperson



Dr BOS Moloabi
Principal Officer

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 December 2025.

The Audit Committee's mandate requires it to adhere to high-quality corporate accountability standards, oversee the quality of the financial reporting process and control systems, and maintain a high degree of integrity in both the external and internal audit processes. In line with the King IV Report on Corporate Governance for South Africa, 2016 (King IV) we have executed our duties with a focus on integrated thinking, ensuring that our oversight contributes to the overall trust and confidence of our stakeholders. For the 2025 financial year, Audit Committee meetings were held in a hybrid format, approved by the Board as a way of working.

The committee reviewed the annual integrated report and considered all factors that may affect its integrity. We have specifically ensured that non-financial disclosures are consistent with the financial performance data to provide a holistic and transparent view of the Scheme's value creation. The Scheme's internal and external auditors reviewed selected key performance measures in the report to confirm their reliability and that they did not conflict with the financial information.

Assessment of the control environment

The internal control environment is generally adequate, but improvement is required across ICT project governance and management, claims processing, data protection, emergency medical services, and system configuration. Financial reporting and year-end readiness controls were assessed as adequate and operating effectively.

Significant matters considered on the annual financial statements

A going-concern basis was adopted to prepare the annual financial statements. Based on forecasts and available cash resources, the Audit Committee has no reason to believe that the Scheme will not be a going concern in the foreseeable future. These annual financial statements support the Scheme's financial resilience and long-term viability.

We have reviewed and discussed the audited 2025 annual financial statements with the external auditors and management, and we believe that they comply, in all material respects, with the Medical Schemes Act No 131 of 1998 and International Financial Reporting Standards. The committee received assurance that sound financial controls are in place and that emerging fraud and ICT risks—including cybersecurity and data privacy—related to financial reporting have been adequately addressed.

External auditor independence and quality

There was no change in external auditors during the year.

The committee approved the external auditor's engagement letter, audit plan, and budgeted fees for the year ended 31 December 2025. The Scheme maintains a Non-audit Services and Consulting Services Policy, which describes prohibited services to safeguard auditor objectivity.

The Audit Committee approved limited assurance of selected non-financial indicators included in this integrated report.

We are satisfied that the Scheme's external auditor did not perform prohibited work during the 2025 financial year. In a positive step towards ensuring accountability, the auditors provided assurance that the internal governance processes at the audit firms effectively support and demonstrate their claims to independence.

Effectiveness of the Chief Audit Executive and arrangements for internal audit

The Scheme's Chief Audit Executive (CAE) reports functionally to the Audit Committee and administratively to the Principal Officer. The Principal Officer assesses the CAE's performance in consultation with the Audit Committee, with both parties signing off on the CAE's performance scorecard. The internal audit function operates under a formal charter approved by the Committee annually. We are satisfied that the function is independent, adequately resourced, and possesses the specialised skills to perform its duties in an increasingly complex environment. The Division utilises a hybrid delivery model, combining in-house resources with specialists from a panel of service providers where required. Internal audit submits quarterly reports detailing assurance results, progress toward strategic value-add objectives, and the division's performance against its approved key performance areas.

Design and implementation of internal financial controls

Internal audit reviewed the design and operating effectiveness of internal financial controls, and we are pleased to report that the overall control objectives were achieved. The controls tested did not identify any failures that led to material financial errors, losses, or corruption. Based on this assurance, we are satisfied that the finances and systems of internal control are appropriately managed.

Furthermore, the external auditors have issued an unqualified opinion on the 2025 annual financial statements. In alignment with ISAE 3402, assurance reports were obtained from the auditors of the Scheme's administrators, confirming a robust control environment across our outsourced value chain, with no significant issues reported.

Key focuses during the reporting period

In 2025, the committee prioritised the oversight of cybersecurity controls, enhancing IT governance, improving project management, optimising claims experience, implementing cost savings initiatives, and streamlining supply chain activities.

This strategic emphasis reflects a commitment to enhancing operational integrity and safeguarding member data against potential risks. The committee continues to monitor the implementation of forensic investigation recommendations to ensure remediation is fully embedded into the business culture. Our focus has shifted from historical investigation toward a proactive Fraud Risk Management Strategy. This plan is dynamic, promoting an anti-fraud and ethical culture that evolves alongside the Scheme's environment.

Effectiveness of the Chief Financial Officer and the finance function

The committee evaluated the expertise, resources, and experience of the Scheme's finance function. It concluded that the Chief Financial Officer and the finance team possess the necessary skills and competence. The function has demonstrated the agility required to maintain high standards of reporting amidst shifting global financial requirements.

Combined / Aligned assurance

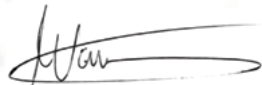
The Chief Audit Executive oversees the Scheme's combined assurance model which ensures that assurance efforts are coordinated and focused on the key risks across the Scheme.

During this period, various assurance providers including Internal Audit, Risk Management and Compliance, External Audit, and the SPNs assurance providers worked together to deliver comprehensive coverage of the Scheme's most significant risks. Internal Audit plans are shared amongst all mature internal audit departments within the GEMS environment to ensure adequate assurance coverage of the most significant Scheme risks and to avoid duplication.

A detailed mapping of all assurance providers against the Scheme's key risks was maintained to guide assurance activities, prevent duplication, and enhance reliance across the three lines of defence. Internal Audit incorporated compliance monitoring, interactions with External Audit, Service Provider Network ISAE 3402 reports, and Service Provider Network application control reviews to provide a consolidated view of control effectiveness.

Conclusion

The committee recommends that the Board of Trustees approve the annual financial statements. We have fulfilled our responsibilities as outlined in our charter and remain committed to upholding the highest standards of governance for the benefit of all members.



Rene Van Wyk
Chairperson: Audit Committee
05 May 2026

INDEPENDENT AUDITOR'S REPORT



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South Africa

Independent Auditor's Report

To the members of
Government Employees Medical Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Government Employees Medical Scheme (hereafter referred to as "GEMS" or "the Scheme"), set out on pages 50 to 110, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Government Employees Medical Scheme as at 31 December 2025 and its financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International 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), as applicable to audits of financial statements of public interest entities, 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.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No.49309 dated 15 September 2023 (EAR Rule), we report:

Final Materiality

Overall materiality	Final materiality was set at R 656.6m, which represents approximately 1% of insurance revenue.
Rationale for benchmark applied	Insurance revenue was chosen as the most appropriate benchmark as it is a key metric in the determination of the solvency of the Scheme, it is a representative measure of the size of the Scheme and is a key benchmark value that is considered by the users of the financial statements. We chose 1% as an appropriate threshold after consideration was given to the Scheme having a significant public interest in its financial statements due to its large member base, the interest of other significant outside stakeholders, as well as the fact that the Scheme operates in a regulated environment.

BDO South Africa Incorporated
Registration number: 1995/002310/21
Practice number: 905526
VAT number: 4910148685

Chief Executive Officer: LD Mokoena

A full list of all company directors is available on www.bdo.co.za

The company's principal place of business is at The Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



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 year. 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.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matter and these are included below.

Key audit matter	How our audit addressed the key audit matter
Valuation of the Liability for Incurred Claims (Notes 1.11, 15 and 24)	
<p>The valuation of the Liability for Incurred Claims (LIC) forms part of the Insurance contract liability on the statement of financial position and consists of the incurred but not reported claims and the Risk Adjustment (RA) balances.</p> <p>As at 31 December 2025, the LIC included an estimate of future cash flows relating to the claims incurred but not reported amounting to R2.5bn (2024: R2.8bn), as well as the RA of R43m (2024: R44m).</p> <p>In determining the LIC, the Scheme applies significant judgement and the assessment includes estimation uncertainties, due to the Scheme having to determine claims from healthcare events that have occurred but have not yet been reported. In addition, the Scheme is also required to estimate a run-off period, within which the incurred but not reported claims will be submitted to the Scheme.</p> <p>Claims incurred but not reported methodology and assumptions:</p> <p>The most significant assumptions in the determination of the estimates of future cash flows relating to the claims incurred but not reported are:</p> <ul style="list-style-type: none"> The future cashflow projections; and The timing of claim submission and settlement, together with the expected volume of future claims. <p>LIC methodology and assumptions:</p> <p>The method used by the Scheme to determine the best estimate of the LIC is a combination of the Bornhuetter-Ferguson (BF) and the Basic Chain Ladder (BCL) methods.</p> <p>The BF method assumes development factors are in line with the BCL method and uses a prior estimate for the expected loss ratio.</p> <p>The BF method is a well-established claims reserving model, and for a Scheme with GEMS' characteristics is appropriate for estimation of the future cashflows component of the LIC.</p> <p>RA methodology and assumptions:</p> <p>The most significant assumptions in the determination of the RA are:</p> <ul style="list-style-type: none"> The variability and level of claims; and The determination of the confidence level. <p>The IFRS 17 Insurance Contracts RA represents the compensation a Scheme requires for bearing the uncertainty in the amount and timing of future cash flows arising from non-financial risk. IFRS 17 does not prescribe the method used for calculating the RA. However, the method applied and the</p>	<p>Our audit procedures for the LIC estimate included the following:</p> <ul style="list-style-type: none"> We obtained an understanding and documented the LIC estimation process; We tested the design and implementation of relevant controls over the claims process and the calculation of the LIC estimate. <p>Data</p> <p>We obtained the claims data from the claims processing system covering the period ended 31 December 2025, which was used in calculating the determination of the LIC, and performed a reconciliation of the data used in the calculation to the claims data tested as part of the claims expense for the year ended 31 December 2025. Based on the results of our reconciliation performed, we did not note material inconsistencies.</p> <p>Calculations</p> <p>Making use of our internal actuarial expertise, we performed an independent calculation of the LIC. Our procedures included:</p> <ul style="list-style-type: none"> We considered the appropriateness of the methodology and assumptions applied in determining the LIC; We performed an independent calculation of the LIC using the same methodology and assumptions as that of the Scheme. The independently calculated LIC values were then compared to the Scheme's actuarial calculations. We noted no material differences in this regard; and We assessed the appropriateness of the confidence level applied for the RA by benchmarking it against prevailing industry practice. Based on the outcome of the following procedures, we accepted the Scheme's use of the 75th percentile. <p>Back testing</p> <p>We considered the Scheme's assessment of the actual claims processed in 2026 in respect of services provided during the 2025 financial year against the relevant requirements of the financial reporting framework, to assess the need for any subsequent events disclosure. Based on the results of our assessment, such disclosure is not necessary due to the fact the unutilised portion of the LIC is not</p>



<p>confidence level are disclosed in note 1.11 to the financial statements.</p> <p>Management has applied a Bootstrapping reserving approach for the RA. This is in line with the Value at Risk (confidence level) technique for determining the RA for non-financial risk.</p> <p>The risk adjustment reported for 2025 has been calculated as follows:</p> <ul style="list-style-type: none"> Calculate the best estimate (mean) through bootstrapping using the same claims run-off triangle used in the LIC; Calculate the 75th percentile LIC through bootstrapping using the same claims run-off triangle used in the LIC; and Determine the RA as the difference between the 75th percentile and the best estimate (mean) LIC. <p>Back testing</p> <p>The Scheme considers claims processed in 2026 in respect of services provided in 2025 to determine if there is a need to disclose that actual claims are materially different from forecast claims and the LIC judgement.</p> <p>Due to the significant judgement and estimation uncertainty involved in the Scheme's valuation of the LIC claims, this area was considered a matter of most significance to our current year audit of the financial statements.</p>	<p>material.</p> <p>Disclosures</p> <p>We evaluated the presentation of the disclosure relating to the LIC provision in the current year, against the requirements of the IFRS Accounting Standards and the 2025 SAICA Medical Schemes Accounting Guide.</p>
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Other Information

The Scheme's trustees are responsible for the other information. The other information comprises the Board of Trustees Report, the Statement of Responsibility of the Board of Trustees, the Statement of Corporate Governance and the Audit committee report as required by the Medical Schemes Act of South Africa in the document titled "Government Employees Medical Scheme (Registration number 1598) Annual Financial Statements for the year ended 31 December 2025". 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 instance 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. In terms of Regulation 29(2) of the Medical Schemes Act Regulations, the reserve ratio for the Scheme was 24.7% which is not compliant with the requirement of the regulation. Refer to note 31 and 33 in the financial statements for heightened detail.



Audit tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that BDO South Africa Incorporated has been the auditor of Government Employees Medical Scheme's for two years.

The engagement partner, Chan-ré Pietersen, has been responsible for Government Employees Medical Scheme's audit for two years.

BDO South Africa Incorporated
Registered Auditors

BDO South Africa Inc

Chan-ré Pietersen
Director
Registered Auditor

7 May 2026

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Annual Financial Statements for the year ended December 31, 2025

Statement of Financial Position

	Note(s)	2025 R '000	2024 R '000
ASSETS			
Non-Current Assets			
Property and equipment	3	260,534	246,907
Right-of-use assets	4	6,152	11,204
Intangible assets	5	15,871	13,874
Financial assets at fair value through profit or loss	6	8,573,212	9,872,781
		8,855,769	10,144,766
Current Assets			
Financial assets at fair value through profit or loss	6	9,987,244	9,107,636
Other receivables	7	423,014	1,062,731
Cash and cash equivalents	8	4,817,501	4,832,851
		15,227,759	15,003,218
Total Assets		24,083,528	25,147,984
LIABILITIES			
Non-Current Liabilities			
Lease liabilities	4	2,501	5,239
Liability to members for future benefits	10	18,733,697	18,227,685
		18,736,198	18,232,924
Current Liabilities			
Other payables	9	222,531	198,209
Lease liabilities	4	3,617	6,064
Insurance contract liabilities	15	5,121,182	5,297,536
Liability to members for future benefits	10		1,413,251
		5,347,330	6,915,060
Total Liabilities		24,083,528	25,147,984

The Scheme has adopted a standard current and non-current classification for the presentation of the Statement of Financial Position, instead of the previous order of liquidity.

Annual Financial Statements for the year ended December 31, 2025

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2025 R '000	2024 R '000
Insurance revenue	12	6 5,650,278	57,939,585
Insurance service expenses**	12	(69,455,794)	(63,491,316)
Net claims incurred*			
Incurred claims	12	(65,585,435)	(60,229,969)
Directly attributable expenditure			
Accredited managed healthcare services*	13	(1,477,653)	(1,291,137)
Accredited administration services	14	(2,024,365)	(1,688,465)
Other administration expenditure	12	(235,681)	(178,009)
Insurance acquisition cash flows	12	(132,660)	(103,736)
Insurance service result		(3,805,516)	(5,551,731)
Other Income		4,194,841	3,140,030
Investment income	18	4,080,477	3,046,592
Sundry Income	19	114,364	93,438
Other expenditure		(1,296,563)	(1,182,110)
Asset management services expenses		(70,417)	(80,276)
Finance costs	4	(890)	(589)
Other operating expenses	16	(1,225,256)	(1,101,245)
Loss for the year before the amount attributable to members for future benefits		(907,238)	(3,593,811)
Transfer from liability to members for future benefits		907,238	3,593,811
Profit/(Loss) for the year		-	-
Total comprehensive income for the year		-	-

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

**Insurance service expenses have been disaggregated to align with Circular 36-of-2025 as issued by the Council for Medical Schemes (CMS). Consequently, previously reported totals were not amended.

Annual Financial Statements for the year ended December 31, 2025

Statement of Cash Flows

	Note(s)	2025 R '000	2024 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from members and providers	15	68,063,895	59,861,244
Cash paid to providers, members and employees	15	(72,543,137)	(66,222,301)
Cash used in operating activities	22	(4,479,242)	(6,361,057)
Finance costs paid		(890)	(589)
Net cash used in operating activities		(4,480,132)	(6,361,646)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	3	(30,394)	(10,190)
Proceeds from sale of property and equipment		60	28
Purchases of intangible assets	5	(2,419)	(13,592)
Purchases of financial assets	6	(5,212,185)	(21,611,399)
Proceeds from disposal of financial assets		7,651,838	26,974,715
Interest received on cash and cash equivalents	18	147,551	113,249
Interest received on financial assets at fair value through profit or loss		1,498,803	1,429,269
Dividends received	18	416,713	137,497
Net cash from investing activities		4,469,967	7,019,577
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on lease liabilities	4	(5,185)	(4,141)
Net increase/ (decrease) in cash and cash equivalents		(15,350)	653,790
Cash and cash equivalents at the beginning of the year		4,832,851	4,179,061
Cash and cash equivalents at the end of the year	8	4,817,501	4,832,851

Annual Financial Statements for the year ended December 31, 2025

Accounting Policies**1. Material accounting policies**

The material accounting policies applied in the preparation of these financial statements are set out below. The policies are consistent with those of the prior year. Refer to note 2 for the new standards and interpretations.

1.1 Statement of compliance

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with IFRS @ Accounting Standards and IFRIC @ interpretations issued and effective at the time of preparing these financial statements.

1.2 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS Accounting Standards and IFRIC @ interpretations issued and effective at the time of preparing these financial statements.

The financial statements comply with the requirements of the 2025 SAICA Medical Scheme Accounting Guide as issued by the South African Institute of Chartered Accountants in consultation with the Council for Medical Schemes.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policies set out below. They are presented in Rands, which is also the Scheme's functional currency.

The Scheme has no financial assets through other comprehensive income, and thus does not present the Statement of changes in funds and reserves.

1.3 Property and equipment

Property and equipment are initially recognised at cost.

Property and equipment are subsequently measured at historical cost less accumulated depreciation and accumulated impairment losses if applicable.

Depreciation is charged on the straight-line basis over the estimated useful lives of assets after taking into consideration the asset's residual value. Land is carried at cost and not depreciated.

The useful lives of items of property and equipment have been assessed as follows:

Annual Financial Statements for the year ended December 31, 2025

Accounting Policies

Item	Depreciation method	Average useful life
Land		Infinite Useful Life
Buildings	Straight line	20 years
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	3 years
Kitchen Equipment	Straight line	3 years
Leasehold improvements	Straight line	Over the unexpired period of the applicable lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value, depreciation method and the estimated useful life of each asset is reviewed at the end of each reporting period and adjusted where appropriate. The effects of any changes in estimates are accounted for prospectively.

The Scheme capitalises leasehold improvements, as specified in the lease contracts, and these improvements are depreciated.

Expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Scheme and the cost of the item can be measured reliably.

Items of property and equipment are derecognised upon disposal or when no future economic benefits are expected from their continued use or disposal. Any gain or loss arising from the derecognition of items of property and equipment are included in profit or loss when the item is derecognised.

1.4 Intangible assets

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any impairment losses if applicable. Intangible assets under development are not amortised until they are ready for use. Once available for use, the useful life is estimated and amortisation is calculated and the normal accounting requirements in IAS 38 apply to these assets.

The amortisation period and method for intangible assets are reviewed every period-end.

Annual Financial Statements for the year ended December 31, 2025

Accounting Policies

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

1.5 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the Scheme becomes a party to the contractual provisions of the instruments. The Scheme recognises and derecognises financial assets arising from a purchase or sale transactions on the trade date, consistent with the application trade-date accounting under IFRS 9.

Financial instruments are initially measured at fair value, adjusted for transaction costs that are directly attributable to the acquisition or issuance of the financial asset or liability.

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

Classification

The Scheme classifies financial assets into the following categories:

- Financial assets at fair value through profit or loss
- Financial assets measured at amortised cost

Classification is based on both:

- Business model for managing the financial assets and
- Contractual cash flow characteristics.

The Scheme classifies financial assets as at amortised cost if the business model is to hold the financial assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest.

Classification occurs at initial recognition and is reassessed on an annual basis.

The Scheme made an irrevocable election at initial recognition to classify financial assets (investments) as at fair value through profit or loss as it significantly reduces measurement and recognition inconsistency.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the year. These gains and losses are recognised under investment income in the Statement of Profit or Loss and Other Comprehensive Income.

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

Annual Financial Statements for the year ended December 31, 2025

Accounting Policies

Dividend income is recognised in profit or loss as part of investment income only when:

- the Scheme's right to receive payment is established.
- It is probable that the economic benefits associated with the dividend will flow to the Scheme and
- The amount of the dividend can be measured reliably.

Other receivables are subsequently measured at amortised cost, using the effective interest method, less allowance for expected credit losses.

Other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Scheme has transferred substantially all risks and rewards of ownership.

The Scheme derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

Expected credit losses

The Scheme recognise a loss allowance for expected credit losses on financial assets (excluding insurance assets) measured at amortised cost.

The Scheme defines credit risk as the risk of financial loss to the Scheme if a counterparty to a financial instrument fails to meet its contractual obligations.

The definition of default is in accordance with the nature of credit risk of the financial instruments and is defined as below:

- Other receivables: Default is considered to have occurred when the other receivables' balance is 120 days past due, and it is probable that the debtor will be unable to settle the balance outstanding in full.

At each reporting date the Scheme measures the loss allowance at an amount equal to the:

- lifetime expected credit losses if credit risk increased significantly since initial recognition.
- 12-month expected credit losses if credit risk has not increased significantly since initial recognition.

Measurement of expected credit losses encompass:

- Unbiased and probability-weighted amount determined by evaluating a range of possible outcomes.
- Time value of money.
- Data regarding past events, current conditions and forecasts of future economic conditions.

A significant increase in credit risk is deemed to have occurred when the balance of other receivables becomes 120 days past due or when the financial institution is unlikely to pay its obligations to the Scheme on demand for cash and cash equivalents. There is no significant increase in credit risk at the end of the reporting period. The Scheme deems the credit risk to be low for financial assets at the end of the reporting period.

The Scheme rebutted the rebuttable presumption that if contractual payments are more than 30 days past due, they represent a significant increase in credit risk. Based on past experience, the Scheme considers that contractual payments that are more than 120 days past due represent a significant increase in credit risk.

Annual Financial Statements for the year ended December 31, 2025

Accounting Policies

The Scheme measures expected losses on other receivables and cash and cash equivalent. Expected losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Write-off

The Scheme reduces the carrying amount of a financial asset when it has no reasonable expectation of recovering the entire financial asset or a portion thereof. Write-off is also considered a derecognition event.

Cash and cash equivalents

Cash and cash equivalents comprise deposits held on call with banks, cash on hand, and other short-term liquid investments. These deposits are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recognised at fair value and subsequently measured at amortised cost.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Scheme has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Scheme will disclose the net asset or liability in the Statement of Financial Position or accompanying notes if the above conditions are met.

Investment Income

The Scheme's investment income includes:

- Dividends received on investments;
- The realised gains or losses on financial assets at fair value through profit or loss;
- The unrealised gains or losses on financial assets at fair value through profit or loss; and
- The interest earned on investments and cash and cash equivalents.

Interest income is recognised using the effective interest rate method, taking into account the principal amount outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Scheme. Dividend income from investments is recognised when the right to receive payment is established - this is on the "last day to trade" for listed shares and on the "date of declaration" for unlisted shares.

In line with the Scheme's policies, no interest is charged on overdue receivable balances.

The Scheme classifies dividends and interest received including interest on cash and cash equivalent as investing cash flows.

Gains and losses are split into two categories, realised and unrealised. Realised gains are fair value gains or losses of the financial instruments disposed of during the reporting period. Unrealised gains are fair value gains or losses of the financial instruments that are not disposed of at the end of the reporting period.

Annual Financial Statements for the year ended December 31, 2025

Accounting Policies

1.6 Leases

The Scheme leases various properties and has implemented a single accounting model, requiring lessees to recognise assets and liabilities for all leases excluding exceptions listed in IFRS 16.

The Scheme recognises a right-of-use asset and a lease liability at the commencement date of the lease contract for all leases conveying the right to control the use of an identified asset for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by the Scheme.

The right-of-use assets are initially measured at cost, which comprises:

- any lease payments made at or before the commencement date, less any lease incentives,
- any initial direct costs incurred by the lessee,
- the amount of the initial measurement of the lease liability.

Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method over the estimated useful lives, which equate to the lease term.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Depreciation is calculated using the straight-line method over the estimated useful lives which equates to the lease term.

1.7 Impairment of tangible and intangible assets

The Scheme assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Scheme estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.8 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the relevant service is provided.

Post employment benefits

Obligations for contributions to post-employment benefits to defined contribution plans are measured on an undiscounted basis and are expensed as the relevant service is provided.

Annual Financial Statements for the year ended December 31, 2025

Accounting Policies

1.9 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.

The Scheme has determined that some of its investments in pooled funds and collective investment Scheme ("funds") are investments in unconsolidated structured entities. The Scheme does not control its investments in unconsolidated structured entities, as it has no power to direct the relevant activities of the funds, no ability to influence their returns through decision making, and its exposure to variable returns is limited to its contractual investment interests. 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 Profit or Loss and Other Comprehensive Income.

1.10 Allocation of revenue and expenditure to benefit options

Revenue and expenditure are allocated to benefit options on a direct basis where this is determinable. Otherwise revenue or expenses are allocated on the basis of the benefit option's membership proportionate to the Scheme overall membership base.

The following items are directly allocated to benefit options:

- Insurance revenue;
- Insurance service expense;

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

1.11 Insurance contracts

Mutual entity identification

The Scheme is identified as a mutual entity in terms of IFRS 17. Management assessed facts and circumstances surrounding the Scheme and concluded that the Scheme shall be classified as a mutual entity for financial reporting purposes. Refer to Note 22 for details on management judgements applied.

Identification of insurance contracts

The Scheme issue contracts that indemnify covered members (the policyholders) and their covered dependants against the risk of loss resulting from health events (Insured events). The timing, frequency, and severity of the health event covered is uncertain. These contracts fall within the scope of IFRS 17.

Despite the uncertainty, the ultimate insurance risk faced by the Scheme can be defined as a single risk which is providing cover for a health event that members may incur. This risk is expressed as the probability of an insured event occurring, multiplied by the expected claim amount.

Annual Financial Statements for the year ended December 31, 2025

Accounting Policies

Separating components

The personal medical savings account, which is managed by the Scheme on behalf of its members, represents savings premiums (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.

Personal medical savings account (PMSA) is identified as an investment component under IFRS 17 as the Scheme is required to pay a member in all circumstances regardless of whether an insured event occurs or not.

The Scheme concluded that the investment component is not distinct as the PMSA cannot be sold separately without the medical Scheme policy being active. Where the contract is cancelled, both the risk and PMSA component are cancelled.

At the end of the financial year, the remaining balance of the PMSA is retained in the liability for remaining coverage as it is utilised for future contract. 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 insurance revenue are funded from the Scheme's funds and the risk of impairment is carried by the Scheme.

PMSA is accounted for under insurance contract liabilities and the cash flows is not recognised in the Statement of Profit or Loss and Other Comprehensive Income but is factored in the assessment of onerous contracts.

Personal medical savings account is not held in a trust and there is no interest income attributable, therefore, no finance expense is disclosed.

Level of aggregation

The Scheme has aggregated all its product lines (benefit options) into a single portfolio as:

- The members can move into other options without restrictions and incur no cancellation fees.
- The Act specifically constrains the entity's practical ability to set a different price or level of benefits for members with different characteristics. The Scheme as a whole was also identified as the group.
- The loss-making options are subsidised by options that are in a surplus.
- All contracts are subject to similar risks and managed together.
- Benefit options are not managed in isolation, and decisions such as pricing impact other options concerning benefits, growth and contribution increments.
- The Scheme assess if the group of contracts as a whole is onerous or profitable.

Contract boundary

The Scheme applies the contract boundary concept to identify the cash flows that should be factored into the measurement of insurance contract groups. Cash flows fall within an insurance contract's boundary if they stem from the rights and obligations present during the time the member is obligated to pay premiums, or when the Scheme has a substantive obligation to provide insurance coverage or other services to the member. A substantive obligation ends when both of the following criteria 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.

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Accounting Policies

Practical ability to reprice is assessed by considering risks transferred from the member to the Scheme, excluding other risks, such as lapse or surrender and expense risk. Cash flows that are not within the boundary of insurance contracts relate to future services and are recognised when those contracts meet the recognition criteria.

The Scheme annually assesses all its contracts and determines all contracts have a boundary of one year.

Recognition and derecognition

The group of insurance contracts issued is 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 shall derecognise an insurance contract when, and only when it is extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled).

Initial and subsequent measurement

Premium allocation approach (PAA)

The Scheme elected to apply the premium allocation approach ("PAA") as the coverage period does not exceed 12 months.

The Scheme elected to recognise insurance acquisition cash flows as an expense when incurred as permitted when applying the PAA.

The Scheme measures the liability for incurred claims as the fulfilment cash flows relating to incurred claims. The fulfilment cash flows are not adjusted for the time value of money and the effect of financial risk as these cash flows are expected to be paid in one year or less from the date the claims are incurred.

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

- the Liability for remaining coverage (LRC); and
- the Liability for incurred claims (LIC), comprising the fulfilment cash flows (FCF) related to past services allocated to group at the reporting date

Liability for remaining coverage (LRC)

The Scheme made the following accounting policy choice for the treatment of the PMSA;

The investment component (PMSA) is recognised in the liability for remaining coverage at the inception of the insurance contract. The investment component is utilised during the year and the utilised amount is transferred from the liability for remaining coverage to the liability for incurred claims. At the end of the financial year, the remaining balance of the PMSA is retained in the liability for remaining coverage as it is utilised for future contracts. If interest is payable on the PMSA, the insurance finance income and expense is included in the liability for remaining coverage.

At the end of each reporting period, the Scheme measures the carrying amount of the liability for remaining coverage as the increase in the carrying amount at the start of the period:

- plus, any premiums received at initial recognition;
- minus the amount recognised as insurance revenue for services provided.

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Accounting Policies

- minus any investment component paid or transferred to the liability for incurred claims.
- plus or minus transfers from LRC to LIC. This consists of contribution that relates to the past service.

The Liability for Incurred Claims (LIC)

The Scheme defines LIC as an obligation to settle claims that have already occurred, including estimated cost of healthcare benefits that have been incurred before the end of the accounting period but that have not been reported to the medical scheme by that date and other incurred insurance expenses.

Estimated fulfilment cash flows for incurred claims is determined as accurately as possible on the basis of a number of factors, which include previous experience in claims patterns, claims settlement patterns, changes in the number of members according to gender and age, trends in claims frequency, changes in the claims processing cycle and variations in the nature and average cost incurred per claim.

Estimated co-payments and payments from personal medical savings accounts are deducted in calculating the liability for incurred claims. The Scheme does not discount its liability for incurred claim since the effect of the time value of money is not considered material. This is based on the short-dated nature of the claims incurred. The majority of claims are settled within 4 months. A standard operating procedure governing the calculation of the estimated fulfilment cash flows for incurred claims as agreed with the Scheme is followed by the Scheme's actuaries to ensure consistency in the application and interpretation of results.

The Scheme applies the fulfilment Cash Flow Approach to measure the liability for incurred claims (calculated as future expenses and claims incurred but not yet reported, which represents amounts due to members for claims incurred and would be based on fulfilment cash flows and a risk adjustment).

The risk adjustment is adjusted to the estimate of the fulfilment cash flows in terms of the liability for incurred claims to reflect the compensation that the medical Scheme requires for bearing the uncertainty about the amount and timing of the cash flows arising from non-financial risk.

Risk adjustment methodology

The Scheme applies the bootstrapping model to determine the risk adjustment. The bootstrap method is a statistical technique for estimating quantities about a population by averaging estimates from multiple small data sample and uses statistical methods to determine confidence intervals for the simulated average claims. The risk adjustment bootstrap process relies on claims data from the 12 months preceding the calculation date, without incorporating hindsight adjustments.

Based on actuarial methods and techniques, the confidence level is set at 75% to reflect the risk tolerance of the risk adjustment. An Undiversified Risk Margin (URM) is calculated as the 75th percentile less the mean UC. The confidence level and the risk adjustment are reviewed annually.

For insurance contracts issued, a portion of the risk adjustment relating to the liability for incurred claims (UC) is recognised in insurance service expenses.

Onerous contract

The Scheme identifies an onerous contract as a contract from which fulfilment cash flows allocated to the contract in total are a net outflow.

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Accounting Policies

The Scheme shall recognise an onerous contract when during the coverage period, facts and circumstances indicate that the group of insurance contracts are onerous. Onerous contracts shall be determined by calculating the difference between:

- the carrying amount of the liability for remaining coverage determined applying the premium allocation approach; and
- the fulfilment cash flows that relate to the remaining coverage of the group, applying the Fulfilment Cash Flow Model.

If a group of insurance contracts becomes onerous in subsequent years, the excess loss is recognised in the Statement of Profit and Loss and Other Comprehensive Income when it is initially measured.

As the net residual (i.e., liability attributable to members in their capacity as policy holders) is disclosed as a liability, onerous contracts are recognised if it results in an additional liability. This liability is presented as part of insurance contract liabilities and disclosed separately on insurance contract liabilities reconciliation as 'loss component'.

If an onerous contract is recognised, the Scheme establishes a loss component of the liability for remaining coverage depicting the losses.

Recognition, measurement and presentation of the liability to members for future benefits

The Scheme recognises the liability to members for future benefits (i.e. previously known as "Accumulated funds") in the Statement of Financial Position.

The liability to members for future benefits represents members' residual interest arising from cumulative surpluses/deficits of the Scheme as a mutual entity. It is measured as the accumulated balance of members' interests after recognising all assets and liabilities in accordance with IFRS Accounting Standards. Management has assessed the measurement bases of underlying assets/liabilities and concluded that any measurement mismatch does not materially misstate the financial statements.

Insurance revenue

The Scheme recognises insurance revenue for the coverage period as the amount of expected premium income allocated to the period that arises from a group of insurance contracts.

The scheme allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

The expected pattern of claims during the coverage period does not differ significantly from the passage of time thus insurance revenue is allocated on the basis of the passage of time.

Insurance service expenses

Insurance services expenses include the following:

- incurred claims and benefits;
- incurred directly attributable insurance service expenses.
- changes that relate to past service (i.e changes in the FCF relating to the LIC).
- changes that relate to future service (i.e losses / reversals on onerous group of contracts from changes in the loss component.

Annual Financial Statements for the year ended December 31, 2025

Accounting Policies

Directly attributable expenses are costs that the Scheme incurs that are necessary to fulfill insurance contracts and can be allocated to a group of insurance contracts on a reasonable and consistent basis.

Accredited managed healthcare services expenses represent expenditure and amounts paid or payable to accredited managed care organisations contracted by the Scheme for the management of utilisation cots and the quality of healthcare services supplied to the Scheme and its members.

Accredited administration services expenses represent the fees paid or payable to an administrator, formally licensed by the Council for Medical Schemes, for the execution of operational and financial functions including member record maintenance, contribution collection, and the adjudication and payment of claims on behalf of the Scheme.

Incurred claims

Incurred claims comprise the total estimated cost of all claims arising from healthcare events that have occurred in the year and for which the Scheme is responsible in terms of its registered Rules, whether or not reported by the end of the year.

Net incurred claims incurred comprise of the following:

- Claims submitted and accrued for services rendered during the year, net of discounts received, recoveries from members for co-payments and personal medical savings accounts.
- Movements in the Liability for claims incurred but not reported.
- Movement of risk-adjustment margin.

The Scheme recognises the expenses in profit or loss when incurred.

Unclaimed benefits

Unclaimed benefits are written back to income after a period of three years. Unclaimed benefits consist of member credits and unidentified deposits in line with the Scheme's debt management policy. The unclaimed benefits are held as part of liability for incurred claims until written off or claimed.

Annual Financial Statements for the year ended December 31, 2025

Accounting Policies

2. NEW STANDARDS AND INTERPRETATIONS

The following new standards and interpretations have been published and are not yet effective for the current financial year. The Scheme has not opted for an early adoption of the new standards, which will be implemented in later periods, as indicated below. The aggregate impact of the initial application of the statements and interpretations on the Scheme's financial statements are expected to be as follows:

2.1 IFRS 18: Presentation and Disclosure in Financial Statements

The new IFRS 18 accounting standard will replace IAS1 Presentation and Disclosure of Financial Statements. IAS 1 Presentation and Disclosure did not have detailed requirements on:

- classification of income and expenses in the statement of profit or loss.
- presentation of subtotals above 'profit or loss' in the statement of profit or loss; or
- aggregation and disaggregation of information presented in the primary financial statements or disclosed in the notes.

This lack of detailed requirements led to diversity in practice as entities defined their own subtotals and performance measures. Investors found it difficult to analyse and compare companies' financial performance

This standard requires additional defined subtotals in the statement of comprehensive income, disclosures about management performance measures, and adding new principles for aggregation and disaggregation of presented items.

The effective date of this standard is **1 January 2027**.

The Scheme shall adopt the standard upon its effective date of 01 January 2027. This standard will necessitate the reclassification of income and expense accounts to incorporate the new sub-totals within the Schemes' statement of profit or loss and other comprehensive income. The existing sub-totals on the statement of profit or loss and other comprehensive income shall be revised to comply with IFRS 18. Additionally, a new disclosure regarding management performance measures.

Annual Financial Statements for the year ended December 31, 2025

Accounting Policies

2.2 Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7

Amendments of IFRS 7 & 9 were issued in May 2024 as part of a post-implementation review of these standards by IASB. The amendments specify that:

- when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs and
- new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets);
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The effective date of these amendments is **1 January 2026**.

These amendments will not have a material impact on the Scheme's financial statements, considering that:

- Financial liabilities within the Scheme do not have complexity surrounding the settlement date.
- The Scheme does not have financial assets with contingent features that are classified as at fair value through other comprehensive income.
- The Scheme does not have financial assets classified as at financial assets through other comprehensive income.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

3. PROPERTY AND EQUIPMENT

	2025			2024		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Land	102,743		102,743	102,743		102,743
Buildings	188,040	(66,894)	121,146	188,040	(57,484)	130,556
Furniture and fixtures	8,249	(6,638)	1,611	8,055	(6,746)	1,309
Motor vehicles	11,798	(8,079)	3,719	9,316	(7,948)	1,368
Office equipment	21,931	(17,616)	4,315	21,487	(20,424)	1,063
IT equipment	61,465	(34,666)	26,799	39,989	(30,687)	9,302
Leasehold improvements	737	(612)	125	737	(316)	421
Kitchen equipment	1,303	(1,227)	76	1,303	(1,158)	145
Total	396,266	(135,732)	260,534	371,670	(124,763)	246,907

Reconciliation of property and equipment - 2025

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Land	102,743				102,743
Buildings	130,556			(9,410)	121,146
Furniture and fixtures	1,309	661	(10)	(349)	1,611
Motor vehicles	1,368	2,959	(24)	(584)	3,719
Office equipment	1,063	3,582	(2)	(328)	4,315
IT equipment	9,302	23,192	(213)	(5,482)	26,799
Leasehold improvements	421			(296)	125
Kitchen Equipment	145			(69)	76
	246,907	30,394	(249)	(16,518)	260,534

Reconciliation of property and equipment - 2024

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Land	102,743				102,743
Buildings	139,966			(9,410)	130,556
Furniture and fixtures	615	1,085	(50)	(342)	1,308
Motor vehicles	573	900	(21)	(83)	1,369
Office equipment	1,588	91	(3)	(613)	1,063
IT equipment	5,335	7,841	(83)	(3,791)	9,302
Leasehold improvements	395	273		(247)	421
Kitchen Equipment	340			(195)	145
	251,555	10,190	(157)	(14,681)	246,907

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

4. LEASES

The Scheme leases several assets, including buildings in various provinces with an average lease term of 4 years.

Nature of leasing activities:

The Scheme leases buildings for its office spaces. The leased buildings are situated in regional Scheme offices across the country.

The leases include non-lease components and provides for the payment by the Scheme of operational costs incurred by the lessor and rates and taxes levied on the lessor. These amounts are determined annually and are recognised as an expense in the period incurred. There are no short-term leases or leases of low-value assets to which the recognition exemptions under IFRS 16 apply.

Right of Use Asset

Details pertaining to leasing arrangements, where the Scheme is a lessee are presented below:

	2025 R'000	2024 R'000
Cost	41,545	41,545
Accumulated depreciation	(35,393)	(30,341)
	6,152	11,204
Balance at the beginning of the year	11,204	3,880
Additions		11,627
Depreciation	(5,052)	(4,303)
Balance at the end of the year	6,152	11,204
Lease liabilities		
The reconciliation of lease liabilities is as follows:		
Balance at the beginning of the year	11,303	3,802
Additions		11,647
Interest expense	890	572
Lease payments	(6,075)	(4,718)
Balance at the end of the year	6,118	11,303

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

Maturity analysis of lease liabilities is as follows:

	2025 R'000	2024 R'000
Year1	4,024	6,133
Year2	1,988	3,973
Year3	685	1,988
Year4		684
Total undiscounted lease liabilities	6,697	12,778
Less finance charges	(579)	(1,475)
	6,118	11,303
Non-Current liabilities	2,501	5,239
Current liabilities	3,617	6,064
	6,118	11,303

Amounts included in the statement of profit or loss & other comprehensive income

Interest on lease liabilities	890	572
Variable rental expenses relating to the leased buildings	1,237	1,602
	2,127	2,174
Total cash outflow relating to the leased buildings		
Lease payments	6,965	5,292
Variable rental expenses relating to the leased buildings	1,237	1,602
	8,202	6,894

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

5. INTANGIBLE ASSETS

	2025			2024		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Computer software	82,007	(81,227)	780	81,668	(80,805)	863
Computer software under development	15,091		15,091	13,011		13,011
Total	97,098	(81,227)	15,871	94,679	(80,805)	13,874

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Transfers	Amortisation	Total
	R'000	R'000		R'000	R'000
Computer software	863	85	254	(422)	780
Computer software under development	13,011	2,334	(254)		15,091
	13,874	2,419		(422)	15,871

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
	R'000	R'000	R'000	R'000
Computer software	836	581	(554)	863
Computer software under development		13,011		13,011
	836	13,592	(554)	13,874

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 R'000	2024 R'000
Opening balance	18,980,417	23,669,097
Purchase of financial assets*	5,212,185	21,611,399
Disposal of financial assets**	(6,420,496)	(26,102,794)
Cash and cash equivalents available to asset managers	249,712	405,623
Unrealised gains	951,405	464,180
Investment transaction fees***	(1,445)	(1,763)
Fair value of investments at year end	18,971,778	20,045,742
Cash and cash equivalents available to asset managers	(249,712)	(405,623)
Unsettled trades	(161,610)	(659,702)
Closing balance at year end	18,560,456	18,980,417
Non current financial assets	8,573,212	9,872,781
Current financial assets	9,987,244	9,107,636
	18,560,456	18,980,417

*Purchase of financial assets represents acquisitions of financial instruments R2.1bn (2024: R19.2bn), reinvested realised gains R1.2bn (2024: R0.9bn), dividends R0.4bn (2024: R0.1bn) and interest R1.5bn (2024: R1.4bn).

** Disposal of financial assets refers to sales of financial assets by the scheme during the year.

The proceeds from disposals of financial assets in the statement of Cash Flows consists of disposals of R6.4bn (2024: R26.1bn) and realised gains of R1.2bn (2024: R0.9bn).

*** Investment transaction fees are deducted directly from investment portfolio balances and are included as part of investment management fees.

Financial assets at fair value through profit or loss are categorised as Levels 1 and 2. Also refer to note 28.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

7. OTHER RECEIVABLES

	2025 R'000	2024 R'000
Accrued interest	224,829	390,165
Sundry accounts receivable	163,834	662,980
Prepayments	34,351	9,586
Total other receivables	423,014	1,062,731

Due to the short term nature of the other receivables, the carrying amount approximates the fair value.

Refer to Note 28 for expected credit loss considerations.

The prior year figures have been disaggregated to separate financial and non-financial assets.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2025 R'000	2024 R'000
Call accounts	3,902,747	2,014,941
Cash and call accounts with asset managers	249,712	405,623
Current accounts	665,042	2,412,287
	4,817,501	4,832,851

The carrying amount of cash and cash equivalents approximate their fair values due to the short term maturities.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

For an analysis of the average interest rates and maturity refer to note 28.

9. OTHER PAYABLES

	2025 R'000	2024 R'000
Trade payables	42,226	52,040
Consulting fees payable	7,926	3,248
Sundry payables and accrued expenses	88,272	72,552
Total arising from financial liabilities	138,424	127,840
Short-term employee benefits	84,107	70,369
Total other payables	222,531	198,209

Due to the short term nature of the other payables, the carrying amount approximates the fair value.

The prior year figures have been disaggregated to separate financial and non-financial liabilities.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

10. LIABILITY TO MEMBERS FOR FUTURE BENEFITS

Management made an assessment and concluded that the Scheme falls within the definition of a mutual entity for financial reporting purposes.

During 2024, a portion of the liability to members for future benefits was classified as current (R1,413,251) due to the Scheme budgeting a deficit for the 2025 financial year. At 31 December 2025, no portion is classified as current because there is a budgeted surplus for the 2026 financial year.

The below note depicts movement in liability to the members for future benefits.

	2025 R'000	2024 R'000
Opening balance	19,640,936	23,234,746
Transfer from liability to members for future benefits	(907,239)	(3,593,810)
Closing balance	18,733,697	19,640,936
Non current liability to members for future benefits	18,733,697	18,227,685
Current liability to members for future benefits		1,413,251
	18,733,697	19,640,936

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Notes to the Financial Statements

11. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY R '000

2025

	Note(s)	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Other payables	9			(138,423)	(138,423)
Financial assets at fair value through profit or loss	6	18,560,456			18,560,456
Other receivables	7		388,665		388,665
Cash and cash equivalents	8		4,817,501		4,817,501
		18,560,456	5,206,166	(138,423)	23,628,199

2024

	Note(s)	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Other payables*	9			(127,840)	(127,840)
Financial assets at fair value through profit or loss	6	18,980,417			18,980,417
Other receivables*	7		1,053,145		1,053,145
Cash and cash equivalents	8		4,832,851		4,832,851
		18,980,417	5,885,996	(127,840)	24,738,573

*Other payables and other receivables figures have been updated to align with updates in Note 7 and 9.

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Notes to the Financial Statements

12. INSURANCE REVENUE AND EXPENSES

	2025 R'000	2024 R'000
Insurance revenue		
Insurance revenue from contracts measured under the PAA Investment component	67,669,930	59,870,008
	(2,019,652)	(1,930,423)
Total insurance revenue	65,650,278	57,939,585
Insurance service expenses		
Incurred claims	63,127,593	57,403,427
Estimated future cash flows for incurred claims	2,545,157	2,793,613
Changes that relate to past service	(87,315)	32,929
Other directly attributable expenses		
Accredited managed healthcare services	1,477,653	1,291,137
Accredited administration services	2,024,365	1,688,465
Benefit management services	178,240	165,818
Insurance acquisition cash flow	132,660	103,736
Expected losses on claims debt	57,441	12,191
Total insurance service expenses	(69,455,794)	(63,491,316)
Total insurance service result	(3,805,516)	(5,551,731)

Investment component (i.e., PMSA contributions) are received by the Scheme in terms of Regulation 10(1) and the Scheme's registered Rules and held on behalf of its members. The investment component does not accrue interest to members in terms of the Scheme rules.

Claims are paid on behalf of the members from their investment component (i.e., personal medical savings accounts) in terms of Regulation 10(3) and the Scheme's registered benefits.

Insurance acquisition cash flows include telemarketing costs of managing new members joining the Scheme and providing Financial Advisory services for potential new members.

Changes relating to past services is an adjustment of over or under provision of estimated future cashflow for incurred claims.

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Notes to the Financial Statements

13. ACCREDITED MANAGED HEALTHCARE SERVICES

	2025 R'000	2024 R'000
Pharmaceutical benefit management	98,658	91,879
Managed care services	953,723	870,688
Dental managed care	109,951	101,365
Pharmaceutical Network Management	315,321	227,205
	1,477,653	1,291,137

14. ACCREDITED ADMINISTRATION SERVICES

	2025 R'000	2024 R'000
Member record management	309,669	113,855
Claims management	506,791	511,706
Financial management	16,485	15,380
Information management and data control	206,065	190,447
Customer services	693,606	578,494
Internal audit services	7,413	6,899
Forensic investigations and recoveries	49,920	53,986
Governance and compliance	97,769	90,423
Provider relation management	22,352	20,645
Contribution management	114,295	106,630
	2,024,365	1,688,465

Circular 77 of 2019 issued by Council of Medical Scheme requires Medical Schemes to disclose administration fees paid per individual component per entity and is effective for financial years commencing on 1 January 2021.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

15. INSURANCE CONTRACT LIABILITIES

2025	LRC (Liability for remaining coverage) (excluding loss component) R'000	LIC (Liability for incurred claims)		Total R'000
	Best estimate future cash flows R'000	Risk adjustment R'000		
Insurance contracts issued				
Opening insurance contract liabilities	1,806,929	3,446,338	44,269	5,297,536
Net opening balance	1,806,929	3,446,338	44,269	5,297,536
Insurance revenue from contracts measured under the PAA	(65,650,278)			(65,650,278)
Insurance revenue	(65,650,278)			(65,650,278)
Insurance service expenses				
Incurred claims and other directly attributable expenses		69,410,261	188	69,410,449
Changes that relate to past service - adjustments to the LIC		(87,315)		(87,315)
Insurance acquisition cash flows - expensed		132,660		132,660
Insurance service result	(65,650,278)	69,455,606	188	3,805,516
Total changes in the statement of profit or loss and Other Comprehensive Income	(65,650,278)	69,455,606	188	3,805,516
Investment component*	(1,984,626)	1,984,626		
Transfer from LRC - past service to LIC	296,731	(296,731)		
Cash flows				
Contributions received	67,373,369			67,373,369
Claims paid		(67,522,682)		(67,522,682)
Directly attributable expenses paid		(3,700,267)		(3,700,267)
Insurance acquisition cash flows paid		(132,290)		(132,290)
Total cash flows	67,373,369	(71,355,240)		(3,981,871)
Net balance at the end of the year	1,842,125	3,234,600	44,457	5,121,182
Closing insurance contract liabilities	1,842,125	3,234,600	44,457	5,121,182
Net balance at the end of the year	1,842,125	3,234,600	44,457	5,121,182

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

15. INSURANCE CONTRACT LIABILITIES (continued)

* The Investment component is made up of the following amounts:

	R'000
Contributions	(2,019,651)
Movements	35,196
Net advances	(171)
Investment Component	(1,984,626)
Closing balance consists of:	
Insurance contract receivables	
Contribution outstanding	(568,427)
Amounts due from members and suppliers	(72,264)
Expected losses on contribution and claims debt	66,599
Advances on PMSA's	(1,114)
Insurance contract payables	
Credit balances in insurance contract receivables	308,210
Unallocated deposits	1,575
Amounts due to the administrator	170,133
Amounts due to accredited managed care service providers	118,665
Amounts due to other service providers	6,962
Unallocated funds due to members	832
Liability for incurred claims	
Estimated future cash flows for incurred claims	2,544,970
Risk adjustment	44,457
Reported claims not yet paid	658,459
Liability for remaining coverage	
Personal Medical Savings Account Liability	1,842,125
	5,121,182
Reconciliation of cash flow to the statement of cash flows - 2025	
Cash receipts from members and providers	
Cash receipts from members - contributions	67,373,369
Cash receipts from members and providers - other	690,526
	68,063,895
Cash paid to member, providers and employees	
Cash paid to members and providers - Claims	67,522,682
Cash paid to members and providers - Directly attributable expenses	3,832,557
Cash paid to members and employees - Other administration expenses	1,187,897
	72,543,137

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

15. INSURANCE CONTRACT LIABILITIES (continued)

2024	LRC (Liability for remaining coverage) (excluding loss component)		LIC (Liability for incurred claims)	
	Best estimate future cash flows R'000	Risk adjustment R'000	Total R'000	
Insurance contracts issued				
Opening insurance contract liabilities	1,665,301	3,348,839	42,987	5,057,127
Net opening balance	1,665,301	3,348,839	42,987	5,057,127
Insurance revenue from contracts measured under the PAA	(57,939,585)			(57,939,585)
Insurance revenue	(57,939,585)			(57,939,585)
Insurance service expenses				
Incurred claims and other directly attributable expenses		63,353,369	1,282	63,354,651
Changes that relate to past service - adjustments to the LIC		32,929		32,929
Insurance acquisition cash flows - expensed		103,736		103,736
Insurance service result	(57,939,585)	63,490,034	1,282	5,551,731
Total changes in the statement of profit or loss and Other Comprehensive Income	(57,939,585)	63,490,034	1,282	5,551,731
Investment component	(1,789,138)	1,789,138		
Transfer from LRC - past service to LIC	54,310	(54,310)		
Cash flows				
Contributions received	59,816,041			59,816,041
Claims paid		(61,909,943)		(61,909,943)
Directly attributable expenses paid		(3,110,551)		(3,110,551)
Insurance acquisition cash flows paid		(106,869)		(106,869)
Total cash flows	59,816,041	(65,127,363)		(5,311,322)
Net balance at the end of the year	1,806,929	3,446,338	44,269	5,297,536
Closing insurance contract liabilities	1,806,929	3,446,338	44,269	5,297,536
Net balance at the end of the year	1,806,929	3,446,338	44,269	5,297,536

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements**15. INSURANCE CONTRACT LIABILITIES (continued)**

* The Investment component is made up of the following amounts:

	R'000
Contributions	(1,930,423)
Movements	141,628
Net advances	(343)
Investment Component	(1,789,138)
Closing balance consists of:	
Insurance contract receivables	
Contribution outstanding	(270,191)
Amounts due from members and suppliers	(69,232)
Expected losses on contribution and claims debt	60,000
Advances on PMSA's	(943)
Insurance contract payables	
Credit balances in insurance contract receivables	285,466
Unallocated deposits	1,478
Amounts due to the administrator	167,060
Amounts due to accredited managed care service providers	109,939
Amounts due to other service providers	6,592
Unallocated funds due to members	832
Liability for incurred claims	
Estimated future cash flows for incurred claims	2,792,330
Risk adjustment	44,269
Reported claims not yet paid	363,907
Liability for remaining coverage	
Personal Medical Savings Account Liability	1,806,929
	5,297,536

Reconciliation of cash flow to the statement of cash flows - 2024**Cash receipts from members and providers**

Cash receipts from members - contributions	59,816,041
Cash receipts from members and providers - other	45,203
	59,861,244

Cash paid to member, providers and employees

Cash paid to members and providers - Claims	61,909,943
Cash paid to members and providers - Directly attributable expenses	3,190,390
Cash paid to members and employees - Other administration expenses	1,121,967
	66,222,300

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements**16. OTHER OPERATING EXPENSES**

	2025 R'000	2024 R'000
Actuarial fees	66,564	63,618
Advertising	75,620	63,889
Auditors remuneration - statutory fees	9,616	6,226
Bank charges	5,786	4,718
Board and Independent Committee fees (Inc Subsistence & Travel allowance)	12,871	11,959
Conferences and workshops	15,911	10,712
Consulting fees	285,675	262,224
Depreciation and amortisation	21,926	19,539
Employee costs	570,218	501,627
Insurance	11,465	11,259
Legal expenses	20,136	21,089
Loss on disposal of assets	256	
Motor vehicle expenses	1,321	1,336
Municipal expenses	4,250	4,143
Office supplies	24,368	18,181
Regulatory levies	54,402	49,259
Principal Officer's fees	6,172	5,907
Rental expenses	1,273	1,602
Telephone and fax	2,445	2,195
Travel - local	31,343	37,907
Trustees' and Independent Committee members' training	539	678
Trustees' and Independent Committee members' travel and accommodation	3,099	3,177
	1,225,256	1,101,245

Circular 77 of 2019 issued by Council of Medical Scheme requires Medical Schemes to disclose administration fees paid per individual component per entity and is effective for financial years commencing on 1 January 2021.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

17. TRUSTEES' AND INDEPENDENT COMMITTEE MEMBERS' REMUNERATION

Board of Trustees' remuneration

2025	Term End	Attendance Fees R'000	Travel And Accommodation R'000	Reimbursements And Allowances R'000	Training R'000	Total R'000
Dr IJ Van Zyl	8/29/2027	857	187	11	39	1,094
Mr P Makhafane	11/30/2031	51				51
Ms C Ntshane	10/28/2031	926	537	6	42	1,511
Mr M Brand	9/24/2026					
Dr N Tutu (Chairperson)	7/29/2026	1,207	698		49	1,954
Ms L Khumalo	11/30/2031	777	255	7	101	1,140
Mr P de Villiers	8/29/2027	979	136	14	38	1,167
Dr J Smit	8/29/2027	998	299	58	42	1,397
Mr S Tsengiwe (Term as Deputy Chairperson ended on 19-Sept-25)	1/24/2030	1,058	67	10	39	1,174
Mr A Rapea	1/24/2030	1,165	145	13	38	1,361
Mr H Punt	9/24/2025	718	365	8	33	1,124
Mr M Rabada (Term as Deputy Chairperson started on 19-Sept-25)	4/15/2030	948	142	12	42	1,144
Mr N Ndumo	1/24/2030	1,006	144	13	37	1,200
Mrs S Sigodi	4/15/2030	1,088	90	3	39	1,220
		11,778	3,065	155	539	15,537

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

17. TRUSTEES' AND INDEPENDENT COMMITTEE MEMBERS' REMUNERATION (continued)

2024	Term End	Attendance Fees R'000	Travel And Accommodation R'000	Reimbursements And Allowances R'000	Training R'000	Total R'000
Dr IJ Van Zyl	8/29/2027	949	198	14	37	1,198
Dr SM Hlatshwayo	2/19/2024	263	103	2	9	377
Mr RA Manoko	3/5/2024	176	61	3	2	242
Ms C Ntshane	9/24/2025	926	607	31	90	1,654
Mr M Brand	9/24/2025		1	1		2
Dr N Tutu (Chairperson)	7/29/2026	1,330	653	1	76	2,060
Ms L Khumalo	9/24/2025	981	361	24	77	1,443
Mr P de Villiers	8/29/2027	953	110	20	81	1,164
Dr J Smit	8/29/2027	901	328	62	69	1,360
Mr S Tsengiwe (Deputy Chairperson)	1/24/2030	909	78	10	36	1,033
Mr A Rapea	1/24/2030	1,050	160	12	64	1,286
Mr H Punt	9/24/2025	715	275	7	23	1,020
Mr M Rabada	4/15/2030	309		4	20	333
Mr N Ndumo	1/24/2030	1,001	219	13	74	1,307
Mrs S Sigodi	4/15/2030	320		2	20	342
		10,783	3,154	206	678	14,821

The Trustee remuneration should be seen in relation to the attendance of meetings as reported in the Board of Trustees report as well as the term of office applicable to each trustee.

The total of the Trustees and Independent Committee fees disclosed in this note is included in the Board and Committee fee line items as disclosed in Other operating expenses (refer to note 16).

Independent Committee members' remuneration

2025	Term End	Attendance Fees R'000	Travel And Accommodation R'000	Reimbursements And Allowances R'000	Total R'000
Mr J Lesejane*	12/31/2024	22			22
Ms A Galiel	8/31/2026	250			250
Dr P Dala	2/19/2029	249			249
Ms R Van Wyk (Audit Committee Chairperson)**	12/31/2027	412	33	5	450
		933	33	5	971

* Mr J Lesejane's term was extended by a year and came to an end on 31 December 2024. In 2025 he attended a few meetings to induct the new Chairperson of the Audit Committee.

** A new Chairperson of the Audit Committee was appointed effective 4 January 2025.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

17. TRUSTEES' AND INDEPENDENT COMMITTEE MEMBERS' REMUNERATION
(continued)

2024	Term End	Attendance Fees R'000	Travel And Accommodation R'000	Reimbursements And Allowances R'000	Total R'000
Mr J Lesejane (Audit Committee Chairperson Term extended)	12/31/2024	478	23	6	507
Ms A Galiel	3/31/2025	239			239
Dr P Dala	2/1/2026	247			247
		964	23	6	993

18. INVESTMENT INCOME

	2025 R'000	2024 R'000
Dividend income		
Listed investments	416,713	137,497
Interest income		
Interest received on financial assets at fair value through profit or loss	1,333,466	1,459,745
Interest received on cash and cash equivalents	147,551	113,249
Gains on financial assets at fair value through profit or loss		
Realised gains	1,231,342	871,921
Unrealised gains	951,405	464,180
	4,080,477	3,046,592

19. SUNDRY INCOME

	2025 R'000	2024 R'000
Sundry Income *	68,624	21,963
Bad debt recovered	9,905	8,018
Transfers of credits older than 3 years	35,835	63,457
	114,364	93,438

*Sundry income consists of incidental income such as recoveries from service providers and insurance payouts. The prior year figures were disaggregated to disclose separately material components of sundry income.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

20. PERSONAL MEDICAL SAVINGS ACCOUNT LIABILITY

	2025 R'000	2024 R'000
Balance of savings account balances at the beginning of the year	1,806,929	1,665,301
Add:		
Savings account contributions received	2,019,651	1,930,423
Transfers from other schemes in terms of Regulation 10(4)	101	106
Advances from members	171	343
Less amount transferred to the liability for incurred claims:		
Claims paid out of savings	(1,619,271)	(1,619,702)
Refunds on death or resignation in terms of regulation 10(5)	(376,468)	(179,961)
Clawbacks from members	11,012	10,419
Balances due to members on personal medical savings account at the end of the year	1,842,125	1,806,929

Regulation 10 of Medical Scheme Act (MSA) requires the Scheme to disclose a reconciliation of the PMSA. With the adoption of IFRS 17, the personal medical savings liability ("PMSA") which was separately presented on the statement of financial position under IFRS 4 is now presented under insurance contract liabilities. In accordance with the Rules of the Scheme, the savings plan is underwritten by the Scheme.

The personal medical savings account liability contains a demand feature that any credit balance on the savings account will be transferred to the member in terms of the Medical Scheme's Act and the Scheme Rules when a member registers on another benefit option or medical Scheme which does not have a savings account or when a member resigns from the Scheme.

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 the amount payable on demand. The amounts were not discounted due to the demand feature.

The carrying amount of the PMSA is included as part of closing balance of LRC in Note 15.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

21. NET HEALTHCARE RESULT PER BENEFIT OPTION

2025	TANZANITE ONE	BERYL	RUBY	EMERALD VALUE	EMERALD	ONYX	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Insurance service result	(979,943)	(90,989)	1,314,046	(48,228)	(3,466,365)	(534,037)	(3,805,516)
Insurance revenue	10,647,213	7,747,871	8,079,477	13,465,554	23,982,581	1,727,582	65,650,278
Insurance service expenses	(11,627,156)	(7,838,860)	(6,765,431)	(13,513,782)	(27,448,946)	(2,261,619)	(69,455,794)
Other income	1,037,916	599,862	547,135	745,065	1,192,734	72,129	4,194,841
Investment income	1,009,619	583,508	532,218	724,752	1,160,217	70,163	4,080,477
Sundry income	28,297	16,354	14,917	20,313	32,517	1,966	114,364
Other expenditure	(320,804)	(185,408)	(169,113)	(230,287)	(368,656)	(22,295)	(1,296,563)
Asset management service expenses	(17,423)	(10,070)	(9,186)	(12,506)	(20,022)	(1,210)	(70,417)
Other finance costs	(220)	(127)	(116)	(158)	(253)	(16)	(890)
Other operating expenses	(303,161)	(175,211)	(159,811)	(217,623)	(348,381)	(21,069)	(1,225,256)
Total comprehensive deficit for the year	(262,831)	323,465	1,692,068	466,550	(2,642,287)	(484,203)	(907,238)
Number of members	222,376	128,522	117,225	159,632	255,546	15,454	898,755
Number of dependents	551,815	221,266	180,455	270,402	324,766	6,503	1,555,207
Average age	30.10	30.56	31.17	33.61	39.49	68.77	33.48
Beneficiaries Pensioner ratio	5.38%	4.81%	4.67%	7.68%	14.13%	66.73%	8.24%

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

21. NET HEALTHCARE RESULT PER BENEFIT OPTION (continued)

2024	TANZANITE ONE	BERYL	RUBY	EMERALD VALUE	EMERALD	ONYX	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Insurance service result	(1,091,659)	(742,233)	1,164,041	(639,745)	(3,517,482)	(724,653)	(5,551,731)
Insurance revenue	7,130,713	4,726,840	7,721,739	10,560,202	26,080,079	1,720,012	57,939,585
Insurance service expense	(8,222,372)	(5,469,073)	(6,557,698)	(11,199,947)	(29,597,561)	(2,444,665)	(63,491,316)
Other income	645,937	339,759	456,871	515,648	1,120,193	61,622	3,140,030
Investment income	626,716	329,649	443,276	500,304	1,086,859	59,788	3,046,592
Sundry income	19,221	10,110	13,595	15,344	33,334	1,834	93,438
Other expenditure	(243,172)	(127,907)	(171,996)	(194,124)	(421,712)	(23,199)	(1,182,110)
Asset management services expense	(16,514)	(8,686)	(11,680)	(13,183)	(28,638)	(1,575)	(80,276)
Other Finance Costs	(120)	(64)	(86)	(97)	(210)	(12)	(589)
Other operating expense	(226,538)	(119,157)	(160,230)	(180,844)	(392,864)	(21,612)	(1,101,245)
Total comprehensive deficit for the year	(688,894)	(530,381)	1,448,916	(318,221)	(2,819,001)	(686,230)	(3,593,811)
Number of members	181,141	95,279	128,121	144,604	314,137	17,281	880,563
Number of beneficiaries	452,698	165,768	206,108	253,738	427,265	7,914	1,513,491
Average age	35.03	34.87	28.39	35.87	32.22	59.38	33.40
Beneficiaries Pensioner ratio	5.25%	5.03%	4.05%	6.86%	11.23%	62.51%	7.78%

The Scheme budgeted for a deficit for all options other than Ruby for 2025. These deficits were funded from the reserves and has been approved by the Regulator.

The performance of the Beryl, Ruby, and Emerald options showed positive growth in the current year; however, escalating healthcare costs have continued to put strain on the performance of the other options. A higher pensioner ratio on Emerald and Onyx further increased the density of claims on these options.

The Scheme offers its members five different benefit options and an efficiency discount option (EDO): Tanzanite one, Beryl, Ruby, Emerald Value (EDO), Emerald and Onyx.

Tanzanite One and Beryl are the entry level options where cover is provided by designated provider networks. Tanzanite was specifically designed to be inexpensive and it achieves this by providing out of hospital care at private facilities and in hospital cover can be at a private or public facility using the Scheme's network of hospitals. Beryl provides in hospital cover at both public and private facilities.

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Notes to the Financial Statements

21. NET HEALTHCARE RESULT PER BENEFIT OPTION (continued)

Ruby offers members a savings account for day-to-day medical expenses as well as a hospital benefit. Savings contributions portion is comprised of 20% of contribution income of the Ruby option.

Emerald Value is an option which offers benefits through the use of the GEMS networks with specific care co-ordination principles. Emerald is the traditional option and the majority of the membership population is part of this option.

Onyx is the comprehensive option. Following engagements and approval from the Department of Public Service and Administration (DPSA) and National Treasury (NT) the Scheme migrated the pre-1992 state pensioners from Medihelp to GEMS, effective 1 April 2012.

22. CASH UTILISED IN OPERATIONS

	2025 R'000	2024 R'000
Loss transferred to amounts attributable to members for future benefits	(907,238)	(3,593,811)
Adjustments for non-cash items:		
Depreciation, amortisation, impairments and reversals of impairments	21,925	19,539
Investment transaction fees	1,445	1,763
(Profit)/Loss on disposal of assets	256	(20)
Investment income:		
Interest received on cash and cash equivalents	(147,551)	(113,249)
Interest received on financial assets at fair value through profit or loss	(1,333,466)	(1,459,745)
Dividends	(416,713)	(137,497)
Realised gains on financial assets at fair value through profit or loss	(1,231,342)	(871,921)
Unrealised gains on financial assets at fair value through profit or loss	(951,405)	(464,180)
Other		
Interest expense	890	589
Changes in working capital:		
Other receivables	635,989	(7,240)
Other payables	24,322	24,282
Insurance contract liabilities	(176,354)	240,433
	(4,479,242)	(6,361,057)

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

23. CHANGE IN ACCOUNTING ESTIMATE

Nature of Change

During the financial year ended 31 December 2025, the Scheme refined its measurement technique for estimating future cash flows for incurred claims (also referred to as the IBNR provision). This refinement was implemented to enhance the precision of the provision and reduce the deviations between estimated and actual claims.

In previous reporting years, the Scheme utilised a combination of the Actual vs. Expected and the Bornhuetter-Ferguson (BF) methods. The Scheme transitioned to a weighted blend of the Bornhuetter-Ferguson and Chain-Ladder methods. This transition reflects a move towards more robust estimation of ultimate claims liabilities that better capture historical development patterns and current claims experience.

This refinement represents a change in accounting estimate in accordance with IAS 8 and has been applied prospectively, effective 1 January 2025.

Financial Impact

The financial impact of the change in estimation methods for the IBNR provision for the 2025 reporting year is reflected below;

Description	Impact for 2025
Increase in insurance service expense	R105 ,7 million
Increase in insurance contract liability	R105,7 million
Decrease in liability to members for future benefits	R105 ,7 million

The impact on future periods is not disclosed because estimating the effect of future cash flows for incurred claims is dependent on future claim frequency and severity, which cannot be reliably predicted at this stage.

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

Methodology applied to determine expected contribution receipts

The Markov model is applied to determine contributions expected to be collected whilst the Autoregressive Integrated Moving Average model forecasts the impact macroeconomics indicators on collectability. As part of forward-looking assessment, prime lending rate and inflation are identified as macroeconomic factors that impact collectability as management collectability assumes that their increase will result in decreased buying power for members, thereby prioritising basic needs over repayment of their Scheme debt.

Inputs for the Markov Model include contribution debt data for current and historical periods, while macroeconomic indicators data is sourced from reputable regulatory institutions.

Mutual entity Assessment

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

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

24. CRITICAL ACCOUNTING JUDGEMENTS AND AREAS OF KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

The Scheme has therefore developed an accounting policy in terms of the IFRS 17 guidance for mutual entities, and the recognises any cumulative profit or losses as part of the liability to members for future benefits.

Consequently, the Statement of Profit or Loss and Other Comprehensive Income reflects no total comprehensive income for the year.

Due to the Scheme being a mutual entity, the assessment of onerous contracts is affected as outlined in the accounting policies.

Application of Premium Allocation Approach (PAA)

For contracts issued to which the Scheme applies the premium allocation approach, it is assumed that no contracts in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise. The Scheme assess whether contracts that are not onerous at initial recognition, have no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

A key principle in determining the cash flows to be included in the insurance contracts issued is the contract boundary. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Scheme can compel a member to pay the contributions or in which the Scheme has a substantive obligation to provide a member with services. The service under contracts issued by GEMS is the indemnification against the cost arising from a health event covered in terms of the rules of the Scheme.

A substantive obligation to provide services ends when:

- the Scheme has the practical ability to reassess the risks of the member and, as a result, can set a price or level of benefits that fully reflects those risks; or
- both of the following criteria are satisfied:
 - i. GEMS has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result can set a price or level of benefits that fully reflects the risks of that portfolio; and
 - ii. the pricing of the contributions for coverage up to the date when the risks are reassessed does not consider the risks that relate to periods after the reassessment date.

The limitations imposed by the Act restrict the Scheme's practical ability to assess the risks of a particular member and set a price or level of benefits that fully reflects the risks of an individual member. The Scheme is prohibited from setting a price or level of benefits that fully reflects those risks. As a result of these legislative requirements, when assessing the risk and pricing for the health events covered, risk is assessed and a price set, after considering the risks covered at the total Scheme level.

The Act and the Scheme rules, aligns the benefit year for insurance contracts issued with the Scheme's financial year. Multi-year scenarios are prepared to provide a view on the possible future impact and position of the Scheme, however the risks from these future periods are not taken into account in setting the pricing level for a specific benefit year.

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Notes to the Financial Statements

24. CRITICAL ACCOUNTING JUDGEMENTS AND AREAS OF KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Contribution level and benefit changes require CMS approval before they can be implemented. These are generally done and only considered annually. CMS requires changes to contributions and benefits to be submitted in September and October for the following year with approval being provided around December for the next financial year.

The regulatory environment results in the Scheme only having the practical ability to reassess the risks and set a price that fully reflects the risks at a scheme level and that the changes can only be made annually, effective from the beginning of the financial/benefit year (i.e. January). As CMS generally only considers and approves changes annually, these changes are generally effective for the full 12-month benefit year.

GEMS existing members elect, on an annual basis by December of the current year their benefit option for the following benefit year, which will be effective from 1 January of the following year. This results in the coverage period being one year or less, as a new contract will be entered into and effective from 1 January of each year. The impact of this is that the contract boundary for contracts issued does not exceed 12 months and is generally aligned with a medical scheme's financial year.

PM is a simplification of the estimated cash flow model (known as the fulfilment cash model), which the Scheme may only use if, and only if, at the inception of the group of insurance contracts:

- a) The Scheme can demonstrate that the measurement of the liability for the remaining coverage of the PM is no different from the estimated cash flow model, or
- b) The coverage period of each contract in the group is one year or less.

The coverage period of each medical scheme contract is one year or less. The result of this is that the Scheme will simplify the measurement of the portfolio of insurance contracts by using the PM.

The classification of the Scheme as a mutual entity does not impact the extent of insurance contract services to be provided by GEMS in terms of the member contracts and therefore the PAA is still applicable.

Onerous contract assessment

In the consideration of whether facts and circumstances indicate that a group of insurance contracts is onerous, management considers whether the expected deficit of the following year exceeds the insurance contract liability to members.

Where the amounts attributable to members exceed the following year's deficit, the contracts would not be determined as onerous, and no provision raised as a liability is already recognised.

In the current year, no onerous contract liability is raised as the expected deficit for 2025 does not exceed the insurance contract liability to members.

Level of aggregation

The Scheme has applied judgement to determine the unit of account for measurement of insurance contracts. Management has assessed the portfolio at the Scheme level due to the insurance contracts pricing methodologies and risk management strategy that manages the risk on a Scheme level.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

24. CRITICAL ACCOUNTING JUDGEMENTS AND AREAS OF KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

The following support the approach and decision of the Scheme:

- The members can move into other options without restrictions and incur no cancellation fees.
- The loss-making individuals are being subsidised by members who pay more and claim less.
- All contracts are subject to similar risks and managed together.
- Benefit options are not managed in isolation, and decisions such as pricing impact other options concerning benefits, growth and contribution increments.
- The Scheme assess if the group of contracts as a whole is onerous or profitable.

Investment components

The Scheme applied significant judgement to determine investment components embedded into insurance contracts, whether this component should be separated and accounted for as a financial instrument. According to IFRS 17, the PMSA qualifies as an investment component. This is because it obligates the medical scheme to reimburse a member under all circumstance, even if no insured event has taken place.

The Scheme assessed whether PMSA meets the definition of a distinct investment component to be accounted for separately as a financial instrument. To make the assessment the Scheme considered whether the investment and insurance component are highly interrelated and below are the factors evidencing that PMSA and insurance component are highly interrelated:

- A member cannot purchase the PMSA separately from the risk component. If benefit option is selected, there is no option to exclude PMSA component.
- A member is unable to benefit from the PMSA separately as it depends on risk component being present.
- The benefit option with PMSA, the value of the risk benefits cannot be measured without considering the value of the PMSA.

Consequently, the PMSA is a non-distinct investment component and will not be accounted for separately from other insurance contract liabilities as a financial instrument. PMSA balances shall be included in either insurance assets or liabilities in the statement of financial position.

Risk adjustment - liability for incurred claims (LIC)

Risk diversification across individual options has not been permitted because doing so would imply that each option operates independently and would result in a significant reduction in the risk margin. Therefore, the risk adjustment is the undiversified risk margin. The Scheme estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment for non-financial risk is computed at an option level and aggregated to the scheme level. A confidence level is applied to the run-off triangles used to calculate the LIC in the confidence level method in order to determine the risk adjustment. The Scheme applies a confidence level of 75% to reflect the risk tolerance of the provision.

Significant estimates for insurance contract liabilities

The Scheme used the below inputs and methods when applying IFRS 17 measurement requirements which includes significant estimates. Futuristic scenarios are used in determining present values of fulfilment cash flows.

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Notes to the Financial Statements

24. CRITICAL ACCOUNTING JUDGEMENTS AND AREAS OF KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated fulfilment cash flows for incurred claims

The Scheme includes all the fulfilment cash flows within the boundary of the group of contracts when measuring the insurance contracts. The estimate of these cash flows is based on probability weighted expected fulfilment cash flows. The estimate is based on which cash flows are expected and the probability that they will occur at measurement date.

The Scheme makes use of various information elements to estimate these cash flows including:

- Information about past events.
- Current conditions
- Forecasts of future conditions

The Scheme calculates its projection of future cash flows by considering a variety of scenarios that encompass the entire spectrum of potential outcomes. Each scenario outlines specific details such as cash flow amounts, timing, and associated probabilities. The final estimate of future cash flows is determined by taking the weighted average across these scenarios, factoring in their respective probabilities. Essentially, it's a way to capture the most likely outcome based on a comprehensive range of possibilities.

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

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

Methods used to measure the insurance contracts

The Scheme estimates insurance contract liabilities in relation to claims incurred for healthcare contracts. Judgement is involved in assessing the most appropriate technique to estimate insurance contract liabilities for the claims incurred.

The estimated insurance contract liabilities are derived by considering a combination of the 12 - month Bornhuetter Ferguson and the Chain ladder methods.

Traditional chain ladder techniques involve an analysis of historical claims development patterns derived from 12 months prior to the calculation date. It is therefore assumed claims are fully run off after 12 months. Using the chain ladder method makes the implicit assumption that historical development patterns will apply in the future. The basic chain ladder method is used with no allowance for inflation. This is deemed appropriate given the time period considered.

The Bornhuetter Ferguson method can be considered a hybrid method that incorporates the outstanding proportion of claims predicted by the chain ladder method with the total claims for a month to be paid as estimated using the actuarial model to arrive at an estimate for total outstanding claims to be paid. The BF method incorporates the past history of claims processing with the estimate provided by the actuarial model's projection.

The following was taken into account when estimating the LIC:

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

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

25. PROFESSIONAL INDEMNITY AND FIDELITY INSURANCE

In accordance with the Scheme Rules, the Scheme has Professional Indemnity and insurance to cover the events of trustees and officers' errors and omissions and medical Scheme reimbursements. On 31 December 2025 the effective cover was R1 billion (2024: R1 billion).

On the Financial Services Provider indemnity, the Scheme is covered for R1 million per FSP agent.

The Scheme has cyber liability cover and this covers any electronically stored digital or digitalised information or media, network interruption cost and cyber terrorism. The primary cover is R50 million (2024: R50 million). The Scheme has an additional excess of loss cover for R100 million (2024: R100 million).

The Scheme's insurance contracts are reviewed for adequacy and reinstated annually.

26. RELATED AND OTHER SIGNIFICANT PARTIES

Related Parties with significant influence over the Scheme

The Minister for Public Service and Administration is responsible for appointing 50% of the Board of Trustees and for determining the medical subsidy policy in the public service. The Scheme further engages with the Department of Public Service and Administration (DPSA) who is responsible for implementing and maintaining the medical subsidy policy.

Therefore, the DPSA has significant influence over the Scheme, but does not control it.

Parties that provide key management personnel services to the scheme

Metropolitan Health Corporate (Pty) Ltd (MHC) provides membership and claims management services, operational information and recommendations, through its administration agreement with the Scheme, on which policy decisions are based, and therefore it provides the key management personnel services of the Scheme but does not control it.

Medscheme Holdings (Pty) Ltd provides contribution and debt management Services through its administration agreement with the Scheme on which policy decisions are based. Medscheme Holdings (Pty) Ltd provide managed care information on which benefit design decisions are based and therefore it provides the key management personnel services of the Scheme but does not control it.

Insight Actuaries (Pty) Ltd provides actuarial and consulting services to the Scheme and therefore it provides the key management personnel services of the Scheme but does not control it.

The Scheme has multiple other Administration and Managed care providers that it contracts with, but none of these have significant influence over the Scheme or control over the Scheme and are neither part of key management personnel of the Scheme.

Key management personnel and their close family members

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the Scheme. Key management personnel include the Board of Trustees, the Principal Officer and members of the Executive Committee. This disclosure deals with full time personnel that are compensated on a salary basis (Principal Officer and Executive Committee) and part time personnel that are compensated on a fee basis (Board of Trustees). Close family members include family members of the Board of Trustees, Principal Officer and members of the Executive Committee.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

26. RELATED AND OTHER SIGNIFICANT PARTIES (continued)

Transactions with related parties

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

	2025 R'000	2024 R'000
Key management personnel		
Compensation (includes remuneration and other costs)		
Short term benefits	38,910	38,502
Post employment benefit	983	2,310
Bonus	6,840	10,364
	46,733	51,176
Principal Officer	7,104	7,968
Chief Financial Officer	5,291	5,678
Chief Admin and Transaction Services	3,508	2,398
Chief Marketing Officer**	630	2,320
Chief Governance and Compliance Officer	3,944	3,590
Chief Healthcare Officer**	1,411	3,707
Chief Information, Communication & Technology Officer	3,641	3,612
Chief Corporate Services Officer**	992	5,073
Chief Audit Executive	3,973	3,489
Chief Research Officer	3,690	3,654
Chief Operations Officer	5,626	2,939
Company Secretary and Legal Counsel	4,177	3,585
Chief Strategy Officer	3,960	3,163
Gross contributions received (*)		
Board of Trustees	839	655
Principal Officer	120	93
Executive Committee	1,225	1,455
Claims incurred (**)		
Board of Trustees	584	586
Principal Officer	36	35
Executive Committee	214	788

* Gross contributions and claims incurred include contributions and claims incurred by members and their beneficiaries.

** The reported remuneration for Chief Healthcare Officer, Chief Marketing Officer and Chief Corporate Services Officer includes acting allowances paid to acting incumbents employees as well as remuneration paid to permanent incumbents.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

26. RELATED AND OTHER SIGNIFICANT PARTIES (continued)

Transaction	Nature of transactions and terms and conditions thereof
Gross contributions	This constitutes the contributions paid by the related party as a member of the Scheme in their individual capacity. All contributions were at the same terms as applicable to third parties.
Claims incurred**	This constitutes amounts claimed by the related parties in their individual capacity as members of the Scheme. All claims were paid out in terms of the Rules of the Scheme as applicable to third parties.
Healthcare provider fees paid / payable	Fees paid to a healthcare provider (medical practitioner). Fees are paid on the same basis as applicable to third parties.

	2025 R'000	2024 R'000
Statement of Comprehensive Income		
Administration fees*	2,029,330	1,649,007
Accredited managed healthcare fees**	1,477,653	1,291,137
Actuarial fees paid to Insight Actuaries	66,564	63,618
Healthcare provider fees paid to BOT Members***	60	117

* Administration fees consist of fees paid to Medscheme Holdings (Pty) Ltd and Metropolitan Health Corporate (Pty) Ltd

** Accredited managed healthcare fees represent fees paid to Medscheme Holdings (Pty) Ltd for accredited managed care services rendered to the Scheme.

*** Healthcare provider fees paid to BOT members refer to claims paid to Ms Lebohlang Khumalo for healthcare services rendered in her capacity as a healthcare practitioner.

	2025 R'000	2024 R'000
Other payables		
Administration fees due	219,239	149,730
Accredited managed healthcare fees due	125,523	109,938
	344,762	259,668

There were no PMSA balances, contributions payable, contributions receivable relating to members of key management and members of the BOT.

Terms and conditions of the administration agreement

Administration fees are calculated in terms of the underlying contract based on the number of members in good standing for the month. These contracts are renewable annually. The outstanding balance bears no interest and is settled within 7 days. The Scheme has the right to terminate the agreements on 90 days' notice.

The services covered by these agreements include:

Service	Provider 2025	Provider 2024
Contribution and Debt Services	Medscheme Holdings (Pty) Ltd	Medscheme Holdings (Pty) Ltd
Correspondence Services	Metropolitan Health (Pty) Ltd	Metropolitan Health (Pty) Ltd
Member and claims administration services	Metropolitan Health Corporate (Pty) Ltd (MHC)	Metropolitan Health Corporate (Pty) Ltd (MHC)

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

26. RELATED AND OTHER SIGNIFICANT PARTIES (continued)

Terms and conditions of the managed care agreements

The Scheme has entered into managed care agreements in order to manage the costs of delivering healthcare services to its members while ensuring the highest quality of care.

All contracts are tendered for a maximum contract period of 3 to 5 years. The Scheme has the right to terminate the agreements on 90 days' notice. Managed care services are calculated on the number of members in good standing for the month.

The outstanding balance bears no interest and is settled within 7 days. The services covered by these agreements include:

Service	Provider 2025	Provider 2024
Pharmaceutical network management	Universal Care (Pty) Ltd	Universal Care (Pty) Ltd
Dental managed care	Denis (Pty) Ltd	Denis (Pty) Ltd
HIV disease management services	Medscheme Holdings (Pty) Ltd	Medscheme Holdings (Pty) Ltd
Managed health care services	Medscheme Holdings (Pty) Ltd	Medscheme Holdings (Pty) Ltd
Maternity programme services	Medscheme Holdings (Pty) Ltd	Medscheme Holdings (Pty) Ltd
Pharmaceutical benefit management	Performance Health (Pty) Ltd	Medikredit (Pty) Ltd

27. INSURANCE RISK MANAGEMENT

Risk management objectives and policies for mitigating insurance risk

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

The Scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation, case management and service provider profiling.

The Scheme uses several methods to assess and monitor insurance risk exposure both for individual types of risks insured and overall risks. The Scheme analyses the distribution of claims per category of claim, average age of members per member group, average age per benefit option, actual number of members per benefit option and the geographic distribution of members.

The Scheme uses the average age per member and claims per category of benefits to analyse its insurance risk. Income bands and geographical spread are not good indicators as the Scheme's risk is not concentrated in a specific income band or geographical location. Analyses based on the ageing of members indicate specific risks and behaviours that result in increased claims and these can be further analysed in different categories to inform the Scheme's interventions of which managed care is key.

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

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

27. INSURANCE RISK MANAGEMENT (continued)

The table below summarises the concentration of risk, with reference to the carrying amount of the insurance claims incurred, by age group and in relation to the type of cover/benefit provided where:

- Hospital benefits cover all costs incurred by members, while they are in hospital to receive pre authorised treatment for certain medical conditions.
- Specialist benefits cover the cost of all visits by members to specialists and of the out of hospital procedures performed by specialists. Specialist benefits also include radiology and pathology benefits provided to members.
- Medicine benefits cover the cost of all medicines prescribed to members.
- General Practitioner and Optometry benefits cover the cost of all visits by members to these practitioners and the procedures performed by them, up to a prescribed annual limit per member.
- Supplementary health services refer to paramedical or allied health professions such as Occupational Therapy, Physiotherapy, Speech Therapy and Audiology, Psychology and Psychiatry, Dietetics and Nutrition, Chiropractic and Podiatry, etc.

The Scheme profiles members' risk exposure by using their age. Of the various other indicators available, age provides a better indication of who is most likely to claim.

2025	Hospitals	Specialists	Medicines	General Practitioners	Optometry & Dental	Supp Health Services	Total
Insurance Age Grouping (in years)	R '000	R'000	R'000	R'000	R'000	R'000	R '000
<25	84,412	61,561	12,191	18,962	8,215	23,762	209,103
26- 35	2,806,300	1,974,213	512,588	647,095	249,094	893,884	7,083,174
36- 50	7,657,088	5,887,478	2,250,320	1,906,341	924,883	3,252,273	21,878,383
51 - 65	8,490,130	6,850,836	3,136,660	1,481,267	877,249	3,393,955	24,230,097
>65	4,493,241	3,499,895	1,651,576	401,655	271,400	1,511,599	11,829,366
	23,531,171	18,273,983	7,563,335	4,455,320	2,330,841	9,075,473	65,230,123

2024	Hospitals	Specialists	Medicines	General Practitioners	Optometry & Dental	Supp Health Services	Total
Insurance Age Grouping (in years)	R '000	R'000	R'000	R'000	R'000	R'000	R '000
<25	117,195	77,226	14,587	21,770	3,197	35,995	269,970
26- 35	2,717,575	1,889,053	519,734	605,298	77,734	997,403	6,806,797
36- 50	7,213,162	5,407,927	2,253,328	1,703,487	332,150	3,437,077	20,347,131
51 - 65	7,870,052	6,101,580	2,957,035	1,313,691	352,909	3,424,053	22,019,320
>65	4,047,715	3,035,509	1,450,148	345,538	96,763	1,430,229	10,405,902
	21,965,699	16,511,295	7,194,832	3,989,784	862,753	9,324,757	59,849,120

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Notes to the Financial Statements

27. INSURANCE RISK MANAGEMENT (continued)

Reconciliation to incurred claims per Note 12

	2025 R'000	2024 R'000
Insured benefits	65,230,123	59,849,120
FWA Claims		(667)
Medication Claims- dispensing fee adjustment	1,045	
Value based care claims	129,030	82,473
Reported claims not yet paid	294,551	(305,859)
Estimated future cash flows for incurred claims	(247,173)	413,732
Healthcare networks	177,859	191,162
Third party recoveries		8
	65,585,435	60,229,969

The information presented in this table is based on claims with a service date during the relevant year.

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 reporting of claims by age group is impacted by members who join and leave in the same month.

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 and the majority of cases within four months. At year end, a provision is made for those claims outstanding that are not yet reported at that date.

Sensitivity Disclosure

	2025			2024		
	LIC as at 31 December	Impact on LIC	Impact on profit/loss	LIC as at 31 December	Impact on LIC	Impact on profit/loss
	R '000	R'000	R'000	R'000	R'000	R'000
Insurance contract liabilities	5,121,182			5,297,536		
-10% estimated future cash flows for incurred claims		(254,497)	254,497		(279,233)	279,233
+10% change in estimated future cash flows for incurred claims		254,497	(254,497)		279,233	(279,233)
Risk adjustment with a 75% confidence level - as reported	44,457	188	(188)	44,269	1,282	(1,282)
Risk adjustment with a 70% confidence level	32,942	(11,515)	11,515	33,024	(11,246)	11,246
Risk adjustment with a 80% confidence level	57,968	13,511	(13,511)	57,512	13,242	(13,242)

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

27. INSURANCE RISK MANAGEMENT (continued)

The above table illustrates the financial impact of adjusting the liability for incurred claims estimates by +/-10% and the financial implications of adjusting the confidence level by +/-5%. A decrease in the confidence level by 5% leads to a substantial 25.4% (2024: 25.1%) reduction in the risk adjustment. Conversely, increasing the confidence level by 5% results in a corresponding 29.9% (2024: 29.6%) increase in the risk adjustment.

The analysis is based on a change in an assumption while holding all the assumptions constant.

28. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Scheme's activities expose it to credit risk, liquidity risk and market risk, including the effects of interest rate changes. The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the financial performance of the investments that the Scheme holds to meet its obligation to its members.

The Board of Trustees has an overall responsibility for the establishment and oversight of the Scheme's risk management framework.

The Scheme manages the financial risks as follows:

- The Finance and Investment Committee, a committee of the Board of Trustees, determines, recommends, implements and maintains investment policies and procedures. The Investment Committee advises the Board of Trustees on the strategic and operating matters in respect of the investment of Scheme funds and meets at least quarterly.
- The Scheme has appointed reputable external asset managers to manage its investments and their performance is monitored regularly.
- An external investment consultant has been appointed by the Scheme to assist in formulating the investment strategy and to provide ongoing reporting and monitoring of the asset managers.
- Investment strategy is guided by the risk appetite and risk tolerance set by the Board of Trustees.

Risk management and investment decisions are carried out by executive management, under the guidance of policies approved by the Board of Trustees. The Board of Trustees approves all these written policies and there has been no material change in these policies from previous financial years.

Market risk

Market risk is the risk that changes market variables that will affect the Scheme's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on investment.

The table summarises the Scheme's financial instrument exposure to market risk as at amounts included in the statement of financial position.

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Notes to the Financial Statements

28. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

As at December 31, 2025	Currency risk	Price risk	Interest rate risk
	R'000	R'000	R'000
Cash and cash equivalents	29,133		4,817,501
Equities		4,731,520	
Local bonds			5,667,564
Local money markets			3,164,304
Foreign bonds	345,687		345,687
Foreign money markets	226,328		226,328
Collective investment schemes (CIS)		4,425,052	

As at December 31, 2024	Currency risk	Price risk	Interest rate risk
	R'000	R'000	R'000
Cash and cash equivalents	34,311		4,832,851
Equities		4,656,640	
Local bonds			6,758,333
Local money markets			3,895,615
Foreign bonds	323,316		323,316
Collective investment schemes (CIS)		3,346,512	

Interest rate risk

The Scheme is exposed to interest rate risk as it has exposure to fixed income assets including call accounts, money market instruments as well as longer dated nominal and inflation linked bonds. This risk is managed through appropriate diversification, as guided by the investment policy.

Cash and cash equivalents comprise deposits held on call with banks, cash on hand and other short term liquid investments. These deposits are readily convertible to a known amount of cash and are subject to insignificant risk of change in value.

The table summarises the Scheme's total exposure to interest rate risks as at 31 December 2025. Included in the table are the Scheme's investments at carrying amounts, categorised by maturity dates.

As at December 31, 2025	Up to 3 months	3-12 months	More than 12 months	Total
	R'000	R'000	R'000	R'000
Cash and cash equivalents	4,817,501			4,817,501
Local money markets	21,276	2,512,866	630,162	3,164,304
Foreign Money Market	145,131	81,197		226,328
Local bonds	16,407	291,607	5,359,550	5,667,564
Foreign bonds			345,687	345,687
	5,000,315	2,885,670	6,335,399	14,221,384

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Notes to the Financial Statements

28. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

As at December 31, 2024	Up to 3 months	3-12 months	More than 12 months	Total
	R'000	R'000	R'000	R'000
Cash and cash equivalents	4,832,851			4,832,851
Local money markets	1,471,894	1,304,887	1,118,834	3,895,615
Local bonds	56,871	241,905	6,459,556	6,758,332
Foreign bonds			323,316	323,316
	6,361,616	1,546,792	7,901,706	15,810,114

The average effective interest rates for the year ended 31 December were as follows:

	2025	2024
Current accounts	5.79 %	6.63 %
Call accounts	7.29 %	8.15 %
Local money market	5.13 %	5.62 %
Local Bonds	5.51 %	6.40 %
Foreign Bonds	8.44 %	9.30 %
Foreign cash and cash equivalents	2.02 %	2.68 %

Interest rate risk sensitivity analysis

The information below illustrates the impact that a change in interest rates would have on the value of the Scheme's fixed and variable income investments.

Interest Rate Risk Sensitivity (Fixed rate)

A 0.5% increase in interest rates will result in a R39 million loss (2024: R63 million loss) and an increase of 1% the interest bearing portfolios will incur a loss of R78 million (2024: R126 million). A 0.5% decline in interest rates will result in an R39 million gain (2024: R63 million gain) and a 1% decrease in interest rates will result in an R78 million gain (2024: R126 million gain) for the interest bearing portfolios. The analysis was done with the assumption that interest rates increased or decreased by 0.5% or 1% with all other variables held constant.

Interest Rate Risk Sensitivity (Variable rate)

A 0.5% increase in interest rates will result in a R2 million loss (2024: R0.5 million loss) and an increase of 1% the interest bearing portfolios will incur a loss of R4 million (2024: R1 million loss). A 0.5% decline in interest rates will result in an R2 million gain and a 1% decrease in interest rates will result in an R4 million gain (2024: R1 million gain) for the interest bearing portfolios. The analysis was done with the assumption that interest rates increased or decreased by 0.5% or 1% with all other variables held constant.

Currency risk

The Scheme operates in South Africa and its cash flows are denominated in South African Rand. However through its investments, the Scheme is exposed to a direct currency risk. The Scheme does not engage in active hedging using financial instruments, but seeks to mitigate currency risk through natural hedging where possible and ongoing monitoring of exchange rate movements. Currency risk is monitored on a regular basis and sensitivity analyses are performed to assess the potential impact of exchange rate fluctuations on the Scheme's results.

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Notes to the Financial Statements

28. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

For purpose of seeking investment diversification, the Scheme has invested 3.17% (2024: 1.78%) of its financial assets at fair value through profit or loss in offshore bond and cash portfolios. At 31 December 2025 this equated to R601 million (2024: R358 million).

The fair value of these contracts has been included in financial assets. Gains and losses on these arrangements are included in the profit or loss.

Currency risk sensitivity analysis

Based on past experience and a reasonable possible change in currency, 10% and 15% change in currency is considered appropriate in measuring the Scheme's currency risk sensitivity.

A 10% depreciation in the Rand would result in a gain of R60 million (2024: R36 million) and a 15% depreciation in the Rand would result in a gain of R90 million (2024: R54 million).

A 10% appreciation in the Rand would result in a loss of R60 million (2024: R36 million) and a 15% appreciation in the Rand would result in a loss of R90 million (2024: R54 million).

The sensitivity is based on the assumption that the Rand has strengthened or weakened against the US Dollar by 10% or 15% and is considered as the reasonable possible change, with all other variables held constant.

The following US Dollar exchange rate was applied.

	2025	2024
	R'000	R'000
Average rate	17.84	18.37
Year-end closing rate	16.57	18.87

Price risk

The Scheme is exposed to equity securities price risk due to equity investments held by the Scheme that are classified at fair value through profit or loss. The Scheme is directly exposed to equity risk through its investments in listed equities. The value of the equity investments was R4.7 billion (2024: R4.7 billion). The Scheme has investments in collective investment schemes which exposes the Scheme to market price risk. The value of collective investment schemes is R4.4 billion (2024: R3.3 billion).

The Scheme manages the equity price risk arising from investments in equity securities, through the diversification of its investment portfolios. Diversification is achieved by spreading equity investments across different companies, industries and geographic regions, ensuring that adverse price movements in any single investment or market do not have a disproportionate impact on the overall portfolio.

Diversification of the portfolios is performed by asset managers in accordance with the mandate set by the Scheme.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

28. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Price risk sensitivity analysis

Based on past experience and a reasonable possible change in equity and collective investment scheme (CIS) prices, 10% change in equity and CIS prices is considered appropriate in measuring the Scheme's equity and CIS price risk sensitivity. A 10% increase in the price of equities and CIS within the equity portfolios would result in a gain R916 million (2024: R821 million). A 10% decrease in the price would result in a loss of R916 million (2024: R821 million). The sensitivity is based on the assumption that equity and collective investment scheme prices had increased or decreased by 10%, with all other variables held constant.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The availability of liquid cash holding positions with various financial institutions ensures that the Scheme has the ability to fund its day to day operations. The Scheme manages liquidity risk by monitoring forecast cash flows and ensuring that adequate reserves are maintained. This approach ensures that the Scheme will have sufficient liquidity to meet its obligations when due, under both normal and stressed market conditions, without incurring losses that would threaten the Scheme's going concern status. The Scheme's available funds were invested in cash products to ensure that the Scheme can meet its short term obligations.

The table below reflects the Scheme's liquidity requirements to meet its financial obligations.

As at December 31, 2025 Category	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	Over 1 year	Total
	R'000	R'000	R'000	R'000	R'000
Insurance contract liabilities	4,337,194	559,848	224,140		5,121,182
Other payables	222,530				222,530
Lease Liabilities	526	936	2,562	2,674	6,698
Total liabilities	4,560,250	560,784	226,702	2,674	5,350,410
Cash and Cash Equivalents	4,817,501				4,817,501
Financial Assets at fair value through profit or loss	5,686,252	176,019	4,536,294	8,573,212	18,971,777
Other receivables	423,016				423,016
Available cash and investments	10,926,769	176,019	4,536,294	8,573,212	24,212,294
Excess liquidity	6,366,519	(384,765)	4,309,592	8,570,538	18,861,884

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

28. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

As at December 31, 2024 Category	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	Over 1 year	Total
	R'000	R'000	R'000	R'000	R'000
Insurance contract liabilities	4,334,342	686,177	277,017		5,297,536
Other payables	198,209				198,209
Lease liabilities	488	985	4,605	6,646	12,724
Total liabilities	4,533,039	687,162	281,622	6,646	5,508,469
Cash and Cash Equivalents	4,832,851				4,832,851
Financial Assets at fair value through profit or loss	5,570,991	1,147,674	2,388,971	9,872,781	18,980,417
Other receivables	1,054,102				1,054,102
Available cash and investments	11,457,944	1,147,674	2,388,971	9,872,781	24,867,370
Excess liquidity	6,924,905	460,512	2,107,349	9,866,135	19,358,901

The effect of discounting has no impact on other items except on lease liabilities.

In 2024, liability to members for future benefits (i.e., accumulated reserves) was included in the analysis, and now it is removed as suggested by Circular 32 of 2025 from the Council of Medical Schemes (CMS).

Credit risk

Credit risk is the risk of financial loss to the Scheme, if a counterparty to a financial instrument fails to meet its contractual obligations. Key areas where the Scheme is exposed to credit risk are:

- Financial assets at fair value through profit or loss
- Cash and cash equivalents
- Other receivables

The Scheme only deposits cash with registered banks per the South African Reserve Bank's Supervision Unit with high quality credit standing and limits the exposure to any one financial institution.

Financial assets valued at fair value through profit or loss comprise money market and bond instruments entered into to fund the obligations arising from its insurance contracts and to invest income funds to maintain the statutory reserve requirement. The Scheme is exposed to the issuer's credit standing on these instruments. Exposure to credit risk is monitored and minimum credit ratings for these investments are set. Reputable asset managers have been appointed to manage these instruments.

	2025 R'000	2024 R'000
Cash and cash equivalents		
First National Bank	665,042	2,419,787
South African Reserve Bank	3,902,747	2,007,441
Nedbank call deposit	249,712	405,623
	4,817,501	4,832,851

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

28. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Long term ratings of Banks invested with:

	2025	2024
ABSA Bank	AAA	AA+
First National Bank/Rand Merchant Bank	AAA	AA+
Investec Bank	AAA	AA+
Nedbank	AAA	AA+
Standard Bank	AA+	AA+
South African Reserve Bank	AAA	AAA

The maximum exposure to credit risk for financial assets at year end were as follows:

	2025 R'000	2024 R'000
Financial assets at fair value through profit or loss	13,828,934	14,323,777
Cash and cash equivalents	4,817,501	4,832,851
Other receivables	423,016	1,062,731
	19,069,451	20,219,359

The Scheme manages credit risk operationally by:

- Actively pursuing all contributions not received after 3 days of becoming due, as required by Section 26(7) of the Medical Scheme Act. Collection of outstanding member and contribution debt is done in accordance with the Scheme's approved Debt Management Policy.
- Monthly reconciliations between the Administrator and the Employer groups are performed to determine possible termination or suspension and take action immediately to avoid risk of non-collectability.
- Pursuing the fraud healthcare provider debt through legal processes and in accordance with the approved debt management policy, additionally the Scheme has Acknowledgement of debt (AOD) agreements in place with healthcare providers to collect the outstanding debt.

Other receivables

No expected credit loss has been recognised for other receivables given their nature and there is no significant increase in credit risk at the end of the reporting period. Other receivables comprise of sundry accounts receivable, R163.8m (2024: R662.9m), and interest accrued receivable, R224.8m (2024: R390.2m) all of which are current and not past due. The credit risk of other receivables is low and therefore the 12 month expected credit loss is applied. The 12 month expected credit loss is nil as other receivables are regularly collected on current bucket. Any loss associated to these receivables is deemed immaterial and negligible. As a result, no provision is raised, and no further analysis is deemed necessary.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

28. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

The below carrying amount of insurance receivables within insurance contract liabilities (i.e., contribution, member claims and provider debt) best represents the maximum exposure to credit risk.

As at December 31, 2025

	Current R '000	31-60 days R'000	61-90 days R'000	91 - 120 days R'000	120 plus days R'000	Total R'000
Insurance contract receivables*	551,439	7,543	2,692	822	11,629	574,125

As at December 31, 2024

	Current R '000	31-60 days R'000	61-90 days R'000	91 - 120 days R'000	120 plus days R'000	Total R'000
Insurance contract receivables	267,515	14,839	12,382	6,115	38,572	339,423

The amounts reported on the insurance contract liability are net of expected loss, the expected losses are estimated based on the Markov model, which are further adjusted with forward looking information.

* Insurance contract receivables carrying amounts disclosed above includes contribution, member claims and provider debt. Refer to Note 15.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Scheme is the current closing price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

The carrying value, and payables are assumed to approximate their fair values due to their short-term nature.

The members' Personal Medical Savings Accounts contain a demand feature. In terms of Regulation 10 of the Act, 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 plan and enrolls in another benefit plan or medical Scheme without a savings account or does not enroll in another medical Scheme. Therefore, the carrying values of the members' Personal Medical Savings Accounts are deemed to be equal to their fair values, which is the amount payable on demand.

The fair value hierarchy has the following levels:

Level 1 - These are assets measured using quoted prices in an active market.

Level 2 - These are assets measured using inputs other than quoted prices included within Level 1, that are either directly or indirectly observable.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

28. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Fair value of financial assets by hierarchy level

As at December 31, 2025	Carrying amount	Total	Level 1	Level 2
	R'000	R'000	R'000	R'000
Financial assets at fair value through profit or loss	18,560,455	18,560,455	14,930,749	3,629,706
Equities	4,731,520	4,731,520	4,731,520	
Local bonds	5,667,564	5,667,564	5,641,873	25,691
Local money markets	3,164,304	3,164,304	21,277	3,143,027
Foreign money markets	226,328	226,328	226,328	
Foreign bonds	345,687	345,687	345,687	
Collective investment schemes	4,425,052	4,425,052	3,964,064	460,988
	18,560,455	18,560,455	14,930,749	3,629,706

As at December 31, 2024	Carrying amount	Total	Level 1	Level 2
	R'000	R'000	R'000	R'000
Financial assets at fair value through profit or loss	18,980,417	18,980,417	17,583,243	1,397,174
Equities	4,656,640	4,656,640	4,656,640	
Local bonds	6,758,333	6,758,333	6,728,145	30,188
Local money markets	3,895,615	3,895,615	2,796,006	1,099,609
Foreign bonds	323,316	323,316	323,316	
Collective investment schemes	3,346,513	3,346,513	3,079,136	267,377
	18,980,417	18,980,417	17,583,243	1,397,174

The fair value (through profit or loss) of financial assets held by the Scheme categorised as Level 1 was determined with reference to published price quotations (unadjusted) in an active market.

The fair value of financial assets held by the Scheme categorised at Level 2 was determined through discounted cash flows based on applicable interest rates for local bonds and local money market instruments. The fair value of collective investment schemes instruments was determined based on a proportionate share of net asset value.

Capital Management

The Scheme monitors and manages the capital adequacy risk through the following

- The capital adequacy risk is documented on the risk register that is regularly reviewed by the Board of Trustees.
- Scheme management reviews the monthly management accounts where the Scheme's financial performance is monitored.
- Monthly management accounts and the Scheme's quarterly performance reports are submitted to and discussed with the Council for Medical Schemes.
- The annual budgeting process, long term projections and planning allows the Scheme to review its capital adequacy and reserve levels to ensure continuity of operations and sustainability.
- In terms of the Medical Schemes Act and Regulation 29(2), the minimum statutory reserve ratio is 25%.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

28. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

The accumulated funds ratio is calculated as follows

	2025 R'000	2024 R'000
Total members' funds per Statement of Financial Position	18,733,731	19,640,936
Less: Guarantees	(5,000)	
Less: Unrealised investment gains	(2,002,310)	(987,605)
Accumulated funds per Regulation 29 of the Act	16,726,421	18,653,331
Gross annual contribution income	67,669,930	59,870,008
Reserve ratio calculated as the ratio of accumulated funds/ gross annual contributions x 100	24.72 %	31.14 %

29. GUARANTEES, COMMITMENT AND CONTINGENCIES

The Scheme held guarantees in favour of the following instructions during the year

	2025 R'000	2024 R'000
Council for Medical Scheme	2,500	2,500
South African Post Office	5,000	5,000
	7,500	7,500

The guarantee in favour of the Council for Medical Scheme's has been issued in terms of Section 24(5) of the Medical Scheme's Act, 1998. The Act prescribes that the Registrar may demand from the person who manages the business of a medical Scheme such financial guarantees as will in the opinion of the Council ensure the financial stability of the medical Scheme.

The Council for Medical Schemes has issued GEMS an exemption for SA post office guarantee from the provision of Section 35(6) of the MSA for a period of three years effective from 09 March 2022. The guarantee was extended from 01 December 2025 to 31 December 2028.

Management has assessed and concluded that there are no material contingencies as at the reporting date.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

30. INVESTMENT IN UNCONSOLIDATED STRUCTURED ENTITIES

The Scheme's investments in collective investment Schemes are subject to the terms and conditions of the respective fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those 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 funds in the investment portfolio are managed by portfolio managers who are compensated by the respective fund for their services. Such compensation generally consists of an asset-based fee and is reflected in the valuation of the Scheme's investment in each of the funds.

The Scheme has the right of redemption of its investments in the funds.

The exposure to investments in the funds at fair value, by strategy employed, is disclosed in the following table.

These investments are included in financial assets at fair value through profit or loss in the statement of financial position.

	2025 Fair Value of Scheme Funds Invested	Fair Value of Investee	% of net assets attributed to the Scheme
	R'000	R'000	R'000
Stanlib Institutional MA	1,338,948	40,450,167	3.31 %
SCB ATF Stanlib Aggressive	264,633	565,048	46.83 %
Ninety-One Corporate Money, Z , Inc , ZAR	148	24,544,464	- %
Prescient Corporate Money market B3	62,679	3,079,964	2.04 %
Prescient Yield Quantplus Fund B3	5,459	11,552,021	0.05 %
Prescient Specialist Income Fund B3	282,007	981,706	28.73 %
Prescient Income Plus Fund B3	1,250,998	5,893,891	21.23 %
Prescient Clean Energy and Infrastructure Debt Fund Trust	237,400	5,065,269	4.69 %
Nedgroup Investments Money Market Fund - Class C4	212,000	38,690,615	0.01 %
Nedgroup Investments Core Income Fund - Class C4	11,437	62,007,976	- %

	2024 Fair Value of Scheme Funds Invested	Fair Value of Investee	% of net assets attributed to the Scheme
	R'000	R'000	R'000
Stanlib Institutional MA	382,749	39,832,257	0.96 %
SCB ATF Stanlib Aggressive	314,958	321,073	98.10 %
Ninety-One Corporate Money, Z , Inc , ZAR	4,619	22,348,700	0.02 %
Prescient Corporate Money market B3	80,764	2,548,527	3.17 %
Prescient Yield Quantplus Fund B3	66,298	9,697,655	0.68 %
Prescient Specialist Income Fund B3	843,337	1,462,867	57.65 %
Prescient Income Plus Fund B3	1,386,410	5,803,916	23.89 %
Prescient Clean Energy and Infrastructure Debt Fund Trust	267,377	4,253,184	6.29 %

The Scheme's maximum exposure to loss is equal to the fair value of its investments in the fund. Once the Scheme has disposed of its interest in a fund it ceases to be exposed to any risk from that fund.

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

31. REGULATORY NON-COMPLIANCE

To the best of the Scheme's knowledge, the compliance matters listed below cover all of the non-compliance matters for the 2025 financial year.

Late paying Employer groups

Nature

In terms of Rule 13.5 of the Scheme Rules and Section 26(7) of the Medical Schemes Act (MSA), members contributions are due monthly in arrears and payable by no later than the third day of each month.

Cause

During the period under review, certain employer groups paid over contributions on behalf of their members after the third day of the month. Late payments may result in loss of interest earnings for the Scheme: however, this is not significant due to the short duration of the contributions being outstanding.

Corrective action

Scheme management engaged with the employer groups concerned to ascertain the reasons for the late payment of contributions and to highlight the impact of this practice on members of the Scheme and requested payment to be made within a stipulated time frame. The appointed administrator engages these employer groups on non-compliance as part of its regular stakeholder engagement. The Council for Medical Schemes (CMS) is informed quarterly of any late payers.

The non-compliance was mostly corrected by the eighth day of the month following communication from the Scheme to the employer groups.

Benefit Options

Nature

In terms of Section 33(2) of the MSA, medical scheme options shall be self-sufficient in terms of membership and financial performance.

Cause

The Scheme's Tanzanite One, Emerald and Onyx options did not meet the self - sufficiency requirement in terms of Section 33(2) of the MSA. Loss making options adversely affect the financial performance of the Scheme and the reserve ratio.

The deficits on these options were as a result of higher healthcare costs which deviated from budget during the 2025 reporting period.

Corrective action and time frame

The Scheme's reserves are sufficient to absorb these deficits over the short to medium term. Continuous long-term forecasting, scenario planning, and sensitivity analysis are employed to ensure the Scheme's solvency margin remain above the statutory level. Regular updates on the Scheme's performance during the 2025 financial year were provided to the Registrar through quarterly performance reports and meetings with the CMS.

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Notes to the Financial Statements

31. REGULATORY NON-COMPLIANCE (continued)

The Scheme has prepared the compulsory business plan as required by Regulation 29(4) to the MSA, outlining plans to address the Scheme's reserve ratio falling below the statutory level, impacted by the deficits from these benefit options.

Guarantees

Nature

Section 35(6) (a) of the Act states that a medical scheme shall not encumber its assets.

Cause

The guarantee in favour of the CMS has been issued in terms of Section 24(5) of the Act, 1998 to the value of R2,5 million.

The Scheme's banker issued the guarantee as part of the Scheme's banking facilities.

The guarantee of R5 million in favour of the South African Post Office allows the Scheme to transact directly with the service provider for the provision of postal services, rather than procuring these services on an agency basis.

Corrective action and timeframe

Council for Medical Schemes has issued the Scheme an exemption from the provision of Section 35(6)(a) of the MSA valid for the duration of the guarantees, effective 8 December 2025. Despite the granted exemption from the Regulator, the period 8 March - 7 December 2025 did not have an exemption, and thus this period constitutes non-compliance, as the Scheme was in the process of renewing the exemption.

The Scheme will commence renewal processes for all exemptions at least six months before expiry for future periods.

Investment in Medical Scheme Administrator

Nature

Section 35(8) (a), (c) and (d) 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 Scheme, or any administrator or any arrangement associated with the Scheme. The Scheme has investments in a number of equities which involve some of its appointed administrators.

Cause

The Scheme has investments in certain companies associated with the administrators of the scheme within its diversified investment portfolio.

Corrective action and time frame

The Regulator has granted the Scheme an exemption in terms of Section 8(h) of the MSA from compliance with the requirements of section 35(8) of the Act, valid from 1 December 2025 to 31 December 2028

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

31. REGULATORY NON-COMPLIANCE (continued)

Claims settled after 30 days

Nature

In terms of Section 59(2) of the MSA, the scheme shall, where a valid claim has been received and subject to a Beneficiary's entitlement in terms of his / her applicable Benefit Option, pay the Scheme Rate for any benefit due to the Beneficiary to the Member, or the supplier of the relevant health service, who rendered the account within thirty (30) days of receipt of the claim pertaining to such benefit.

Cause

During the financial year, there were instances where the above regulation had not been complied with.

Corrective action and timeframe

Additional controls have been put in place by the Scheme working with contracted Administrator to mitigate the risk of noncompliance and the Scheme will ensure that these are tested as part of the Internal Audit processes. These measures are continuously monitored, despite the volume of claims resolved by the Scheme, relative to the membership numbers. The Scheme has a minimum of two claims payments in a month to further enhance compliance with the requirement.

Delays in addressing member queries

Nature

In terms of Section 57(4)(d) of the MSA, the duties of the board of trustees shall be to ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions and duties in terms of the rules of the medical scheme.

Cause

During the 2025 reporting period, there were multiple instances of delays in addressing member queries due to issues with the enquiries mailbox administered by a contracted service provider, which led to member dissatisfaction in most instances.

Corrective action and timeframe

The Scheme has attended to the matter with the contracted service provider and will continue monitoring the remedial actions agreed to ensure the matter is fully addressed by early 2026.

Reserve ratio below the legislated requirement

Nature

In terms of Regulation 29(2) of the Medical Schemes Act Regulations, Subject to sub-regulations (3), (3A) and (4), a medical scheme must maintain accumulated funds expressed as a percentage of gross annual contributions for the accounting period under review, which may not be less than 25%

Annual Financial Statements for the year ended December 31, 2025

Notes to the Financial Statements

31. REGULATORY NON-COMPLIANCE (continued)

Further, Regulation 29(4) states that a medical scheme that, for a period of 90 days fails to comply with sub-regulation (2) must notify the Registrar in writing of such failure, and must provide information relating to:

- (a) the nature and causes of the failure, and
- (b) the course of action being adopted to ensure compliance therewith.

Cause

For the 2025 reporting period, as disclosed in Note 28 (Capital Management), the reserve ratio was 24.7%, which is not compliant with the regulatory requirement. The deterioration in the reserve ratio has been mainly due to the higher than expected healthcare costs, coupled with strategic under-pricing in previous years. The reserve ratio has been below the statutory requirement in the last three months of the year, which triggered sub-regulation 4 non-compliance.

Corrective action and timeframe

The audit report has classified this non-compliance as 'material' in accordance with IRBA auditing standards; however, it is crucial to understand that this reflects auditors' professional judgement for reporting purposes and does not undermine management's going concern assumption, nor does it impact the Scheme's solvency and liquidity position. The Scheme remains well-positioned and adequately funded for sustainable operations in the future (Refer to Note 33 for further details on going concern of the Scheme).

The Scheme has been in engagement with the CMS in accordance with Regulation 29(4) on the development of a business plan to address the non-compliance. The Scheme's projections indicate compliance with the requirements of Regulation 29(2) by the 2028 or 2029 reporting periods. Further safeguards were introduced to safeguard future stability: a robust investment strategy, streamlined benefit protocols for increased efficiency, and proactive management initiatives to address the upward trajectory of claims.

32. EVENTS AFTER THE REPORTING PERIOD

There were material changes in contributions. An initial increase to 9.8% was approved, followed by a revised increase to 9.5% approved in January 2026, which will take effect from 1 February 2026. The change does not impact the financial position as at the reporting date.

33. GOING CONCERN

The financial statements of the Scheme have been prepared in accordance with the going concern principle. This principle assumes that the funds will be available to finance future operations and that the assets will be realised, and liabilities and commitments will be settled in the ordinary course of business.

The Scheme ended the 2025 financial year at a reserve ratio of 24,72%, which is below the statutory requirement of 25%. Although the reserve ratio is below the statutory requirement, it is not a signal of the Scheme's inability to continue as a going concern for the foreseeable future. The deterioration in the reserve ratio has been mainly due to higher-than-expected healthcare costs, coupled with strategic under-pricing in previous years.

During the year under review, a number of strategic interventions were implemented in the Scheme's benefit design, together with the corrective pricing. These measures are expected to restore the Scheme to a surplus position in the next financial year. The Scheme maintained its national scale financial strength rating of AA+(za) with a stable outlook during the reporting period.

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Notes to the Financial Statements

33. GOING CONCERN (continued)

The rating reflects the Scheme's strong financial position, supported by adequate liquidity and capitalisation with reserves of R18.7 billion. In addition, applying a Risk Based Capital reserving model, which considers business risk, asset risk, and operational risk, indicates that the Scheme's required reserve level is lower than the regulatory solvency requirement prescribed by the Council for Medical Schemes.

The Board of Trustees has satisfied itself that the Scheme has adequate resources to continue its operations in the foreseeable future, based on a detailed assessment of factors that could impact its operations. The Scheme has sufficient liquidity (Refer to Note 28) to cover its obligations when due. To safeguard future stability, further safeguards were introduced: a robust investment strategy, streamlined benefit protocols for increased efficiency, and proactive management initiatives to address the upward trajectory of claims.

Use the QR code
to download the
GEMS member app



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