MEDSHIELD
medical scheme
Partner for Life

Member Report and Highlights of the Annual Financial Statements

FOR THE YEAR ENDED
31 DECEMBER 2025

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01

Medshield Overview

MEDSHIELD OVERVIEW

About Medshield

Member Centricity

57 years
A prestigious medical scheme with one of the longest track-records in South Africa.

Established in
1968

The Core of Who We Are

We are your Partner for Life, we are there when our members need us the most. Everything we do is driven by our commitment to provide funding to assist our members' greatest need – their health.

MISSION:

We partner with our stakeholders to enable access to sustainable and **affordable quality healthcare.**

VISION:

Partnering with **YOU** towards your personal healthcare and well-being.

53%
Solvency Ratio
(significantly above the *25% statutory minimum*)

AA
Financially robust & stable
as independently assessed by the **Global Credit Rating (GCR) agency** with improved **AA rating.**

Greater Cost Efficiency and Strong Control and Accountability

ISO Accredited

Member servicing model based on ISO accreditation standards, with ability to provide bespoke servicing solutions.

Highest level of Governance

Every touchpoint in the Scheme is focused on the highest level of Governance adherence.

3rd largest
self-administered open medical scheme

MEDSHIELD OVERVIEW

Diverse Plan Range

8 Benefit Options

Catering for all budget and life stages

- MediValue
- MediCurve
- MediPhila
- MediBonus
- MediCore
- MediPlus
- MediSaver
- PremiumPlus

2 Compact Plans

- MediValue compact
- MediPlus compact

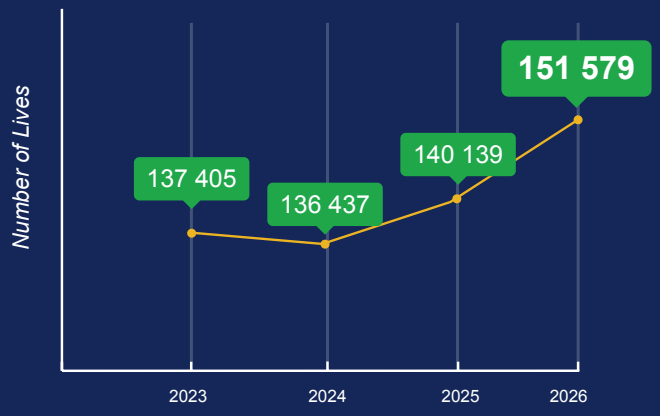
In a tough economic market, the Scheme experienced **net membership growth over eleven consecutive months in 2025,** resulting in **an increase in membership which positively impacted the risk pool.**

25%
New members under 31 years old

1 356
Medshield Welcomed Babies

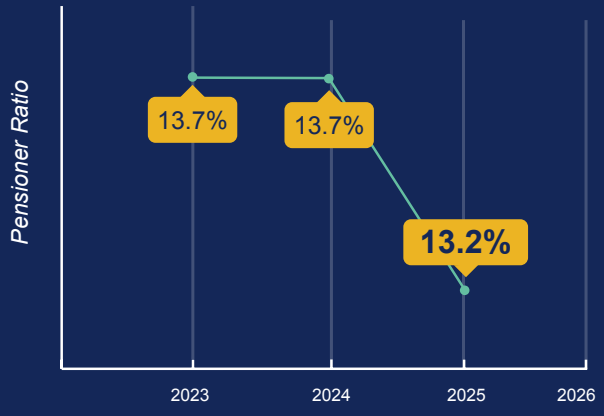
4.5%
Membership Growth

Growing Membership Base



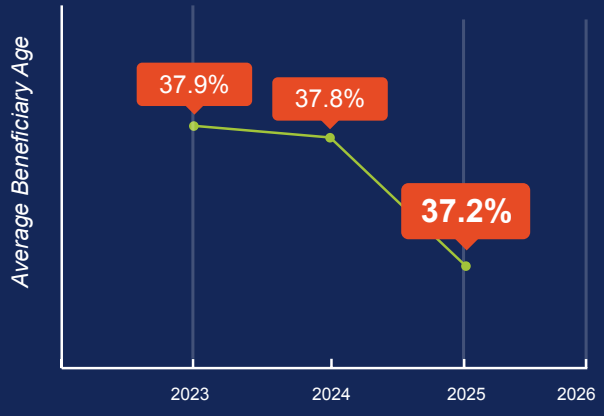
Positive growth trends continued into 2026

Declining Pensioner Profile



Improve the Scheme risk pool

Attracting Younger Lives



Medshield options best value for money

A balanced approach combining **digital efficiency** with **personalised human interaction,** remains central to member centricity:

320 907
Contact Centre Calls

61 077
IVR Calls Received

3 383
Walk-in Centre Visits
(Across all branches)

73 193
Voice of the Customer Member Surveys

3x
Claims Payment Runs Per Week

R11m
Direct Fraud, Waste and Abuse Recoveries

24/7 Accessibility

has significantly improved convenience and efficiency for members

11 255 WhatsApp Chats

854 208 WhatsApp Self-help

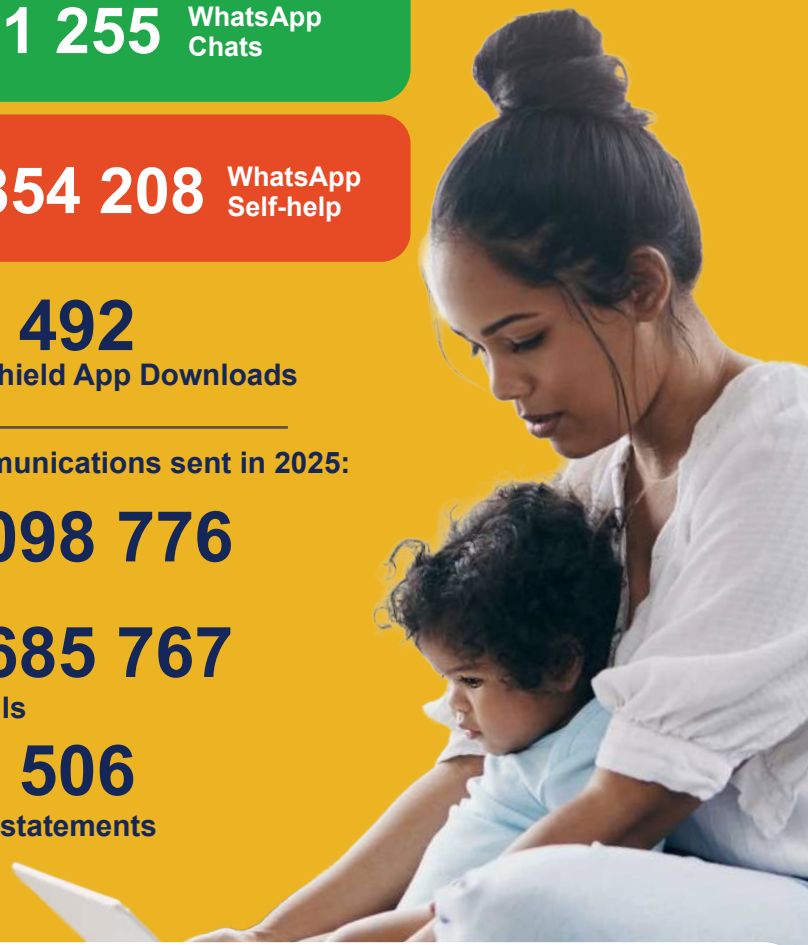
36 492
Medshield App Downloads

Communications sent in 2025:

6 098 776
SMS

8 685 767
E-mails

68 506
Mobi-statements



Medshield enabled access to **quality healthcare** for **members** when they **needed it the most.**

35 958
Hospital approved cases

R4.04 bn
Total claims paid

R9.2m
Highest total amount paid towards an admission

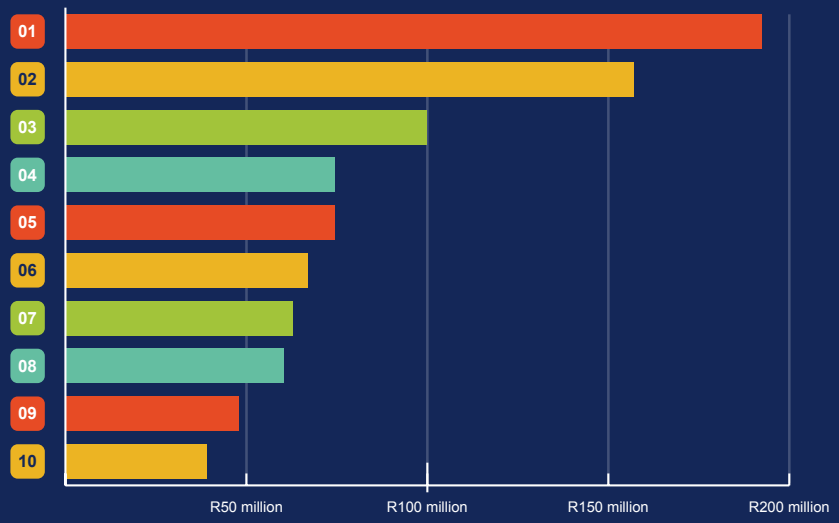
R2.6 bn
Total Hospital Costs

161
Total events with costs above R1m

50 000
Beneficiaries registered for chronic medication

34 Years
Of contribution payments required to fund R1m

Top 10 highest specialities covered:



01 **R192.5m** General Practitioners

02 **R157.1m** Physicians

03 **R100m** Anaesthetists

04 **R74.4m** General Dentist

05 **R74.4m** Ophthalmologists

06 **R67.1m** Surgeons

07 **R63m** Orthopaedic Surgeons

08 **R60.3m** Optometrists

09 **R48m** Physiotherapists

10 **R39.2m** Gynaecologists

02

Principal Officer's Report

PRINCIPAL OFFICER'S REPORT

Healthcare Industry Overview

The 2025 financial year was characterised by a complex and evolving operating environment for the healthcare funding industry.

Key factors included sustained cost pressures, increasing affordability challenges, and ongoing developments in the National Health Insurance (NHI) framework. Escalating healthcare costs and higher utilisation levels necessitated a continued focus on effective cost management and the optimisation of benefit design to support long-term sustainability.

Despite these pressures, the environment also presented **meaningful opportunities for innovation.** The industry is **progressively transitioning towards value-based care models** (where payment to providers is based on outcomes and not activities), **strengthened preventative health initiatives,** and **greater digital enablement.**

These advancements are **enhancing operational efficiency, improving member experience,** and **supporting better health** outcomes.

Collectively, these trends **position medical schemes** to deliver **more sustainable, accessible,** and **member-centric healthcare solutions.**

Mr Kevin Aron
PRINCIPAL OFFICER

Overview of the 2025 Strategic Priorities

Medshield Medical Scheme ("Medshield" or "the Scheme") remains steadfast in its commitment to partnering with members in support of their personal healthcare and well-being. This commitment is reflected in our continued focus on delivering accessible, sustainable, and high-quality healthcare through innovative solutions, notwithstanding the challenging operating environment.

The year under review represents the culmination of several strategic priorities established in prior years, with a sustained emphasis on the Scheme's long-term sustainability. This sustainability is influenced by multiple factors, including membership growth, which has remained a consistent area of focus.

Over recent years, the Scheme has reviewed and refined its strategic priorities annually, with particular attention to growing membership through both organic initiatives and potential amalgamation opportunities.

In parallel, Medshield has continued to strengthen its brand and value proposition to enhance market awareness and attract new members. Efforts to improve operational efficiency have remained a priority, supported by a strong commitment to service excellence and the increasing use of digital technologies to enhance the overall member experience.

These initiatives have been implemented alongside a continued focus on ensuring members' access to quality healthcare, while actively managing healthcare costs to support the Scheme's financial sustainability. Strategic partnerships and proactive healthcare management programmes have further reinforced the Scheme's value proposition.

Overall, the year reflects a period in which **Medshield successfully upheld its core purpose** ensuring that **members** have **consistent access** to **quality healthcare benefits** while reinforcing its **role as a trusted partner for life.**

4.5%
Membership increase in 2025

37 **Average member age**

13% **Pensioner ratio**

Membership Growth

The Scheme achieved positive organic membership growth during the year under review, notwithstanding ongoing industry-wide pressures.

Growth was recorded over eleven consecutive months in 2025, resulting in membership increasing over the 2025 year by 4.5%.
This positive momentum has continued into the 2026 financial year with the Scheme recording substantial membership growth.

The growth in membership has contributed to a stable risk profile, reflected in an average member age of 37 years, a pensioner ratio of 13%, and 50 000 beneficiaries receiving support through the chronic medicine programme.

Following a strong financial performance in 2024, the Board of Trustees approved the exploration of a potential amalgamation with Fedhealth. During 2025, the Scheme advanced this initiative to achieve greater scale, reinforce its market position, and enhance competitiveness through an expanded range of benefit options. The initiative also aimed to deliver sustainable long-term value to members by leveraging strategic purchasing efficiencies and broadening access to corporate distribution channels.

However, based on the outcome of independent assessments conducted in fulfilment of the Boards' fiduciary responsibilities, both Boards concluded that an amalgamation at that time would not be in the best interests of their respective memberships. Accordingly, a decision was taken to discontinue the process.

The strategic objective of **increasing scale, particularly through corporate membership growth, remains a key priority and will continue to be a focus area for the 2026 financial year.**

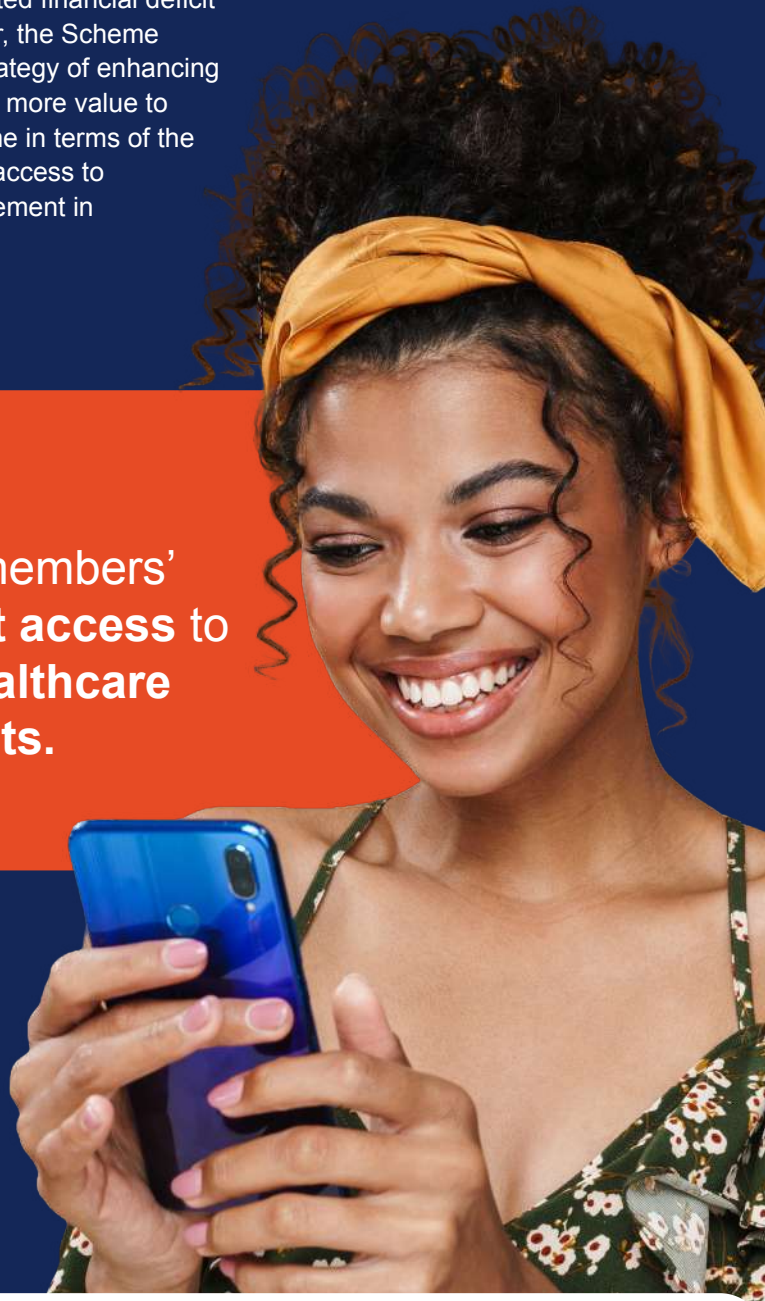
Sustainability and Financial Strength

The 2025 financial year reflects a period in which the Scheme remained firmly committed to its core purpose of ensuring members' consistent access to quality healthcare and benefits. Contribution income was placed under pressure with new joiners primarily electing lower contribution options. This reflects the continued impact of economic pressures on member affordability and plan selection. Healthcare costs, driven mainly by increased utilisation and an increase in high cost hospital cases, were higher than budgeted for and the combination of pressure on both contribution income and healthcare costs resulted in the Scheme reporting a net deficit for the year.

Notwithstanding the expected financial deficit that had been budgeted for, the Scheme continued its deliberate strategy of enhancing benefits in order to provide more value to the members of the Scheme in terms of the funding of healthcare, the access to healthcare and an enhancement in overall well-being.

CORE PURPOSE

Ensuring members' **consistent access** to **quality healthcare** and **benefits.**



53%

Accumulated Funds Solvency Ratio

(significantly above the *25% statutory minimum*)

Independent credit rating upgrade

from AA- to AA by Global Credit Rating

Medshield maintained a strong accumulated funds solvency ratio of 53% significantly above the statutory minimum requirement of 25%.

The Scheme's financial strength was further affirmed by an independent credit rating upgrade from AA- to AA by Global Credit Rating, underscoring the robust claims-paying ability and long-term sustainability. A strong solvency position has enabled the Scheme to maintain annual contribution increases to sustainable levels, thereby mitigating the impact of rising healthcare costs on members.

Benefit enhancements implemented aimed at strengthening the Scheme's competitiveness, particularly within the corporate market segment. These enhancements are intended to support membership growth, improve the overall risk profile, and contribute to a more favourable claims experience over time.

Strategic focus areas in 2025 included the **enhancement** of the **PremiumPlus option** to **better compete** with **top-tier offerings** in the corporate market, as well as the **introduction of expanded benefit limits** and **increased emphasis on preventative care and screening.**

Strategic Focus Area in 2025

PremiumPlus

Introduction of **expanded benefit limits.**

Increased emphasis on **preventative care** and **screening.**

Ensuring Access to Affordable Quality Healthcare and Innovation

During the reporting period, the Scheme continued to actively oversee and manage its managed care service providers to ensure members have sustainable access to quality healthcare services in line with their benefit entitlements.

A key focus in 2025 was the strengthening of internal capabilities and the enhancement of managed care structures, positioning the Scheme to respond effectively to evolving cost and quality challenges within the healthcare environment.

Strategic initiatives were implemented to proactively address rising healthcare costs, while maintaining high standards of clinical quality.

The expansion of the specialist network remains a key priority and achieved positive progress during 2025.

This initiative is aimed at improving the cost-effective management of Prescribed Minimum Benefits (PMBs), while ensuring members receive appropriate, high-quality care from accredited specialists without incurring out-of-pocket expenses.

In addition, the Scheme continued to monitor the performance of the hospital network introduced in 2025, with early indications reflecting value and improved efficiency.

Medshield remains committed to supporting members throughout their healthcare journey.

Whether requiring specialised treatment, rehabilitation, or mental health support, the Scheme's networks are designed to provide access to trusted providers and tailored healthcare solutions.

Predict & Prevent

As part of the 2026 benefit enhancements under the Predict and Prevent strategy, several innovative initiatives have been introduced and reflects the Scheme's ongoing commitment to innovation, preventative care, and improved health outcomes, while ensuring affordability and sustainability for members.

Predict & Prevent

Innovation introduced as part of the **2026 benefit enhancements Predict and Prevent strategy:**

Continuous Glucose Monitoring (CGM)	Real-time glucose tracking, improved diabetes management and reduced risk of complications.
Reversal of Type 2 Diabetes	Support lifestyle and medical interventions to reduce or eliminate the need for medication and improve long term health.
Diabetic AI Retinal Screening	Early detection of diabetic retinopathy.
Electronic Medical (EM) Guidance	Clinician evidence-based recommendations, standardised care and enhanced treatment decisions.

Strengthening Brand Position and Stakeholder Confidence

During the year under review, the Scheme's integrated marketing and public relations strategy contributed to enhanced brand visibility, strengthened reputation, and increased digital engagement.

Through targeted campaigns, strategic media exposure that supported thought leadership, and selected marketing partnerships, Medshield expanded its market reach and stimulated consumer interest, contributing positively to membership growth and stakeholder confidence.

Marketing initiatives continued to play a central role in reinforcing a strong and trusted brand, consistently communicating Medshield's value proposition as a "Partner for Life."

The Scheme further strengthened its brand equity through the implementation of focused strategic initiatives, including the expansion of partnerships with credible and aligned organisations to enhance market presence and stakeholder engagement.

Increased investment in **social media platforms** also enabled the delivery of **impactful campaigns,** resulting in **higher levels of engagement** and the **development of a more connected member community.**

Strategic marketing partnerships with established brands were leveraged to **promote long-term health, wellness, and brand visibility.**

Pirates Running Club
(as headline partner for the Pirates21K toughest marathon in Johannesburg)

East Coast Radio Big Walk
(as registration action partner) leveraged to promote long-term health and wellness

Kaizer Chiefs Football Club
(as medical aid partner for the team)

The Scheme remains committed to delivering meaningful value to members while contributing positively to the broader South African healthcare landscape. This commitment is reflected in a range of integrated wellness initiatives focused on promoting healthy lifestyles and preventative care.

These include **Medshield Movement, Medshield Mom, Medshield Kids, Medshield Connect,** and **Medshield Wellness.**

Collectively, these initiatives enhance member value through **practical, everyday health interventions,** while reinforcing the Scheme's role in **supporting a healthier and more resilient society.**

#Medshield movement

#Medshield movement CONNECT

#Medshield movement KIDS

MEDSHIELD mom

MEDSHIELD wellness

Improved Servicing Model Empowered Members

Medshield recognises members' expectation for fast, convenient, and seamless access to services, and remains committed to service excellence. During the year under review, the Scheme further enhanced accessibility and responsiveness through a range of self-service channels, including:

Interactive Voice Response (IVR) systems,
which increased substantially in 2025

The enhanced Medshield Member App

Medshield WhatsApp channel

These platforms enable members to access services at any time, including checking benefits, submitting claims, requesting hospital authorisations, and viewing membership information and communication. This 24/7 accessibility has significantly improved convenience and efficiency for members.

At the same time, the Scheme recognises that healthcare is a personal experience and that not all members prefer digital engagement. Medshield has therefore maintained its walk-in centre at its head office, as well as four regional offices, where members and brokers can access personalised, face-to-face support. In addition, the contact centre continues to provide real-time assistance through trained agents, ensuring empathetic and responsive service.
This balanced approach, combining digital efficiency with personalised human interaction, remains central to Medshield's "Partner for Life" commitment.

As a result of these enhancements, the Scheme has **achieved faster query resolution times** and **improved member satisfaction,** as **reflected in a voice-of-the-customer rating of 86%.**

The Scheme also demonstrated strong communication capability through a comprehensive, multi-channel approach designed to ensure clear, consistent, and effective engagement.

This integrated communication ecosystem includes targeted member newsletters, formal correspondence, email campaigns, SMS notifications, a dedicated WhatsApp channel, and a secure online member portal providing 24/7 access to information. In addition, an active presence across social media platforms supports broader engagement.

This diversified strategy enables the **timely delivery** of **relevant updates** and **benefit information,** ensuring members are **engaged** through **accessible** and **easy-to-understand channels.**

86%
Voice-of-the-customer rating

24/7
Access to information

Strengthening Our Commitment

Looking ahead, the Scheme's strategic focus remains firmly anchored in ensuring continued member access to quality healthcare, while driving sustainable growth and strengthening competitiveness. Central to this objective is an enhanced corporate growth strategy, supported by a review of the distribution model to optimise market reach and effectiveness.

The Scheme remains **committed** to its **self-administration model,** recognising the **value it delivers** in terms of **cost control, operational agility,** and an **improved member experience.** In parallel, ongoing efforts to **elevate the brand** and **value proposition** will be supported through **strategic partnerships** and **targeted brand collaborations.**

Affordability remains a key priority, particularly in an environment where medical scheme membership continues to place financial pressure on many South Africans. The Scheme will therefore intensify its focus on operational efficiencies and prudent healthcare cost management, with a deliberate emphasis on moderating contribution increases and refining pricing structures. Through these initiatives, Medshield aims to strengthen its position as a competitive, accessible, and preferred choice in the market, delivering meaningful value to members while maintaining financial sustainability.

In closing, the Scheme extends its sincere appreciation to its members for their continued trust and loyalty, which remain central to its purpose. Gratitude is also extended to Medshield's Board of Trustees as well as the Independent Experts on the Board Sub-Committees. The Scheme further acknowledges the important role played by intermediaries, whose continued collaboration ensures that members receive appropriate guidance and support.

A huge thank you goes to the **Scheme employees** for their **dedication** and **commitment to service excellence,** and to **all stakeholders** and **service providers** for their **ongoing partnership** and **contribution** to the **Scheme's success.**

Together, Medshield remains committed to strengthening its promise of being a trusted Partner for Life.

03

Sustainability Overview

SUSTAINABILITY OVERVIEW

Long Term Sustainability and Responsibility

Medshield delivers accessible, high-quality healthcare through a diversified portfolio of benefit options tailored to the evolving needs of its members. As a values-driven medical scheme, it operates in alignment with the principles of mutual respect, accountability, integrity, service excellence, innovation, and transparent stakeholder engagement which are the foundations that underpin our long-term sustainability.

In line with our commitment to responsible corporate citizenship, the Scheme has initiated a structured transition **toward embedding sustainability and Environmental, Social, and Governance (ESG)** considerations across its **strategy, operations,** and **reporting practices.**

Sustainability is recognised as a strategic imperative, guiding Medshield's efforts to create enduring value for both people and the planet. This includes promoting positive health outcomes, supporting member well-being, and strengthening the Scheme's resilience and relevance in a rapidly changing healthcare landscape.

Medshield adopts a collaborative approach to sustainability, actively partnering with stakeholders to co-create shared value and amplify its environmental and social impact, while maintaining robust governance standards.

Through this **integrated approach,** the Scheme aims to enhance **long-term value** creation and ensure its **continued contribution** to **sustainable healthcare delivery** for current and future generations.

Priorities

Medshield has identified the following ESG priorities to focus and drive its sustainability agenda:

01
Environmental Impact: Pollution and Waste Management

02
Social Impact: Climate Change and Human Health

03
Governance Impact: The Pillar of Corporate Sustainability

04
Corporate Responsibility: Social Initiatives and Member Engagement

01 Environmental Impact: Pollution and Waste Management

Water and air pollution, together with inadequate waste management, present material risks to public health and long-term well-being if not effectively mitigated. These environmental stressors not only impact the health outcomes of Medshield's members and employees but also place additional strain on the healthcare system, increasing demand and associated costs.

From an environmental sustainability perspective, declining air quality is closely linked to a rise in upper respiratory illnesses and premature mortality, particularly among vulnerable populations, thereby intensifying the national healthcare burden. Similarly, water pollution contributes to a spectrum of health challenges, including gastrointestinal and chronic conditions.

Raising awareness and **empowering members** to understand and respond to these risks remain integral to Medshield's sustainability-driven member engagement and preventative care initiatives.

Operationally, Medshield is advancing its environmental stewardship through targeted initiatives aimed at reducing its ecological footprint. This includes the continued digitisation of business processes and member communication to minimise paper usage, ink consumption, and distribution-related emissions.

Digitisation of business processes

Minimise paper usage, ink consumption, and distribution-related emissions.

In parallel, the Scheme is exploring **resource-efficient infrastructure,** with a **focus on energy and water conservation,** as well as the **integration of renewable energy solutions.**

These efforts support Medshield's broader **commitment** to **climate-conscious operations** and the **delivery of sustainable healthcare.**

02 Social Impact: Climate Change and Human Health

The relationship between climate change and health outcomes, including the increasing prevalence of climate-related diseases, is well established. Medshield recognises climate change as a systemic risk to public health and acknowledges its role in supporting mitigation and adaptation through preventative healthcare, effective disease management, and the promotion of holistic wellness among its members and employees.

Through targeted **wellness days, educational campaigns,** and **regular communications** such as **newsletters, Medshield actively raises awareness of climate-related health risks.** These initiatives **equip members** and **employees** with **practical mitigation** and **adaptation strategies, empowering them** to respond **proactively** to **evolving environmental** and **health challenges.**

Medshield also recognises that these global pressures contribute to the broader psychosocial stresses associated with modern living. Through the Medshield Mind programme and its member benefits offering, the Scheme promotes mental health awareness and resilience, addressing the social determinants of health that may lead to adverse outcomes such as anxiety, burnout, and domestic instability.

By providing access to counselling services and supportive resources, Medshield enables members and employees to identify, manage, and where possible, mitigate these challenges, which reinforces its commitment to inclusive, people-centred and sustainable healthcare.

03 Governance Impact: The Pillar of Corporate Sustainablitiy

Effective governance is fundamental to advancing organisational accountability, inclusive participation, and transparency, while safeguarding stakeholder interests through adherence to applicable regulations and the rule of law. This includes compliance with the regulatory framework governing medical schemes which protects members, as well as alignment with leading codes of good governance such as King V.

Within a sustainability context, **strong governance** provides the foundation for **ethical conduct, risk management,** and **long-term value creation.**

Medshield maintains robust governance structures and is strengthening these by systematically embedding sustainability and Environmental, Social, and Governance (ESG) principles into its governance forums, board and committee mandates, policies, systems, and reporting frameworks. This integrated approach enables the Scheme to establish clear accountabilities, decision-making processes, and performance metrics for operationalising sustainability across the organisation. Through its inaugural Annual Report, Medshield demonstrates its commitment to transparency and continuous improvement by outlining how ESG and sustainability considerations are being incorporated, measured, and monitored.

This includes:

- **Tracking progress against defined objectives.**
- **Enhancing disclosure practices.**
- **Reinforcing its journey toward resilient, responsible, and sustainable healthcare delivery.**

04 Corporate Responsibility Social Initiatives and Member Engagement

Medshield is launching Corporate Social Initiatives (CSI) which focus on supporting healthcare initiatives that offer the greatest impact and value for members, employees and their communities.

Medshield's CSI initiatives are rooted in the following three thematic areas:

1. Healthcare Services

Support for cancer, diabetes, HIV/AIDS, awareness and treatment; access to primary healthcare; and mental health promotion and programmes, amongst others.

2. Health Education and Training

Development of health educational materials; infant care; healthcare campaigns; community outreach projects; preventative care measures and Medshield Podcasts.

3. Health Infrastructure

Infrastructure support for clinics and mobile clinics

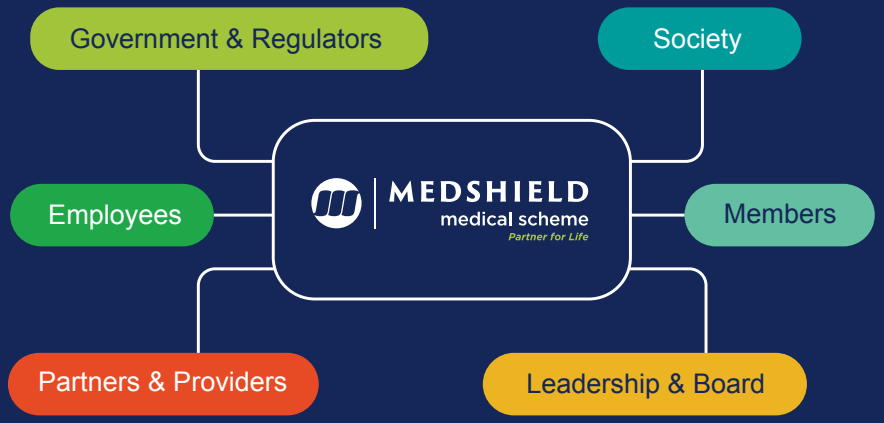
Stakeholders

Medshield believes in fostering proactive engagement with its stakeholders to:

01	Increase confidence and trust	✓
02	Build relationships	✓
03	Manage expectations	✓
04	Increase clarity on stakeholder priorities and concerns	✓
05	Enhance strategic, operational and sustainability risk management and compliance	✓
06	Identify market and innovation opportunities	✓

Medshield has tailored approaches for engaging with its stakeholders.

Stakeholder Categorisation:



Materiality

Medshield conducted a comprehensive materiality assessment through the lens of double materiality to identify and prioritise the economic, environmental, and social issues that both significantly impact its operations and substantively influence stakeholder decision-making.

This approach recognises that the Scheme operates within an interconnected sustainability ecosystem, with both inward impacts (financial risks and opportunities affecting Medshield) and outward impacts (its activities' effects on society, the environment, and broader stakeholder groups).

By applying this **dual perspective,** Medshield strengthens its ability to **align strategy, risk management,** and **reporting** with stakeholder expectations while **advancing responsible, sustainable healthcare delivery.**

The following overarching material issues were identified:

- **Ensure good corporate governance and leadership**
- **Achieve long-term financial sustainability**
- **Expand Medshield's social impact**
- **Extend Medshield's environmental stewardship**
- **Empower Medshield's employees**
- **Enhance health and well-being of members and their communities**

Diversity, Equity, Inclusion & Belonging (DEIB)

Medshield continues to advance its DEIB journey as a core component of its people sustainability strategy, with the aim of fostering an inclusive workplace culture where all employees feel valued, respected, and empowered. This ongoing commitment is anchored in creating alignment between individual and organisational values, while cultivating a psychologically safe environment in which employees can contribute authentically and realise their full potential. In doing so, Medshield strengthens employee engagement and enables the achievement of its strategic business objectives.

The Scheme's DEIB approach extends beyond regulatory compliance, adopting a holistic and intersectional framework that promotes equitable outcomes and inclusive well-being across the employee lifecycle. This includes a proactive focus on diversity dimensions such as race, gender, disability, age, culture, identity, religion, sexual orientation, and other legally protected characteristics within the South African context.

By embedding **equity** and **inclusion** into **policies, practices,** and **organisational culture, Medshield aims to create a fair** and **enabling environment** that **supports both individual growth** and **collective success.**

Medshield recognises that DEIB is integral to long-term organisational resilience and sustainable value creation.

By leveraging **diverse perspectives** and fostering a **culture of belonging,** the Scheme enhances **innovation, decision-making,** and **stakeholder responsiveness.**

Employees are acknowledged as key drivers of organisational performance, and Medshield is committed to unlocking their creativity and potential to cultivate diversity of thought, strengthen stakeholder relationships, and support the delivery of inclusive, sustainable healthcare solutions.

In 2025, Medshield achieved significant growth in workplace representation:

67%
Women in workplace

69.8%
Women in leadership

88.1%
Black South African employees

86%
Black South African managers

Sustainability Progress to Date

Medshield has undertaken the following initiatives in addressing its material issues and progressing its sustainability mandate:

01
Capacity building session for **Medshield EXCO** on operationalising sustainability

02
Existing Board and operational committees TORs streamlined and **updated to integrate sustainability** into their mandates

03
Reducing environmental footprint
e.g. shift from paper to digital communication

04
Business strategy and risk register updated to include ESG and sustainability risks

05
Existing policies' risk registers updated to integrate sustainability mandate and risks

06
Incorporating sustainability in member **communications and initiatives**
e.g. e-newsletters and wellness days

07
Materiality assessment undertaken to identify most pertinent issues that affect Medshield and its key stakeholders

08
Improved member communications via new Member App and WhatsApp channels

09
Sustainability KPIs and **targets identified** to **drive sustainability initiatives**

10
Medshield **CSI programme updated** to integrate sustainability

11
Medshield stakeholder strategy developed to guide **engagements with stakeholders**

12
Medshield **employees** all **received data, privacy** and **cybersecurity awareness training**

13
Waste reduced based on the office requirements

14
New products launched

15
Diversity, Equity, Inclusion & Belonging (DEIB)

04

Annual Financial Statements

FOR THE YEAR ENDED
31 DECEMBER 2025

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Statement of Financial Position

as at 31 December 2025

	Notes	2025 R'000	2024 R'000
ASSETS			
Non-current assets		**1 054 474**	**1 241 232**
Property, plant, and equipment		1 598	3 864
Right-of-use assets		9 883	15 920
Investment in fair value	2	1 042 993	1 221 448
Current assets		**2 069 907**	**1 789 170**
Financial assets	2	1 939 576	1 597 269
Other receivables		3 629	1 325
Cash and cash equivalents		126 702	190 576
Total assets		**3 124 381**	**3 030 402**
FUNDS AND LIABILITIES			
Non-current liabilities		**2 622 842**	**2 511 701**
Lease liabilities		5 392	12 401
Liabilities to members for future benefits	4	2 617 450	2 539 354
Current liabilities		**501 539**	**478 647**
Lease liabilities		7 009	6 123
Insurance contract liabilities	3	431 351	412 642
Reinsurance contract liabilities	5	1 467	1 747
Trade and other payables		61 712	58 135
Total liabilities		**3 124 381**	**3 030 402**

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2025

	Notes	2025 R'000	2024 R'000
Insurance revenue	6	**4 205 557**	**3 901 648**
Insurance service expense*	6	(4 015 123)	(3 671 904)
- Claims incurred		(4 015 176)	(3 672 025)
- Third party claims recovery		53	121
Accredited managed healthcare expenditure (no risk transfer)**		(67 928)	(62 629)
Acquisition expenses		(86 971)	(82 807)
Directly attributable expenditure		(278 294)	(251 523)
Changes that relate to past service - adjustments to the LIC		(30 123)	15 015
Total insurance expenses***		**(4 478 439)**	**(4 053 848)**
Net expenses from reinsurance contracts	6	**1 650**	**6 961**
Insurance service result		**(271 232)**	**(145 239)**
Investment Income		**197 472**	**208 519**
Other operating income		**6 563**	**7 177**
Fair value adjustments:			
- realised profit		**18 763**	**33 759**
- unrealised profit/(loss)		**90 029**	**43 334**
Administration and other operating expenses		**(141 831)**	**(135 927)**
Other finance costs		**(1 488)**	**(1 818)**
Profit/(loss) for the year before amounts attributable to future members		**(101 724)**	**9 805**
Amounts attributable to future members		**(78 096)**	**(56 789)**
Profit/(loss) for the year		**(179 820)**	**(46 984)**
Other Comprehensive income			
Items that will not be classified as profit and loss:			
Profit on fair value equity instruments at fair value through other comprehensive income		**179 820**	**46 984**
Other comprehensive income for the year		**179 820**	**46 984**
Total comprehensive income/(loss) for the year		**-**	**-**

* Relevant healthcare expenditure of R4 081 401 (2024: R3 727 572) is disclosed as part of the insurance service expense (refer to note 10).
** Relevant healthcare expenditure consists of net claims incurred, accredited managed healthcare services and net expense from risk transfer arrangements. The Scheme has expanded its presentation of the insurance service expense to reflect this breakdown and align with the medical schemes accounting guide issued by the South African Institute of Chartered Accountants.
*** Total insurance expenses in accordance with IFRS17 include the transfer (to)/from the liability to members for future benefits. The total value of insurance service expenses is therefore R4 556 535 (2024: R4 110 637).

Statement of Cash Flows

for the year ended 31 December 2025

	Notes	2025 R'000	2024 R'000
Cash flows from operating activities			
Cash receipts from members and providers - other		6 700	145
Cash receipts from members - contributions		4 269 237	3 975 361
Cash receipts from members and providers - other debtors		(2 304)	(547)
Cash paid to reinsurer		(26 014)	(18 728)
Cash paid to providers and employees - claims and directly attributable expenses		(4 512 802)	(4 092 150)
Cash paid to providers and employees - other administration fees and operating expenses		(95 162)	(91 943)
Cash paid to members - savings plan refunds		(1 969)	(1 828)
Cash flows used in operations		**(362 314)**	**(229 690)**
Interest received		5 066	4 320
Finance costs paid		(1 488)	(1 818)
Net cash flows used in operations		**(358 736)**	**(227 188)**
Cash flows from investing activities			
Acquisition of property, plant & equipment		(315)	(2 048)
Proceeds on sale of property, plant & equipment		-	107
Investment deposits from the Scheme bank account		(3 486 200)	(3 177 000)
Investment withdrawals into the Scheme bank account		3 787 500	3 424 163
Net cash flows from investing activities		**300 985**	**245 222**
Cash flows from financing activities			
Cash repayments on lease liabilities		(6 123)	(5 147)
Net cash flows utilised in financing activities		**(6 123)**	**(5 147)**
Net increase / (decrease) in cash and cash equivalents		**(63 874)**	**12 888**
Cash and equivalents at the beginning of the year		190 576	177 688
Cash and equivalents at the end of year	**6**	**126 702**	**190 576**

Notes to the Highlights from the Annual Financial Statements

for the year ended 31 December 2025

1 Significant Accounting Policies

Material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies comply with IFRS accounting policies.

Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with IFRS Accounting Standards, the interpretations effective at the time of preparing these financial statements and the Medical Schemes Act, Act 131 of 1998, as amended ("MSA").

These financial statements comply with the requirements of SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The financial statements have been prepared on the going concern basis using the historic cost convention, except for the following assets and liabilities:

- Financial instruments at fair value through profit or loss
- Insurance and reinsurance assets and liabilities - measured in terms of IFRS 17

They are presented in Rand and rounded in thousands (R'000).
These accounting policies are consistent with the previous period.

Use of estimates and judgements

The preparation of AFS, in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Scheme's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the AFS are disclosed in the Notes.

Notes to the Highlights from the Annual Financial Statements (Cont.)

for the year ended 31 December 2025

2 Financial Assets

	2025 R'000	2024 R'000
Current	1 939 576	1 597 269
- Fair value through other comprehensive income	907 106	832 333
- Fair value through profit or loss	1 032 470	764 936
Non-Current	1 042 993	1 221 448
- Fair value through other comprehensive income	-	-
- Fair value through profit or loss	1 042 993	1 221 448
	2 982 569	**2 818 717**
Fair value at the beginning of the year	2 818 717	2 754 708
Additions/re-investments	3 486 200	3 177 000
Disposals at fair value at date of disposal	(3 787 500)	(3 424 163)
Re-investment of investment income	192 406	204 200
Investment management fees	(15 866)	(17 104)
Realised profit/(losses)		
- Fair value of equity instruments	54 113	20 289
- Fair value through profit or loss	18 763	33 759
Unrealised gains/(losses)		
- Fair value through OCI (equity)	125 707	26 694
- Fair value through profit or loss	90 029	43 334
Fair value at the end of the year	**2 982 569**	**2 818 717**

2 Financial Assets (continued)

Investments have been managed by a number of fund managers namely:	2025 R'000	2024 R'000
Segregated portfolio investments	2 268 930	2 136 104
Sanlam Investment Management	647 075	663 078
Argon Asset Managers	701 092	617 031
M & G Portfolio Managers	718 084	687 200
Mergence Asset Managers	202 679	168 795
Unitised investments	713 639	682 613
Allan Gray Life Limited	584 513	664 779
Stanlib Investment Managers	129 126	17 834
	2 982 569	**2 818 717**
Financial assets comprise the following:		
Financial Assets - other comprehensive income		
Listed equities	907 106	832 333
	907 106	**832 333**
Financial Assets - profit and loss		
Unitised instruments	713 639	682 613
Debt instruments	665 769	722 560
Money market instruments – risk	696 055	581 211
	2 075 463	**1 986 384**

The fair value of the investments and other assets is based on market value at year end. Listed equities are based on the JSE Ltd closing price, debt instruments and money market instruments are based on the Bond Exchange of South Africa closing prices.

Unitised investments are measured at the repurchase prices. The maximum exposure to credit risk at the reporting date is the fair value of debt securities classified as financial assets.

The Scheme has invested in bonds spread across all bond types and the market performance of the bond indices varied between 10.01% (2024: 9.53%) on the 1-3 year bond index to 26.81% (2024: 22.31%) on the 7-12 year bond index.

All investments are denominated in South African Rands

Notes to the Highlights from the Annual Financial Statements (Cont.)

for the year ended 31 December 2025

3 Insurance Contract Liabilities

The insurance contract liabilities line is made up of the following two components:

Liability attributable to ***current*** **members**

Liability attributable to ***future*** **members**

	Notes	2025 R'000	2024 R'000
Insurance contract liabilities – Liability attributable to current members – Current	**7.1**	431 351	412 642
Insurance contract liabilities – Liability attributable to future members	**7.2**	2 617 450	2 539 354

Notes to the Highlights from the Annual Financial Statements (Cont.)

for the year ended 31 December 2025

3.1 Insurance contract liabilities - Liability attributable to current members

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

	2025 R'000			TOTAL
	LFRC	LIC		
	Excl. Loss	PVFCF	Risk Adjust.	
Insurance contracts issued component				
Opening insurance contract 1 January 2024	136 544	268 287	7 811	**412 642**
Insurance revenue New contracts issued in the year	(4 205 557)			**(4 205 557)**
Total insurance revenue	**(4 205 557)**			**(4 205 557)**
Insurance service expenses				
Incurred claims and other directly attributable expenses		4 361 345	7 934	**4 369 279**
Acquisition expenses		86 971		**86 971**
Changes that relate to past service - adjustments to the LIC		30 000	(7 811)	**22 189**
Total insurance service expenses	**-**	**4 478 316**	**123**	**4 478 439**
Insurance service result	**(4 205 557)**	**4 478 316**	**123**	**272 882**
Finance expense from insurance contracts issued	-			**-**
Other - PMSA written off and refunded*	(8 504)			**(8 504)**
Other - PMSA write-offs*	(135)			**(135)**
Total amounts recognised in comprehensive income	**(4 214 196)**	**4 478 316**	**123**	**264 243**
Investment components*	(62 202)	62 202		**-**
Cashflows				
Contributions received	4 269 237			**4 269 237**
Claims and other directly attributable expenses paid		(4 512 802)		**(4 512 802)**
Saving plan refund	(1 969)			**(1 969)**
Total Cashflows	**4 267 268**	**(4 512 802)**	**-**	**(245 534)**
Closing insurance contract liabilities as at 31 December 2024	**127 414**	**296 003**	**7 934**	**431 351**
	127 414	**296 003**	**7 934**	**431 351**
Contributions in advance	54 367			54 367
Personal medical savings account ("PMSA")	124 052			124 052
Arrear contributions	(51 005)			(51 005)
IBNR		56 003		56 003
Directly attributable expense payables		240 000		240 000
IBNR - Risk adjustment			7 934	7 934

* The Council for Medical Schemes requires additional disclosures on the PMSA liability - refer to note 12.

Notes to the Highlights from the Annual Financial Statements (Cont.)

for the year ended 31 December 2025

Insurance contract liabilities (Cont.)

3.1 Insurance contract liabilities - Liability attributable to current members

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

	2024 R'000			
	LFRC	LIC		TOTAL
	Excl. Loss	PVFCF	Risk Adjust.	
Insurance contracts issued component				
Opening insurance contract 1 January 2024	146 914	248 952	545	**396 411**
Insurance revenue New contracts issued in the year	(3 901 648)			**(3 901 648)**
Total insurance revenue	**(3 901 648)**			**(3 901 648)**
Insurance service expenses				
Incurred claims and other directly attributable expenses		3 977 335	8 721	**3 986 056**
Acquisition expenses		82 807		**82 807**
Changes that relate to past service - adjustments to the LIC		(13 560)	(1 455)	**(15 015)**
Total insurance service expenses	**-**	**4 046 582**	**7 266**	**4 053 848**
Insurance service result	**(3 901 648)**	**4 046 582**	**7 266**	**152 200**
Finance expense from insurance contracts issued				
Other - PMSA written off and refunded*	(17 353)			**(17 353)**
Total amounts recognised in comprehensive income	**(3 919 001)**	**4 046 582**	**7 266**	**134 847**
Investment components*	(64 902)	64 902		**-**
Cashflows				
Contributions received	3 975 361			**3 975 361**
Claims and other directly attributable expenses paid		(4 092 150)		**(4 092 150)**
Saving plan refund	(1 828)			**(1 828)**
Total Cashflows	**3 973 533**	**(4 092 150)**	**-**	**(118 616)**
Closing insurance contract liabilities as at 31 December 2024	**136 544**	**268 287**	**7 811**	**412 642**
	136 544	**268 287**	**7 811**	**412 642**
Contributions in advance	75 509			75 509
Personal medical savings account ("PMSA")	120 720			120 720
Arrear contributions	(59 685)			(59 685)
IBNR		210 000		210 000
Directly attributable expense payables		58 287		58 287
IBNR - Risk adjustment			7 811	7 811

* The Council for Medical Schemes requires additional disclosures on the PMSA liability - refer to note 12.

Notes to the Highlights from the Annual Financial Statements (Cont.)

for the year ended 31 December 2025

4 Insurance contract liabilities - Liability to members for future benefits

	2025 R'000	2024 R'000
Opening balance	2 539 354	2 482 565
Movement in insurance liability attributable to future members	78 096	56 789
Amounts attributable to future members	(101 724)	9 805
Unrealised gains/(losses) on equity instruments designated as FVOCI	179 820	46 984
Derecognition of equity instruments designated as FVOCI upon disposal	(54 113)	(20 593)
Cumulative gains/(losses) on equity instruments designated FVOCI transferred to future members upon disposal	54 113	20 593
	2 617 450	**2 539 354**

Notes to the Highlights from the Annual Financial Statements (Cont.)

for the year ended 31 December 2025

5 Reinsurance contract liabilities

Reconciliation of the reinsurance contract liabilities for the remaining liability for incurred claims

2025 R'000	RCC (Remaining coverage)	Incurred claims		TOTAL
	Excl. Loss	PVFCF	RA	
Reinsurance contracts issued component				
Opening reinsurance contract as at 1 January 2025	1 747		**1 747**	1 747
Net income/(expenses) from reinsurance contracts held				
Reinsurance expenses	62 991		**62 991**	62 991
Claims recovered*		(64 641)		**(64 641)**
Net income/(expenses) from reinsurance contracts held	**62 991**	**(64 641)**	-	**(1 650)**
Total amounts recognised in other comprehensive income	**62 991**	**(64 641)**	-	**(1 650)**
Cashflows				
Premiums paid	(26 014)			(26 014)
Recoveries from reinsurance		532		532
Total cashflows	**(26 014)**	**27 384**	-	**1 370**
Closing reinsurance contracts as at 31 December 2025	**38 724**	**(37 257)**	-	**1 467**

2024 R'000	RCC (Remaining coverage)	Incurred claims		TOTAL
	Excl. Loss	PVFCF	RA	
Reinsurance contracts issued component				
Opening reinsurance contract as at 1 January 2024	1 711			**1 711**
Net gains/(losses) from reinsurance contracts held				
Reinsurance expenses	18 764			**18 764**
Claims recovered*		(25 725)		**(25 725)**
Net gains/(losses) from reinsurance contracts held	**18 764**	**(25 725)**	-	**(6 961)**
Total amounts recognised in other comprehensive income	**18 764**	**(25 725)**	-	**(6 961)**
Cashflows				
Premiums paid	(18 728)			**(18 728)**
Recoveries from reinsurance**		25 725		**25 725**
Total cashflows	**(18 728)**	**25 725**	-	**6 997**
Closing reinsurance contracts as at 31 December 2024	**1 747**	-	-	**1 747**

*Claims recovered is the quantum that the Scheme would have paid, in the event that no reinsurance contract was in place.
** Recoveries from reinsurance are non-cash in nature.

Notes to the Highlights from the Annual Financial Statements (Cont.)

for the year ended 31 December 2025

6 Insurance revenue and service expenses

	Notes	2025 R'000	2024 R'000
Insurance revenue			
Insurance revenue from contracts measured under the PAA		4 283 185	3 967 662
Provision for impairments of insurance contract assets	16	(5 425)	6 506
Less: contribution premium from PMSA members		(72 203)	(72 520)
Total insurance revenue	7.1	**4 205 557**	**3 901 648**
Insurance service expenses[***]			
Net claims incurred		(4 015 123)	(3 671 904)
- Claims incurred		(4 015 176)	(3 672 025)
- Third party claims recovery		53	121
Accredited managed healthcare expenditure (no risk transfer)		(67 928)	(62 629)
Acquisition expenses		(86 971)	(82 807)
Directly attributable expenditure		(278 294)	(251 523)
Changes that relate to past service – adjustments to the LIC		(30 123)	15 015
Total insurance expenses	7.1	**(4 478 439)**	**(4 053 848)**
Net income/(expenses) from reinsurance contracts held			
Reinsurance expenses – contracts measured under the PAA		(62 991)	(18 764)
Total expenses from reinsurance contracts held			
Claims recovered		64 641	25 725
Total income from reinsurance contracts held	8	**1 650**	**6 961**
Total insurance service result		**(271 232)**	**(145 239)**
Amount as per note 7.1 relating to current members		(272 882)	(152 200)
Reinsurance result[*]		1 650	6 961
Total insurance service result	7.1	**(271 232)**	**(145 239)**
[***]relevant healthcare expenditure forms part of insurance claims and relevant healthcare expenditure consists of:			
Net claims incurred		(4 015 123)	(3 671 904)
Accredited managed healthcare expenditure (no risk transfer)		(67 928)	(62 629)
Re-insurance results		1 650	6 961
Total relevant healthcare expenditure		**(4 081 401)**	**(3 727 572)**

Notes to the Highlights from the Annual Financial Statements (Cont.)

for the year ended 31 December 2025

7 Related party transactions

The Board of Trustees and the Principal Officer have the authority and responsibility for planning, directing and controlling Medshield Medical Scheme's activities. The Trustees are responsible for the Scheme's affairs.

i Principal Officer

Transactions for the year:	2025 R'000	2024 R'000
Remuneration and considerations - Principal Officer	**7 511**	**7 126**
- Total Remuneration	4 993	4 710
- Short-term incentive provision	2 400	2 340
- Other disbursements (Operational expenses)	118	76
Medical aid contribution and claims made to and received from the Scheme	**43**	**32**
- Membership contributions made by Principal Officer	103	61
- Claims paid in respect of the Principal Officer	(60)	(29)
Balances at year-end	**2 400**	**2 340**
- Short-term incentive provision	2 400	2 340

ii Key Management

Transactions for the year:		
Remuneration and considerations	**24 938**	**22 449**
- Total Remuneration	18 740	17 492
- Short-term incentive provision	5 444	4 455
- Other disbursements (Operational expenses)	754	502
Medical aid contribution and claims made to and received from the Scheme	**399**	**190**
- Membership contributions made by Executives	479	437
- Claims paid in respect of the Executives	(80)	(247)
Outstanding balances due to related parties:		
Board of Trustees		
- Fees and Remuneration considerations	4 858	4 136
- Other disbursements	841	503
- Membership contributions made by Trustees	800	924
- Claims paid in respect of Trustees	478	427
- Trustee personal medical savings accounts balances	43	46

Notes to the Highlights from the Annual Financial Statements (Cont.)

for the year ended 31 December 2025

8 Surplus/(deficit) from operations per benefit option

31 December 2025	R'000	R'000	R'000	R'000	R'000	R'000
Category	MediPlus prime	MediPlus compact	MediValue prime	MediValue compact	MediBonus	MediPhila
Number of members	11 745	1 158	27 998	8 643	1 437	14 417
Insurance revenue	1 038 598	89 289	1 423 897	412 534	200 182	447 490
Insurance service expense	(1 126 610)	(116 599)	(1 381 253)	(435 942)	(225 881)	(504 386)
Net profit/(loss) from reinsurance contracts	259	26	618	191	32	318
Insurance service result	**(87 753)**	**(27 284)**	**43 262**	**(23 217)**	**(25 667)**	**(56 578)**
Net investment income	31 047	3 061	74 012	22 847	3 799	38 111
Net insurance and investment result	**(56 706)**	**(24 223)**	**117 274**	**(370)**	**(21 868)**	**(18 467)**
Finance Expense	(234)	(23)	(558)	(172)	(29)	(287)
Administration and operating expenses	(22 299)	(2 199)	(53 158)	(16 410)	(2 728)	(27 372)
Other operating income	1 032	102	2 460	759	126	1 267
Fair value adjustment on financial assets held at fair value through profit and loss	17 105	1 686	40 775	12 587	2 093	20 996
Profit/(loss) for the year before amounts attributable to future members	**(61 102)**	**(24 657)**	**106 793**	**(3 606)**	**(22 406)**	**(23 863)**
Amounts attributable to future members	(12 279)	(1 211)	(29 270)	(9 036)	(1 502)	(15 072)
Profit/(loss) for the year	**(73 381)**	**(25 868)**	**77 523**	**(12 642)**	**(23 908)**	**(38 935)**

Expenses not directly attributable to an option were allocated proportionately to the membership per option.

Following Circular 12 of 2024 and Circular 6 of 2025 issued by the Council for Medical Schemes, the Scheme has changed its presentation of insurance service expense. "Amounts attributable to future members" are now presented as a separate line item in the Statement of Profit and Loss and Other Comprehensive Income before "Total Comprehensive income/(loss) for the year", rather than being included within insurance service expenses. This change enhances transparency in medical scheme reporting as required by CMS regulations.

Notes to the Highlights from the Annual Financial Statements (Cont.)

for the year ended 31 December 2025

8 Surplus/(deficit) from operations per benefit option *(Continued)*

31 December 2025	R'000	R'000	R'000	R'000	R'000	R'000
Category	MediCore	MediSaver	MediCurve	PremiumPlus	**Other**	**Total**
Number of members	2 203	3 030	2 978	1 093	-	**74 702**
Insurance revenue	173 029	228 978	58 676	132 883	1	**4 205 557**
Insurance service expense	(169 194)	(277 914)	(70 904)	(169 756)	-	**(4 478 439)**
Net profit/(loss) from reinsurance contracts	49	67	66	24		**1 650**
Insurance service result	**3 884**	**(48 869)**	**(12 162)**	**(36 849)**	1	**(271 232)**
Net investment income	5 824	8 010	7 872	2 889		**197 472**
Net insurance and investment result	**9 708**	**(40 859)**	**(4 290)**	**(33 960)**	1	**(73 760)**
Finance Expense	(44)	(60)	(59)	(22)	-	**(1 488)**
Administration and operating expenses	(4 183)	(5 753)	(5 654)	(2 075)		**(141 831)**
Other operating income	194	266	262	96	(1)	**6 563**
Fair value adjustment on financial assets held at fair value through profit and loss	3 208	4 413	4 337	1 592		**108 792**
Profit/(loss) for the year before amounts attributable to future members	**8 883**	**(41 993)**	**(5 404)**	**(34 369)**	-	**(101 724)**
Amounts attributable to future members	(2 303)	(3 168)	(3 113)	(1 143)	1	(78 096)
Profit/(loss) for the year	**6 580**	**(45 161)**	**(8 517)**	**(35 512)**	**1**	**(179 820)**

Expenses not directly attributable to an option were allocated proportionately to the membership per option.

Following Circular 12 of 2024 and Circular 6 of 2025 issued by the Council for Medical Schemes, the Scheme has changed its presentation of insurance service expense. "Amounts attributable to future members" are now presented as a separate line item in the Statement of Profit and Loss and Other Comprehensive Income before "Total Comprehensive income/(loss) for the year", rather than being included within insurance service expenses. This change enhances transparency in medical scheme reporting as required by CMS regulations.

Notes to the Highlights from the Annual Financial Statements (Cont.)

for the year ended 31 December 2025

8 Surplus/(deficit) from operations per benefit option *(Continued)*

31 December 2024	R'000	R'000	R'000	R'000	R'000	R'000
Category	MediPlus prime	MediPlus compact	MediValue prime	MediValue compact	MediBonus	MediPhila
Number of members	12 870	949	27 456	8 084	1 631	12 039
Insurance revenue	1 056 963	72 484	1 297 588	336 687	208 197	359 206
Insurance service expense	(1 139 780)	(97 895)	(1 262 088)	(358 079)	(201 654)	(361 129)
Net profit/(loss) from reinsurance contracts	1 254	92	2 675	788	159	1 173
Insurance service result	**(81 563)**	**(25 319)**	**38 175**	**(20 604)**	**6 702**	**(750)**
Net investment income	37 556	2 769	80 119	23 590	4 759	35 131
Net insurance and investment result	**(44 007)**	**(22 550)**	**118 294**	**2 986**	**11 461**	**34 381**
Finance Expense	(327)	(24)	(699)	(206)	(41)	(306)
Administration and operating expenses	(24 482)	(1 805)	(52 227)	(15 378)	(3 103)	(22 901)
Other operating income	1 293	95	2 758	812	164	1 209
Fair value adjustment on financial assets held at fair value through profit and loss	13 885	1 024	29 622	8 722	1 760	12 989
Profit/(loss) for the year before amounts attributable to future members	**(53 638)**	**(23 260)**	**97 747**	**(3 064)**	**10 240**	**25 372**
Amounts attributable to future members	(10 228)	(754)	(21 820)	(6 425)	(1 296)	(9 568)
Profit/(loss) for the year	**(63 866)**	**(24 014)**	**75 927**	**(9 489)**	**8 944**	**15 803**

Expenses not directly attributable to an option were allocated proportionately to the membership per option.

Following Circular 12 of 2024 and Circular 6 of 2025 issued by the Council for Medical Schemes, the Scheme has changed its presentation of insurance service expense. "Amounts attributable to future members" are now presented as a separate line item in the Statement of Profit and Loss and Other Comprehensive Income before "Total Comprehensive income/(loss) for the year", rather than being included within insurance service expenses. This change enhances transparency in medical scheme reporting as required by CMS regulations.

Notes to the Highlights from the Annual Financial Statements (Cont.)

for the year ended 31 December 2025

8 Surplus/(deficit) from operations per benefit option *(Continued)*

31 December 2024	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Category	MediCore	MediSaver	MediCurve	MediSwift*	PremiumPlus	Other	Total
Number of members	2 537	3 359	1 227	105	1 200	-	**71 457**
Insurance revenue	178 796	234 396	22 868	3 623	130 841	(1)	**3 901 648**
Insurance service expense	(181 757)	(265 908)	(22 925)	(2 951)	(168 537)	8 855	**(4 053 848)**
Net profit/(loss) from reinsurance contracts	247	327	120	10	117	(1)	**6 961**
Insurance service result	**(2 714)**	**(31 185)**	**63**	**682**	**(37 579)**	**8 853**	**(145 239)**
Net investment income	7 403	9 802	3 581	306	3 502	1	**208 519**
Net insurance and investment result	**4 689**	**(21 383)**	**3 644**	**988**	**(34 077)**	**8 854**	**63 280**
Finance Expense	(65)	(85)	(31)	(3)	(31)		**(1 818)**
Administration and operating expenses	(4 826)	(6 390)	(2 334)	(200)	(2 283)	2	**(135 927)**
Other operating income	255	337	123	11	121	(1)	**7 177**
Fair value adjustment on financial assets held at fair value through profit and loss	2 737	3 624	1 324	112	1 295	(1)	**77 093**
Profit/(loss) for the year before amounts attributable to future members	**2 790**	**(23 898)**	**2 726**	**908**	**(34 975)**	**8 857**	**9 805**
Amounts attributable to future members	(2 016)	(2 669)	(975)	(83)	(954)	(1)	(56 789)
Profit/(loss) for the year	**774**	**(26 566)**	**1 751**	**825**	**(35 929)**	**8 856**	**(46 984)**

Expenses not directly attributable to an option were allocated proportionately to the membership per option.

Following Circular 12 of 2024 and Circular 6 of 2025 issued by the Council for Medical Schemes, the Scheme has changed its presentation of insurance service expense. "Amounts attributable to future members" are now presented as a separate line item in the Statement of Profit and Loss and Other Comprehensive Income before "Total Comprehensive income/(loss) for the year", rather than being included within insurance service expenses. This change enhances transparency in medical scheme reporting as required by CMS regulations.

** The MediSwift option was discontinued as at 31 December 2024.*

05

Report of the Board of Trustees

The Board of Trustees

The Board of Trustees remains committed to embedding the principles of good corporate governance into the Scheme's values, vision, and mission, recognising these as critical enablers of long-term sustainability, ethical leadership, and stakeholder trust.

This commitment reflects the Board's role in ensuring accountability, transparency, and responsible stewardship in delivering sustainable value for members.

01. Trustees

The Board of Trustees is responsible for governing the Scheme in accordance with the Medical Schemes Act. 131 of 1998 and the Scheme rules.

02. Strategy

The Board approved the 2024-2026 three-year strategic plan with clearly defined strategic goals, for effective execution by the Management team.

03. Governance

The governance structure of the Scheme continued to function efficiently and effectively, with the Board and various Board Committees continuously monitoring and evaluating the strategic priorities carried out by the Management team during the 2025 financial year.

Legal and Contractual Matters

The Board of Trustees (BOT) and the Principal Officer (PO) are committed to ensuring that all efforts are made to conclude all outstanding legal matters expeditiously whilst protecting the rights and interests of the Scheme and its members. The BOT and the PO are attending to the following matters of material significance:

No.	Litigation Matter	Description of Action
01	**Medshield/Neels Barendrecht and 4 others**	This is an action in terms of Section 424 of the Companies Act against the former directors of Calabash Health Solutions (Pty) Ltd, to hold them personally liable for the debts of the entity to the value of R 46 209 104.63. The Scheme has taken the decision to passively abandon this matter.
02	**Medshield/Calabash Health Solutions (in liquidation)** – *claim against liquidators of Calabash*	Action has been instituted against Calabash Health Solutions (Pty) Ltd (in liquidation) regarding the recovery of the amount of R46.2 million, relating to claims paid by the Scheme as a result of Calabash's breach of a capitation agreement. The Scheme has taken the decision to passively abandon this matter.
03	**Medshield/Bletchley Park and Medshield Distribution Services**	The Scheme has brought an action against both Bletchley Park and Medshield Distribution Services for the recovery of "research fees" that were paid to brokers through the two entities, totalling the amount of R27 666 500.18.
04	**SASP Commercial Affair (Pty) Ltd/ Medshield and 82 others**	South African Society for Physiotherapists issued a legal review in October 2021 seeking to have Section 59(3) of the Medical Schemes Act declared constitutionally invalid and to be set aside. This matter was heard in the North Gauteng High Court during 2025 and the judgment has been reserved.
05	**Medshield/Alumni Trading 264 (Pty) Ltd (issued under the names of the joint liquidators of Alumni, Anneke Barnard and Oscar Sithole as the applicants)**	The Scheme purchased the name and trademark, Medshield, from Alumni Trading for R10 million. Alumni failed to transfer the trademarks to the Scheme and consequently the Scheme instituted proceedings to liquidate Alumni Trading, over and above attempts to have the agreement set aside and the amounts of money paid recovered. The first respondent made a settlement offer of R1 million which was accepted, and the monies were paid into the trust account of Lawton attorneys. The matter is proceeding against the remaining respondents.

Medshield Medical Scheme Board of Trustees (Elected)

MEDSHIELD BOARD CHAIRPERSON

Mr Andries **Labuscagne**

BOARD VICE CHAIR

Mr Seth **Makhani**

Audit, Risk and Compliance Committee

Mr Leon **de Lange**

Governance Committee,
Social, Legal, Ethics, Disputes, and Governance Committee

Mr Trevor **Wiblin**

Remuneration and Human Capital Committee
Marketing, Product Review and Pricing Committee

Medshield Medical Scheme Board of Trustees (Elected)

Attendance by elected members of the Board of Trustees during the financial year 2025.

Member Elected Trustees	Date of Appointment	Area of Expertise	24 Feb*	07 Mar*	26 Mar*	27 Mar	24-25 Apr*	03 Jun	08 Jul*
Mr. Andries Labuscagne (Chairperson)	11 Aug 2023	Finance, Legal & Management	Y	Y	Y	Y	Y	Y	Y
Mr. Trevor Wiblin	11 Aug 2023	Finance & Management	Y	Y	Y	Y	Y	Y	Y
Mr. Seth Makhani	11 Aug 2023	Audit & Finance	Y	Y	Y	Y	Y	Y	Y
Mr. Leon de Lange	11 Aug 2023	Legal	Y	Y	Y	Y	Y	Y	Y

**Special Board meeting*
Y - Attended the meeting

The **Scheme Secretariat** *is responsible for providing support and advice on good governance to the Scheme and its committees.*

Medshield Medical Scheme Board of Trustees (Elected)

Attendance by elected members of the Board of Trustees during the financial year 2025.

Member Elected Trustees	Date of Appointment	Area of Expertise	28 Jul*	12 Aug*	27 Aug	13 Oct*	03 Nov*	17 Nov*	27-28 Nov
Mr. Andries Labuscagne (Chairperson)	11 Aug 2023	Finance, Legal & Management	Y	Y	Y	Y	Y	Y	Y
Mr. Trevor Wiblin	11 Aug 2023	Finance & Management	Y	Y	Y	Y	Y	Y	Y
Mr. Seth Makhani	11 Aug 2023	Audit & Finance	Y	Y	Y	Y	Y	Y	Y
Mr. Leon de Lange	11 Aug 2023	Legal	Y	Y	Y	Y	Y	Y	Y

**Special Board meeting*
Y - Attended the meeting

*The **Scheme Secretariat** is responsible for providing support and advice on good governance to the Scheme and its committees.*

Medshield Medical Scheme Co-opted Trustees

Mrs Antea **Fourie-Van Zyl**

Audit, Risk and Compliance Committee

Finance, Investment and Operations Committees

Dr Ritesh **Nandkoomar**

Clinical Governance Committee

Social, Legal, Ethics, Disputes and Governance Committee

Mr Yuza **Nkuna**

Remuneration and Human Capital Committee

Marketing, Product Review and Pricing Committee

Co-opted Trustees

Attendance by Co-opted members of the Board of Trustees during the financial year 2025

Co-opted Trustees *(appointed not elected)*	Date of Appointment	Area of Expertise	24 Feb*	07 Mar*	26 Mar*	27 Mar	24-25 Apr*	03 Jun	08 Jul*
Dr Ritesh Nandkoomar	12 Feb 2024	Human Capital & Medical	Y	Y	Y	Y	Y	Y	Y
Yuza Nkuna	12 Feb 2024	Marketing & Human Capital	Y	Y	Y	Y	Y	Y	Y
Antea Fourie-Van Zyl	30 Nov 2023	Audit & Finance	Y	Y	Y	Y	Y	Y	Y

**Special Board meeting*
Y – Attended the meeting

*The **Scheme Secretariat** is responsible for providing support and advice on good governance to the Scheme and its committees.*

Co-opted Trustees

Attendance by Co-opted members of the Board of Trustees during the financial year 2025

Co-opted Trustees *(appointed not elected)*	**Date of Appointment**	**Area of Expertise**	**28 Jul***	**12 Aug***	**27 Aug**	**13 Oct***	**03 Nov***	**17 Nov***	**27-28 Nov**
Dr Ritesh Nandkoomar	12 Feb 2024	Human Capital & Medical	Y	Y	Y	Y	Y	Y	Y
Yuza Nkuna	12 Feb 2024	Marketing & Human Capital	Y	Y	Y	Y	Y	Y	Y
Antea Fourie-Van Zyl	30 Nov 2023	Audit & Finance	Y	Y	Y	Y	Y	Y	Y

**Special Board meeting*

Y – Attended the meeting

*The **Scheme Secretariat** is responsible for providing support and advice on good governance to the Scheme and its committees.*

A Quantitative Review of Activities

*MediPlus Compact and MediValue Compact are efficiency discount options
**MediSwift has been discontinued from 1 January 2025

2025	MediPlus Prime	MediPlus Compact*	MediValue Prime	MediValue Compact*	MediBonus	MediPhila	MediCore	MediSaver	PremiumPlus	MediCurve	Total
Number of members at the end of the year (n)	11 745	1 158	27 998	8 643	1 437	14 417	2 203	3 030	1 093	2 978	**74 702**
Average number of members for the year (n)	12 106	1 092	27 881	8 461	1 490	13 079	2 298	3 139	1 135	2 176	**72 857**
Pensioner ratio of members (>65)	35,7%	42,5%	11,5%	10,7%	54,8%	5,8%	62,6%	53,4%	72,2%	6,3%	**19,3%**
Pensioner ratio of beneficiaries (>65)	18,4%	20,7%	5,9%	5,0%	33,1%	2,9%	34,3%	31,5%	46,9%	3,3%	**9,9%**
Number of beneficiaries	22 864	2 381	54 611	18 360	2 380	29 349	4 017	5 136	1 684	5 570	**146 352**
Average age of members	60.74	60.57	46.98	44.49	67.17	41.09	69.19	67.06	72.54	38.95	**49.84**
Average age of beneficiaries	46.26	47.27	33.52	31.15	57.06	28.05	57.92	55.45	63.39	28.51	**36.31**
Average net insurance revenue per member per month	7 155	6 820	4 262	4 069	11 202	2 857	6 279	6 084	9 759	2 257	**4 816**
Average net insurance revenue per beneficiary per month	7 463	6 475	4 493	3 626	17 018	2 771	7 561	8 600	17 811	3 221	**5 053**

2025	MediPlus Prime	MediPlus Compact*	MediValue Prime	MediValue Compact*	MediBonus	MediPhila	MediCore	MediSaver	PremiumPlus	MediCurve	Total
Average relevant healthcare expenditure ratio	102,7%	123,9%	87,0%	95,0%	109,2%	96,3%	91,3%	114,6%	123,5%	94,9%	**97,4%**
Average net relevant healthcare expenditure incurred per member per month	7 347	8 453	3 706	3 864	12 228	2 750	5 731	6 971	12 055	2 142	**4 691**
Average net relevant healthcare expenditure incurred per beneficiary per month	7 663	8 024	3 907	3 443	18 577	2 667	6 902	9 855	22 001	3 057	**4 922**
Average directly attributable insurance service expense ratio	6,9%	7,3%	11,6%	12,2%	4,4%	17,3%	7,9%	8,1%	5,1%	21,9%	**10,3%**
Average directly attributable expenses per member per month	495	495	495	495	495	495	495	495	495	495	**495**
Average directly attributable expenses per beneficiary per month	254	254	254	254	254	254	254	254	254	254	**254**
Average non-healthcare expenses per member per month	162	162	162	162	162	162	162	162	162	162	**162**
Average non-healthcare expenses per beneficiary per month	83	83	83	83	83	83	83	83	83	83	**83**
Beneficiaries per member at year end	0,95	1,06	0,95	1,12	0,66	1,04	0,82	0,70	0,54	0,87	**0,96**
Net claims as percentage of net contributions	103,0%	124,0%	87,0%	95,0%	109,0%	96,0%	91,0%	115,0%	124,0%	95,0%	**97,0%**
Non-healthcare expenses as percentage of net contributions	6,6%	7,0%	11,1%	11,7%	3,9%	16,6%	7,5%	7,8%	4,8%	21,4%	**9,8%**
Average accumulated funds per member as at year end	33 110	33 110	33 110	33 110	33 110	33 110	33 110	33 110	33 110	33 110	**33 110**
Return on investments as a percentage of investments	17,6%	17,6%	17,6%	17,6%	17,6%	17,6%	17,6%	17,6%	17,6%	17,6%	**17,6%**

A Quantitative Review of Activities *(Continued)*

**MediPlus Compact and MediValue Compact are efficiency discount options*
***MediSwift has been discontinued from 1 January 2025*

2024	MediPlus Prime	MediPlus Compact*	MediValue Prime	MediValue Compact*	MediBonus	MediPhila	MediCore	MediSaver	PremiumPlus	MediCurve	MediSwift**	Total
Number of members at the end of the year (n)	12 870	949	27 456	8 084	1 631	12 039	2 537	3 359	1 200	1 227	105	**71 457**
Average number of members for the year (n)	13 426	964	27 639	7 443	1 704	11 351	2 624	3 501	1 245	990	93	**70 980**
Pensioner ratio of members (>65)	32.9%	45.0%	11.3%	10.0%	50.7%	6.6%	61.1%	51.5%	70.8%	12.8%	21.9%	**20.3%**
Pensioner ratio of beneficiaries (>65)	21.9%	32.2%	7.4%	6.4%	40.6%	3.9%	44.7%	37.1%	56.5%	13.7%	15.8%	**13.6%**
Number of beneficiaries	25 385	1 969	53 254	17 220	2 725	24 191	4 693	5 838	1 863	1 445	215	**138 798**
Average age of members	60.35	61.41	47.11	44.4	66.50	42.12	68.91	66.63	72.67	43.18	50.81	**51.04**
Average age of beneficiaries	45.59	48.34	33.92	31.14	56.07	29.07	57.47	54.34	62.98	42.54	39.07	**37.65**
Average net insurance revenue per member per month	6 550	6 258	3 901	3 757	10 173	2 625	5 667	5 569	8 747	1 912	3 230	**4 570**
Average net insurance revenue per beneficiary per month	3 294	3 017	2 004	1 730	6 069	1 311	3 035	3 195	5 595	1 636	1 568	**2 341**

2024	MediPlus Prime	MediPlus Compact*	MediValue Prime	MediValue Compact*	MediBonus	MediPhila	MediCore	MediSaver	PremiumPlus	MediCurve	MediSwift**	Total
Average relevant healthcare expenditure ratio	100,8%	126,7%	86,1%	93,7%	91,6%	83,2%	93,7%	104,9%	123,0%	73,6%	66,0%	**94,1%**
Average net relevant healthcare expenditure incurred per member per month	6 599	7 931	3 357	3 519	9 322	2 184	5 311	5 840	10 759	1 407	2 132	**4 301**
Average net relevant healthcare expenditure incurred per beneficiary per month	3 319	3 824	1 725	1 621	5 561	1 091	2 844	3 351	6 882	1 204	1 035	**2 203**
Average directly attributable insurance service expense ratio	7,2%	7,9%	11,9%	13,8%	3,9%	18,2%	7,9%	7,5%	4,3%	14,6%	15,2%	**10,2%**
Average directly attributable expenses per member per month	466	466	466	466	466	466	466	466	466	466	466	**466**
Average directly attributable expenses per beneficiary per month	239	239	239	239	239	239	239	239	239	239	239	**239**
Average non-healthcare expenses per member per month	160	160	160	160	160	160	160	160	160	160	160	**160**
Average non-healthcare expenses per beneficiary per month	82	82	82	82	82	82	82	82	82	82	82	**82**
Beneficiaries per member at year end	0,97	1,07	0,94	1,13	0,67	1,01	0,85	0,74	0,55	0,18	1,05	**0,94**
Net claims as percentage of net contributions	102,0%	128,0%	87,0%	95,0%	93,0%	84,0%	95,0%	106,0%	124,0%	74,0%	67,0%	**95,0%**
Non-healthcare expenses as percentage of net contributions	7,0%	7,0%	11,0%	12,0%	4,0%	17,0%	8,0%	8,0%	5,0%	23,0%	13,0%	**10,0%**
Average accumulated funds per member as at year end	33 986	33 986	33 986	33 986	33 986	33 986	33 986	33 986	33 986	33 986	33 986	**33 986**
Return on investments as a percentage of investments	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	**10,0%**

Accumulated Funds Ratio *(Solvency Ratio)*

	2025 R'000	2024 R'000
Amounts attributable to future members	2 617 450	2 539 354
Less:	(222 189)	(96 321)
Unrealised non-distributable reserve	(219 900)	(94 032)
Specific assets encumbered to third party	(2 289)	(2 289)
Accumulated funds as per Regulation 29	**2 217 597**	**2 355 398**
Gross Contributions	**4 282 833**	**3 964 591**
Accumulated funds ratio *(including savings contributions)*	51.8%	59.4%
Accumulated funds ratio *(excluding savings contributions)*	52.9%	60.7%

Non-Compliance with the Medical Schemes Act and Regulations

Contributions not received within the time stipulated by the Medical Schemes Act (MSA)

Nature of the non-compliance

Section 26(7) of the MSA states that:
All subscriptions or contributions shall be paid directly to a medical scheme not later than three days after payment thereof becomes due.

Cause of the non-compliance

There were some instances noted where the contributions were not received within three days of becoming due.

Impact

The risk of paying claims where no contributions were received or possible bad debts as a result of not collecting the contributions on time.

Corrective course of action

Strict credit control procedures are in place to prevent loss to the Scheme. Members and employers are continuously reminded to submit payment.

Non-payment of contributions will result in the suspension of the account and claims related to specific member(s) are not paid until the account is brought up to date.

Loss-making options

Nature of the non-compliance

Section 33(2) of the MSA states: The Registrar shall not approve any benefit option under this section unless the Council is satisfied that such benefit option:

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

Eight of the Scheme's options incurred a loss before amounts attributable to future members.

Impact

Benefit options will not be self-sustainable.

Cause of the non-compliance

The Scheme budgeted for the following benefit options to make a net healthcare loss as a way to subsidise the members' contributions by utilising accumulated reserves.

These options included:

Corrective course of action

The Scheme, in conjunction with the Scheme's actuaries, regularly reviews the performance of these options, and after taking all factors into consideration, contributions and benefits are adjusted accordingly on an annual basis in the normal course of business.

During the **annual product review** and **pricing process,** the Scheme **develops a five-year sustainability plan.**

The Scheme addresses loss-making options during this review, and it is the intention of the Scheme to achieve option self-sustainability in the medium term.

In the short-term, the Scheme plans to assist members by planning for deficits on certain benefit options by reducing contribution increases to more affordable levels.

Direct or indirect investments in other medical scheme administration companies and participating employers

Nature of the non-compliance

Section 35(8) of the MSA states: A medical scheme shall not invest any of its assets in the business of any other medical scheme or administrator or employer who participates in the medical scheme.

Impact

Direct equity investments in holding companies of medical scheme administrators.

Cause of the non-compliance

This is as a result of the mandate given to the asset managers by the Scheme, who have the discretion to invest in any approved instrument, in terms of Regulation 30.

Corrective course of action

The Scheme has obtained exemption from the Council for Medical Schemes for this non-compliance. This exemption expires on 31 December 2028.

Claims payments made in excess of 30 days since receipt thereof

Nature of the non-compliance

Section 59(2) of the MSA states: A medical scheme shall, in the case where an account has been rendered, subject to the provisions of this Act and the rules of the medical scheme concerned, pay to a member or a supplier of service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect of such benefit was received by the medical scheme.

Impact

Members might be charged interest on the late payment of accounts by the healthcare professionals.

Cause of the non-compliance

These instances mainly arise due to queries on the accounts submitted and further investigation is required before claims are processed.

There are two main process issues that may arise every year; firstly, PMB claim reversals and corrections will always breach 30 days because of the nature of the claim and secondly, there may be technical system issues which result in further software development.

This may lead to claims being put on hold until the software development is implemented, leading to certain claims breaching the 30 day payment requirement.

Corrective course of action

The Scheme continuously encourages members and providers to submit the required supporting documentation as early as possible.

The Scheme is continuously implementing new controls to manage the payments of claims in excess of 30 days.

Cause of the non-compliance

In terms of the lease agreements, the Landlords requires the Scheme to furnish a letter of guarantee in respect of the Scheme's rental obligation to the Landlord in terms of the lease.

The Scheme has furnished the Landlords with the required guarantee in the amounts (in totality) R2 288 567.

Encumbered assets

Nature of the non-compliance

Section 35(6) of the MSA states: A Medical Scheme shall not encumber its assets.

Impact

A portion of the Scheme's cash and cash equivalents are encumbered as guarantees to Landlords, as a requirement to secure the relevant properties. The Scheme was obligated to furnish the Landlords with deposits as part of the lease agreements in respect of the Head Office and regional office(s) premises.

Corrective course of action

The Scheme has obtained exemption from the Council of Medical Schemes for this non-compliance.

The exemption is **valid for the duration** of the **guarantees** and related **lease agreements.**

Prescribed Minimum Benefits

Nature of the non-compliance

Section 29(1)(o) of the MSA and Regulation 8 provide the scope and level of minimum benefits that the Scheme must provide to members and dependants.

Impact

In certain instances, the Scheme may not pay the level of minimum benefits in full.

Cause of the non-compliance

During the year under review, there were isolated instances where the Scheme did not pay claims in accordance with the scope and level of prescribed minimum benefits.

Corrective course of action

These identified claims are reprocessed and paid in terms of the Scheme Rules.

Claims received after 120 days (four months) were paid

Nature of the non-compliance

MSA Regulation 6 states the following: "A medical scheme must not in its rules or in any other manner in respect of any benefit to which a member or a former member of such a medical scheme or a dependant of such member is entitled, limit, exclude, retain or withhold, as the case may be, any payment to such member or supplier of service as a result of the late submission of an account or statement, before the end of the fourth month -

- from the last date of the service rendered as stated on the account, statement or claim; or
- during which such account, statement or claim was returned for correction.

Impact

Instances were identified where claims were received after 120 days (four months) from treatment date and paid, which may result in financial loss for the Scheme.

Cause of the non-compliance

During the year under review, there were isolated instances where the Scheme received claims after 120 days, which it paid.

Corrective course of action

The Scheme will implement internal controls to ensure claims received after 120 days (four months) are not paid.

Prescribed Minimum Benefits paid from members' medical savings accounts

Nature of the non-compliance

MSA Regulation 10(6) states the following: "The funds of members' medical savings accounts shall not be used to pay for the costs of a prescribed minimum benefit".

Impact

Claims paid from members' medical savings accounts will erroneously reduce the investment component of the affected member's medical savings account.

Cause of the non-compliance

In certain instances, it was identified where members' medical savings accounts were used to pay for prescribed minimum benefits.

Corrective course of action

These claims are identified and reprocessed and paid in terms of the Rules.

REPORT OF THE BOARD OF TRUSTEES

Events After the Reporting Period

It is the Scheme's strategy to explore opportunities for growth, which are both organic and inorganic in nature. In this regard the Scheme is pursuing this strategy in the ordinary course of business. At the date of signature, no such agreements had been concluded.

Going Concern

The Annual Financial Statements have been prepared in accordance with **accounting policies applicable** to a going concern.

This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Board has no reason to believe that the Scheme will not be a going concern in the foreseeable future.

The Annual Financial Statements have been prepared on the going concern basis, and were approved by the Board on 23 April 2026, and signed on its behalf by:

Mr Andries Labuscagne
Chairperson:
Board of Trustees

Mr Seth Makhani
Vice Chairperson:
Board of Trustees

Mr Kevin Aron
Principal Officer

25 May 2026

MEDSHIELD
medical scheme
Partner for Life