MEDIMED MEDICAL SCHEME
(Registration Number 1506)

ANNUAL GENERAL MEETING REPORT 2025

MEDIMED MEDICAL SCHEME
REGISTRATION NUMBER 1506

ANNUAL GENERAL MEETING REPORT 2025

The report and extracts set out below comprise the Annual General Meeting Report presented to the members of Medimed Medical Scheme.

Contents **Page**

MEDIMED MEDICAL SCHEME
REGISTRATION NUMBER 1506

REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2024

The Board of Trustees hereby presents its report for the year ended 31 December 2024.

1. DESCRIPTION OF THE MEDICAL SCHEME

1.1 Terms of registration

The Medimed Medical Scheme is a Medical Scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended. Although the scheme is registered as an open scheme, it is focused on providing health care benefits to members in the Eastern Cape.

1.2 Benefit options with Medimed Medical Scheme

In 2024 the Medical Scheme offered 4 benefit options to its members.
These were:

- Medisave Max
- Medisave Standard
- Medisave Essential
- Alpha

The Medisave Max and Standard options both provide comprehensive cover for hospital and in-hospital cost as well as chronic medication. Out of hospital costs are covered through a savings account and an elective benefit. Members are responsible to manage their savings and elective benefit.

The Medisave Essential Option provides comprehensive cover for hospital and in-hospital costs and benefits for the full year are provided through contracted providers who are paid a capitation fee for the beneficiaries covered. The contracted doctors manage the services to ensure cost effective care is provided to the members and their dependants.

The Alpha option provides comprehensive cover for in and out of hospital costs. Co-payments are made for all services except hospitalization which results in the members taking responsibility for the cost of health care benefits and as a result the option is extremely cost effective.

1.3 Reinsurance contracts (risk transfer arrangements)

On the Medisave Essential option risk for all out-of-hospital services and some of the in-hospital services is transferred to the contracted IPA's (Independent Practitioner Associations).

The scheme has entered into capitation agreements with ER24 for the provision of emergency transport for all options and Momentum Health for the Essential Option, for members out of area.

The methodology used to determine the claims covered by these arrangements is set out below.

- Premiums are calculated on the basis of beneficiary quantities and a fixed rate agreed upon with the respective service providers; and
- Claim recoveries relating to risk transfer arrangements are calculated based on information supplied by the contracted providers of actual payments made by the contracted providers in respect of the contracted benefits.

MEDIMED MEDICAL SCHEME
REGISTRATION NUMBER 1506

REPORT OF THE BOARD OF TRUSTEES - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

2. MANAGEMENT

2.1 Board of Trustees in office during the year under review:

G. Zamisa - Chairperson
V. Daweti
L. Dobell
S. Jobela
G. Mbedzi
T. Moahi - resigned 20 September 2024
G. Naidoo
T. Plaatjie
S. Syphus
K. Turro
C. Wildman-Marais
C. Williams
S.A. Mzongwana - appointed 20 September 2024

2.2 Principal Officer:

G.J. Roberts

2.3 Registered office address and postal address during the year:

Momentum Thebe Ya Bophelo (Pty) Ltd
7 Lutman Street
Richmond Hill
Gqeberha
6001

P.O. Box 1672
Gqeberha
6000

2.4 Medical Scheme Administrators (Accreditation number Admin:22) during the year:

Momentum Thebe Ya Bophelo (Pty) Ltd
7 Lutman Street
Richmond Hill
Gqeberha
6001

P.O. Box 1672
Gqeberha
6000

2.5 Auditors:

PricewaterhouseCoopers Inc.
Ascot Office Park
Greenacres
Gqeberha
6045

2.6 Actuaries (used for calculation of risk adjustment factor) (Accreditation Number: RSP029/2010)

Momentum Health (Pty) Ltd
201 Umhlanga Ridge Boulevard
Cornubia
4439

3. INVESTMENT STRATEGY OF THE MEDICAL SCHEME

The Trustees continue to invest in line with the requirements of the Medical Schemes Act. There has been no change in the policy during the current accounting period. The investment strategy adopted for the current year has aimed to increase returns on investments, whilst maintaining an acceptable level of risk across a more diverse portfolio. The scheme's investment objectives continue to be: to maximise the return on its investments on a long term basis at minimal to moderate risk. The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees. To achieve this, the funds are invested on call, short-term deposits and money market instruments with major banking institutions, as well as bonds and equity instruments with recognised institutions.

4. MEDICAL INSURANCE RISK MANAGEMENT

The primary insurance activity of the scheme is to indemnify covered members and their dependants against the risk of loss arising as the result of the occurrence of a health related event. As such the scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The scheme also has exposure to market risk through its investment activities.

The scheme manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management, service provider profiling, centralised management of risk transfer arrangements and the monitoring of emerging issues.

Certain risks are mitigated by entering into risk transfer arrangements. In this regard the scheme specifically decided to transfer all risks relating to emergency and ambulance services, optometry, and primary health care on the Medisave Essential option to an external service provider.

The scheme uses several methods to assess and monitor insurance risk exposure both for individual types of risk insured and overall risks. These methods include internal risk measurement models, sensitivity analyses, scenario analyses and stress testing.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected.

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

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

MEDIMED MEDICAL SCHEME
REGISTRATION NUMBER 1506

REPORT OF THE BOARD OF TRUSTEES - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 Operational statistics - Current year

2024	Alpha	Medisave Essential	Medisave Max	Medisave Standard	Total
Average number of members during the accounting period	1 588	842	171	3 625	6 226
Number of members at the end of the accounting period	1 572	785	168	3 601	6 126
Average number of beneficiaries during the accounting period	3 805	1 831	357	8 519	14 511
Number of beneficiaries at 31 December	3 741	1 692	349	8 442	14 224
Number of dependants at 31 December	2 169	907	181	4 841	8 098
Average number of dependants	2 217	989	186	4 894	8 285
Dependant ratio at 31 December	1.38	1.16	1.08	1.34	1.32
Insurance revenue per average beneficiary per month (R)	1,345.05	1,312.56	2,546.54	1,451.75	1,433.13
Insurance service expenses per average beneficiary per month (R) *	1,281.77	1,434.30	3,040.65	1,467.60	1,453.35
Relevant healthcare expenses incurred per average beneficiary per month (R) *	1,192.72	1,423.01	2,906.69	1,347.82	1,354.96
Directly attributable insurance service expenses per average beneficiary per month (R)	87.43	49.37	132.09	118.13	101.75
Other expenses per average beneficiary per month (R)	27.26	27.87	32.69	29.18	28.60
Insurance service expenses as a percentage of insurance revenue (%) *	95.30	109.28	119.40	101.09	101.41
Relevant healthcare expenses incurred as a percentage of insurance revenue (%) *	88.67	108.42	114.14	92.84	94.55
Directly attributable insurance service expenses as a percentage of insurance revenue (%)	6.50	3.76	5.19	8.14	7.10
Other expenses as a percentage of insurance revenue (%)	2.03	2.12	1.28	2.01	2.00
Average age per beneficiary	34.99	29.67	42.37	29.75	31.43
Pensioner ratio at 31 December (beneficiaries > 65 years)	8.53	4.61	16.91	3.49	5.28
Average insurance contract liability to future members per member at 31 December (R)	-	-	-	-	48 294
Return on investments as a percentage of investments (%)	-	-	-	-	9.69

* Excluding amounts attributable to future members

MEDIMED MEDICAL SCHEME
REGISTRATION NUMBER 1506

REPORT OF THE BOARD OF TRUSTEES - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES

5.1 Operational statistics - Prior year

2023	Alpha	Medisave Essential	Medisave Max	Medisave Standard	Total
Average number of members during the accounting period	1 640	910	152	3 399	6 101
Number of members at the end of the accounting period	1 616	854	150	3 319	5 939
Average number of beneficiaries during the accounting period	3 956	2 057	315	8 149	14 476
Number of beneficiaries at 31 December	3 893	1 856	311	7 867	13 927
Number of dependants at 31 December	2 277	1 002	161	4 548	7 988
Average number of dependants	2 316	1 147	163	4 750	8 375
Dependant ratio at 31 December	1.41	1.17	1.07	1.37	1.35
Insurance revenue per average beneficiary per month (R)	1,188.66	1,206.07	2,428.56	1,332.67	1,299.16
Insurance service expenses per average beneficiary per month (R) *	1,258.63	1,201.56	4,401.63	1,372.92	1,383.21
Relevant healthcare expenses incurred per average beneficiary per month (R) *	1,174.80	1,185.63	4,272.47	1,260.76	1,292.10
Directly attributable insurance service expenses per average beneficiary per month (R)	85.14	46.81	130.68	113.47	96.63
Other expenses per average beneficiary per month (R)	20.54	21.43	24.29	20.98	20.99
Insurance service expenses as a percentage of insurance revenue (%) *	105.89	99.63	181.24	103.02	106.47
Relevant healthcare expenses incurred as a percentage of insurance revenue (%) *	98.83	98.30	175.93	94.60	99.46
Directly attributable insurance service expenses as a percentage of insurance revenue (%)	7.16	3.88	5.38	8.51	7.44
Other expenses as a percentage of insurance revenue (%)	1.73	1.78	1.00	1.57	1.62
Average age per beneficiary	34.10	29.61	44.35	29.66	31.22
Pensioner ratio at 31 December (beneficiaries > 65 years)	7.70	3.97	18.65	3.44	5.04
Average insurance contract liability to future members per member at 31 December (R)	-	-	-	-	46 042
Return on investments as a percentage of investments (%)	-	-	-	-	7.97

* Excluding amounts attributable to future members

5.2 Results of operations

The results of the scheme are set out in the Annual Financial Statements, and the Trustees believe that no further clarification is required.

5.3 Solvency ratio

	2024 R	2023 R
The solvency ratio is calculated on the following basis:		
Insurance contract liabilities to future members	295 850 297	273 443 265
Less: cumulative unrealised net gains	(27 348 002)	(16 088 624)
Insurance contract liabilities to future members excluding unrealised gains	268 502 295	257 354 641
Gross contributions	305 656 204	276 688 319
Ratio of insurance contract liabilities (future members) to gross annual contribution income	87.84%	93.01%

The scheme is above the statutory requirement of 25%.

5. REVIEW OF THE ACCOUNTING PERIOD'S ACTIVITIES - continued

5.4 Personal medical savings account monies managed by the scheme on behalf of its members

In order to provide a facility for scheme members to set funds aside to meet future healthcare costs not covered in the benefit option, the Trustees have made the savings plan option available to meet this objective.

Members belonging to the Medisave Max and Standard options during the year under review paid an amount of 25% of their gross contributions into a savings account so as to help pay members' portions of healthcare costs up to a prescribed threshold.

Members belonging to the Medisave Essential option during the year under review paid an amount of 10% of their gross contributions into a savings account so as to help pay members' portions of healthcare costs up to a prescribed threshold.

The full annual amount is made available for use immediately although members only contribute towards savings on a monthly basis.

Unexpended savings amounts are accumulated for long term benefit of the member and interest is paid on balances at a rate determined by the trustees form time to time.

The scheme's liability to the members in respect of the savings account is reflected as a current liability in the financials (Note 21) and is repayable to members in terms of Regulation 10 of Medical Schemes Act, 131 of 1998 as amended.

With effect from December 2012, the scheme has implemented circular 38 of 2011. The effect of this is that credits due to members are kept in a separate trust account, and do not form part of the assets of the scheme. All interest earned on these funds is credited in full to members.

6. GUARANTEES RECEIVED BY THE SCHEME FROM A THIRD PARTY

There are no guarantees.

7. EVENTS AFTER THE REPORTING PERIOD

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

8. RELATED PARTY TRANSACTIONS

Refer to related parties disclosure in note 23 to the Annual Financial Statements.

9. INVESTMENTS IN AND LOANS TO/FROM PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL SCHEME AND TO/FROM OTHER RELATED PARTIES

The scheme holds no direct investments in participating employers of medical scheme members, or other related parties.

10. NON-COMPLIANCE MATTERS

Section 59 (2)
Certain claims were paid in excess of 30 days after receipt by the administrator as a result of queries to be investigated/audited in relation thereto. Non-compliance could impact on the relationship with members and providers. Procedures and policies are in place to manage late payment of claims, including a weekly report of claims held for investigation which is checked and signed by management to ensure that the 30 day limit is not exceeded. This practice ensures accurate claims processing and is in the interest of the risk management of the scheme.

10. NON-COMPLIANCE MATTERS - continued

Section 26 (7)
Certain contributions were not received within three days of becoming due. Non-compliance could affect the cash flow of the scheme and lead to member benefits being suspended. Due to the short duration of the contributions being outstanding, this is not significant. The scheme has a credit control policy in place.

Section 33 (2)
Each benefit option should be financially sound and self supporting. In this financial year the Medisave Essential, Medisave Max and Medisave Standard options incurred insurance service deficits.

The Medisave Essential option is designed for the lower earning employees and their families and provides benefits through provider networks. Changes were agreed with the major Medisave Essential risk transfer counterparty which are expected to be beneficial for the option. It is important that the Medisave Essential option remains affordable for lower earning employees to ensure that the scheme can provide cover for all employees at participating employer groups. During 2024, this option had 16 high cost cases, with a combined total cost of R 5.2 million.

As the Medisave Max option is the highest benefit option it is selected by the higher risk/utilising members. The costs of the members on this option are therefore higher than on the Medisave Standard option. The contributions of this option are higher than the Medisave Standard option and should the Medisave Max option be closed, these members would move to the Medisave Standard option, which will result in the scheme receiving less insurance revenue in respect of these members, but the costs would not reduce to the same extent as Prescribed Minimum Benefits would need to be funded. The result would therefore be that the deficit for the scheme would be higher if the Medisave Max option were closed. During 2024, this option had 9 high cost cases, with a combined total cost of R 2.4 million.

The Medisave Standard option had 88 high cost cases during the year, with a combined total cost of R 31.7 million, which contributed significantly to the bigger than budgeted loss. This is not the norm, however, the option is still very much self-supporting.

The Board of Trustees are monitoring all the options very carefully with the support of the administrator's clinical team.

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

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

11. EVENTS AFTER THE REPORTING PERIOD

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

12. AUDIT AND RISK COMMITTEE

During 2024 the Committee comprised: D. Middleton (chairperson), B. Mntoninzi, L. Dobell, G. Mbedzi, C. Isaacs (resigned 31 March 2024) and E. Gallant (appointed 16 August 2024).

The Committee met on 12 April 2024, 19 July 2024 and 15 November 2024.

Representatives of the administrator, the scheme's Principal Officer, the external auditors and a representative from the Internal Audit Committee attend all Audit Committee meetings and have unrestricted access to the chairperson of the Committee.

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

The Audit and Risk Committee is pleased to report that:

- It has carried out its duties in terms of the Medical Schemes Act;
- The external auditors have confirmed their independence;
- The assurances provided by management, external auditors and the internal auditors have satisfied the Committee that the controls are adequate and effective;
- It has had oversight of the financial reporting process; and
- It has reviewed the Annual Financial Statements and the audit report thereon and recommended the acceptance thereof by the Board of Trustees.

13. INVESTMENT COMMITTEE

The Board of Trustees has delegated the implementation of the scheme's investment policy to the Investment Committee. The overall objective of the Investment Committee is to assist the Trustees to discharge their duties and responsibilities in so far as investments of the scheme are concerned.

In performing its duties, the Investment Committee will maintain effective working-relationships with the Board of Trustees, as well as with the appointed Financial Consultant and any other external service providers.

The Committee and Chairperson shall be appointed by the Board of Trustees. The Committee shall consist of at least four members, one of whom must be the Principal Officer. The maximum number of members is six. The Board of Trustees may appoint two trustees as members of the Committee. To avoid impairment of judgement, members of the Commitee must be free of any business relationship or any other relationship with any of the Financial Institutions or Service Providers which the scheme utilises for placing its investments.

The committee during the year under review was:

G. Roberts (Chairperson) B. Com (Hons), B.Compt
D. Middleton CA (SA)
M. Volker B.Com (Law); LLB
L. Dobell (Trustee) B. Com
G. Zamisa (Trustee) MBA (Human Resources)

MEDIMED MEDICAL SCHEME
REGISTRATION NUMBER 1506

REPORT OF THE BOARD OF TRUSTEES - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

13. INVESTMENT COMMITTEE - continued

The committee met on three occasions during the year:

12 April 2024;
19 July 2024; and
15 November 2024.

14. DECLARATION OF INTERESTS

All officers of the scheme and members of Committees appointed by the Trustees of the scheme, as well as the Principal Officer of the scheme, completed the questionnaire as set out in Circular 49 of 2018 issued by the Council for Medical Schemes - vetting of Medical Scheme Officers.

15. TRUSTEE MEETING ATTENDANCE AND REMUNERATION

The following schedule sets out Board of Trustees meeting attendances, attendances by members of Board sub-committees.

Trustees and members of committees established by the Board can elect to be remunerated for attending meetings of the scheme. Certain trustees elected to be remunerated, the details of which are recorded under note 24 (Trustee's expenses) of the Annual Financial Statements.

Trustee/Sub-Committee Member	Board Meetings		Audit and Risk Committee Meetings		Investment Committee Meetings	
	A	**B**	**A**	**B**	**A**	**B**
Mr. G. Zamisa *	5	4	-	-	3	3
Mr. V Daweti *	5	5	-	-	-	-
Mr. L. Dobell *	5	4	3	2	3	2
Mr. S. Jobela *	5	5	-	-	-	-
Ms. G. Mbedzi *	5	4	3	2	-	-
Mr. T. Moahi - resigned 20 September 2024 *	5	-	-	-	-	-
Ms. G. Naidoo *	5	3	-	-	-	-
Mr. T. Plaatjie *	5	5	-	-	-	-
Mr. S. Syphus *	5	5	-	-	-	-
Ms. K. Turro*	5	4	-	-	-	-
Ms. C. Wildman-Marais *	5	5	-	-	-	-
Ms. C. Williams *	5	5	-	-	-	-
Mr. S.A. Mzongwana - appointed 20 September 2024 *	1	-	-	-	-	-
Mr. G. Roberts	5	5	3	3	3	3
Ms. B. Mntoninzi	-	-	3	1	-	-
Ms. C. Isaacs - resigned 31 March 2024	-	-	-	-	-	-
Mr. E. Gallant - appointed 16 August 2024	-	-	2	2	-	-
Mr. D. Middleton	-	-	3	3	3	3
Mr. M. Volker	-	-	-	-	3	3

* - Trustee
A - total possible number of meetings could have attended
B - actual number of meetings attended

Mr. Dieter Briechle of Old Mutual Wealth attends all the investment committee meetings.

16. OTHER SCHEME COMMITTEES

Disputes Committee:
The Disputes Committee comprises 3 (three) independent members of whom at least one must have a legal background, appointed by the Board as and when a dispute arises. The Committee meets as and when a dispute arises. The Committee determines the procedure to be followed at meetings.

The committee during the year under review was:

Ms. D. Giraud
Mr. S. Berkatt
Mr. M.C. Botha

No meetings were held during the year.

Remuneration Committee:
The purpose of the Committee is the ensure that fair, market-related remuneration is paid to the Principal Officer, chairman of the Audit Committee and trustees receiving meeting fees.

The Committee during the year under review and meeting attendance was as follows:

Sub-Committee member	Remuneration Committee Meetings	
	A	**B**
Mr. G. Roberts	-	-
Ms. C. Williams - appointed 16 February 2024	1	1
Mr. V. Daweti	1	1

Mr. G. Roberts recused himself from the meeting held as the Principal Officer fees were discussed at this meeting.

A - total possible number of meetings which could have attended
B - actual number of meetings attended

Ex-Gratia Committee:
The purpose of the Committee is to assist the Board with clinical related matters and decisions, such as protocols and managed health care interventions, as well as ex gratia decisions.

The Committee during the year under review and meeting attendance was as follows:

Sub-Committee member	Ex-Gratia Committee Meetings	
	A	**B**
Mr. G. Roberts	6	6
Ms. G. Mbedzi	6	4
Ms. H. Kela	6	6
Mr. M. Neubert	6	5
Ms. A. Noack	6	6

A - total possible number of meetings which could have attended
B - actual number of meetings attended

MEDIMED MEDICAL SCHEME
REGISTRATION NUMBER 1506

REPORT OF THE BOARD OF TRUSTEES - continued
FOR THE YEAR ENDED 31 DECEMBER 2024

17. INTERNAL AUDIT COMMITTEE

Momentum Thebe Ya Bophelo (Pty) Ltd (the administrator) has an internal audit committee which is chaired by an independent chairperson. The committee meets on a quarterly basis to discuss the findings from the internal audits performed during that quarter. The internal audit process covers a wide range of areas, which include systems related and operational tests. The CEO of the administrator does not form part of the committee, however, the internal auditor has direct access to him regarding any audit findings. The scheme's Principal Officer attends all internal audit committee meetings.

The internal auditor reports to the Chief Risk Officer of Momentum Metropolitan Health.

G. Zamisa
Chairperson

Date: 11-04-2025 | 22:21 SAST

MEDIMED MEDICAL SCHEME
REGISTRATION NUMBER 1506
EXTRACT FROM ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	2024 R	2023 R
ASSETS		
Non-current assets	268 182 976	240 298 268
Financial assets at fair value through profit or loss	218 947 623	207 074 168
Financial assets at amortised cost	49 235 353	33 224 100
Current assets	97 717 691	97 734 414
Financial assets at amortised cost	-	18 090 341
Trade and other receivables	4 887	4 887
Cash and cash equivalents	39 576 085	25 564 241
Savings trust assets	57 996 526	53 884 409
Reinsurance contract assets	140 193	190 536
Total assets	365 900 667	338 032 682
LIABILITIES		
Non-current liabilities		
Insurance contract liabilities	295 850 297	273 443 265
Current liabilities	70 050 370	64 589 417
Trade and other payables	673 675	980 904
Reinsurance contract liabilities	662 384	700 392
Insurance contract liabilities	68 714 312	62 908 121
Total liabilities	365 900 667	338 032 682

MEDIMED MEDICAL SCHEME
REGISTRATION NUMBER 1506
EXTRACT FROM ANNUAL FINANCIAL STATEMENTS

SURPLUS/(DEFICIT) FROM OPERATIONS PER BENEFIT OPTION
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 R Alpha	2024 R Medisave Essential	2024 R Medisave Max	2024 R Medisave Standard	2024 R Total
Insurance revenue	61 409 712	28 831 592	10 901 750	148 415 298	249 558 352
Insurance service expenses (excluding amounts attributable to future members)	(58 520 677)	(31 505 867)	(13 017 030)	(150 036 190)	(253 079 764)
Net expense from reinsurance contracts held	74 453	(836 508)	8 034	169 527	(584 494)
Reinsurance expenses from reinsurance contracts held	(594 812)	(6 767 274)	(63 875)	(1 361 186)	(8 787 147)
Reinsurance income from reinsurance contracts held	669 265	5 930 766	71 909	1 530 713	8 202 653
Insurance service result (net healthcare result)	2 963 488	(3 510 783)	(2 107 246)	(1 451 365)	(4 105 906)
Investment income from financial assets	5 778 111	3 062 638	622 169	13 190 478	22 653 396
Net fair value gains on fair value investments	3 152 598	1 671 008	339 462	7 196 865	12 359 933
Net investment income	8 930 709	4 733 646	961 631	20 387 343	35 013 329
Finance expenses from insurance contracts issued - PMSA	-	(828 504)	(401 548)	(3 623 513)	(4 853 565)
Net insurance finance expenses	-	(828 504)	(401 548)	(3 623 513)	(4 853 565)
Net result after investment income and finance expenses	11 894 197	394 359	(1 547 163)	15 312 465	26 053 858
Investment consulting	(218 852)	(115 980)	(23 502)	(500 828)	(859 161)
Other operating expenses	(1 025 749)	(496 205)	(116 442)	(2 482 604)	(4 121 000)
Prescribed savings balances written off	-	465 422	19 439	543 346	1 028 207
Sundry income	77 828	41 252	8 380	177 668	305 128
Net surplus/(deficit) for the year	10 727 423	288 848	(1 659 287)	13 050 047	22 407 031
Members at 31 December 2024	**1 572**	**785**	**168**	**3 601**	**6 126**

	2023 R Alpha	2023 R Medisave Essential	2023 R Medisave Max	2023 R Medisave Standard	2023 R Total
Insurance revenue	56 424 502	29 769 534	9 175 088	130 316 265	225 685 389
Insurance service expenses (excluding amounts attributable to future members)	(59 745 991)	(29 658 226)	(16 629 356)	(134 252 369)	(240 285 943)
Net expense from reinsurance contracts held	(61 994)	(762 137)	(5 753)	(128 780)	(958 664)
Reinsurance expenses from reinsurance contracts held	(577 382)	(7 509 556)	(53 575)	(1 196 984)	(9 337 497)
Reinsurance income from reinsurance contracts held	515 388	6 747 419	47 822	1 068 204	8 378 833
Insurance service result (net healthcare result)	(3 383 483)	(650 829)	(7 460 021)	(4 064 883)	(15 559 218)
Investment income from financial assets	5 888 554	3 266 233	546 367	12 205 584	21 906 738
Net fair value gains on fair value investments	1 320 205	732 285	122 495	2 736 474	4 911 459
Net investment income	7 208 759	3 998 517	668 862	14 942 059	26 818 197
Finance expenses from insurance contracts issued - PMSA	-	(788 804)	(401 778)	(3 024 651)	(4 215 233)
Net insurance finance expenses	-	(788 804)	(401 778)	(3 024 651)	(4 215 233)
Net result after investment income and finance expenses	3 825 276	2 558 884	(7 192 938)	7 852 524	7 043 746
Investment consulting	(170 106)	(94 410)	(15 784)	(352 651)	(632 952)
Other operating expenses	(804 695)	(434 506)	(75 988)	(1 698 479)	(3 013 668)
Prescribed savings balances written off	-	487 836	99 480	620 127	1 207 443
Sundry income	83 481	46 305	7 746	173 037	310 569
Net surplus/(deficit) for the year	2 933 956	2 564 109	(7 177 484)	6 594 558	4 915 138
Members at 31 December 2023	**1 616**	**854**	**150**	**3 319**	**5 939**

The Annual Financial Statements were approved by the board on 11 April 2025 and signed on its behalf by Messrs G. Zamisa (Chairperson), L. Dobell (Trustee) and G.J. Roberts (Principal Officer).

The full audited annual financial statements will be available at the Annual General Meeting. Further copies may be obtained from the Fund Co-ordinator at honey.kela@momentum.co.za.

Independent Auditor's Report

To the Members of Medimed Medical Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Medimed Medical Scheme (the Scheme), set out on pages 10 to 64, which comprise the statement of financial position as at 31 December 2024, and the statement of 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 Medimed Medical Scheme as at 31 December 2024, and its financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards and the requirements of the Medical Schemes Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Scheme in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the final materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Final materiality	R2,490,000
How we determined it	1% of insurance revenue
Rationale for the materiality benchmark applied	We chose insurance revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Scheme is most commonly measured by users, and is a generally accepted benchmark in the industry. We chose 1% which is consistent with quantitative materiality thresholds used for non-profit orientated entities in this sector.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In terms of the EAR Rule and Council of Medical Schemes' Circular 65 of 2015, *Auditor's Reports: Key Audit Matters* (as applicable), we are required to report key audit matters and the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below.

Key audit matter	***How our audit addressed the key audit matter***
Valuation of the liability for incurred claims from healthcare events that have occurred but have not yet been reported Refer to the following disclosure in the financial statements as it relates to this key audit matter: ● Note 3: Significant estimates; ● Note 4: Principal accounting policies; ● Note 11: Insurance contract liabilities; and ● Note 11.1: Liability attributable to current members As at 31 December 2024 the Scheme recognised Insurance contract liabilities - Current liability attributable to current members amounting to R68 714 312. The Scheme's insurance contract liabilities comprise the liability for remaining coverage (LFRC) and the liability for incurred claims (LIC).	Our audit addressed this key audit matter as follows: We obtained an understanding from the Scheme's administrator regarding the process followed in calculating the LIC from healthcare events that have occurred but have not yet been reported, which included the design and implementation of controls within the process. We obtained the actual claims data from the member administration system covering the year ended 31 December 2024 used in calculating the LIC from healthcare events that have occurred but are not yet reported.

In determining the LIC, the Scheme applies significant judgement and estimation uncertainties, due to the Scheme having to determine claims from healthcare events that have occurred but have not yet been reported. The value of the LIC from healthcare events that have occurred but have not yet been reported is the sum of the probability-weighted estimate of the expected future cash flows and the risk adjustment. The LIC reported is calculated by the Scheme's administrator which is reviewed by the Audit and Risk Committee and recommended to the Board of Trustees for approval. The LIC from healthcare events that have occurred but are not yet reported amounts to R20,334,440 (Note 11.1). The most significant assumptions made in the determination of the LIC are: • the future cash flow projections; and • the risk adjustment for non-financial risk. *Future cash flow projections* The future cash flow projections comprise estimates of all future claim payments, receivables from third parties as well as the directly attributable expenses arising from the healthcare events within the boundary of the insurance contracts. The Scheme's administrator uses an actuarial model, based on the Scheme's actual claim development patterns throughout the year, to determine the probability-weighted estimate of expected future cash flows. This model applies a combination of the Basic Chain Ladder ("BCL") / Bootstrapping methods. *Risk adjustments for non-financial risk* In determining the Scheme's risk adjustment for non-financial risk, the Scheme uses a confidence level technique (value at risk) under *IFRS 17 Insurance Contracts*. The Scheme's calibrated risk adjustment (using value at risk) is such that the insurance contract liabilities are held to be sufficient at the 75th percentile of the ultimate loss distribution.	We substantively tested a sample of claims received by the Scheme in the 2024 financial year, selected from the member administration system, and evaluated the accuracy of the service and process dates and the validity of the claim against the relevant Scheme rules. No material inconsistencies were noted. We assessed the completeness of the claims data in the Scheme's actuarial model by obtaining an understanding of management's controls and testing the reconciliation between the claims data per the member administration system and the claims data per the actuarial model. No material inconsistencies were noted. To assess the reasonableness of the Scheme administrator's estimation process, we compared the actual claim results in the current year to the prior year LIC from healthcare events that have occurred but are not yet reported. We noted no matters for further consideration with respect to the estimation process. We have evaluated management's experts by assessing their competence, capability, and objectivity and noted no aspects requiring further consideration. We performed the following procedures: • We obtained the LIC from healthcare events that have occurred but are not yet reported from the Scheme's administrator and evaluated the relevance and reasonableness of the actuarial model used by the Scheme's actuaries based on our knowledge of the industry and model used in the prior years. We noted no matters requiring further consideration. • We compared the Best Estimate Liability and Risk Adjustment of the LIC from healthcare events that have occurred but are not yet reported amounts in the report from the Scheme's actuaries to the Best Estimate Liability and Risk Adjustment of the LIC from healthcare events that have occurred but are not yet reported amounts included in Note 11. We noted no matters requiring further consideration.

We considered the valuation of the LIC from healthcare events that have occurred but have not yet been reported to be a matter of most significance to the current year audit due to the significant judgement and estimation uncertainties applied in determining the future cash flow projections and the risk adjustments for non-financial risk.	• We enquired with the Scheme's administrator whether the IFRS 17 Risk Adjustment methodology (including the confidence level) has changed since the prior year. No changes were noted. • We performed a reasonableness assessment of the risk adjustment amount by recalculating the risk adjustment using the average risk adjustment factor over the past 3 years. No material differences were noted. We performed the following procedures to assess the adequacy of the LIC from healthcare events that have occurred but are not yet reported: • We obtained the actual claims run-off report up to 31 March 2025 from the Scheme's administrator and compared the claims paid post year-end to the LIC from healthcare events that have occurred but are not yet reported at year-end as part of subsequent event procedures. No material inconsistencies were noted. • For a sample of claims from the claims run-off report, we tested the occurrence and accuracy of the claims as well as the accuracy of the related service dates by agreeing the claims to underlying supporting documents on the policy administration system and we identified no material inconsistencies. • We inquired from the Scheme's administrator whether there were delays in processing claims at year-end that could possibly impact the claims run-off pattern subsequent to year-end. No such delays were identified.

Other Information

The Scheme's trustees are responsible for the other information. The other information comprises the information included in the document titled "Medimed Medical Scheme's Annual Financial Statements for the year ended 31 December 2024". 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 and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the Scheme's trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Scheme's trustees.
- Conclude on the appropriateness of the Scheme's trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Scheme's trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Scheme's trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit

matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Non-compliance with the Medical Schemes Act of South Africa

As required by the Council for Medical Schemes, we report the following material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa, as amended, that have come to our attention during the course of our audit:

1. Section 33(2): Each benefit option should be financially sound and self-supporting. In respect of this scheme, the Medisave Essential, Medisave Max and Medisave Standard options incurred deficits at the net insurance result level.

Audit Tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that PricewaterhouseCoopers Inc. has been the auditor of Medimed Medical Scheme for 26 years.

The engagement partner, Mr A. Rathan, has been responsible for Medimed Medical Scheme's audit for 2 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: A. Rathan
Registered Auditor
Gqeberha, South Africa
12 April 2025

041 - 395 4400
www.medimed.co.za