



SISONKE HEALTH MEDICAL SCHEME
(Registration Number 1568)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2025

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

The report and statements set out below comprise the annual financial statements presented to the members of Sisonke Health Medical Scheme.

Contents	Page
Statement of responsibility by the Board of Trustees	2
Statement of corporate governance by the Board of Trustees	3
Independent auditor's report	4 - 12
Statement of financial position	13
Statement of comprehensive income	14
Statement of cash flows	15
Notes to the financial statements	16 - 69

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES

The Trustees are responsible for the preparation, integrity and fair presentation of the annual financial statements of the Sisonke Health Medical Scheme. The annual financial statements presented on pages 13 to 69 have been prepared in accordance with IFRS® Accounting Standards and in the manner required by the Medical Schemes Act of South Africa, no. 131 of 1998 and include amounts based on judgements and estimates made by management.

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

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

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

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

The going concern basis has been adopted in preparing the annual financial statements. The Trustees have no reason to believe that the scheme will not be a going concern in the foreseeable future, based on forecasts for 2026 and available cash resources. These annual financial statements support the viability of the scheme.

The scheme's external auditor is responsible for auditing the financial statements in terms of International Standards on Auditing and their report is presented on pages 4 to 9. PricewaterhouseCoopers Inc. was given unrestricted access to all financial records and related data, including minutes of all meetings of members, the Board of Trustees and Committees of the Board. The Board believes that all representations made to the independent auditors during their audit were valid and appropriate.

The financial statements were approved by the Board of Trustees on 25 May 2026 and are signed on its behalf.

Heidi Raubenheimer

**H. RAUBENHEIMER
CHAIRPERSON**

Corne Lemmer

**C. LEMMER
TRUSTEE**

L. Stassen

**L. STASSEN
ACTING PRINCIPAL OFFICER**

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

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

BOARD OF TRUSTEES

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

Internal control audits are performed on a regular basis. The Trustees annually review the disaster recovery procedures of the Administrator, all of which are fully documented.

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

Refer to note 36 for more information on the amalgamation of Lonmin Medical Scheme and Sisonke Health Medical Scheme.

Except for the matter disclosed in note 38 of the annual financial statements, the Board of Trustees is not aware of any event or item that could indicate a significant breakdown in the functioning of the key internal controls and systems during the year under review.

Heidi Raubenheimer

H. RAUBENHEIMER
CHAIRPERSON

Corne Lemmer

C. LEMMER
TRUSTEE

L. Stassen

L. STASSEN
ACTING PRINCIPAL OFFICER

Independent Auditor's Report

To the Members of Sisonke Health Medical Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sisonke Health Medical Scheme (the Scheme), set out on pages 13 to 69, which comprise the statement of financial position as at 31 December 2025, the statement of comprehensive income, 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 Sisonke Health Medical Scheme as at 31 December 2025 and its financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards and the requirements of the Medical Schemes Act of South Africa.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of the liability for incurred claims from healthcare events that have occurred but have not yet been reported</p> <p>Refer to the following disclosure in the financial statements as it relates to this key audit matter:</p> <ul style="list-style-type: none"> • Note 3: Significant estimates; • Note 4: Principal accounting policies; • Note 13: Insurance contract liabilities; and • Note 13.1: Liability attributable to current members. <p>As at 31 December 2025 the Scheme recognised insurance contract liabilities - Current liability attributable to current members amounting to R15,578,133.</p> <p>The Scheme’s insurance contract liabilities comprise the liability for remaining coverage (LFRC) and the liability for incurred claims (LIC).</p> <p>In determining the LIC, the Scheme applies significant judgement and estimation uncertainties, due to the Scheme having to</p>	<p>Our audit addressed this key audit matter as follows:</p> <p>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.</p> <p>We obtained the actual claims data from the member administration system covering the year ended 31 December 2025 used in calculating the LIC from healthcare events that have occurred but are not yet reported.</p> <p>We assessed the completeness of the claims data on the member administration system by understanding management’s controls. We assessed the integration of claim transactions from the claim source and to the member administration system. No material inconsistencies were noted.</p>

Key audit matter	How our audit addressed the key audit matter
<p>determine claims from healthcare events that have occurred but have not yet been reported.</p> <p>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 actuaries which is reviewed by management and the Audit and Investment 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 R61,117,969.</p> <p>The most significant assumptions made in the determination of the LIC are:</p> <ul style="list-style-type: none"> • the future cash flow projections; and • the risk adjustment for non-financial risk. <p><u>Future cash flow projections</u></p> <p>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 actuaries use 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.</p>	<p>We substantively tested a sample of claims received by the Scheme in the 2025 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.</p> <p>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.</p> <p>We also inspected the reported dates of a sample of the claims data used in the Scheme’s actuarial model and considered that the data used in the Scheme’s actuarial model did not include data reported to the Scheme subsequent to year-end. No material inconsistencies were noted.</p> <p>To assess the reasonableness of the Scheme actuaries’ 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.</p> <p>We have evaluated management’s experts by assessing their competence, capability, and</p>

Key audit matter	How our audit addressed the key audit matter
<p>This model applies the Bornhuetter-Ferguson method (BFM).</p> <p><u>Risk adjustments for non-financial risk</u></p> <p>In determining the Scheme's risk adjustment for non-financial risk, the Scheme uses a confidence level technique (value at risk) under <i>IFRS 17, Insurance Contracts (IFRS 17)</i>. 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.</p> <p>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.</p>	<p>objectivity and noted no aspects requiring further consideration. We performed the following procedures:</p> <ul style="list-style-type: none"> • 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 13.1 (Liability attributable to current members). We noted no matters requiring further consideration. • 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.

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> • 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. <p>We performed the following procedures to assess the adequacy of the LIC from healthcare events that have occurred but are not yet reported:</p> <ul style="list-style-type: none"> • We obtained the actual claims run-off report up to 28 February 2026 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

Key audit matter	How our audit addressed the key audit matter
	<p>subsequent to year-end. No such delays were identified.</p> <p>We obtained a list of pre-authorisations approved prior to year-end from the administrator. For a sample of pre-authorisations with a service date before year-end, we requested the related claim documentation and assessed if the related claim had been included correctly in the claims run-off report up to 28 February 2026. No material inconsistencies were noted.</p>

Other Information

The Scheme’s trustees are responsible for the other information. The other information comprises the information included in the document titled “Sisonke Health Medical Scheme Annual Financial Statements for the year ended 31 December 2025”. The other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Scheme's Trustees for the Financial Statements

The Scheme's trustees are responsible for the preparation and fair presentation of the financial statements, in accordance with IFRS Accounting Standards 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:

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

Reportable Irregularities

In accordance with our responsibilities in terms of Sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. The matter pertaining to the reportable irregularity has been described in note 38 to the financial statements.

Audit Tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that PricewaterhouseCoopers Inc. firm has been the auditor of Sisonke Health Medical Scheme for 18 years.

The engagement partner, Mrs. KC August, has been responsible for Sisonke Health Medical Scheme's audit for 2 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: KC August
Registered Auditor
Gqeberha, South Africa
27 May 2026

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

	Notes	2025 R	2024 R
ASSETS			
Non-current assets		395 991 155	249 632 758
Property, plant and equipment	5	630 552	929 541
Right-of-use assets	6	3 155 293	4 322 060
Financial assets at fair value through profit or loss	7	392 205 311	244 381 157
Current assets		161 676 890	64 762 999
Financial assets at amortised cost	8	44 648 766	43 039 052
Cash and cash equivalents	9	117 028 124	21 723 947
Total assets		<u>557 668 045</u>	<u>314 395 757</u>
LIABILITIES			
Non-current liabilities		537 473 911	300 266 449
Liability to members for future benefits	13.2	535 192 527	296 741 999
Finance lease liability	11	2 281 384	3 524 450
Current liabilities		20 194 134	14 129 308
Trade and other payables	10	1 941 920	1 321 978
Finance lease liability	11	1 243 065	1 111 599
Reinsurance contract liabilities	12	1 431 016	1 505 870
Insurance contract liabilities	13.1	15 578 133	10 189 861
Total liabilities		<u>557 668 045</u>	<u>314 395 757</u>

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

	Notes	2025 R	Restated 2024 R
Insurance revenue	14	753 836 558	536 835 582
Insurance service expenses	15	(743 267 045)	(590 303 446)
<i>Claims incurred</i>		(720 487 723)	(576 090 029)
Net claims incurred *	16	(708 475 669)	(569 313 971)
Accredited managed healthcare services (no transfer of risk) *	17	(12 012 054)	(6 776 058)
<i>Directly attributable insurance service expenses</i>		(22 779 322)	(14 213 417)
Fees paid in respect of accredited administration services	18	(22 779 322)	(14 213 417)
Net income of reinsurance contracts held *		28 677 460	28 312 425
Reinsurance expenses from reinsurance contracts held	21	(53 198 104)	(23 211 050)
Reinsurance income from reinsurance contracts held	21	81 875 564	51 523 475
Insurance service result	15	39 246 973	(25 155 439)
Investment income from financial assets	19	29 411 162	21 561 751
Net fair value gains on fair value investments		21 317 771	12 414 543
Net investment income		50 728 933	33 976 294
Net result after investment income		89 975 906	8 820 855
Sundry income	20	2 050 312	7 299 678
Other operating expenses	22	(24 527 287)	(15 390 116)
Investment management fees		(1 260 368)	(945 944)
Investment consulting		(592 722)	(420 597)
Net surplus for the year before mutualisation		65 645 841	(636 124)
Amounts attributable to members for future benefits ¹		(65 645 841)	636 124
Total comprehensive income for the year		-	-

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

¹ Refer to Change in Accounting Policy note 37.

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

	Notes	2025 R	2024 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from members and employer groups		754 318 064	502 689 188
Cash paid to providers, employees and members		(726 091 851)	(573 402 749)
Cash paid for claims		(580 144 817)	(470 639 248)
Cash paid for medical centre costs		(36 186 622)	(42 956 159)
Cash paid to providers - accredited administration fees		(21 915 198)	(14 263 055)
Cash paid to providers - managed care fees		(11 758 536)	(6 685 954)
Cash payments to reinsurers		(53 272 958)	(23 229 494)
Cash paid to providers and employees		(22 813 720)	(15 628 839)
		<hr/>	<hr/>
Cash inflow/(outflow) from operations		28 226 213	(70 713 561)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income		12 669 191	7 832 685
Purchase of equipment	5	(26 449)	(404 803)
Proceeds from investments - Current		41 500 000	36 500 000
Payments on purchase of investments - Current		(43 000 000)	(41 500 000)
Payments on purchase of investments - Non-current	7	(112 000 000)	-
		<hr/>	<hr/>
Cash (outflow)/inflow from investing activities		(100 857 258)	2 427 882
NET DECREASE IN CASH AND CASH EQUIVALENTS		(72 631 045)	(68 285 679)
Cash and cash equivalents at the beginning of year		21 567 325	89 853 004
Cash and cash equivalents acquired on amalgamation on 1 April 2025		167 557 658	-
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	9	116 493 938	21 567 325

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

General information

Sisonke Health Medical Scheme is a restricted medical scheme registered in terms of the Medical Schemes Act 131 of 1998 (the Act), as amended and is domiciled in South Africa.

1. Basis of preparation

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

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

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

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

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

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

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

1. Basis of preparation – continued

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

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

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

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

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

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

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

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

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

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

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

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

1. Basis of preparation – continued

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

- **IFRS 9 Financial Instruments - Annual Improvements to IFRS Accounting Standards - Volume 11**

Two narrow scope amendments were made to IFRS 9:

- *Derecognition of lease liabilities*: The amendment clarifies that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss arising from the difference between the carrying amount of the lease liability extinguished or transferred and any consideration paid in profit or loss.
- *Transaction price*: Removal of an inconsistency between the requirements of IFRS 9 and the requirements in IFRS 15 Revenue from Contract from Customers in relation to the initial measurement of trade receivables at their transaction price. The amendment clarifies that trade receivables must be measured at the amount determined by applying IFRS 15.

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

- **IFRS 18 Presentation and Disclosure in Financial Statements**

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

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

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

1. Basis of preparation – continued

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

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

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

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

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

2. Significant judgements

2.1.1 Assessment as to whether the scheme is a mutual entity

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

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

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

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

2. Significant judgements - continued

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

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

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

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

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

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

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

2.1.2 Unit of account

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

The above is demonstrated by the following:

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

2. Significant judgements - continued

2.1.2 Unit of account - continued

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

2.1.3 Risk adjustment - liability for incurred claims (LIC)

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

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

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

2.1.4 Risk adjustment - risk transfer arrangements

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

3. Significant estimates

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. This provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, together with information about the basis of calculation for each affected line item in the financial statements.

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

For the sensitivities with regard to the assumptions made that have the most significant impact on measurement under IFRS 17, refer to note 27.

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

3. Significant estimates - continued

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

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

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

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

3.1.2 *Methods used to measure the insurance contracts*

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

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

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

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

The following was taken into account when estimating the LIC:

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

4. Principal accounting policies

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.1 Insurance contracts - continued

4.1.1 Definition

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

4.1.2 Unit of account

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

Please refer to note 2 for the assessment.

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

4.1.3 Contract boundary

The scheme uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed annually, where necessary.

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

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

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

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

4.1.4 Recognition and derecognition

The group of insurance contracts issued are initially recognised from the earliest of the following:

- The beginning of the coverage period;
- The date when the first payment from the member is due or actually received, if there is no due date; and
- When the scheme determines that a group of contracts becomes onerous.

The scheme uses the PAA for measuring contracts with a coverage period of one year or less.

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.1 Insurance contracts - continued

4.1.4 Recognition and derecognition - continued

An insurance contract is derecognised when it is:

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

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

4.1.5 Initial and subsequent measurement

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

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

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

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

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

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

- a. increased by net surpluses for the period; and
- b. decreased by the net deficits for the period.

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

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

The insurance contract liabilities consist of two components:

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

The scheme has elected to include contribution debtors in the LIC.

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.1 Insurance contracts - continued

4.1.5 Initial and subsequent measurement - continued

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

4.1.6 Insurance revenue

As the scheme provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the scheme expects to be entitled to in exchange for those services.

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

4.1.7 Expenses

Insurance service expenses include:

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

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

4.2 Reinsurance contracts

4.2.1 Definition

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

4.2.2 Unit of account

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.2 Reinsurance contracts - continued

4.2.2 Unit of account - continued

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

4.2.3 Recognition and derecognition

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

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

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

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

4.2.4 Initial and subsequent measurement

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

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

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

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

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

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

4.2.5 Contract boundary

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the scheme is compelled to pay amounts to the reinsurer or in which the scheme has a substantive right to receive services from the reinsurer.

The scheme's capitation agreements held have a duration of one year, but are cancellable with the notice period agreed to between the parties.

Net income/(expense) from reinsurance contracts held:

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.2 Reinsurance contracts - continued

4.2.5 Contract boundary - continued

Reinsurance income consists of:

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

Reinsurance expenses consists of:

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

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding contributions the scheme expects to pay in exchange for those services.

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

4.3 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the scheme and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Furniture and fittings	1 - 10 years
Medical equipment	3 - 5 years
Electronic equipment	2 - 4 years
Property	20 years
Carports (part of property)	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.4 Financial assets

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

Recognition and initial measurement

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

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

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

Classification and subsequent measurement

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

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

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

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

SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.4 Financial assets - continued

Classification and subsequent measurement - continued

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

Subsequent measurement and gains and losses

a. *Financial assets at fair value through profit or loss*

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

b. *Financial assets at amortised cost*

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

Derecognition

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

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.4 Financial assets - continued

Impairment

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

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

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

b. *Debt instruments and other instruments carried at amortised cost*

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

Equity instruments

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

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

Offsetting financial instruments

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

4.5 Leases

The scheme assesses whether a contract is, or contains a lease, at the inception of the contract. The scheme recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term liabilities (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the scheme recognises the lease payments as an expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the rate implicit in the lease. If this rate cannot be readily determined, the scheme uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments).

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.5 Leases - continued

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

As there have been no changes in the contract term, no adjustments were made to either the lease liability or right-of-use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

4.6 Cash and cash equivalents

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

4.7 Trade and other receivables

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

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

4.8 Centre medicine stock

Recognition and initial measurement

Centre medicine stock is recognised as an asset when:

- it is probably that future economic benefits associated with the item will flow to the scheme; and
- the cost of the centre medicine stock can be measured reliably.

Subsequent measurement

Centre medicine stock is measured at the lower of cost and net realisable value using the first-in-first-out principle. The same cost formula is used for all stock having a similar nature and use.

Net realisable value is the estimated selling price in the ordinary course of business. Current replacement cost is the cost the scheme incurs to acquire the asset on the reporting date. The cost of stock comprises all costs of purchase and other costs incurred in bringing the stock to their present location and condition.

4.9 Provisions

Provisions are recognised when the scheme has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money and the risks specific to the liability using a pre-tax discount rate. The underwriting of the discount is recognised as finance cost.

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.10 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.11 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

- a. restricted activities;
- b. a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- c. insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- d. financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The scheme has determined that some of its investments in pooled funds and collective investment schemes ("funds") are investments in unconsolidated structured entities. The scheme invests in these funds, whose objectives range from achieving medium- to long-term capital growth and whose investment strategy do not include the use of leverage. The funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives.

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

4.12 Investment income from financial assets

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

4.13 Medical centre costs

The cost of providing services to the scheme's members through the scheme's medical centres is brought to account on the accrual basis. The value of the services rendered at the medical centre is reflected at the actual cost of providing services at the medical centres. This value is reallocated from medical centre costs to insurance service expenses. Any revenue received for services rendered at these facilities to other scheme members is separately reflected in the statement of comprehensive income.

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.14 Impairment losses

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

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

Calculation of recoverable amount

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

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

Reversals of impairment

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

4.15 Reimbursement from the Road Accident Fund (RAF)

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

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

4. PRINCIPAL ACCOUNTING POLICIES – continued

4.16 Employee benefits

Pension obligations

All employees of the scheme contribute towards a defined contribution fund. A defined contribution plan is a pension plan under which the scheme pays fixed contributions into a separate entity. The scheme has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the defined contribution fund are recognised in the statement of comprehensive income in the year in which they are incurred.

Leave pay accrual

The scheme recognises in full, employees' rights to annual leave entitlement in respect of past service. The accrual is measured using the outstanding leave days due to employees multiplied by their respective rates.

4.17 Income tax

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

4.18 Insurance contract liabilities to members for future benefits

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

4.19 Amalgamations

Scheme amalgamations are accounted for by applying the acquisition method.

The cost of an amalgamation is measured as the fair value of the assets transferred and liabilities incurred or assumed at the date of exchange.

When an entity is amalgamated into the scheme, all identifiable assets and liabilities are accounted for at their fair values at the acquisition date. No consideration is paid for these transactions and they are recognised as from the transaction date, being the date confirmed by the Registrar of the CMS.

The scheme recognises the net assets from amalgamated schemes as a direct addition to reserves in its Statement of Financial Position.

Section 63(14) of the Act, prescribes that relevant assets and liabilities of the party effecting the transfer shall vest in and become binding upon the party to which transfer is effected.

No goodwill is recognised on the amalgamation of schemes.

4.20 Comparative figures

Comparative figures have been reclassified where considered necessary. Refer to note 37 for more detail around this reclassification.

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

5. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings R	Medical equipment R	Electronic equipment R	Property R	Total R
2025					
Cost					
At 1 January 2025	1 606 648	1 607 463	1 108 911	755 412	5 078 434
Additions	4 400	7 243	14 806	-	26 449
At 31 December 2025	<u>1 611 048</u>	<u>1 614 706</u>	<u>1 123 717</u>	<u>755 412</u>	<u>5 104 883</u>
Accumulated depreciation					
At 1 January 2025	(1 416 955)	(1 467 671)	(877 538)	(386 729)	(4 148 893)
Depreciation	(95 982)	(89 149)	(103 993)	(36 314)	(325 438)
At 31 December 2025	<u>(1 512 937)</u>	<u>(1 556 820)</u>	<u>(981 531)</u>	<u>(423 043)</u>	<u>(4 474 331)</u>
Carrying amount					
Cost	1 611 048	1 614 706	1 123 717	755 412	5 104 883
Accumulated depreciation	(1 512 937)	(1 556 820)	(981 531)	(423 043)	(4 474 331)
At 31 December 2025	<u>98 111</u>	<u>57 886</u>	<u>142 186</u>	<u>332 369</u>	<u>630 552</u>
	Furniture and fittings R	Medical equipment R	Electronic equipment R	Property R	Total R
2024					
Cost					
At 1 January 2024	2 164 200	2 678 068	1 833 917	755 412	7 431 597
Additions	130 955	21 043	252 805	-	404 803
Scrappings	(688 507)	(1 091 648)	(977 811)	-	(2 757 966)
At 31 December 2024	<u>1 606 648</u>	<u>1 607 463</u>	<u>1 108 911</u>	<u>755 412</u>	<u>5 078 434</u>
Accumulated depreciation					
At 1 January 2024	(1 929 900)	(2 444 582)	(1 721 264)	(350 415)	(6 446 161)
Depreciation	(175 562)	(114 737)	(134 085)	(36 314)	(460 698)
Scrappings	688 507	1 091 648	977 811	-	2 757 966
At 31 December 2024	<u>(1 416 955)</u>	<u>(1 467 671)</u>	<u>(877 538)</u>	<u>(386 729)</u>	<u>(4 148 893)</u>
Carrying amount					
Cost	1 606 648	1 607 463	1 108 911	755 412	5 078 434
Accumulated depreciation	(1 416 955)	(1 467 671)	(877 538)	(386 729)	(4 148 893)
At 31 December 2024	<u>189 693</u>	<u>139 792</u>	<u>231 373</u>	<u>368 683</u>	<u>929 541</u>

6. RIGHT-OF-USE ASSETS

Property	2025 R	2024 R
Cost		
At 1 January	10 294 489	6 324 408
Lease modifications	-	3 970 081
At 31 December	<u>10 294 489</u>	<u>10 294 489</u>
Accumulated depreciation		
At 1 January	(5 972 429)	(4 791 722)
Depreciation	(1 166 767)	(1 180 707)
At 31 December	<u>(7 139 196)</u>	<u>(5 972 429)</u>
Carrying amount		
Cost	10 294 489	10 294 489
Accumulated depreciation	(7 139 196)	(5 972 429)
At 31 December	<u>3 155 293</u>	<u>4 322 060</u>

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2025 R	2024 R
Investments		
SIM Inflation Beater Fund	54 081 094	33 938 866
SIM Absolute Return Medical Portfolio	110 601 967	69 981 144
Allan Gray Life Domestic Stable Medical Scheme Portfolio	112 521 453	67 459 387
Prescient Specialist Income Provider	57 264 959	36 548 537
Aluwani Capital Partners Flexible Income	57 735 838	36 453 223
	<u>392 205 311</u>	<u>244 381 157</u>
Financial assets at fair value through profit and loss (FVTPL)		
As at 1 January	244 381 157	219 582 958
Fair value adjustments	21 317 771	12 414 543
Interest received	14 648 782	12 557 753
Dividends received	1 117 969	771 847
Fund management fees	(1 260 368)	(945 944)
Purchase of additional investments	112 000 000	-
As at 31 December	<u>392 205 311</u>	<u>244 381 157</u>
Investments at FVTPL include the following:		
Equity investments	43 090 709	27 114 224
Bonds and debentures	223 473 758	138 200 169
Deposits with banks	125 640 844	79 066 764
	<u>392 205 311</u>	<u>244 381 157</u>

The weighted average effective return on investments was 15.17% (2024: 11.72%). Investments at FVTPL consist of the investments in the SIM Inflation Beater Fund, SIM Absolute Return Medical Portfolio, Allan Gray Life Domestic Stable Medical Scheme Portfolio, Prescient Specialist Income Provider and Aluwani Capital Partners Flexible Income funds of which the underlying assets comprise equity and bond instruments. These do not have a specified maturity date and form part of the scheme's long term investment strategy.

Fair value hierarchy of investments

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

8. FINANCIAL ASSETS AT AMORTISED COST

Short-term deposits	43 000 000	41 500 000
Accrued interest	1 648 766	1 539 052
	<u>44 648 766</u>	<u>43 039 052</u>

Current investments consist of short term deposits with the major banks. These short-term deposits with banks have an average maturity of 184 days (2024: 190 days). The deposits have been classified as held to maturity and measured at amortised cost using the effective interest rate.

As at 31 December 2025 and 2024 the carrying amounts of short-term deposits approximate their fair values.

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

9. CASH AND CASH EQUIVALENTS

Deposits on call account including current accounts	116 493 938	21 567 325
Accrued interest	534 186	156 622
	<u>117 028 124</u>	<u>21 723 947</u>

Cash and cash equivalents excluding accrued interest	116 493 938	21 567 325
--	-------------	------------

As at 31 December 2025 and 2024 the carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets.

Unclaimed amounts which had not been presented for payment amounted to R 1 929 570 (2024: R 1 476 846) at year-end.

10. TRADE AND OTHER PAYABLES

Other payables

Audit fees	685 723	625 542
Accrued expenses	671 914	452 299
Scheme creditors	584 283	244 137
	<u>1 941 920</u>	<u>1 321 978</u>

Net contributions received in advance, leave pay provision, unclaimed provider and member payments, accredited administration and managed care fees payable and medical centre costs payable have been disclosed under insurance contract liabilities in terms of IFRS 17.

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

11. FINANCE LEASE LIABILITIES

Balance 1 January	4 636 049	1 831 879
Lease modifications	-	3 970 081
Finance costs	385 879	344 655
Less repayments	(1 497 479)	(1 510 566)
Balance at the year end	<u>3 524 449</u>	<u>4 636 049</u>

Maturity analysis		
Not later than one year	1 243 065	1 111 599
One to two years	844 845	1 243 065
Two to three years	933 589	844 845
Three to four years	502 950	933 589
Five years and more	-	502 951
	<u>3 524 449</u>	<u>4 636 049</u>

Analysed as:

Non-current	2 281 384	3 524 450
Current	1 243 065	1 111 599
	<u>3 524 449</u>	<u>4 636 049</u>

The finance lease liabilities relate to two lease agreements for the scheme for property. The agreements will terminate on the following dates: 30 June 2027 and 30 June 2028.

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

12. REINSURANCE CONTRACT ASSETS/(LIABILITIES)

	Remaining Coverage Component R	2025 Incurred claims for contracts under the PAA R	Total R
Opening reinsurance contract liabilities	-	(1 505 870)	(1 505 870)
Net balance as at 1 January	-	(1 505 870)	(1 505 870)
Net income of reinsurance contracts held			
Reinsurance expense	(53 198 104)	-	(53 198 104)
Claims recovered	-	81 875 564	81 875 564
Net income of reinsurance contracts held	(53 198 104)	81 875 564	28 677 460
Cash flows			
Premiums paid	53 272 958	-	53 272 958
Recoveries from reinsurance	-	(81 875 564)	(81 875 564)
Changes in fulfilment cash flows relating to past service	-	-	-
Total cash flows	53 272 958	(81 875 564)	(28 602 606)
Transfer of remaining coverage to incurred claims	(74 854)	74 854	-
Net balance as at 31 December	-	(1 431 016)	(1 431 016)
Closing reinsurance contract liabilities	-	(1 431 016)	(1 431 016)
Net balance as at 31 December	-	(1 431 016)	(1 431 016)
	Remaining Coverage Component R	2024 Incurred claims for contracts under the PAA R	Total R
Opening reinsurance contract assets	-	7 652	7 652
Opening reinsurance contract liabilities	-	(1 524 314)	(1 524 314)
Net balance as at 1 January	-	(1 516 662)	(1 516 662)
Net income of reinsurance contracts held			
Reinsurance expense	(23 211 050)	-	(23 211 050)
Claims recovered	-	51 523 475	51 523 475
Net income of reinsurance contracts held	(23 211 050)	51 523 475	28 312 425
Cash flows			
Premiums paid	23 229 494	-	23 229 494
Recoveries from reinsurance	-	(51 523 475)	(51 523 475)
Changes in fulfilment cash flows relating to past service	-	(7 652)	(7 652)
Total cash flows	23 229 494	(51 531 127)	(28 301 632)
Transfer of remaining coverage to incurred claims	(18 444)	18 444	-
Net balance as at 31 December	-	(1 505 870)	(1 505 870)
Closing reinsurance contract assets	-	-	-
Closing reinsurance contract liabilities	-	(1 505 870)	(1 505 870)
Net balance as at 31 December	-	(1 505 870)	(1 505 870)
The risk adjustment factors on the reinsurance contracts are as follows:			
IBNR provision (included in claims recovered)		410 349	273 902
Risk adjustment %		6.29%	6.56%
Risk adjustment value		25 820	17 955

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

SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS

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

13. INSURANCE CONTRACT LIABILITIES	2025	2024
	R	R
Insurance contract liabilities is made up of the following two components:		
▪ Liability attributable to current members; and		
▪ Liability to members for future benefits.		
Insurance contract liabilities - Current liability attributable to current members	15 578 133	10 189 861
Insurance contract liabilities - Non-current liability to members for future benefits	535 192 527	296 741 999
	<u>550 770 660</u>	<u>306 931 859</u>

13.1 LIABILITY ATTRIBUTABLE TO CURRENT MEMBERS

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

	2025	2024
	R	R
Insurance contracts issued		
Insurance contract liabilities/(Insurance contract assets) as at 1 January	(34 165 195)	42 218 045
Insurance revenue		
New contracts and contracts measured under the PAA	(753 836 558)	-
Total insurance revenue	<u>(753 836 558)</u>	<u>-</u>
Insurance service expenses		
Incurred claims and other directly attributable expenses	-	663 596 919
Changes that relate to past service - adjustment to the LIC	-	(5 019 643)
Total insurance service expenses	<u>-</u>	<u>658 577 276</u>
Insurance service result	<u>(753 836 558)</u>	<u>658 577 276</u>
Total amounts recognised in comprehensive income	<u>(753 836 558)</u>	<u>658 577 276</u>
Other changes: Balances taken on during amalgamation	(23 126 497)	17 980 202
Cash flows		
Premiums received	754 318 064	-
Incurred claims and other directly attributable expenses paid - refer note 13.3	-	(650 005 173)
Total cash flows	<u>754 318 064</u>	<u>(650 005 173)</u>
Insurance contract liabilities/(Insurance contract assets) as at 31 December	<u>(56 810 187)</u>	<u>68 770 350</u>
Comprising of:	(56 810 186)	68 770 350
Trade and other receivables		(59 376 416)
Net contribution receivables	(58 148 546)	(58 148 546)
Accounts receivable: Providers/Members	-	(230 044)
Sundry accounts receivable	-	(841 362)
Centre medicine stock	-	(156 464)
Trade and other payables		13 836 580
Net contributions received in advance	1 338 360	1 338 360
Leave pay provision	-	724 260
Unclaimed provider and member payments	-	4 887 337
Accredited administration and managed care fees payable	-	2 876 898
Accrued claims for GP and nurse consults	-	2 298 367
Medical centre costs payable	-	1 711 358
Outstanding claims provision		57 500 000
Risk adjustment factor for non-financial risk		3 617 969

SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS

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

13.1 LIABILITY ATTRIBUTABLE TO CURRENT MEMBERS - continued

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

	2024			
	Liability for Remaining Coverage *	Liability for Incurred Claims *	Risk adjustment factor	Total R
	R	R	R	R
Insurance contracts issued				
Insurance contract liabilities/(Insurance contract assets) as at 1 January	(2 178 051)	47 269 338	1 218 883	46 310 171
Insurance revenue				
New contracts and contracts measured under the PAA	(536 835 582)	-	-	(536 835 582)
Total insurance revenue	<u>(536 835 582)</u>	<u>-</u>	<u>-</u>	<u>(536 835 582)</u>
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	532 310 410	2 137 011	534 447 421
Changes that relate to past service - adjustment to the LIC	-	(658 038)	(1 218 883)	(1 876 921)
Total insurance service expenses	<u>-</u>	<u>531 652 372</u>	<u>918 128</u>	<u>532 570 500</u>
Insurance service result	<u>(536 835 582)</u>	<u>531 652 372</u>	<u>918 128</u>	<u>(4 265 082)</u>
Total amounts recognised in comprehensive income	<u>(536 835 582)</u>	<u>531 652 372</u>	<u>918 128</u>	<u>(4 265 082)</u>
Other changes: Correction between LIC and LRC	2 159 249	(2 159 249)	-	-
Cash flows				
Premiums received	502 689 188	-	-	502 689 188
Incurred claims and other directly attributable expenses paid - refer note 13.3	-	(534 544 416)	-	(534 544 416)
Total cash flows	<u>502 689 188</u>	<u>(534 544 416)</u>	<u>-</u>	<u>(31 855 228)</u>
Insurance contract liabilities/(Insurance contract assets) as at 31 December	<u>(34 165 195)</u>	<u>42 218 045</u>	<u>2 137 011</u>	<u>10 189 861</u>
Comprising of:	(34 165 195)	42 218 045	2 137 011	10 189 861
Trade and other receivables				(36 371 004)
Net contribution receivables	(35 213 682)			(35 213 682)
Accounts receivable: Providers/Members		(257 396)		(257 396)
Sundry accounts receivable		(735 976)		(735 976)
Centre medicine stock		(163 950)		(163 950)
Trade and other payables				11 823 854
Net contributions received in advance	1 048 487			1 048 487
Leave pay provision		858 523		858 523
Unclaimed provider and member payments		4 390 956		4 390 956
Accredited administration and managed care fees payable		1 759 256		1 759 256
Accrued claims for GP and nurse consults		2 213 696		2 213 696
Medical centre costs payable		1 552 936		1 552 936
Outstanding claims provision		32 600 000		32 600 000
Risk adjustment factor for non-financial risk			2 137 011	2 137 011

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

13.2 INSURANCE CONTRACT LIABILITIES - LIABILITY TO MEMBERS FOR FUTURE BENEFITS

Reconciliation of the insurance liability attributable to members for future benefits:

	2025 R	2024 R
Opening balance	296 741 999	297 378 123
Movement in insurance liability attributable to future members	65 645 841	(636 124)
Balance taken on during amalgamation	172 804 687	-
Closing balance	<u>535 192 527</u>	<u>296 741 999</u>

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

13.2 INSURANCE CONTRACT LIABILITIES - LIABILITY TO MEMBERS FOR FUTURE BENEFITS (continued)

	Notes	2025 R	2024 R
Included in insurance contract liabilities - liability to members for future benefits is the net unrealised gains and losses on investments held at FVTPL:			
Opening balance		37 202 455	24 787 912
Unrealised fair value gains on fair value investments		21 317 771	12 414 543
Closing balance		<u>58 520 226</u>	<u>37 202 455</u>

13.3 CASH FLOWS - INCURRED CLAIMS AND OTHER DIRECTLY ATTRIBUTABLE EXPENSES

Cash paid for claims		(580 144 817)	(470 639 248)
Cash paid for medical centre costs		(36 186 622)	(42 956 159)
Cash paid to providers - accredited administration fees		(21 915 198)	(14 263 055)
Cash paid to providers - managed care fees		(11 758 536)	(6 685 954)
Total cash flows - incurred claims and other directly attributable expenses		<u>(650 005 173)</u>	<u>(534 544 416)</u>

14. INSURANCE REVENUE

Gross contributions per registered rules		753 693 976	536 941 633
Net impairment losses: Trade and other receivables	24	142 582	(106 051)
Insurance revenue per statement of comprehensive income	15	<u>753 836 558</u>	<u>536 835 582</u>

15. INSURANCE REVENUE AND SERVICE EXPENSES

Insurance revenue			
Insurance revenue from contracts measured under the PAA	14	753 836 558	536 835 582
Total insurance revenue		<u>753 836 558</u>	<u>536 835 582</u>
Insurance service expenses			
Net claims incurred	16	(708 475 669)	(569 313 971)
Accredited managed healthcare services (no transfer of risk)	17	(12 012 054)	(6 776 058)
Fees paid in respect of accredited administration services		(22 779 322)	(14 213 417)
Total insurance service expenses		<u>(743 267 045)</u>	<u>(590 303 446)</u>
Net income/(expenses) from reinsurance contracts held			
Reinsurance expenses - contracts measured under the PAA	21	(53 198 104)	(23 211 050)
Total expenses from reinsurance contracts held		<u>(53 198 104)</u>	<u>(23 211 050)</u>
Claims recovered	21	81 875 564	51 523 475
Total income from reinsurance contracts held		<u>81 875 564</u>	<u>51 523 475</u>
Total insurance service result ¹		<u>39 246 973</u>	<u>(25 155 439)</u>

¹ Refer to Change in Accounting Policy note 37.

Insurance service expenses in accordance with IFRS 17 includes amounts attributable to future members. Total insurance service deficit after adjusting for amounts attributable to future members amount to R 26 398 868 (2024: R 24 519 315).

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

16. NET CLAIMS INCURRED

	Notes	2025 R	2024 R
<i>Incurred claims (scheme risk)</i>		(572 987 067)	(484 930 406)
Current year claims per registered rules		(536 813 980)	(442 924 177)
Services provided to members in own facilities	23	(36 345 044)	(42 189 365)
Third party claim recoveries		171 957	183 136
<i>Incurred claims (reinsurance contracts)</i>	21	(81 875 564)	(51 523 475)
Outstanding claims provision at year end		(57 500 000)	(32 600 000)
Reversal of risk adjustment factor (opening balance)		2 137 011	1 218 883
Balance taken on during amalgamation		348 277	-
Recognition of risk adjustment factor (closing balance)		(3 617 969)	(2 137 011)
Adjustments to the risk adjustment factor		(1 132 681)	(918 128)
<i>Outstanding claims provision</i>			
Balance at beginning of year		32 600 000	31 000 000
Balance taken on during amalgamation		11 600 000	-
Payments in respect of prior year		(39 180 357)	(30 341 962)
Overprovision in prior year	15	5 019 643	658 038
		<u>(708 475 669)</u>	<u>(569 313 971)</u>

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

Pharmacy benefit management	(2 004 600)	(1 638 532)
Hospital utilisation management	(6 292 759)	(3 306 950)
Disease management/service provider and other	(496 315)	(1 029 409)
Active disease risk management	(2 135 627)	(640 348)
Managed care network management	(1 082 753)	(160 819)
	<u>(12 012 054)</u>	<u>(6 776 058)</u>

18. FEES PAID IN RESPECT OF ACCREDITED ADMINISTRATION SERVICES

Member record management	(1 577 131)	(935 597)
Contribution management	(1 670 398)	(1 016 658)
Claims management	(4 689 461)	(3 101 888)
Financial management	(3 167 993)	(2 150 204)
Information management and data control	(5 795 121)	(3 689 034)
Customer services	(5 879 218)	(3 320 036)
	<u>(22 779 322)</u>	<u>(14 213 417)</u>

19. INVESTMENT INCOME FROM FINANCIAL ASSETS

Interest on cash investments and call accounts	13 156 469	7 785 836
Interest on current bank account	487 942	446 315
Interest on financial assets at FVTPL	14 648 782	12 557 753
Dividends on financial assets at FVTPL	1 117 969	771 847
	<u>29 411 162</u>	<u>21 561 751</u>

20. SUNDRY INCOME

Gain on unclaimed cheques prescribed	1 681 524	6 867 509
Other sundry income	368 788	432 169
	<u>2 050 312</u>	<u>7 299 678</u>

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

21. NET INCOME ON REINSURANCE CONTRACTS HELD

	Notes	2025 R	2024 R
The scheme entered into the following reinsurance contracts during the respective years.			
LANCET LABORATORIES REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(9 368 411)	(9 899 412)
Reinsurance income from reinsurance contracts held		31 755 120	33 167 925
Net income		<u>22 386 709</u>	<u>23 268 513</u>
PATHCARE REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(2 066 248)	(2 122 056)
Reinsurance income from reinsurance contracts held		7 105 388	7 306 158
Net income		<u>5 039 140</u>	<u>5 184 102</u>
NETCARE 911 REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(3 227 608)	(3 301 575)
Reinsurance income from reinsurance contracts held		5 858 024	4 048 404
Net income		<u>2 630 416</u>	<u>746 829</u>
PREFERRED PROVIDER NEGOTIATORS REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(1 239 731)	(1 336 410)
Reinsurance income from reinsurance contracts held		1 318 759	1 564 870
Net income		<u>79 028</u>	<u>228 460</u>
MEDILAB CLINICAL LABORATORIES REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(9 974)	(27 176)
Reinsurance income from reinsurance contracts held		23 118	80 194
Net income		<u>13 144</u>	<u>53 018</u>
MOMENTUM HEALTH REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(5 658 849)	(5 611 976)
Reinsurance income from reinsurance contracts held		4 753 911	4 661 486
Net expense		<u>(904 938)</u>	<u>(950 490)</u>
The reinsurance expense amount includes the scheme's share of the profit on the agreement and amounted to R 3 398 811 (2024: R 3 872 413).			
FISHA AFFORDABLE CLINICS REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(862 510)	(912 445)
Reinsurance income from reinsurance contracts held		296 471	694 438
Net expense		<u>(566 039)</u>	<u>(218 007)</u>
MARIKANA MEDICAL SERVICES REINSURANCE CONTRACT			
Reinsurance expenses from reinsurance contracts held		(30 764 773)	-
Reinsurance income from reinsurance contracts held		30 764 773	-
Net expense		<u>-</u>	<u>-</u>
SUMMARY			
Reinsurance expenses from reinsurance contracts held	15	(53 198 104)	(23 211 050)
Reinsurance income from reinsurance contracts held	15, 16	81 875 564	51 523 475
Net income		<u>28 677 460</u>	<u>28 312 425</u>

Income relating to reinsurance contracts are calculated based on information supplied by the contracted providers of actual payments made or services rendered by the contracted providers in respect of the contracted benefits. Income therefore represent estimated costs that would have been incurred by the scheme had the contracts not been in place on a fee for service basis. Refer to policy note 4.2.5 for the basis on which the income figures were calculated.

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

22. OTHER OPERATING EXPENSES

	Notes	2025 R	2024 R
Actuarial fees		(632 049)	(647 358)
Audit fee		(1 334 937)	(888 472)
Bank charges		(41 964)	(88 613)
Communication and marketing costs		(6 750 615)	(2 441 928)
Consulting fees		(3 779 913)	(1 994 393)
Fidelity guarantee and professional indemnity insurance		(56 198)	(42 045)
Management fee (emergency services)		(142 439)	(145 641)
Managed care services (non-accredited)		-	(767 678)
Merger expenses		(252 542)	(300 818)
Other expenses		(369 433)	(338 342)
Postage and courier costs		(223 740)	(324 248)
Principal officer's fees and expenses		(3 226 401)	(3 109 592)
Printing and stationery		(198 638)	(274 794)
Real time processing		(481 810)	(466 932)
Registrar's levies		(1 037 246)	(543 384)
Scheme compliance officer		(1 416 643)	(640 141)
Staff costs		(3 774 260)	(1 789 407)
Total trustees' remuneration and consideration expenses	26	(604 594)	(449 321)
<i>Other administration services</i>		(203 865)	(137 009)
Secretarial		-	(137 009)
Internal audit services		(40 457)	-
Forensic investigations and recoveries		(50 571)	-
Governance and compliance		(8 218)	-
Quality management and monitoring services		(38 244)	-
Advanced data analytics		(31 923)	-
Digital service offering		(11 695)	-
Enhanced service offering		(6 637)	-
Enterprise risk management services		(6 638)	-
Legal services		(1 896)	-
Product innovation		(7 586)	-
		<u>(24 527 287)</u>	<u>(15 390 116)</u>

23. MEDICAL CENTRE RESULTS

Centre doctors fees		(13 275 707)	(11 370 654)
Centre consumable and medicine costs		(1 549 207)	(1 655 491)
Computer expenses		(1 297 325)	(1 450 384)
Depreciation on centre assets		(325 438)	(460 698)
Depreciation on right of use assets		(1 166 767)	(1 180 708)
Finance costs on right of use lease liability		(385 879)	(344 655)
Property expenses		(804 050)	(1 041 152)
Repairs and maintenance		(173 167)	(176 850)
Salaries and wages		(15 606 765)	(22 483 605)
Salaries		(13 589 397)	(20 154 272)
Death and disability contributions		(329 064)	(353 167)
Provident fund contributions		(1 452 084)	(1 626 937)
Other payroll related costs		(236 220)	(349 229)
Telephone		(511 303)	(681 358)
Other		(1 249 436)	(1 343 810)
		<u>(36 345 044)</u>	<u>(42 189 365)</u>
Costs relating to members included in incurred claims	16	<u>36 345 044</u>	<u>42 189 365</u>
		<u>-</u>	<u>-</u>

24. NET IMPAIRMENT LOSSES: TRADE AND OTHER HEALTHCARE RECEIVABLES

Contributions that are not collectable		(40 476)	(52 876)
Movement in provision	14	(142 582)	106 051
Amounts written off during the year		102 106	(158 927)
		<u>(40 476)</u>	<u>(52 876)</u>

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

25. RELATED PARTY TRANSACTIONS

Momentum Health (Pty) Ltd, the administrator, provides key management information to the scheme. Momentum Health (Pty) Ltd participates in the financial and operational activities of the scheme, but does not control the scheme.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the scheme. Key management personnel include the Board of Trustees, Principal Officer and members of the audit committee. The amounts include close family members of the Board of Trustees and the Principal Officer. (Refer to Note 26 for Trustee expenses)

	2025 R	2024 R
Key management personnel		
<i>Transactions</i>		
In respect of the key management personnel who are members of the scheme:		
Gross contributions received	663 015	382 346
Claims incurred	(164 388)	(396 707)
Principal Officer's fees and expenses	(3 226 401)	(3 109 592)
Trustees' expenses	(604 594)	(449 321)
Transactions with parties that have significant influence over the Scheme		
Administrator		
Momentum Thebe Ya Bophelo (Pty) Ltd		
- Administration fees		(7 300 567)
- Managed care fees		(3 837 894)
- IT consulting		(218 799)
- Payroll processing		(48 193)
Momentum Health (Pty) Ltd		
- Administration fees	(20 143 298)	(7 049 859)
- Managed care fees	(9 172 481)	(3 705 842)
- Reinsurance contract fees	(5 658 849)	(2 691 556)
Discovery Health (Pty) Ltd - for Lonmin Legacy option (April to June 2025)		
- Administration fees	(2 839 889)	-
- Managed care fees	(2 839 573)	-
Actuarial and consulting services		
3One Consulting Actuaries	(632 049)	(647 358)
Other related parties		
Momentum Health (Pty) Ltd - reinsurance contract fees		(2 920 420)
Sibanye Stillwater Limited - GP and nurse consults	(2 280 000)	(2 213 696)
Momentum Thebe Ya Bophelo (Pty) Ltd		
- IT consulting	(500 886)	(218 799)
- Payroll processing	(99 909)	(57 178)
Marikana Medical Services - reinsurance contract fees	(30 764 773)	-
Outstanding balances at 31 December		
Administrator (payable on the first working day of the following month)		
Momentum Health (Pty) Ltd		
- Administration and managed care fees	(2 951 911)	(1 843 439)
Other related parties		
Momentum Thebe Ya Bophelo (Pty) Ltd (other operating expenses)	(50 694)	(63 398)
Accrued global fee claims		
Sibanye Stillwater Limited	(2 298 367)	(2 213 696)

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

26. TRUSTEES' EXPENSES

2025	Travel and accommodation	Conferences	Training	Other	Total
H. Raubenheimer	5 509	1 035	29 255	2 949	38 748
L. Johnson	1 970	-	24 087	-	26 057
P. Raletjena	24 477	17 376	-	-	41 853
Dr. M. Segaole - resigned 16 July 2025	25 521	16 739	24 087	3 803	70 150
Dr. D. Sibeko	28 854	18 941	30 778	2 238	80 811
A. Maree (nee Smith)	935	1 035	24 087	3 031	29 088
X. van Rooyen	1 970	-	24 087	-	26 057
P. Mokhukhwane - resigned 25 June 2025	23 363	15 407	-	-	38 770
M. Richter - appointed 23 April 2025	20 298	16 697	-	314	37 309
F. Choolan - appointed 23 April 2025	20 306	16 697	-	-	37 003
S. Mthethwa - appointed 23 April 2025	31 093	20 231	-	330	51 654
P. Matlala - appointed 23 April 2025	24 417	16 697	-	643	41 757
J. Kassan - appointed 23 April 2025	26 548	19 197	-	643	46 388
Dr. E. Mudau - appointed 23 April 2025	19 752	19 197	-	-	38 949
	255 013	179 249	156 381	13 951	604 594

2024	Travel and accommodation	Conferences	Training	Other	Total
H. Raubenheimer	9 814	-	40 352	3 636	53 802
L. Johnson	11 310	13 200	3 530	1 736	29 776
T. Mananiso - resigned 31 August 2024	5 575	13 200	24 622	1 736	45 133
Dr. R. Masethe - resigned 26 July 2024	12 151	13 200	-	4 679	30 030
Dr. S. Masinga - retired 30 June 2024	18 910	13 200	-	4 679	36 789
P. Raletjena	13 699	13 200	40 352	1 737	68 988
Dr. M. Segaole	17 764	12 350	15 730	4 678	50 522
Dr. D. Sibeko	11 759	13 200	42 852	3 629	71 440
A. Smith	12 901	13 200	3 530	4 520	34 151
X. van Rooyen	10 223	13 200	3 530	1 737	28 690
	124 106	117 950	174 498	32 767	449 321

The trustees are not remunerated by the scheme.

27. MEDICAL INSURANCE RISK MANAGEMENT

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

Risk management objectives and policies for mitigating insurance risk

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

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

Certain risks are mitigated by entering into reinsurance contracts. In this regard the scheme specifically decided to transfer all risks relating to emergency and ambulance services, pathology benefits and doctors and nurse consultations for Heritage, Pride and Diversity members; optometry benefits and primary health care for Pride and Diversity members; and nurse consultations for active members in the Platinum area for Pride and Diversity. Primary and secondary healthcare services such as clinic visits, general practitioner services, providing acute and chronic medication, emergency and transport services and hospitalisation, amongst others are covered under one of the scheme's reinsurance contracts for the Lonmin Legacy option.

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.

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

27. MEDICAL INSURANCE RISK MANAGEMENT - continued

Risk management objectives and policies for mitigating insurance risk - continued

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

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

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

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

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

All the contracts are annual in duration and the scheme has the right to change the terms and conditions of the contract at renewal. Management information including contribution income and claims ratios by option, target market and demographic split is reviewed monthly. There is also an underwriting review programme that reviews a sample of contracts on a quarterly basis to ensure adherence to the scheme's objectives.

The scheme's annual budget is prepared by the appointed actuary taking into account the existing and anticipated demographic profile, claiming patterns and price (tariff) increases.

The scheme's financial performance is monitored by the actuary on a monthly basis via a multi-simulation actuarial model. Analyses of demographic changes, claiming patterns and year-end projections are done on a monthly basis and reported to scheme management and the Board of Trustees.

Expense risk

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

Changes from the previous period

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

Methods used and assumptions made

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

27. MEDICAL INSURANCE RISK MANAGEMENT - continued

Impact of legislation and regulation

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

Managed care initiatives such as disease management programmes and participation in wellness programmes, are implemented to reduce risk.

Sensitivity to Insurance Risk - continued

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

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

As at 31 December 2025

Age grouping (in years)	Number of Beneficiaries	Chronic R	In Hospital R	Day to day R	Total R	Claims per Beneficiary R
0 - 4	1 560	59 754	15 825 076	3 697 120	19 581 950	12 553
5 - 19	5 703	940 648	23 993 394	16 121 046	41 055 088	7 199
20 - 39	5 782	2 691 635	51 555 016	22 877 501	77 124 152	13 339
40 - 59	15 094	17 754 239	186 853 732	70 637 114	275 245 085	18 235
60 - 79	1 852	9 426 222	74 492 596	22 838 995	106 757 813	57 645
>80	200	1 157 967	13 063 867	2 828 058	17 049 892	85 249
Total	30 191	32 030 465	365 783 681	138 999 834	536 813 980	

As at 31 December 2024

Age grouping (in years)	Number of Beneficiaries	Chronic R	In Hospital R	Day to day R	Total R	Claims per Beneficiary R
0 - 4	911	125 236	14 174 603	3 302 227	17 602 066	19 322
5 - 19	4 070	800 625	18 477 513	14 776 152	34 054 290	8 367
20 - 39	3 547	3 040 226	41 304 022	18 489 020	62 833 268	17 714
40 - 59	7 802	18 827 901	126 879 905	50 540 738	196 248 544	25 154
60 - 79	1 713	9 389 230	87 488 914	20 514 690	117 392 834	68 531
>80	227	1 061 382	11 363 187	2 368 606	14 793 175	65 168
Total	18 270	33 244 600	299 688 144	109 991 433	442 924 177	

Reinsurance contracts

The scheme entered into capitation agreements with Netcare 911, Lancet Laboratories, Pathcare, Medilab Clinical Laboratories, Preferred Provider Negotiators, Momentum Health, Fisha Affordable Clinics and Marikana Medical Services. The capitation agreements are in substance, the same as a non-proportional commercial reinsurance contract.

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

27. MEDICAL INSURANCE RISK MANAGEMENT - continued

Reinsurance contracts - continued

Risk in terms of reinsurance contracts

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

Underwriting risk

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

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

	Change in variable	Impact on insurance contract liability to members for future benefits 2025 R	Impact on insurance contract liability to members for future benefits 2024 R
Chronic claims incurred	1% increase in incurred claims	320 305	332 446
In hospital claims incurred	1% increase in incurred claims	3 657 837	2 996 881
Day to day claims incurred	1% increase in incurred claims	1 389 998	1 099 914

Sensitivity analysis to insurance risk variables

The following table provides a sensitivity on the insurance contract liabilities. As the scheme is a mutual entity, the impact of any changes in the insurance liability to current members would impact the insurance liability to future members. The table presents information on how reasonably possible changes in risk confidence level made by the scheme will impact the risk adjustment.

Table for sensitivity analysis does not show the sensitivity before and after the impact of the scheme being a mutual entity.

As at 31 December 2025	LIC	Impact on LIC	Impact on profit/loss
Insurance contract liabilities	15 578 133		
Unpaid claims and expenses - 5% increase			
Insurance contract liabilities		778 907	778 907
Expenses - 5% increase			
Insurance service expense			(37 163 352)

Risk adjustment with a 75% confidence level - as reported 3 617 969

Risk adjustment with a 80% confidence level 4 566 827

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

27. MEDICAL INSURANCE RISK MANAGEMENT - continued

Sensitivity analysis to insurance risk variables - continued

As at 31 December 2024	LIC	Impact on LIC	Impact on profit/loss
Insurance contract liabilities	10 189 861		
Unpaid claims and expenses - 5% increase			
Insurance contract liabilities		509 493	509 493
Expenses - 5% increase			
Insurance service expense			(29 515 172)
Risk adjustment with a 75% confidence level - as reported			2 137 011
Risk adjustment with a 80% confidence level			2 761 255

The above analysis is based on a change in one assumption, whilst holding all other assumptions constant. This is unlikely to occur and changes in certain assumptions could be correlated. No further changes were made by the scheme in the methods and assumptions used in preparing the above analysis. To further demonstrate the sensitivity to insurance risk, the risk adjustment at a 80% confidence level has also been disclosed.

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

28. CLAIMS DEVELOPMENT

Claims development tables are not presented since the uncertainty regarding the amount and timing of claim payments is typically resolved within one year. In the majority of cases, claims are resolved within four months from the time they are reported to the scheme. At year-end, a provision is made for the liability for incurred claims.

29. FINANCIAL RISK MANAGEMENT

29.1 General

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

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

29.2 Market Risk

Market risk is the inherent risk associated with the underlying counterparty or asset class. These inherent risks will influence the levels of income and/or capital valuation achieved over time and therefore affect the scheme's income and reserve levels. The investment management process employed seeks to manage the market risk with a view of optimising the risk/reward profile of the scheme, whilst being compliant with Annexure B of the Medical Scheme Act.

Diversification and concentration

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

Asset class	December 2025		December 2024	
	R	%	R	%
Cash	285 134 782	51.68	142 134 089	46.23
Bonds	223 473 758	40.51	138 200 169	44.95
Equity	43 090 709	7.81	27 114 224	8.82
Total	551 699 249	100.00	307 448 482	100.00

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

29. FINANCIAL RISK MANAGEMENT - continued

29.2 Market Risk - continued

Diversification and concentration - continued

Asset manager allocation

Allocation as at December 2025

Manager	Mandate	Investment vehicle	Rand	%
OM Wealth Treasury Company	Liquidity/Cash	Segregated	159 493 938	28.90
Prescient Management Company (RF) Ltd	Fixed interest	Pooled	57 264 959	10.38
Aluwani Capital Partners (Pty) Ltd	Fixed interest	Segregated	57 735 838	10.47
SIM Fund Managers (RF) (Pty) Ltd	Multi asset class	Pooled	54 081 094	9.80
Sanlam Life Insurance Limited	Multi asset class	Pooled	110 601 967	20.05
Allan Gray Life Limited	Multi asset class	Pooled	112 521 453	20.40
			551 699 249	100.00

Allocation as at December 2024

Manager	Mandate	Investment vehicle	Rand	%
OM Wealth Treasury Company	Liquidity/Cash	Segregated	63 067 325	20.51
Prescient Management Company (RF) Ltd	Fixed interest	Pooled	36 548 537	11.89
Aluwani Capital Partners (Pty) Ltd	Fixed interest	Segregated	36 453 223	11.86
SIM Fund Managers (RF) (Pty) Ltd	Multi asset class	Pooled	33 938 866	11.04
Sanlam Life Insurance Limited	Multi asset class	Pooled	69 981 144	22.76
Allan Gray Life Limited	Multi asset class	Pooled	67 459 387	21.94
			307 448 482	100.00

Counter party analysis

Asset Class	Top 5 Holdings as at December 2025	Ratings (S&P at December 2025)	% of portfolio
Cash	Nedbank Limited	AA	15.65
	ABSA Bank Limited	AA	13.62
	The Standard Bank of South Africa	AA	9.25
	Investec Bank Limited	AA	6.73
	FirstRand Bank Limited	AA	5.30
Bonds	RSA Bond		22.84
	Nedbank Limited		2.61
	The Standard Bank of South Africa		2.13
	FirstRand Bank Limited		1.93
	United States of America		1.26
Property	Amber House Fund 5 (RF) Limited		0.15
	The Thekwini Fund 17 (RF) Limited		0.09
	Vukile Investment Property Securitisation (Pty) Ltd		0.07
	Accelerate Property Fund Limited		0.06
	Octodec Invest Limited		0.05

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

29. FINANCIAL RISK MANAGEMENT - continued

29.2 Market Risk - continued

Diversification and concentration - continued

Counter party analysis - continued

Asset Class	Top 5 Holdings as at December 2025	Ratings (S&P at December 2025)	% of portfolio
Equity	Anheuser-Busch InBev SA NV		0.69
	Standard Bank Group Limited		0.55
	Anglogold Ashanti Limited		0.52
	British American Tobacco		0.42
	Gold Fields Limited		0.39

Asset Class	Top 5 Holdings as at December 2024	Ratings (S&P at December 2024)	% of portfolio
Cash	Nedbank Limited	AA	12.66
	The Standard Bank of South Africa Limited	AA	10.22
	ABSA Bank Limited	AA	8.71
	FirstRand Bank Limited	AA	6.64
	Investec Bank Limited	AA	5.83
Bonds	RSA Bond		23.35
	FirstRand Bank Limited		3.53
	The Standard Bank of South Africa Limited		2.67
	Nedbank Limited		2.63
	Standard Bank Group Limited		1.84
Property	The Thekwini Fund 17 (RF) Limited		0.17
	Amber House Fund 5 (RF) Limited		0.13
	Vukile Investment Property Securitisation (Pty) Ltd		0.13
	The Thekwini Fund 18 (RF) Limited		0.09
	Resilient Property Income Fund		0.07
Equity	British American Tobacco		0.70
	Anheuser-Busch InBev SA NV		0.58
	Standard Bank Group Limited		0.56
	Anglogold Ashanti Limited		0.45
	Woolworths Holdings Limited		0.35

Sensitivity analysis: Cash

Basis:

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of interest (see table below). i.e. +1% suggests the closing market value could have been R 287 786 588 if the interest had been higher by 1% during 2025 as compared to the actual interest rate. A one percent increase in the interest at the reporting date would have increased cash by R 2 651 806 (2024: an increase of R 1 309 870). An equal change in the opposite direction would have decreased cash by R 2 651 806 (2024: a decrease of R 1 309 870).

% Change	Return of Index	Adjusted closing value	Difference
		R	R
2%	9.52%	290 438 393	5 303 612
1%	8.52%	287 786 588	2 651 806
0%	7.52%	285 134 782	-
-1%	6.52%	282 482 976	(2 651 806)
-2%	5.52%	279 831 170	(5 303 612)

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

29. FINANCIAL RISK MANAGEMENT - continued

29.2 Market Risk - continued

Diversification and concentration - continued

Sensitivity analysis: Bonds

Basis:

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of investment performance (see table below). i.e. +1% suggests the closing market value could have been R 225 272 525 if the investment performance had been higher by 1% during 2025 as compared to the market investment performance. A one percent increase in the investment return at the reporting date would have increased bonds by R 1 798 767 (2024: an increase of R 1 179 384). An equal change in the opposite direction would have decreased bonds by R 1 798 767 (2024: a decrease of R 1 179 384).

% Change	Return of Index	Adjusted closing value	Difference
		R	R
2%	26.24%	227 071 293	3 597 535
1%	25.24%	225 272 525	1 798 767
0%	24.24%	223 472 758	-
-1%	23.24%	221 674 990	(1 798 767)
-2%	22.24%	219 876 223	(3 597 535)

Sensitivity analysis: Equity

Basis:

The sensitivity analysis determines different levels of the closing market value as compared to the actual closing market value based on different levels of investment performance (see table below). i.e. +2% suggests the closing market value could have been R 43 695 898 if the investment performance had been higher by 2% during 2025 as compared to the market investment performance.

All equity investments are listed on the JSE. A two percent increase in the investment return at the reporting date would have increased equity by R 605 188 (2024: an increase of R 478 036); an equal change in the opposite direction would have decreased equity by R 605 188 (2024: a decrease of R 478 036).

% Change	Return of Index	Adjusted closing value	Difference
		R	R
4%	46.40%	44 301 086	1 210 376
2%	44.40%	43 695 898	605 188
0%	42.40%	43 090 709	-
-2%	40.40%	42 485 521	(605 188)
-4%	38.40%	41 880 333	(1 210 376)

Notes:

1. The 0% line reflects the actual closing value of the respective asset classes. The adjusted closing values are a reflection of the sensitivity of the return around the index. For the less volatile indices; i.e. Cash and bonds, a sensitivity of 1% and 2% is used and for the more volatile indices, i.e. equity, a sensitivity of 2% and 4% is used.

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

29. FINANCIAL RISK MANAGEMENT - continued

29.2 Market Risk - continued

Diversification and concentration - continued

Notes - continued:

2. Investment Risk and Investment Return

Seeking higher investment returns is typically associated with taking additional risk through exposure to asset classes such as equities and bonds where the capital is at risk. Additional investment risk is typically associated with higher variability in asset prices. Also, the extent to which actual investment returns differ from expected returns is greater.

Unconsolidated structured entities

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

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

Fund	Number of investee funds	Net asset value of investee fund (range and weighted average) Rand	Fair value of scheme's assets of investment (Rand)	% of net assets attributable to holders of redeemable shares*
Prescient Specialist Income Provider	1	997 884 007	57 264 959	5.74%
Allan Gray Life Domestic Stable Medical Scheme Portfolio	1	3 464 316 521	112 521 453	3.25%
SIM Absolute Return Medical Portfolio	1	848 000 000	110 601 967	13.04%
SIM Inflation Beater Fund	1	1 672 530 953	54 081 094	3.23%
			<u>334 469 473</u>	

*This represents the scheme's percentage interest in the total net assets of the investee funds. Only pooled funds are reflected in the table above.

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

29. FINANCIAL RISK MANAGEMENT - continued

29.3 Interest rate risk

The table below summarises the scheme's exposure to interest rate risks. Included in the table are the scheme's investments at carrying amounts, excluding accrued interest, categorised by the earlier of contractual re-pricing of maturity dates.

	1 year R	2 years R	3 - 5 years R	Total R
As at 31 December 2025				
Cash and cash equivalents	116 493 938	-	-	116 493 938
Financial assets at amortised cost	43 000 000	-	-	43 000 000
Financial assets at fair value through profit or loss	-	-	392 205 311	392 205 311
Total	159 493 938	-	392 205 311	551 699 249

	1 year R	2 years R	3 - 5 years R	Total R
As at 31 December 2024				
Cash and cash equivalents	21 567 325	-	-	21 567 325
Financial assets at amortised cost	41 500 000	-	-	41 500 000
Financial assets at fair value through profit or loss	-	-	244 381 157	244 381 157
Total	63 067 325	-	244 381 157	307 448 482

29.4 Credit Risk

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

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

The scheme's capitation agreements are used to manage insurance risk. This does not, however, discharge the scheme's liability as the primary insurer. If the reinsurers fail to pay a claim for any reason, the scheme remains liable for the payment to the members.

Investments

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

29. FINANCIAL RISK MANAGEMENT - continued

29.4 Credit Risk - continued

Cash and cash equivalents

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

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

Contribution receivables

The scheme manages credit risk by:

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

Exposure to credit risk

Trade and other receivables

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

	Carrying amount 2025 R	Carrying amount 2024 R
Cash and cash equivalents	117 028 124	21 723 947
Financial assets at amortised cost	44 648 766	43 039 052
Financial assets at fair value through profit or loss	392 205 311	244 381 157
	<u>553 882 201</u>	<u>309 144 156</u>

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

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

Member claim receivables	2 243	4 762
Service provider claim receivables	227 801	252 634
	<u>230 044</u>	<u>257 396</u>

SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS

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

29. FINANCIAL RISK MANAGEMENT - continued

29.4 Credit Risk - continued

Exposure to credit risk - continued

Allowance for impairment

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

Description

	Gross 2025 R	Allowance for impairment 2025 R	Gross 2024 R	Allowance for impairment 2024 R
Contribution debtors				
Fully performing	55 732 973	-	33 785 195	-
Past due 4 - 30 days	57 333	11 084	40 485	14 390
Past due 31 - 60 days	-	-	-	-
Past due 61 - 90 days	-	-	-	-
91 days to more than one year	-	-	-	-
Total	55 790 306	11 084	33 825 680	14 390
Withdrawn members				
Not past due	2 433 793	64 469	1 462 309	59 917
Past due 4 - 30 days	72 035	72 035	13 074	13 074
Past due 31 - 60 days	89 170	89 170	16 099	16 099
Past due 61 - 90 days	23 312	23 312	7 146	7 146
91 days to more than one year	164 868	164 868	5 560	5 560
Total	2 783 178	413 854	1 504 188	101 796
Total	58 573 484	424 938	35 329 868	116 186
Net included in LIC		58 148 546		35 213 682

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

	Trade and other receivables		Total
	Contribution receivables		
	Contribution debtors	Withdrawn member contribution debtors	
	R	R	R
Balance 1 January 2024	103 423	65 639	169 062
Change to allowance made during the year	(89 033)	195 084	106 051
Amounts utilised during the year	-	(158 927)	(158 927)
Balance 31 December 2024	14 390	101 796	116 186
Change to allowance made during the year	(3 306)	414 164	410 858
Amounts utilised during the year	-	(102 106)	(102 106)
Balance 31 December 2025	11 084	413 854	424 938

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

29. FINANCIAL RISK MANAGEMENT - continued

29.4 Credit Risk - continued

Exposure to credit risk - continued

Contribution debtors

The scheme collected 99,24% (2024: 99,78%) of outstanding debt in January 2026. Therefore we can reasonably establish that the credit quality of contribution debtors is high. Consequently no additional disclosure of the credit quality is provided.

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

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

Investments and cash and cash equivalents

The table below shows the limit and balance of cash and cash equivalents and investments with the major counterparties held at year-end:

Counterparty	Credit Rating	Limit	2025		2024	
			R Limit	R Balance	R Limit	R Balance
<i>Cash deposits</i>						
First National Bank	AA	35%	193 858 770	29 236 082	108 200 455	20 425 449
Nedbank Limited	AA	35%	193 858 770	86 314 625	108 200 455	38 910 763
Investec Bank Limited	AA	35%	193 858 770	37 156 860	108 200 455	17 928 582
ABSA Bank Limited	AA	35%	193 858 770	75 129 454	108 200 455	26 772 305
Standard Bank Limited	AA	35%	193 858 770	51 056 388	108 200 455	31 419 473
<i>Bonds</i>						
ABSA Bank Limited		35%	193 858 770	5 824 218	108 200 455	2 290 074
FirstRand Bank Limited		35%	193 858 770	10 634 311	108 200 455	10 842 998
Nedbank Limited		35%	193 858 770	14 390 088	108 200 455	8 671 094
Standard Bank Limited		35%	193 858 770	11 754 712	108 200 455	8 115 384
Investec Bank Limited		35%	193 858 770	5 998 765	108 200 455	2 428 537

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

29. FINANCIAL RISK MANAGEMENT - continued

29.4 Credit Risk - continued

Exposure to credit risk - continued

Investments and cash and cash equivalents - continued

The following tables disclose the scheme's asset credit ratings using the Standard & Poor (S&P) ratings, as provided by the asset managers. Equity, property unit trusts and offshore instruments are excluded from these tables.

As at 31 December 2025

Investment Portfolio	Long-term rating							Other fixed interest	Total
	Government R	AAA R	AA R	A R	BBB R	BB R	R		
Old Mutual Wealth Treasury Company	-	-	159 493 938	-	-	-	-	-	159 493 938
Aluwani Flexible Income Precient Specialist	18 764 147	2 193 962	31 466 032	3 752 829	404 151	-	1 039 245	-	57 620 366
Income Fund	25 253 847	515 385	24 681 197	5 325 641	343 590	858 974	286 325	-	57 264 959
SIM Inflation Beater Fund	24 715 060	-	19 577 356	6 489 731	-	-	-	-	50 782 147
Allan Gray Domestic Stable Medical Portfolio	21 443 694	35 124 365	6 392 437	6 467 961	1 471 187	1 958 819	1 793 432	-	74 651 895
SIM Absolute Return Medical Portfolio	57 844 829	-	31 853 366	5 640 700	-	-	-	-	95 338 895
Total	148 021 577	37 833 712	273 464 326	27 676 862	2 218 928	2 817 793	3 119 002	-	495 152 200
% per rating band	29.89%	7.64%	55.23%	5.59%	0.45%	0.57%	0.63%		

As at 31 December 2024

Investment Portfolio	Long-term rating							Other fixed interest	Total
	Government R	AAA R	AA R	A R	BBB R	BB R	R		
Old Mutual Wealth Treasury Company	-	-	63 067 325	-	-	-	-	-	63 067 325
Aluwani Flexible Income Precient Specialist	11 446 312	1 275 863	20 304 445	2 806 898	583 252	-	36 453	-	36 453 223
Income Fund	14 546 318	1 133 005	16 702 681	2 777 689	328 937	913 713	146 194	-	36 548 537
SIM Inflation Beater Fund	13 202 219	-	19 379 092	-	-	-	-	-	32 581 311
Allan Gray Domestic Stable Medical Portfolio	10 523 664	134 919	27 995 646	5 464 210	-	1 349 188	2 765 835	-	48 233 462
SIM Absolute Return Medical Portfolio	35 830 346	-	13 086 474	7 068 096	-	-	-	-	55 984 915
Total	85 548 859	2 543 786	160 535 664	18 116 893	912 188	2 262 901	2 948 482	-	272 868 773
% per rating band	31.35%	0.93%	58.83%	6.64%	0.33%	0.83%	1.08%		

Credit rating scales

Credit ratings provide an opinion on the relative ability and capacity of an entity to meet its financial commitments, such as interest, dividends or the repayment of capital invested. They are used as indicators of the likelihood of receiving the amounts owed in accordance with the terms on which they were invested.

Explanations of the rating symbols used are presented below:

- AAA: Extremely strong capacity to meet financial commitments
- AA: Very strong capacity to meet financial commitments
- A: Strong capacity, but potentially susceptible to economic conditions
- BBB: Adequate capacity, but more susceptible to economic conditions
- BB: Speculative

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

29. FINANCIAL RISK MANAGEMENT - continued

29.5 Liquidity Risk

Liquidity risk is the risk that the scheme will be unable to meet its obligations when they fall due as a result of member benefit payments or cash requirements from contractual obligations. Such outflows would deplete available cash resources for insurance activities. In extreme circumstances, lack of liquidity could result in reductions on the statement of financial position, or potentially an inability to fulfil commitments to members.

The scheme's liquidity management process, as carried out by the administrator and monitored by the scheme, includes day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met, maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flows, and monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements.

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

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

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

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

	R	
	0 - 12 months	12 months +
2025		
<i>Insurance contract balances</i>		
Insurance contract liabilities to current members	15 578 133	
Insurance contract liabilities to members for future benefits		535 192 527
<i>Other payables, not related to the insurance contract</i>		
Trade and other payables	1 941 920	
2024		
<i>Insurance contract balances</i>		
Insurance contract liabilities to current members	10 189 861	
Insurance contract liabilities to members for future benefits		296 741 999
<i>Other payables, not related to the insurance contract</i>		
Trade and other payables	1 321 978	

SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS

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

29. FINANCIAL RISK MANAGEMENT - continued

29.5 Liquidity Risk - continued

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

As at 31 December 2025

	Up to 1 month R	1 - 3 months R	3 - 12 months R	Total R
Current assets	177 567 950	4 794 921	38 533 971	220 896 842
Trade and other receivables	59 074 012	794 921	1 533 971	61 402 904
Cash and cash equivalents	116 493 938	-	-	116 493 938
Investments	2 000 000	4 000 000	37 000 000	43 000 000
Total assets	177 567 950	4 794 921	38 533 971	220 896 842

Current liabilities	45 342 099	21 398 250	6 613 195	73 353 544
Trade and other payables	7 807 978	1 432 371	6 613 195	15 853 544
Outstanding risk claims provision	37 534 121	19 965 879	-	57 500 000
Total liabilities	45 342 099	21 398 250	6 613 195	73 353 544

Net liquidity gap analysis	132 225 851	(16 603 329)	31 920 776	147 543 298
-----------------------------------	--------------------	---------------------	-------------------	--------------------

As at 31 December 2024

	Up to 1 month R	1 - 3 months R	3 - 12 months R	Total R
Current assets	59 374 075	4 428 624	37 167 354	100 970 053
Trade and other receivables	35 806 750	428 624	1 667 354	37 902 728
Cash and cash equivalents	21 567 325	-	-	21 567 325
Investments	2 000 000	4 000 000	35 500 000	41 500 000
Total assets	59 374 075	4 428 624	37 167 354	100 970 053

Current liabilities	29 719 421	11 847 745	4 618 432	46 185 598
Trade and other payables	8 341 624	625 542	4 618 432	13 585 598
Outstanding risk claims provision	21 377 797	11 222 203	-	32 600 000
Total liabilities	29 719 421	11 847 745	4 618 432	46 185 598

Net liquidity gap analysis	29 654 654	(7 419 121)	32 548 922	54 784 455
-----------------------------------	-------------------	--------------------	-------------------	-------------------

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

29. FINANCIAL RISK MANAGEMENT - continued

29.6 Capital adequacy risk

This represents the risk that there are insufficient reserves to provide for adverse variations on future investments and claims experience. At the year end the accumulated funds ratio computed in terms of the Registrar's formula was 63.24% (2024: 48.34%).

29.7 Legal risk

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

29.8 Capital management

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

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

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

	2025 R	2024 R
The solvency ratio is calculated on the following basis:		
Liabilities to members for future benefits	535 192 527	296 741 999
Less: cumulative unrealised net gains	(58 520 226)	(37 202 455)
Liabilities to members for future benefits excluding unrealised gains	476 672 301	259 539 544
Insurance revenue	753 836 558	536 835 582
Less: impairment losses on trade and other receivables	(142 582)	106 051
Net contributions	753 693 976	536 941 633
Ratio of liabilities to members for future benefits to gross annual contribution income	63.24%	48.34%

The scheme meets the statutory requirement of 25%.

SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS

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

30. ANALYSIS OF CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

	Financial assets		Financial liabilities measured at amortised cost	Reinsurance contract liabilities	Insurance contract liabilities	Total carrying amount
	Amortised cost	Financial assets at FVTPL				
2025	R	R	R	R	R	R
Investments						
- Bonds and debentures	-	223 473 758	-	-	-	223 473 758
- Equity investments	-	43 090 709	-	-	-	43 090 709
Cash and cash equivalents	117 028 124	125 640 844	-	-	-	242 668 968
Short term deposits	44 648 766	-	-	-	-	44 648 766
Finance lease liabilities	-	-	(3 524 449)	-	-	(3 524 449)
Trade and other payables	-	-	(1 941 920)	-	-	(1 941 920)
Reinsurance contract liabilities	-	-	-	(1 431 016)	-	(1 431 016)
Insurance contract liabilities	-	-	-	-	(550 770 660)	(550 770 660)
	161 676 890	392 205 311	(5 466 369)	(1 431 016)	(550 770 660)	(3 785 844)

	Financial assets		Financial liabilities measured at amortised cost	Reinsurance contract liabilities	Insurance contract liabilities	Total carrying amount
	Amortised cost	Financial assets at FVTPL				
2024	R	R	R	R	R	R
Investments						
- Bonds and debentures	-	138 200 169	-	-	-	138 200 169
- Equity investments	-	27 114 224	-	-	-	27 114 224
Cash and cash equivalents	21 723 947	79 066 764	-	-	-	100 790 711
Short term deposits	43 039 052	-	-	-	-	43 039 052
Finance lease liabilities	-	-	(4 636 049)	-	-	(4 636 049)
Trade and other payables	-	-	(1 321 978)	-	-	(1 321 978)
Reinsurance contract liabilities	-	-	-	(1 505 870)	-	(1 505 870)
Insurance contract liabilities	-	-	-	-	(306 931 860)	(306 931 860)
	64 762 999	244 381 157	(5 958 027)	(1 505 870)	(306 931 860)	(5 251 601)

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

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

SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS

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

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

	2025 R Heritage	2025 R Pride	2025 R Diversity	2025 R Lonmin legacy	2025 R Total
Insurance revenue	431 572 663	82 204 462	35 181 481	204 877 952	753 836 558
Insurance service expenses	(416 672 520)	(100 211 421)	(40 212 307)	(186 170 797)	(743 267 045)
<i>Claims incurred</i>	(407 990 744)	(96 121 215)	(39 186 210)	(177 189 554)	(720 487 723)
Net claims incurred	(403 648 056)	(93 782 432)	(38 608 957)	(172 436 224)	(708 475 669)
Accredited managed healthcare services (no transfer of risk)	(4 342 688)	(2 338 783)	(577 253)	(4 753 330)	(12 012 054)
<i>Directly attributable insurance service expenses</i>	(8 681 775)	(4 090 205)	(1 026 098)	(8 981 243)	(22 779 322)
Fees paid in respect of accredited administration services	(8 681 775)	(4 090 205)	(1 026 098)	(8 981 243)	(22 779 322)
Net income of reinsurance contracts held	19 849 149	6 598 337	2 229 974	-	28 677 460
Reinsurance expenses from reinsurance contracts held	(9 371 272)	(9 938 543)	(3 123 516)	(30 764 773)	(53 198 104)
Reinsurance income from reinsurance contracts held	29 220 421	16 536 880	5 353 490	30 764 773	81 875 564
Insurance service result	34 749 292	(11 408 621)	(2 800 853)	18 707 155	39 246 973
Investment income from financial assets	17 991 381	3 426 048	1 467 992	6 525 741	29 411 162
Net fair value gains on fair value investments	13 866 155	2 640 493	1 131 397	3 679 726	21 317 771
Net investment income	31 857 536	6 066 541	2 599 389	10 205 467	50 728 933
Net result after investment income	66 606 828	(5 342 080)	(201 464)	28 912 622	89 975 906
Sundry income	1 126 228	757 493	166 590	-	2 050 312
Other operating expenses	(15 492 668)	(2 987 950)	(1 269 300)	(4 777 368)	(24 527 287)
Investment management fees	(990 839)	(188 683)	(80 847)	-	(1 260 368)
Investment consulting	(465 969)	(88 733)	(38 020)	-	(592 722)
Net surplus for the year before mutualisation	50 783 581	(7 849 953)	(1 423 041)	24 135 254	65 645 841
Amounts attributable to members for future benefits	(50 783 581)	7 849 953	1 423 041	(24 135 254)	(65 645 841)
Total comprehensive income for the year	-	-	-	-	-
Members at 31 December 2025	5 079	3 498	746	10 238	19 561

SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS

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

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

	2024 R Heritage	2024 R Pride	2024 R Diversity	2024 R Total
Insurance revenue	418 902 211	82 724 756	35 208 615	536 835 582
Insurance service expenses (excluding amounts attributable to future members)	(448 716 824)	(98 965 451)	(42 621 171)	(590 303 446)
<i>Claims incurred</i>	(439 760 003)	(94 821 847)	(41 508 180)	(576 090 029)
Net claims incurred	(435 683 883)	(92 687 652)	(40 942 436)	(569 313 971)
Accredited managed healthcare services (no transfer of risk)	(4 076 120)	(2 134 195)	(565 743)	(6 776 058)
<i>Directly attributable insurance service expenses</i>	(8 956 821)	(4 143 604)	(1 112 991)	(14 213 417)
Fees paid in respect of accredited administration services	(8 956 821)	(4 143 604)	(1 112 991)	(14 213 417)
Net income of reinsurance contracts held	20 121 171	5 916 234	2 275 019	28 312 425
Reinsurance expenses from reinsurance contracts held	(9 854 371)	(9 989 082)	(3 367 597)	(23 211 050)
Reinsurance income from reinsurance contracts held	29 975 542	15 905 317	5 642 616	51 523 475
Insurance service result	(9 693 442)	(10 324 461)	(5 137 536)	(25 155 439)
Investment income from financial assets	16 824 354	3 322 733	1 414 664	21 561 751
Net fair value gains on fair value investments	9 686 906	1 913 120	814 517	12 414 543
Net investment income	26 511 260	5 235 853	2 229 180	33 976 294
Net result after investment income	16 817 818	(5 088 607)	(2 908 356)	8 820 855
Sundry income	4 035 331	2 640 075	624 271	7 299 678
Other operating expenses	(11 753 560)	(2 602 373)	(1 034 183)	(15 390 116)
Investment management fees	(738 108)	(145 773)	(62 063)	(945 944)
Investment consulting	(328 186)	(64 815)	(27 595)	(420 597)
Net surplus for the year before mutualisation	8 033 296	(5 261 493)	(3 407 927)	(636 124)
Amounts attributable to members for future benefits	(8 033 296)	5 261 493	3 407 927	636 124
Total comprehensive income for the year	-	-	-	-
Members at 31 December 2024	5 486	3 694	846	10 026

Allocation of income and expenditure to benefit options

The following items are directly allocated to benefit options:

- insurance revenue.
- insurance service expenses.
- reinsurance expenses.

The following items are apportioned based on the total insurance revenue for the period:

- sundry income.
- other operating expenses.
- net investment income.
- fees paid for services rendered.

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

32. NON-COMPLIANCE MATTERS

- 32.1 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.
- 32.2 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.
- 32.3 Section 35(8) (a) of the Medical Schemes Act 131 of 1998, as amended, states that 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 of Gold Fields Limited and Sibanye Stillwater Limited from time to time, at the discretion of the Fund Manager. The scheme has been granted exemption from this section by the Council for Medical Schemes.
- 32.4 Section 33(2): Each benefit option should be financially sound and self-supporting. In 2025, the Pride and Diversity Plans incurred net insurance deficits. During the budgeting process, deficits were factored in for the Pride and Diversity Plans. Both plans' membership profiles had deteriorated during 2025 compared to prior years, with higher pensioner and chronic ratios. In 2025, the Diversity Plan had experienced 23 high cost cases with a total cost of R 8.3 million, while the Pride Plan experienced 56 cases with a total cost of R 19.3 million. Of these cases, 7 cases were in excess of R 1 million. The non-compliance could negatively impact the scheme's solvency ratio. Member claims are managed by the administrator's clinical risk management team to manage costs. The Board of Trustees are monitoring the options very closely.

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.

33. CONTINGENCIES AND COMMITMENTS

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

34. EVENTS AFTER THE REPORTING PERIOD

From 1 May 2026, the scheme is being administered by Medscheme Holdings (Pty) Ltd.

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

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

35. SIGNIFICANT NON-CASH TRANSACTIONS

	2025	2024
	R	R
Reinsurance income from reinsurance contracts held	81 875 564	51 523 475
Less: Incurred claims	(81 875 564)	(51 523 475)

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

36. AMALGAMATION OF LONMIN MEDICAL SCHEME AND SISONKE HEALTH MEDICAL SCHEME

The amalgamation between the Sisonke Health Medical Scheme and Lonmin Medical Scheme (LMS) was approved by the Council for Medical Schemes on 11 March 2025, with the effective date being 1 April 2025. The assets, liabilities, rights and obligations of LMS were transferred to the scheme. The amalgamation did not have a negative impact on the scheme's solvency ratio as total reserves of R 172.8 million were transferred from LMS to Sisonke Health Medical Scheme on 1 April 2025.

LMS was a not-for-profit restricted medical scheme registered in terms of the Act. Membership of the scheme was open to all current and retired employees of Lonmin.

In terms of the Act, medical schemes do not have equity therefore the scheme did not acquire any voting equity interest.

The scheme obtained control of LMS by means of the exposition requirements as set out in Section 63 of the Act.

On the date of the amalgamation 10 557 main members and 3 311 dependants joined the scheme.

No goodwill is recognised as a result of this transaction.

The amounts recognised as of the acquisition date for each class of assets acquired and liabilities assumed are set out below:

	1 April 2025	2024
	R	R
ASSETS		
Current assets	173 596 750	-
Cash and cash equivalents	167 557 658	-
Financial assets at amortised cost	1 241 074	-
Insurance contract asset	4 798 018	-
Total assets	<u>173 596 750</u>	<u>-</u>
LIABILITIES		
Non-current liabilities	172 804 687	-
Liability to members for future benefits	172 804 687	-
Current liabilities	792 063	-
Trade and other payables	792 063	-
Total liabilities	<u>173 596 750</u>	<u>-</u>

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

37. CHANGE IN ACCOUNTING POLICY - continued

37.1 RECLASSIFICATION OF INSURANCE SERVICE EXPENSES

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

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

	2024 as previously reported R	Adjustment R	2024 Restated R
Insurance revenue	536 835 582	-	536 835 582
Insurance service expense	(589 667 322)	(636 124)	(590 303 446)
Net income of reinsurance contracts held	28 312 425	-	28 312 425
Insurance service result	(24 519 315)	(636 124)	(25 155 439)
Net investment income	33 976 294	-	33 976 294
Net result after investment income	9 456 979	(636 124)	8 820 855
Sundry income	7 299 678	-	7 299 678
Other operating expenses	(15 390 116)	-	(15 390 116)
Investment fund management fees	(945 944)	-	(945 944)
Investment consulting	(420 597)	-	(420 597)
Net deficit for the year before mutualisation	-	(636 124)	(636 124)
Amounts attributable to members for future benefits	-	636 124	636 124
Total comprehensive income for the year	-	-	-

37.2 RECLASSIFICATION OF NET CONTRIBUTION RECEIVABLES

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

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

Refer to the table below for details of the reclassification:

	2024 opening balance as previously reported	Adjustment	2024 opening balance Restated
Liability for Remaining Coverage (asset)/liability	527 413	(2 705 463)	(2 178 051)
Liability for Incurred Claims	44 563 875	2 705 463	47 269 338

**SISONKE HEALTH MEDICAL SCHEME
REGISTRATION NUMBER 1568
ANNUAL FINANCIAL STATEMENTS**

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

38. REPORTABLE IRREGULARITY

During the audit of the financial statements for the year ended 31 December 2025, the external auditor reported a Reportable Irregularity in terms of the Auditing Profession Act. A first report was issued to the Independent Regulatory Board for Auditors("IRBA") on 18 February 2026 by the external auditor.

The Reportable Irregularity concerned an attempted circumvention of the Supply Chain Management Policy and Approval Framework by a member of management, potentially exposing the scheme to financial and reputational risk.

Following identification of this attempted circumvention, the Board of Trustees referred the matter for investigation and review.

In accordance with the applicable legislation referred to above, a second report dated 19 March 2026 was issued by the auditor on 20 March 2026 to IRBA, confirming that the identified Reportable Irregularity is no longer taking place.

Remedial actions were taken by the Scheme to ensure non-reoccurrence. Further, the affected member of management is no longer employed by the Scheme.

The financial statements have been prepared on the basis that the Reportable Irregularity does not materially affect the reported financial position or performance of the Scheme.



0860 104 012

www.sisonkehealth.co.za