

TFG MEDICAL AID SCHEME
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2025

**TFG MEDICAL AID SCHEME
(Registration no. 1578)**

ANNUAL FINANCIAL REPORT
for the year ended 31 December 2025

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TFG MEDICAL AID SCHEME
(Registration no. 1578)

FINANCIAL STATEMENTS
for the year ended 31 December 2025

SCHEME DETAILS

BOARD OF TRUSTEES	Mr B Fly (Chairperson) *	Employer appointed	(Appointed: 1 January 2025)
	Mr P Barnard (Chairperson)	Employer appointed	(Resigned: 30 June 2025)
	Mr C Singh (Vice-chairperson)	Employer appointed	
	Mr R Karamchund	Employer appointed	
	Mr C Klein	Employer appointed	(Appointed: 1 July 2025)
	Ms K Buys	Member elected	(Appointed: 23 August 2025)
	Ms T le Roux	Member elected	
	Ms A Parker	Member elected	(Resigned: 22 August 2025)
	Ms J Vandenbroucke	Member elected	
	Mr R Walther	Member elected	

* Mr B Fly was appointed as the Chairperson effective 1 July 2025.

PRINCIPAL OFFICER Ms C Harris

REGISTERED OFFICE 1 Discovery Place
Sandton
2196

POSTAL ADDRESS PO Box 786722
Sandton
2146

AUDITOR BDO South Africa Incorporated
Registered address of auditor Wanderers Office Park
52 Corlett Drive
Illovo, Johannesburg
2196

ADMINISTRATOR Discovery Health (Pty) Ltd
Postal address of administrator 1 Discovery Place
Sandton
2196

**TFG MEDICAL AID SCHEME
(Registration no. 1578)**

FINANCIAL STATEMENTS

for the year ended 31 December 2025

TRUSTEES' RESPONSIBILITY AND APPROVAL

The Trustees are responsible for the preparation and fair presentation of the financial statements of TFG Medical Aid Scheme (the Scheme), comprising the statement of financial position at 31 December 2025, the statements of comprehensive income and cash flows for the year then ended, and the notes to the financial statements, which include a summary of material accounting policies and other explanatory notes, in accordance with IFRS[®] Accounting Standards and the requirements of the Medical Schemes Act of South Africa. In addition, the Trustees are responsible for preparing the report of the Board of Trustees.

The Trustees are also responsible for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Trustees have made an assessment of the Scheme's ability to continue as a going concern and have no reason to believe the Scheme will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the financial statements

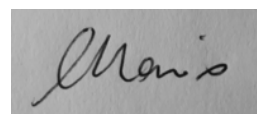
The financial statements of TFG Medical Aid Scheme, as identified in the first paragraph, were approved by the Trustees on 22 April 2026 and are signed on their behalf by:



MR B FLY
CHAIRPERSON



MR C SINGH
TRUSTEE



MS C HARRIS
PRINCIPAL OFFICER

**TFG MEDICAL AID SCHEME
(Registration no. 1578)**

FINANCIAL STATEMENTS

for the year ended 31 December 2025

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

TFG Medical Aid Scheme (the Scheme) is committed to the principles and practice of responsibility, accountability, fairness and transparency with its dealings with all stakeholders. The Scheme is committed to ensure compliance with recognised framework and conducting its affairs in accordance with ethical values, furthermore to ensure the adoption of risk assessment, evaluation and management processes with regular monitoring of third party administrators and providers in accordance with the service level agreements. This includes an evaluation of their performance as a Board and of the Board sub-committees against an agreed terms of reference and performance targets, establishment and management of internal controls by assessing the adequacy and effectiveness through the appointment of an internal auditor and calling on of expert and professional advice when required. Four Trustees are appointed by the Employer of the Scheme and four are elected by the members of the Scheme.

BOARD OF TRUSTEES

The Board of Trustees and its committees meet regularly and monitor the performance of the Administrator and other service providers. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive.

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

INTERNAL CONTROL

The Administrator of the Scheme maintains internal controls and systems 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.

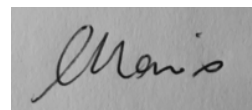
No event or item has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.



MR B FLY
CHAIRPERSON



MR C SINGH
TRUSTEE



MS C HARRIS
PRINCIPAL OFFICER

22 April 2026

**TFG MEDICAL AID SCHEME
(Registration no. 1578)**

**REPORT OF THE BOARD OF TRUSTEES
for the year ended 31 December 2025**

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

1. DESCRIPTION OF MEDICAL SCHEME

1.1 Terms of registration

TFG Medical Aid Scheme is a not-for-profit restricted Scheme registered in terms of the Medical Schemes Act, No 131 of 1998 (the Act) as amended.

1.2 Benefit options within TFG Medical Aid Scheme

The Scheme offers two benefit options, with no option of a savings account, to current and retired employees of The Foschini Group Limited and its subsidiaries. The benefit options are:

- TFG Health; and
- TFG Health Plus

2. MANAGEMENT

2.1 Board of Trustees in office during the year under review

Employer appointed trustees

Mr B Fly (Chairperson) *	(Appointed: 1 January 2025)
Mr P Barnard (Chairperson)	(Resigned: 30 June 2025)
Mr C Singh (Vice-chairperson)	
Mr R Karamchund	
Mr C Klein	(Appointed: 1 July 2025)

Member elected trustees

Ms K Buys	(Appointed: 23 August 2025)
Ms T le Roux	
Ms A Parker	(Resigned: 22 August 2025)
Ms J Vandenbroucke	
Mr R Walther	

* Mr B Fly was appointed as the Chairperson effective 1 July 2025.

2.2 Principal Officer

Ms C Harris	
Stanley Lewis Centre	PO Box 6020
340 Voortrekker Road	Parow East
Parow East	7501
7501	

2.3 Registered office address and postal address

1 Discovery Place	PO Box 786722
Sandton	Sandton
2196	2146

2.4 Scheme's administrator during the year

Discovery Health (Pty) Ltd	
1 Discovery Place	PO Box 786722
Sandton	Sandton
2196	2146

**TFG MEDICAL AID SCHEME
(Registration no. 1578)**

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

2.5 Principal Banker

First National Bank
PO Box 1153
Johannesburg
2000

2.6 Auditor

BDO South Africa Incorporated
Wanderers Office Park
52 Corlett Drive
Illovo, Johannesburg
2196

Private Bag X 60500
Houghton
2041

2.7 Actuarial Consultants

Alexander Forbes Financial Services (Pty) Ltd
40 Dorp Street
Stellenbosch
7599

PO Box 700
Stellenbosch
7599

2.8 Investment Consultants

Willis Towers Watson (Pty) Ltd
Montclare Place
23 Main Road
Claremont
7708

Private Bag X30
Rondebosch
7701

3. INVESTMENT STRATEGY

The Scheme's investment objectives are to maximise the return on its investments on a long term basis at an appropriate risk. The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees.

The Board of Trustees are responsible for all the investment decisions, and part of their strategy is to ensure that:

- the Scheme remains liquid;
- investments are placed at appropriate risk and the best possible rate of return;
- investments are made in compliance with the regulations of the Act; and
- a risk assessment is performed with feedback to the Board of Trustees with recommendations on the risks identified.

The Scheme invested in money market funds and cash instruments during 2025 to ensure sufficient liquidity.

The Scheme also invested in an equity Policy of Insurance through Allan Gray Life Limited which at year-end amounted to 25% (2024: 30%) of the Scheme's assets. The Scheme also invested 12% of its asset value in ABAX (2024: 12%), 12% of its asset value in Coronation (2024: 12%) and 31% (2024: 30%) in the Old Mutual Capped All Share Index Fund. The objective with these investments is to maximise capital growth over a longer term.

The investment policy is reviewed on an ongoing basis, taking into consideration compliance with the Act, the risk and returns of various investment instruments and the surplus funds available to invest.

**TFG MEDICAL AID SCHEME
(Registration no. 1578)**

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

4. MANAGEMENT OF INSURANCE RISK

The primary insurance activity carried out by the Scheme indemnifies covered members and their dependants against the risk of significant loss arising as a result of the occurrence of a health event (i.e. an event relating to the health of the Scheme's beneficiary). As such, the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract.

The Scheme manages its insurance risk through benefit limits and sub-limits, application of clinical protocols, approval procedures for transactions that exceed set limits, pricing guidelines, pre-authorisation and case management, service provider profiling, and the regular monitoring of emerging issues.

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. 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/or severity of claims is greater than expected.

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

The Board of Trustees frequently assess the necessity to enter into risk transfer arrangements in order to manage the Scheme's insurance risk.

5. REVIEW OF ACCOUNTING PERIOD ACTIVITIES

5.1 Results of operations

The results of the Scheme's operations for the year under review and financial position at 31 December 2025 are set out in the financial statements, and the trustees believe that no further clarification is required.

TFG MEDICAL AID SCHEME
(Registration no. 1578)

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

5.2 Operational statistics per benefit option

	2025	2025	2025
	TFG Health	TFG Health Plus	Total
Number of members at year-end	1,956	1,117	3,073
Average number of members for the accounting period	1,800	1,127	2,927
Average number of beneficiaries for the accounting period	3,589	2,461	6,050
Beneficiaries per member	2.0	2.2	2.1
Average age per beneficiary	30	43	35
Pensioner ratio (beneficiaries >65 years old)	4%	19%	10%
Average contribution pmpm	R 3,213	R 8,599	R 5,287
Average contribution pbpm	R 1,612	R 3,938	R 2,558
Relevant healthcare expenditure pmpm	R 2,655	R 8,983	R 5,092
Relevant healthcare expenditure pbpm	R 1,332	R 4,114	R 2,463
Directly attributable insurance service expenses as a percentage of contributions	91.8%	107.9%	101.9%
Directly attributable insurance service expenses pbpm	R 1,480	R 4,249	R 2,607
Non-healthcare expenditure pmpm	R 411	R 411	R 411
Average managed care: management services pmpm	R 137	R 137	R 137
Relevant healthcare expenditure as a percentage of contributions	82.6%	104.5%	96.3%
Non-healthcare expenditure as a percentage of contributions	12.8%	4.8%	7.8%
Return on investments as a percentage of investments	-	-	26.8%
Accumulated funds per member at 31 December	-	-	R 125,539

	2024	2024	2024
	TFG Health	TFG Health Plus	Total
Number of members at year-end	1,692	1,164	2,856
Average number of members for the accounting period	1,666	1,202	2,868
Average number of beneficiaries for the accounting period	3,403	2,693	6,096
Beneficiaries per member	2.0	2.2	2.1
Average age per beneficiary	30	42	34
Pensioner ratio (beneficiaries >65 years old)	4%	17%	10%
Average contribution pmpm	R 3,061	R 8,041	R 5,148
Average contribution pbpm	R 1,499	R 3,589	R 2,422
Relevant healthcare expenditure pmpm	R 2,251	R 7,453	R 4,431
Relevant healthcare expenditure pbpm	R 1,102	R 3,327	R 2,085
Directly attributable insurance service expenses as a percentage of contributions	83.0%	96.3%	91.7%
Directly attributable insurance service expenses pbpm	R 1,244	R 3,456	R 2,221
Non-healthcare expenditure pmpm	R 418	R 418	R 418
Average managed care: management services pmpm	R 130	R 130	R 130
Relevant healthcare expenditure as a percentage of contributions	73.5%	92.7%	86.1%
Non-healthcare expenditure as a percentage of contributions	13.7%	5.2%	8.1%
Return on investments as a percentage of investments	-	-	10.2%
Accumulated funds per member at 31 December	-	-	R 109,005

pmpm - per member per month
pbpm - per beneficiary per month

TFG MEDICAL AID SCHEME
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REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

5.3 Liability for incurred claims

Movements on the liability for incurred claims are clearly set out in the notes to these financial statements. There have been no unusual movements that the trustees believe should be brought to the attention of the members of the Scheme.

5.4 Solvency ratio

	2025	2024
	R	R
The solvency ratio ratio is calculated on the following basis:		
Total insurance liability to members for future benefits per statement of financial position	385,782,166	311,317,155
Less: Cumulative net gains on re-measurement to fair value of financial instruments	(107,592,103)	(45,090,122)
Accumulated funds per Regulation 29	<u>278,190,063</u>	<u>266,227,032</u>
Insurance revenue	<u>185,707,930</u>	<u>177,177,820</u>
Accumulated funds ratio per Regulation 29	149.80%	150.26%

6. COMMITTEES

6.1 Audit Committee

An Audit Committee, established in accordance with the provisions of the Act, is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Committee consists of six members of which two are members of the Board of Trustees. The rest of the members, including the chairperson, are not officers of the Scheme or its third party administrator. The Committee met twice during 2025. Attendance of these meetings is disclosed in note 11 of the Report of the Board of Trustees.

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

6.2 Investment Committee

The Board of Trustees established an Investment Committee to assist the Board in carrying out their duties relating to the Scheme's investment policy and strategy. It is mandated by means of written terms of reference as to its membership, authority and duties.

The Committee consists of three trustees and the Principal Officer. The Scheme appointed Willis Towers Watson as independent investment consultants to assist the Committee. The Scheme's Administrator and Actuary also attend committee meetings.

The Committee met regularly during the year and reviewed the strategy in accordance with the mandate set by the Board of Trustees.

**TFG MEDICAL AID SCHEME
(Registration no. 1578)**

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

6. COMMITTEES (continued)

6.3 Ex Gratia Committee

The Ex Gratia Committee is mandated by the Board of Trustees to assist qualifying members by awarding ex gratia payments where services were either denied or rejected due to limited or uncovered benefits. These awards are granted appropriately according to the merits of each case.

The committee consists of five members and the committee meets if and when required.

7. INVESTMENTS IN AND LOANS TO THE EMPLOYER OR MEMBERS OF THE MEDICAL SCHEME AND TO OTHER RELATED PARTIES

The Scheme has granted no loans to the participating employers of the Scheme. Refer to note 9.2 of the Report of the Board of Trustees for details about investments in the participating employer.

8. ACTUARIAL SERVICES

The Scheme's actuaries have been consulted in the determination of the contribution and benefit levels. They monitor the Scheme's claims expenditure and underwriting results on a monthly basis.

9. NON-COMPLIANCE MATTERS

9.1 Contributions not received within three days of it becoming due

In terms of Section 26(7) of the Act, all contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due.

There were a small number of instances, during the year, where the Scheme received contributions after three days of becoming due, however, there are no contracts in place agreeing to this arrangement.

A detailed mandate is in place with the Administrator regarding the collection of these contributions.

9.2 Investment in participating employer and medical administrators

In terms of Section 35(8) of the Act, a medical scheme is prohibited from investing any of its assets in an employer who participates in that scheme or any medical scheme administrators.

At 31 December 2025 the Scheme held shares through linked life policies in The Foschini Group Limited to the value of R361,800 (2024: R870,528), in Momentum Group Limited to the value of R1,984,865 (2024: R2,513,538), in Discovery Limited to the value of R2,211,995 (2024: R1,941,641) and in Sanlam Limited to the value of R3,492,337 (2024: R2,881,792).

Funds in this specific portfolio are structured at the sole discretion of the asset manager in a manner that maximizes returns. Therefore the Scheme does not make inputs into the structuring of the portfolio. The Scheme received exemption from this section of the Act until 31 December 2028 at which stage the Scheme will apply for a further exemption.

TFG MEDICAL AID SCHEME
(Registration no. 1578)

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

9. NON-COMPLIANCE MATTERS (continued)

9.3 Claims not settled within 30 days

In terms of Section 59(2) and Regulation 6(2) of the Act a medical scheme shall pay a member or supplier of services any benefit owing to that member or supplier within 30 days of receipt of the medical claim.

A limited number of exceptions were noted where settlement took longer than 30 days from receipt. These were limited to more complex claims and management is committed to resolve these matters in a responsible manner and in the best interest of the member and the Scheme.

9.4 Investment in local equities

In terms of Regulation 30 and Annexure B a medical scheme is only allowed to invest up to 40% of investable assets in local equities. As 31 December 2025 the Scheme's equity holding exceeded this limit. The Scheme's equity holdings are hosted in two policies of insurance. The Regulatory limit on these policies are 20% of total investable assets per policy. As a result of the higher equity exposure, the Scheme also exceeded these sub-limits of 20% per policy.

Regulation 30(3A) provides that assets in excess of the minimum specified in Regulation 30 may be allocated according to different percentages if a medical scheme provides the Registrar of Medical Schemes with a certified statement from a suitably qualified person. The Scheme provided such statement to the Registrar of Medical Schemes, and the Scheme is investing within the suggested percentages.

9.5 Sustainability of benefit options

In terms of Section 33(2) of the Act, each benefit option shall be self-supporting in terms of membership and financial performance and be financially sound. At 31 December 2025 the TFG Health Plus option incurred a net insurance service deficit of R9.2m (2024: surplus of R4.3m). The performance of the Scheme is in line with the Scheme's pricing strategy for the year.

The Trustees focus on long-term financial management, with the objective of ensuring the continued financial soundness of the Scheme and maintenance of its reserves.

The Board of Trustees carefully monitors the Scheme's performance with the assistance of the Scheme's actuary. The Trustees are comfortable that the Scheme is in a sound financial position as at 31 December 2025.

10. GOING CONCERN

The Board of Trustees considers the Scheme to be going concern based on the Scheme's solvency ratio, available cash and investments as well as the five year actuarial forecast.

TFG MEDICAL AID SCHEME
(Registration no. 1578)

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

11. MEETING ATTENDANCES

The following schedule sets out Board of Trustee meeting attendances and attendances by members of board sub-committees.

Trustee/Sub-committee member	Board of Trustee meetings		Audit committee meetings		Investment Committee meetings		Ex Gratia committee meetings	
	A	B	A	B				
Mr B Fly (Chairperson effective 1 July 2025)	7	7	2	1	4	3	4	4
Mr P Barnard (Chairperson) #	3	3	1	1	2	2	2	2
Mr C Singh (Vice-chairperson)	7	5			4	4	4	3
Ms K Buys #	2	2						
Mr R Karamchund	7	3						
Mr C Klein #	4	4	1	1				
Ms T le Roux	7	7	2	2	4	4		
Ms A Parker #	4	3						
Ms J Vandenbroucke	7	7					4	4
Mr R Walther	7	5			4	4	4	3
Mr M Van Est * (Audit Comm Chairperson)			2	2				
Mr C Baloyi * #			1	1				
Ms N Senekal *			2	2				
Ms R Strauss *			2	2				
Ms C Harris (Principal Officer)	7	7	2	2	4	4	4	4

A - Total possible number of meetings that could have been attended

B - Actual number of meetings attended

* - Independent audit committee member

- Resignations during the year

12. SUBSEQUENT EVENTS

There have been no events that have occurred subsequent to the end of the accounting period that affect the annual financial statements and that the trustees consider should be brought to the attention of the members of the Scheme.

INDEPENDENT AUDITOR'S REPORT

To the Members of
TFG Medical Aid Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TFG Medical Aid Scheme (the Scheme), set out on pages 17 to 67, which comprise the statement of financial position as at 31 December 2025; and the statement of comprehensive income; and the statement of cash flows for the year then ended; and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of TFG Medical Aid Scheme as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of the Liability for incurred claims (Notes 1.3, 5, and 17)	
<p>The valuation of the Liability for Incurred Claims (LIC) component forms part of the Insurance contract liability on the statement of financial position and consists of the estimates of future cash flows for incurred claims and the risk adjustment for non-financial risk (RA).</p> <p>At 31 December 2025, the LIC included an estimate of future cash flows relating to the claims incurred but not reported (outstanding claims provision) amounting</p>	<p>Our audit procedures for the LIC estimate component included the following:</p> <ul style="list-style-type: none">We obtained an understanding and documented the LIC estimation process; andWe assessed the design and evaluated the implementation of relevant controls over the claims process and the calculation of the LIC estimate.

to R4.7 million (2024: R3.6 million), as well as an RA of R0.1 million (2024: R0.3 million).

In determining the LIC, the Scheme applies significant judgement and the assessment includes estimation uncertainties, due to the Scheme having to determine claims from healthcare events that have occurred but have not yet been reported. In addition, the Scheme is also required to estimate a run-off period, within which the incurred but not reported claims will be submitted to the Scheme.

Claims incurred but not reported methodology and assumptions:

The most significant assumptions in the determination of the estimates of future cash flows relating to the claims incurred but not reported are:

- Future cashflow projections developed using information about past events, current conditions and forecasts of future conditions;
- Probability weighted average; and
- Timing of the submission and payment, and the level of future claims submitted.

The method used by the Scheme to determine the best estimate of the claims incurred but not reported is the Basic Chain Ladder (BCL) method.

The BCL method involves analysing historical claims development factors and selecting estimated development factors based thereon.

The selected development factors are then applied to cumulative claims data for each period (in the Scheme's case, the four months post-year-end) that is not yet fully developed, to produce an estimated ultimate claims cost for each healthcare year.

RA methodology and assumptions:

The most significant assumptions in the determination of the RA are:

- Variability and level of claims;
- Degree of diversification benefits; and
- Confidence level.

The IFRS 17 Insurance Contracts RA represents the compensation a Scheme requires for bearing the uncertainty in the amount and timing of future cash flows arising from non-financial risk. Because the RA 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.

Management has used the confidence level technique to determine the RA at the reporting date. The Scheme's calibrated risk adjustment is such that the insurance contract liabilities are considered sufficient at the 75th percentile of the ultimate loss distribution.

Due to the significant judgement and estimation uncertainty involved in the Scheme's valuation of the claims incurred but not reported and RA, this area was considered a matter of most significance to our current year audit of the financial statements.

Data

We obtained the claims data from the claims processing system covering the year ended 31 December 2025, which was used in calculating the determination of the claims incurred but not reported and the RA, and performed a reconciliation of the data used in the calculation to the claims data tested as part of the insurance service expense for the year ended 31 December 2025. Based on the results of our reconciliation performed, we did not note material inconsistencies.

Calculations

Making use of our internal actuarial expertise we performed an independent calculation of the estimates of future cashflows relating to the claims incurred but not reported and RA. Our procedures included:

- We considered the appropriateness of the methodology and assumptions applied in determining the estimates of future cashflows relating to the claims incurred but not reported and RA against appropriate industry information;
- We performed an independent calculation of the estimates of future cashflows relating to the claims incurred but not reported and RA using the same methodology and assumptions as that of the Scheme. The independently calculated values were then compared to the Scheme's actuarial calculations. We noted no material differences in this regard; and
- We considered the appropriateness of the confidence level applied for the RA by performing a benchmarking exercise for RA as a percentage of the claims incurred but not reported and confirming that the RA for the Scheme is in range with similar market participants. Based on our work performed, we accepted the Scheme's use of the 75th percentile.

Back testing

The Scheme considers claims processed in the next financial year in respect of services provided during the year ended 31 December 2025 to determine if there is a need to disclose that actual claims are materially different from forecast claims and the LIC component judgement.

We considered the Scheme's assessment of the actual claims processed in the next financial year in respect of services provided during the year ended 31 December 2025 against the relevant requirements of the financial reporting framework, to assess the need for any subsequent events disclosure. Based on the results of our assessment, we accepted the Scheme's assessment, which indicated that such disclosure is not necessary due to the fact that the unutilised portion of the LIC is not material.

Disclosures

We evaluated the presentation of the disclosure relating to the LIC in the current year against the relevant requirements of the IFRS Accounting Standards and appropriate industry guidance.

Other Information

The Scheme's trustees are responsible for the other information. The other information comprises information included in the document title "TFG Medical Aid Scheme Annual Financial Statements for the year ended 31 December 2025", which includes the Trustees' responsibility and approval, Statement of corporate governance by the Board of Trustees, and Report of the Board of Trustees. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Scheme's trustees for the Financial Statements

The Scheme's trustees are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 related 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 year 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 that there are no material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa that have come to our attention during the course of our audit.

Audit Tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that BDO South Africa Incorporated has been the auditor of TFG Medical Aid Scheme for one year.

The engagement partner, Lesego Mafadza, has been responsible for TFG Medical Aid Scheme's audit for one year.

BDO South Africa Inc

BDO South Africa Incorporated

Registered Auditors

Lesego Mafadza

Director

Registered Auditor

29 April 2026

Wanderers Office Park

52 Corlett Drive

Illovo, 2196

TFG MEDICAL AID SCHEME
(Registration no. 1578)

STATEMENT OF FINANCIAL POSITION
at 31 December 2025

	Notes	2025 R	2024 R
ASSETS			
<i>Non-current assets</i>			
Financial assets at fair value through profit or loss	2	317,192,758	265,453,869
<i>Current assets</i>			
Financial assets at fair value through profit or loss	2	75,717,181	51,546,732
Other receivables	3	62,029,476	37,900,641
Cash and cash equivalents	4	91,513	77,321
		13,596,192	13,568,770
TOTAL ASSETS		392,909,939	317,000,601
LIABILITIES			
<i>Non-current liabilities</i>			
Insurance contract liability to members for future benefits	5.4	385,782,166	311,317,155
<i>Current liabilities</i>			
Insurance contract liabilities	5	7,127,773	5,683,446
Reinsurance contract liability	6	4,855,692	3,580,605
Trade and other payables	7	112,060	-
		2,160,021	2,102,841
TOTAL LIABILITIES		392,909,939	317,000,601

TFG MEDICAL AID SCHEME
(Registration no. 1578)

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2025

	Notes	2025 R	2024 R
Insurance revenue	8	185,707,930	177,177,820
Insurance service expense	8	(190,181,617)	(162,728,796)
Incurred claims *		(175,085,708)	(148,675,652)
Accredited managed care services (no risk transfer) *		(4,801,226)	(4,475,166)
Third party claim recoveries		106,947	117,525
Other directly attributable expenses		(10,401,630)	(9,695,503)
Net income from reinsurance contracts *	6; 8	943,152	239,198
Premiums paid		(3,911,240)	(3,390,267)
Amounts recovered from reinsurance contracts		4,854,392	3,629,465
Insurance service result		(3,530,535)	14,688,222
Interest from cash and cash equivalents	9	235,621	281,989
Income from investments at fair value through profit or loss	9	81,633,038	29,982,693
Net investment income		81,868,659	30,264,682
Net insurance and investment result		78,338,124	44,952,904
Sundry income	10	161,760	2,400
Other operating expenses	11	(4,034,873)	(4,399,798)
Net surplus before amounts attributable to members for future benefits		74,465,011	40,555,506
Amounts attributable to members for future benefits	5.4	(74,465,011)	(40,555,506)
Net result		-	-
* Relevant healthcare expenditure		(178,943,781)	(152,911,620)

Relevant healthcare expenditure consists of net claims incurred, accredited managed healthcare services and net income from risk transfer arrangements.

TFG MEDICAL AID SCHEME
(Registration no. 1578)

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 providers		185,698,169	177,258,412
Cash receipts from members – contributions		185,597,138	177,140,888
Cash receipts from members and providers – other		101,031	117,525
Cash paid to providers and members		(191,823,596)	(170,147,533)
Cash paid to providers and members – claims		(177,556,333)	(155,219,438)
Cash paid for non-healthcare expenditure		(14,267,263)	(14,928,095)
Interest income		6,673,866	4,681,093
Dividends		4,479,866	3,868,973
Cash generated from operations		5,028,305	15,660,946
Cash flows from investing activities			
Acquisitions of investments		(37,047,611)	(100,582,508)
Proceeds on disposals of investments		32,046,728	85,310,216
Net cash flows from investing activities		(5,000,883)	(15,272,292)
Net increase in cash and cash equivalents		27,422	388,654
Cash and cash equivalents at the beginning of the year		13,568,770	13,180,117
Cash and cash equivalents at the end of the year	4	13,596,192	13,568,770

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES

GENERAL INFORMATION

The principal accounting policies applied in the preparation of the financial statements are set out below and are in accordance with IFRS[®] Accounting Standards. These policies were consistently applied to the previous year, unless otherwise stated.

The Scheme is a restricted membership medical scheme registered in terms of the Medical Schemes Act No. 131 of 1998, as amended (the Act), and is domiciled in the Republic of South Africa.

1.1 BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with IFRS[®] Accounting Standards including interpretations issued by the IFRS Interpretations Committee (IFRIC[®]), which are set by the International Accounting Standards Board (IASB). The Financial Statements are also prepared in accordance with the Act, which requires additional disclosures for registered medical schemes.

The detailed accounting policies have been set out in the respective note to the Financial Statements, with the general accounting policies applied in the preparation of these Financial Statements set out below. These policies have been applied consistently to all years presented, except for changes required by the mandatory adoption of new and revised IFRS Accounting standards.

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 its judgement in the process of applying the Scheme's accounting policies.

The Financial Statements are prepared in accordance with the going concern principle using the historical cost basis except for certain financial assets and liabilities and insurance and reinsurance assets and liabilities – measured in terms of IFRS 17.

A Statement of changes in funds and reserves is not presented as the Scheme does not have any financial assets through other comprehensive income. Member funds are disclosed as Liabilities to members for future benefits in the annual financial statements.

These financial statements are presented in Rand, which is the Scheme's functional and presentation currency. All the financial information presented in Rand has been rounded to the nearest Rand.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1.2 IMPLEMENTATION OF NEW STANDARDS

New standards, amendments and interpretations effective and relevant to the Scheme:

The following new standards, amendments and interpretations to the existing standards have been published and are not yet effective for the current financial year. The Scheme has not early adopted them and it is not expected that they will have any material impact on the Scheme's assets, liabilities and results but may result in additional disclosure in the Financial Statements.

Standard	Scope	Effective date
Amendments to the Classification and Measurement of Financial Instruments – amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.	These amendments to IFRS 9 and IFRS 7 address feedback from the post-implementation review of classification and measurement requirements. They clarify the treatment of financial liabilities settled via electronic payment systems and refine the assessment of contractual cash flows, particularly for financial assets with ESG-linked features. Additionally, they enhance disclosure requirements for equity investments designated at fair value through other comprehensive income and introduce new disclosures for financial instruments with contingent features unrelated to basic lending risks and costs. This amendment has no further impact on the Scheme.	Annual periods beginning on or after 1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	The Standard was issued in April 2024 and supersedes IAS 1 Presentation of Financial Statements. The Standard provides additional requirements for the presentation and disclosure of information in the primary financial statements and the notes to improve transparency and comparability of information. IFRS 18 will impact the Scheme's Income statement and related note disclosures. The Scheme will assess the additional disclosure requirements.	Annual periods beginning on or after 1 January 2027

New standards, amendments and interpretations effective for the current financial year.

There were no new standards, amendments and interpretations effective in 2025.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1.3 INSURANCE CONTRACTS SCOPE AND GROUPING

Definition and classification

Contracts under which the Scheme accepts significant insurance risk from another party (the member) by agreeing to compensate the member or other beneficiary if a specified uncertain future event (the insured event) adversely affects the member or other beneficiary are classified as insurance contracts. 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 and whether the accepted insurance risk is significant.

Separating components within insurance contracts

Before the Scheme accounts for an insurance contract it analyses whether the contract contains components that should be separated. There are three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services.

The Scheme does not have contracts with specified embedded derivatives.

Measurement models

- The default model is the General Measurement Model (GMM). The GMM is typically used for measuring long-term insurance risk and annuity contracts.
- The GMM is supplemented by the Variable Fee Approach (VFA) for contracts where policyholders have purchased investment linked insurance contracts integrated with insurance coverage (i.e. insurance contracts with direct participating features).
- The Premium Allocation Approach (PAA) is a simplified approach of the GMM for short-duration contracts such as group risk, personal lines and private medical insurance.

Insurers can elect to apply the premium allocation approach (PAA) to measure a group of insurance contracts issued or reinsurance contracts held if, at the inception of the group:

- The coverage period of each contract in the group of insurance contracts is one year or less, or
- The insurer reasonably expects that the PAA would produce a measurement of the Liability for Remaining Cover (LRC) for a group of insurance contracts that would not differ materially from the measurement achieved by applying the GMM.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1.3 INSURANCE CONTRACTS SCOPE AND GROUPING (continued)

Measurement models (continued)

As permitted in IFRS 17, the Scheme has elected to apply the premium allocation approach. The Scheme reasonably expects that the PAA would produce a measurement of the LRC for a group of insurance contracts that would not differ materially from the measurement achieved by applying the GMM.

The PAA simplifies the general measurement model. At initial recognition, the insurance contract is measured as:

- The premiums, if any, received at initial recognition, and
- Plus/minus non-acquisition assets or liabilities previously recognised for cash flows related to the group of insurance contracts.

IFRS 17 permits an accounting policy election on a group-by-group basis:

- Not to adjust the components of the insurance contracts and onerous contracts for the time value of money (i.e. no discounting).
- An entity may elect to immediately expense insurance acquisition cash flows when incurred.

Under the PAA, the standard allows an entity to make a policy choice whether to account for the effect of the time value of money in the measurement of the liability for remaining coverage and the liability for incurred claims when:

- On initial recognition of the contract, for the liability of remaining coverage, the time between the coverage and due date of the related premium is less than a year.
- The cash flows arising from the liability for incurred claims are expected to be paid or received in less than one year from the date the claim is incurred.

The Scheme has elected not to account for the effect of the time value of money in the measurement of the liability for incurred claims and the liability for remaining coverage as both conditions have been met. In some instances, claims may be disputed.

The Scheme has elected to immediately expense insurance acquisition cash flows.

Expected Fulfilment Cash Flows (EFCF)

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the contract boundary of each contract in the group.

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 criteria are satisfied:

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1.3 INSURANCE CONTRACTS SCOPE AND GROUPING (continued)

Expected Fulfilment Cash Flows (EFCF) (continued)

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. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria. The Scheme has assessed its group of insurance contracts and determined that the group has a boundary of one year.

EFCF include payments to (or on behalf) of policyholders, insurance acquisition cash flows and other directly attributable costs to fulfilling 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. When estimating, the Scheme uses information about past events, current conditions and forecasts of future conditions.

Insurance acquisition cash flows arise from activities of selling, underwriting and commencing a group of contracts that are directly attributable to the portfolio of contracts.

Risk adjustment

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arise from non-financial risk as the Scheme fulfils insurance contracts. It measures the compensation that the entity would require to make it indifferent between:

- Fulfilling a liability that has a range of possible outcomes arising from non-financial risk, and
- Fulfilling a liability that will generate fixed cash flows with the same expected present value as the insurance contract.

A lower risk adjustment would be observed for those insurance contracts with shorter duration, high frequency and low severity type products and narrow probability of distributions. Higher risk adjustment would be observed for insurance contracts that are longer in duration, have a low frequency and high severity and have a wide probability of distributions.

IFRS 17 does not prescribe methods for determining the risk adjustment for non-financial risk. Therefore, management's judgement is necessary to determine an appropriate risk adjustment technique.

When applying a confidence level technique, the first step in the process is to calculate the best estimate liability, where there is an equal chance that the actual amount needed to pay future claims will be higher or lower than the calculated best estimate. The risk adjustment is then calculated such that there is a specified percentage probability that the reserves will be sufficient to cover future claims.

For the Scheme's insurance contracts the explicit risk adjustment for non-financial risk is estimated to measure the Liability for Incurred Claims (LIC). The risk adjustment will be determined by applying a bootstrapping confidence level technique set at a confidence level of 75%.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1.3 INSURANCE CONTRACTS SCOPE AND GROUPING (continued)

Unit of account, aggregation and recognition of insurance and reinsurance contracts

Under IFRS 17, the unit of account is defined as a group of insurance contracts. The manner in which insurance contracts are grouped affects the timing of profit recognition for insurance services but does not affect the measurement of the estimated cash flows to fulfil the insurance contracts. In terms of IFRS 17, the unit of account is determined by first establishing a portfolio of insurance contracts and then creating separate cohorts within the portfolio based on the date of origination. Each such cohort is further grouped into three groupings based on estimated profitability.

Portfolio

Insurance contracts that are subject to similar risks and managed together.

The Scheme offers insurance cover against the cost of a health event. Two benefit options are offered by the Scheme.

Cohort

Only contracts issued within a given 12-month period (cohort) can be included in the same group. Annual cohorts are further grouped as follows:

Groups

- Onerous at initial recognition (onerous)
- At initial recognition, no significant possibility of becoming onerous (profitable)
- Other (profitable at risk)

The Scheme has assessed its portfolio to be at a scheme level. The Scheme has applied the exemption not to perform profitability groupings as allowed by IFRS and included all contracts in the same group.

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.

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 shall treat the changes in cash flow as changes in estimates of fulfilment cash flows.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1.3 INSURANCE CONTRACTS SCOPE AND GROUPING (continued)

Initial and subsequent measurement

For insurance contracts issued, on initial recognition, the Scheme measures the liability for remaining coverage at the amount of contributions received less any acquisition cash flows paid.

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

- the liability for remaining coverage; and
- the liability for incurred claims, comprising the fulfilment cashflows related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the liability for remaining coverage is:

- increased for contributions received in the period; and
- decreased for the amounts of expected contributions received recognised as insurance revenue for the services provided in the period.

For insurance contracts issued at each of the subsequent reporting dates the liability for incurred claims is:

- the probability weighted estimate of the present value of the future cash flows; and
- the risk adjustment for non-financial risk.

Refer to note 17 for the significant judgements and estimates used to determine the liability for incurred claims and the estimates to determine the fulfilment cash flow.

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.

IFRS 3 defined 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 paragraph BC265 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.

Due to the Scheme being a mutual entity, the assessment of onerous contracts are also affected.

TFG MEDICAL AID SCHEME
(Registration no. 1578)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1.3 INSURANCE CONTRACTS SCOPE AND GROUPING (continued)

Assessment as to whether the Scheme is a mutual entity (continued)

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.

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 profit or losses as part of the insurance liability attributable to future members (which forms part of the insurance contract liabilities on the statement of financial position).

Onerous contract assessment

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 attributable to future members. In the rare scenario where the following year's deficit exceeds the insurance liability attributable to future members – the contracts written would be onerous and an onerous contract liability raised. Where the amounts attributable to future members exceed the following year's deficit the contracts would not be determined as onerous, and no provision raised as a liability is already recognised.

Insurance revenue

The Scheme recognises insurance revenue based on the passage of time over the coverage period of the group of insurance contracts in the statement of comprehensive income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1.3 INSURANCE CONTRACTS SCOPE AND GROUPING (continued)

Insurance Service Expenses

Insurance service expenses include:

- incurred claims and benefits excluding investment components;
- other incurred directly attributable insurance service expenses;
- changes that relate to past service (i.e. changes in the fulfilment cashflows relating to the Liability for incurred claims);
- changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components); and
- Amounts attributable to future members

Net of:

- Recoveries from third parties (including reimbursement from the Road Accident Fund).

Other incurred directly attributable insurance service expenses include:

Accredited managed care healthcare services (no risk transfer)

Accredited managed healthcare services (no risk transfer) fees comprise amounts paid or payable to a third party for managing the utilisation, costs and quality of healthcare services to the members of the Scheme and are expensed as incurred. Accredited managed healthcare services are part of healthcare expenditure as they directly impact on the delivery of cost-effective and appropriate healthcare benefits to beneficiaries of the Scheme.

Insurance acquisition costs

The Scheme includes the acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are costs directly attributable to individual contracts and the group of contracts.

Insurance acquisition costs are expensed by the Scheme when it incurs the cost.

Accredited administration services

Expenses for accredited administration services are paid to the Scheme administrator.

Cash flows that are not directly attributable to a group of insurance contracts are recognised in other operating expenses as incurred and include the Scheme's operating expenses and other administration services fees paid to the Scheme administrator.

Classification of contribution receivables

The Scheme has accounted for all contribution debtors that relate to insurance services already rendered in Liability for Remaining Coverage (LFRC) at year-end.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1.3 INSURANCE CONTRACTS SCOPE AND GROUPING (continued)

Classification of expenditure/income outstanding at year-end that meet the definition of financial liabilities or financial assets

The fulfilment cash flows may include expenditure incurred in accounting standards other than IFRS 17. Where expenditure/income outstanding at year-end meet the definition of financial liabilities or financial assets, the Scheme has an accounting policy choice to either include the payable/receivables in the insurance contract liabilities or to recognise it as a separate IFRS 9 liability/asset such as trade and other payables/receivables. The Scheme has chosen to include these payables in the insurance contract liabilities.

1.4 RISK TRANSFER REINSURANCE

Definition

Risk transfer arrangements are contractual arrangements entered into by the Scheme and third parties who undertake to indemnify the Scheme against all or part of the loss that the Scheme may incur as a result of carrying on the business of a medical scheme. The third party is paid a fixed fee per member 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.

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.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Scheme tracks internal management information reflecting historical experiences of 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.

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.

Initial and subsequent measurement

The coverage period of each reinsurance contract in the Scheme's group of reinsurance contracts, is one year or less. Therefore, the Scheme has made the accounting policy choice to simplify the measurement of its group of reinsurance contracts using the PAA.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1.4 RISK TRANSFER REINSURANCE (continued)

Initial and subsequent measurement (continued)

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

- the remaining coverage; and
- the incurred claims, comprising the fulfilment cashflows related to past service allocated to the group at the reporting date.

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

- increased for ceding contributions paid in the period; and
- 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 reinsurance 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.

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 or less.

Net income/(expense) from reinsurance contracts held

Reinsurance income consists of 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 consist of reinsurance expenses, other incurred directly attributable insurance service expenses and the effect of changes in risk of reinsurer non-performance.

The Scheme recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

1.5 CLASSIFICATION, RECOGNITION, PRESENTATION AND DERECOGNITION OF FINANCIAL INSTRUMENTS

The Scheme recognises a financial instrument when, and only when, it becomes a party to the contractual provisions of the instrument. The Scheme classifies its financial instruments into the following categories: financial assets at fair value through profit or loss, financial assets at amortised cost, other receivables, cash and cash equivalents and trade and other payables.

The classification depends on the purpose for which the financial instruments are acquired. Management determines the classification of financial instruments at initial recognition. All purchases and sales of financial instruments are recognised on the trade date, which is the date on which the Scheme commits to purchase the financial asset or assume financial liability.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2025

1.5 CLASSIFICATION, RECOGNITION, PRESENTATION AND DERECOGNITION OF FINANCIAL INSTRUMENTS
(continued)

Offsetting financial instruments

This applies where a legally enforceable right to set off exists for recognised financial assets and financial liabilities, and there is an intention to realise the asset, and settle the liability simultaneously or to settle on a net basis.

The Scheme will disclose the net asset or liability in the Statement of Financial Position and on a gross basis in the accompanying notes if the above conditions are met.

Derecognition of financial assets and liabilities

The Scheme derecognises a financial asset or part of a financial asset when:

- the contractual right to the cash flows from the asset expires;
- the Scheme retains the contractual right to receive cash flows of the asset, but assumes the obligation to pay one or more third parties the cash flow without material delay;
- the Scheme transfers the asset, while transferring substantially all the risks and rewards of ownership; or
- the Scheme neither transfers the financial asset nor retains significant risk and reward of ownership, but has transferred control of the financial asset.

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

1.6 FINANCIAL LIABILITIES

Financial liabilities are initially recognised at fair value, net of transaction costs incurred. After initial recognition the financial liabilities are measured at amortised cost, using the effective interest rate method. In addition, the Scheme is not permitted to borrow, in terms of Section 35 (6)(c) of the Act. The Scheme therefore has no long-term financial liabilities.

1.7 PROVISIONS

The Scheme recognises a provision once the following conditions are met:

- it has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate of the amount of the obligation can be made.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

1.8 CONTINGENT LIABILITY

The Scheme will disclose a contingent liability if one of the following conditions are met:

- A possible obligation arising from past events, the existence of which 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.
- A present obligation that arises from past events but not recognised because:
 - It is not probable that an outflow of resources will be required to settle an obligation.
 - The amount of the obligation cannot be measured with sufficient reliability.

**TFG MEDICAL AID SCHEME
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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1.9 UNALLOCATED FUNDS

Unallocated funds arise on the receipt of unidentified deposits in favour of the Scheme.

Unallocated funds that have legally prescribed, that is funds older than three years, are written back and included under Sundry income on the face of the Statement of Comprehensive Income.

A liability for unallocated funds that have not legally prescribed is recognised and disclosed under insurance contract liabilities. The liability is measured in accordance with the requirements of IFRS 17, forming part of the fulfilment cash flows of the related group of insurance contracts.

1.10 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.

1.11 REIMBURSEMENTS FROM THE ROAD ACCIDENT FUND

The Scheme grants assistance to its members in defraying expenditure incurred in connection with rendering of any relevant health service. Such expenditure may be in connection with a claim that is also made to the Road Accident Fund (RAF), administered in terms of the Road Accident Fund Act No.56 of 1996. 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.

Due to the uncertainty around the confirmation and measurability of the RAF amounts, the Scheme accounts for these on a cash basis and recognises them as a reduction of net claims incurred.

1.12 ALLOCATION OF INCOME AND EXPENDITURE TO BENEFIT OPTIONS

The following items are directly allocated to benefit plans:

- Insurance revenue
- Insurance service expenses
- Net income/(expense) from reinsurance contracts held

The risk adjustment is apportioned based on claims expenditure per benefit option.

The remaining items are allocated based on the average number of members per benefit option.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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1.13 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 agreements. A structured entity often has some or all of the following features or attributes:

- Restricted activities.
- 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.
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support.
- 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 in collective investments (funds) are investments in unconsolidated structured entities. The objectives include achieving medium to long-term capital growth. The investment strategy does not include the use of leverage.

These funds are managed by independent asset managers who 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 Financial assets at fair value through profit or loss'.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting policy

The Scheme's investment strategy (business model objective) is determined by means of an allocation across different asset classes and grouping of financial assets into specific portfolios. Independent asset managers manage these portfolios under fully discretionary, active mandates with performance evaluated at portfolio level on a fair value basis. All asset managers are remunerated based on the fair value of the portfolios under management. The business model objective is achieved through the selling of assets per the documented strategy for realisation of gains with the collection of contractual cash flows being incidental to the primary business model objective. The financial assets are managed together and grouped into specific portfolios. Based on the business model objective the financial assets are measured at fair value through profit or loss.

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

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

Gains or losses arising from subsequent changes in fair value are recognised as investment income in the Statement of Comprehensive Income within the period in which they arise.

Note

The Scheme's financial assets at fair value through profit or loss are summarised as follows:

<i>Non-current</i>	2025	2024
	R	R
Fair value at the beginning of the year	265,453,869	229,€ 11,899
Additions	5,300,000	94,€ 42,153
Disposals	(31,100,000)	(84,542,153)
Interest	2,573,595	€ 00,994
Dividends	4,479,866	3,€ 68,973
Management fees	(946,728)	(: 68,063)
Realised and unrealised gains	71,432,156	22,€ 40,066
Fair value at the end of the year	<u>317,192,758</u>	<u>265,453,869</u>
The investment represents:		
Investments in Linked Life Policies	317,192,758	265,453,869
	<u>317,192,758</u>	<u>265,453,869</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

<i>Current</i>	2025	2024
	R	R
Core Income Fund Collective Investment Scheme	62,029,476	37,900,641
	<u>62,029,476</u>	<u>37,900,641</u>

3. OTHER RECEIVABLES

Accounting policy

Receivables are non-derivative Financial assets with fixed or determinable payments that are not quoted in an active market, other than those the Scheme intends to sell in the short term.

Receivables are initially recognised at fair value plus transaction costs. The Scheme holds its other receivables with the objective to collect the contractual cash flows and measures them subsequently at amortised cost using the effective interest method.

Impairment of other receivables

The Scheme applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for other receivables. To measure the expected credit losses, other receivables are grouped based on shared credit risk characteristics and days past due. There are no impairments of other receivables.

Note	2025	2024
	R	R
Interest receivable	28,461	20,185
Sundry accounts receivable	63,052	57,136
	<u>91,513</u>	<u>77,321</u>

4. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents are short-term, highly liquid instruments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

In the Statement of Cash Flows, cash and cash equivalents comprise:

- Money on call and short notice; and
- Balances with banks

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes and are carried at cost, which, due to their short-term nature, approximates fair value.

Note	2025	2024
	R	R
Current accounts	2,407,550	2,945,442
Money Market Collective Investment Scheme	11,188,642	10,623,328
	<u>13,596,192</u>	<u>13,568,770</u>

The weighted average effective interest rate on short-term bank deposits was 6.99% (2024: 7.90%) and on the Money Market Collective Investment Scheme was 8.70% (2024: 9.70%).

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

5. INSURANCE CONTRACT LIABILITY

2025

	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Insurance contracts issued					
Net opening balance	(579,319)	-	4,036,820	123,103	3,580,604
Insurance service result	(185,707,930)	-	190,225,557	(43,940)	4,473,687
Insurance revenue	(185,707,930)	-	-	-	(185,707,930)
Insurance service expense	-	-	190,225,557	(43,940)	190,181,617
Incurred claims	-	-	179,823,927	-	179,823,927
Other directly attributable expenses	-	-	10,401,630	-	10,401,630
Changes to past service, i.e. changes in fulfilment cash flows relating to the LIC	-	-	-	(43,940)	(43,940)
Total amounts recognised in comprehensive income	(185,707,930)	-	190,225,557	(43,940)	4,473,687
Total movement	(186,287,249)	-	194,262,377	79,163	8,054,291
<i>Cash flows</i>					
Contributions received	185,597,138	-	-	-	185,597,138
Claims and other directly attributable expenses paid	-	-	(188,795,738)	-	(188,795,738)
Total cash flows	185,597,138	-	(188,795,738)	-	(3,198,600)
Net closing balance	(690,111)	-	5,466,640	79,163	4,855,692

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

5. INSURANCE CONTRACT LIABILITY

2024

	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Insurance contracts issued					
Net opening balance	(542,387)	-	6,482,540	253,699	6,193,852
Insurance service result	(177,177,820)	-	162,846,321	(130,596)	(14,462,095)
Insurance revenue	(177,177,820)	-	-	-	(177,177,820)
Insurance service expense	-	-	162,846,321	(130,596)	162,715,725
Incurred claims	-	-	148,675,652	-	148,675,652
Other directly attributable expenses	-	-	14,170,669	-	14,170,669
Changes to past service, i.e. changes in fulfilment cash flows relating to the LIC	-	-	-	(130,596)	(130,596)
Total amounts recognised in comprehensive income	(177,177,820)	-	162,846,321	(130,596)	(14,462,095)
Total movement	(177,720,207)	-	169,328,861	123,103	(8,268,243)
<i>Cash flows</i>					
Contributions received	177,140,888	-	-	-	177,140,888
Claims and other directly attributable expenses paid	-	-	(165,292,041)	-	(165,292,041)
Total cash flows	177,140,888	-	(165,292,041)	-	11,848,847
Net closing balance	(579,319)	-	4,036,820	123,103	3,580,605

TFG MEDICAL AID SCHEME
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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

5. INSURANCE CONTRACT LIABILITY (continued)

	2025	2024
	R	R
5.1 Present value of future cash flows		
Amounts due from members and suppliers	(487,032)	(66,125)
Impairment losses	395,189	662,642
Outstanding claims provision	4,700,000	3,600,000
Unallocated funds	8,951	-
Reported claims not yet paid	849,532	540,303
	<u>5,466,640</u>	<u>4,036,820</u>

5.2 Included in Insurance Contact Liability:

Breakdown of the outstanding claims provision

Opening balance	3,600,000	4,900,000
Payments in respect of prior year	(3,539,272)	(4,427,537)
Over provision *	60,728	472,463
Movement for the year	4,639,272	3,127,537
	<u>4,700,000</u>	<u>3,600,000</u>

* Risk adjustment to cover possible under provision	123,103	253,699
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5.3 Breakdown of cashflows

Insurance revenue

Contributions received	185,597,138	177,140,888
Movement in contribution debtors	110,792	36,932
	<u>185,707,930</u>	<u>177,177,820</u>

Claims and directly attributable expenses

Cash paid to providers and members – claims	(177,556,333)	(155,219,438)
Directly attributable administration costs	(10,401,630)	(9,695,503)
Risk adjustment	79,163	123,103
Non-monetary items	(5,941)	(500,203)
	<u>(187,884,741)</u>	<u>(165,292,041)</u>

5.4 Insurance contract liability for future members

Opening balance	311,317,155	270,761,649
Amounts attributable to future members	74,465,011	40,555,506
Balance at the end of the year	<u>385,782,166</u>	<u>311,317,155</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

6. REINSURANCE CONTRACT ASSETS

	2025 R			2024 R				
	Remaining Coverage Component	Incurred claims for contracts under the PAA	Total	Remaining Coverage Component	Incurred claims for contracts under the PAA	Total		
Healthcare Risk – Reinsurance contracts held		Present value of future cash flows	Risk adjustment for non-financial risk		Present value of future cash flows	Risk adjustment for non-financial risk		
Net opening balance	-	-	-	-	-	-		
Net income from reinsurance contracts held	3,911,240	(4,854,392)	-	(943,152)	3,390,267	(3,629,465)	-	(239,197)
Reinsurance expenses	3,911,240	-	-	3,911,240	3,390,267	-	-	3,390,267
Claims recovered	-	(4,854,392)	-	(4,854,392)	-	(3,629,465)	-	(3,629,465)
Total amounts recognised in comprehensive income	3,911,240	(4,854,392)	-	(943,152)	3,390,267	(3,629,465)	-	(239,197)
<i>Cash flows</i>								
Premiums paid	(3,799,180)	-	-	(3,799,180)	(3,390,267)	-	-	(3,390,267)
Recoveries from reinsurance	-	4,854,392	-	4,854,392	-	3,629,465	-	3,629,465
Total cash flows	(3,799,180)	4,854,392	-	1,055,212	(3,390,267)	3,629,465	-	239,197
Net closing balance	112,060	-	-	112,060	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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6.1 Breakdown of reinsurance contracts

	2025	2024
	R	R
Iso Leso		
Premiums paid	(910,997)	(825,807)
Amounts recovered from reinsurance contract	1,665,307	1,521,702
	<u>754,310</u>	<u>695,894</u>

The Scheme has a reinsurance agreement in place with Iso Leso for the provision of optical services to the beneficiaries on the TFG Health option.

Dental Risk Company

Premiums paid	(1,766,485)	(1,545,651)
Amounts recovered from reinsurance contract	2,235,854	1,345,850
	<u>469,369</u>	<u>(199,802)</u>

The Scheme has a reinsurance agreement in place with Dental Risk Company for the provision of dental services to the beneficiaries on the TFG Health option.

Discovery Health: Diabetic program

Premiums paid	(1,233,759)	(1,018,808)
Amounts recovered from reinsurance contract	953,230	761,913
	<u>(280,528)</u>	<u>(256,895)</u>

The Scheme has a reinsurance agreement in place with Discovery Health for the provision of a comprehensive diabetic program to all the beneficiaries on the Scheme.

Net income on reinsurance contracts

Premiums paid	(3,911,240)	(3,390,267)
Amounts recovered from reinsurance contracts	4,854,392	3,629,465
	<u>943,152</u>	<u>239,198</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

7. TRADE AND OTHER PAYABLES

Accounting policy

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

Note

	2025	2024
	R	R
Balances due to related parties	1,663,783	1,237,017
Discovery Health (Pty) Ltd	1,401,324	1,237,017
Trustee fees due	146,539	-
Principal Officer's fees due	115,920	-
Accruals	105,813	139,906
Audit fee accrual	390,425	702,650
Unallocated funds *	-	23,268
Total arising from financial liabilities	<u>2,160,021</u>	<u>2,102,841</u>

* Due to the nature of the unallocated funds, this item will be disclosed as an insurance contract liability from the 2025 financial year and going forward. The 2024 value is not re-classified as the value is not material. The accounting policy note for unallocated funds is disclosed in note 1.9.

At 31 December 2025 the carrying amounts of trade and other payables approximate their fair values due to the short-term maturities of these liabilities.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

8. INSURANCE REVENUE AND SERVICE EXPENSES

	2025	2024
	R	R
Insurance revenue	185,707,930	177,177,820
Insurance service expenses		
Incurred claims	(175,085,708)	(148,675,652)
Accredited managed care services (no risk transfer)	(4,801,226)	(4,475,166)
Third party claim recoveries	106,947	117,525
Other directly attributable expenses	(10,401,630)	(9,695,503)
Accredited administration services	<u>(10,401,630)</u>	<u>(9,695,503)</u>
Insurance service expenses	<u>(190,181,617)</u>	<u>162,728,796</u>
Net income from reinsurance contracts (Note 6.1)	943,152	239,198
Premiums paid	<u>(3,911,240)</u>	<u>(3,390,267)</u>
Amounts recovered from reinsurance contracts	<u>4,854,392</u>	<u>3,629,465</u>
Total insurance service result	<u><u>(3,530,535)</u></u>	<u><u>14,688,222</u></u>

Breakdown of

Accredited managed healthcare services (no risk transfer)

Disease management	1,536,490	1, 32,204
Hospital pre-authorisation	1,488,729	1, 87,481
Network management	1,296,271	1, 08,240
Drug utilisation management	479,736	447,241
	<u><u>4,801,226</u></u>	<u><u>4,475,166</u></u>

Included in other directly attributable expenses above

ADMINISTRATION FEES

Accredited services

Member record management	1,072,507	999,756
Contribution management	942,219	878,313
Claims management	1,185,938	1, 05,374
Financial management	38,630	36,123
Information management and data control	1,923,067	1, 92,406
Customer services	5,239,269	4, 83,531
	<u><u>10,401,630</u></u>	<u><u>9,695,503</u></u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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	2025	2024
	R	R
9. INVESTMENT INCOME		
Interest earned	235,621	281,989
Interest on cash and cash equivalents	235,621	281,989
Income from investments at fair value through profit or loss	81,633,038	29,982,693
Interest income	6,446,520	4,399,104
Dividend income	4,479,866	3,868,973
Realised gains	8,467,762	44,233,230
Increase/(decrease) in unrealised gains	63,247,693	(21,694,212)
Investment manager fees	(1,008,803)	(824,402)
	81,868,659	30,264,682
10. SUNDRY INCOME		
Prescribed amounts written back	5,118	2,400
Fidelity cover payout	156,642	-
	161,760	2,400

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

11. OTHER OPERATING EXPENDITURE

Accounting policy

Other operating expenses are expensed as incurred.

Note	2025	2024
	R	R
Administration services	799,286	745,174
Other services		
Internal audit services	159,436	148,622
Forensic investigations and recoveries	198,768	185,433
Governance and compliance	31,606	29,587
Additional services		
Quality management and monitoring services	149,954	139,677
Advanced data analytics	125,020	116,627
Digital service offering	46,005	43,004
Enhanced service offering	25,636	23,738
Enterprise risk management services	25,636	23,738
Legal services	7,375	6,881
Product innovation	29,850	27,867
Actuarial consulting fees	621,391	503,148
AGM cost	56,017	86,497
Association fees	71,166	62,960
Audit committee fees	29,063	66,700
Audit fees	565,355	1,073,352
- Current year	565,355	590,352
- Prior year	-	483,000
Bank charges	50,365	77,160
Conferences and seminars	28,167	57,364
Council for Medical Schemes fees	155,947	147,715
Debt collecting fees	580	888
Fidelity guarantee and professional indemnity insurance	38,000	38,000
Investment consulting fees	253,000	243,800
Legal fees	35,055	94,804
Medical emergency call centre fees	17,332	16,521
Marketing expenses	207,828	486,720
Principal Officer fees	678,960	407,562
Sundries	21,847	9,336
Trustee fees (Note 11.1)	405,514	282,097
	4,034,873	4,399,798

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

11. OTHER OPERATING EXPENDITURE (continued)

	2025 R	2024 R
11.1 Trustee fees		
Mr B Fly	203,464	-
- Base fee	47,265	-
- Attendance fee	156,199	-
Mr P Barnard	112,500	183,305
- Base fee	39,000	74,400
- Attendance fee	73,500	86,405
- Workshop attendance	-	22,500
Mr R Walther	89,550	98,792
- Base fee	-	55,458
- Attendance fee	89,550	39,750
- Workshop attendance	-	3,584
Total	405,514	282,097

The Scheme's remuneration policy changed effective 1 July 2024 whereby only the Chairperson of the Board is eligible for a monthly base fee.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

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

2025	TFG Health	TFG Health Plus	
In-hospital costs covered	100% Scheme rate at Network provider	100% Scheme rate	
Chronic conditions	PMBs unlimited, subject to formulary for CDL conditions. Network provider.	PMBs unlimited, subject to formulary, non-PMB's limited and subject to Scheme	
Primary care	Unlimited cover for medical appropriate consultations at Network provider	100% Scheme rate	
Overall annual limit	No limit	No limit	
	TFG Health R	TFG Health Plus R	TOTAL R
Insurance revenue	69,410,088	116,297,842	185,707,930
Insurance service expenses	(63,747,238)	(125,491,228)	(189,238,466)
Claims incurred	(55,515,629)	(119,570,080)	(175,085,709)
Third party claim recoveries	66,655	40,292	106,947
Accredited managed care services	(2,952,771)	(1,848,455)	(4,801,226)
Attributable expenses incurred	(6,396,629)	(4,005,001)	(10,401,630)
Net income/(expense) on reinsurance contracts	1,051,136	(107,984)	943,152
Insurance service result	5,662,850	(9,193,386)	(3,530,536)
Investment income	50,515,647	31,353,013	81,868,660
Net healthcare results	56,178,497	22,159,627	78,338,124
Other administration expenses	(2,481,302)	(1,553,571)	(4,034,873)
Other income	98,608	63,152	161,760
Net surplus for the year	53,795,803	20,669,208	74,465,011
Number of members at year-end	1,956	1,117	3,073
Average number of beneficiaries	3,589	2,461	6,050
Average age of beneficiaries	30.2	43.4	35.3
Pensioner ratio	3.5%	18.9%	9.5%

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

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

2024	TFG Health	TFG Health Plus	
In-hospital costs covered	100% Scheme rate at Network provider	100% Scheme rate	
Chronic conditions	PMBs unlimited, subject to formulary for CDL conditions. Network provider.	PMBs unlimited, subject to formulary, non-PMB's limited and subject to Scheme	
Primary care	Unlimited cover for medical appropriate consultations at Network provider	100% Scheme rate	
Overall annual limit	No limit	No limit	
	TFG Health R	TFG Health Plus R	TOTAL R
Insurance revenue	61,196,593	115,981,227	177,177,820
Insurance service expenses	(50,798,964)	(111,690,634)	(162,489,598)
Claims incurred	(42,808,647)	(105,568,219)	(148,376,866)
Third party claim recoveries	68,314	49,211	117,525
Accredited managed care services	(2,599,755)	(1,875,411)	(4,475,166)
Attributable expenses incurred	(5,805,608)	(4,188,680)	(9,994,289)
Net income/(expense) on reinsurance contracts	346,732	(107,534)	239,198
	10,397,629	4,290,593	14,688,222
Insurance service result			
Investment income	17,553,688	12,710,994	30,264,682
Net healthcare results	27,951,317	17,001,588	44,952,904
Other administration expenses	(2,555,810)	(1,843,988)	(4,399,798)
Other income	1,377	1,023	2,400
Net deficit for the year	25,396,884	15,158,623	40,555,506
Number of members at year-end	1,692	1,164	2,856
Average number of beneficiaries	3,403	2,693	6,096
Average age of beneficiaries	29.7	41.9	34.0
Pensioner ratio	3.7%	17.2%	9.5%

**TFG MEDICAL AID SCHEME
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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

13. EVENTS AFTER THE REPORTING DATE

There have been no events that have occurred subsequent to the end of the accounting period that affect the annual financial statements and that the trustees consider should be brought to the attention of the members of the Scheme.

14. RELATED PARTY TRANSACTIONS

Four trustees are appointed by the employer and four elected by the members of the Scheme.

Parties with significant influence over the Scheme:

Administrator and managed care organisation

Discovery Health (Pty) Ltd has significant influence over the Scheme as Discovery Health (Pty) Ltd participates in the Scheme's financial and operating policy decisions, but does not control the Scheme. Discovery Health (Pty) Ltd provides administration services. These transactions are done at arm's length.

Key management personnel:

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 and Principal Officer.

Close family members include close family members of the Board of Trustees and Principal Officer, and are also related parties.

Transactions with related parties

The following provides the total transaction amounts, which have been entered into with related parties for the relevant financial year.

Key management personnel (Board of Trustees and Principal Officer) and their close family members

	2025	2024
	R	R
Statement of comprehensive income		
Insurance revenue	975,226	875,498
Claims incurred	767,661	551,486
Trustee remuneration	405,514	282,097
Principal Officer fees	678,960	407,562

**TFG MEDICAL AID SCHEME
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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

14. RELATED PARTY TRANSACTIONS (continued)

The terms and conditions of the related party transactions were as follows:

Transaction	Nature of transactions and terms and conditions thereof
Insurance revenue	This constitutes the contributions paid by the related parties as members of the Scheme, in their individual capacity. All contributions were on the same terms as those applicable to other members.
Claims incurred	This constitutes amounts claimed by the related parties, in their individual capacity as members of the Scheme. All claims were paid out in terms of the rules of the Scheme, as applicable to other members.

Transactions with entities that have significant influence over the Scheme

	2025	2024
	R	R
Discovery Health (Pty) Ltd - Administrator		
Statement of comprehensive income		
Administration fees paid	11,200,916	10,440,677
Medical emergency call centre fees (Note 11)	17,332	16,521
Discovery Health (Pty) Ltd - managed care organisation		
Statement of comprehensive income		
Managed care fees paid (Note 8)	4,801,226	4,475,166
Statement of financial position		
Balance due to Discovery Health (Pty) Ltd for administration and managed care fees (Note 7)	1,401,324	1,237,017
Balance due to Discovery Health (Pty) Ltd for risk transfer fees:		
Diabetic program (Note 7)		
Trustee fees due (Note 7)	146,539	-
Principal Officer's fee due (Note 7)	115,920	-

The terms and conditions of the transactions with entities with significant influence over the Scheme were as follows:

Administration and managed care management service agreements

The administration and managed care agreements are entered into in terms of the Rules of the Scheme and in accordance with instructions given by the Board of Trustees. The agreement is automatically renewed each year, unless notification of termination is received or following the cancellation of the Administrator's accreditation or the issue of a lawful directive to this effect by the Council for Medical Schemes in terms of the Act. The Scheme and the Administrator are entitled to terminate the agreement by giving notice in writing of not less than 90 days and not more than 180 days. Outstanding balances bear no interest and are due within 7 days. Annual administration fee increases are negotiated by the Board of Trustees in accordance with the relevant terms of these agreements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

15. INSURANCE RISK MANAGEMENT REPORT

Nature and extent of risks arising from insurance contracts

The Scheme issues contracts that transfer insurance risk. This section summarises these risks and the way the Scheme manages them.

Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the Scheme mitigates covered members and their dependants against the risk of loss arising as a result of the occurrence of a health event (i.e. an event relating to the health of the Scheme's beneficiary). As such, the Scheme is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim.

The Board of Trustees has developed and approved a documented policy for the acceptance and management of insurance risk to which the Scheme is exposed. Reference has also been made to the requirements of the Medical Schemes Act in compiling the insurance risk-management policy. The policy is reviewed annually and the benefit options provided to members are structured to fall within the acceptable insurance risk levels specified. The Board of Trustees also determines the policy for entering into alternative risk transfer arrangements and/or commercial reinsurance contracts, where appropriate. The annual business plan is structured around the insurance risk-management policy.

The Scheme manages its insurance risk through benefit limits and sub-limits, application of clinical protocols, approval procedures for transactions that exceed set limits, pricing guidelines, pre-authorisation and case management, service provider profiling, and the regular monitoring of emerging issues.

The Scheme uses several methods to assess and monitor insurance risk exposures both for individual types of risks 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/or severity of claims is greater than expected.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio.

Factors that aggravate insurance risk include changes in membership distribution and major unanticipated demographic movements, adverse experience regarding the cost of prescribed minimum benefits and unusually adverse experience due to seasonal patterns.

Concentration of insurance risk

The following table summarises the concentration of insurance risk, with reference to the number of beneficiaries per option, per age group.

Age grouping (in years)	2025		2024	
	TFG Health	TFG Health Plus	TFG Health	TFG Health Plus
< 26	1,419	734	1,355	846
26 – 35	669	70	659	105
36 – 50	1,091	640	1,026	743
51 - 64	288	563	244	557
> 65	129	453	125	442
Total	3,596	2,460	3,409	2,693

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

15. INSURANCE RISK MANAGEMENT REPORT (continued)

Claims paid for 2025 service year

Age grouping (in years)	Hospital R	Out of hospital R	Chronic R	Total R
< 26	13,006,381	9,387,254	390,180	22,783,815
26 – 35	6,392,059	3,344,689	235,852	9,972,600
36 – 50	23,388,838	16,235,157	2,136,045	41,760,040
51 - 64	22,726,111	12,835,955	2,167,955	37,730,021
> 65	36,712,096	16,710,487	2,346,980	55,769,563
Total	102,225,485	58,513,542	7,277,012	168,016,039

Claims paid for 2024 service year

Age grouping (in years)	Hospital R	Out of hospital R	Chronic R	Total R
< 26	12,450,979	10,232,945	456,418	23,140,342
26 – 35	6,555,186	4,221,769	246,638	11,023,593
36 – 50	20,798,826	17,217,309	2,292,532	40,308,667
51 - 64	16,211,204	12,988,530	2,050,796	31,250,530
> 65	22,227,605	14,230,325	2,225,875	38,683,805
Total	78,243,800	58,890,878	7,272,259	144,406,937

Claims development

Claims development tables are not presented since the uncertainty regarding the amount and timing of claim payments is typically resolved within one year and the majority of cases within four months. At year end, an estimate is made for those claims outstanding that are not yet reported at that date.

Liability for incurred claims

There are some sources of uncertainty that need to be considered in the estimate of the liability that the Scheme will ultimately pay for risk claims made under insurance contracts.

Changes in assumptions and sensitivities to changes in key variables

The table below outlines the sensitivity of insured liability estimates to particular movements in assumptions used in the estimation process. It should be noted that this is a deterministic approach with no correlations between the key variables. For each sensitivity illustrated, all other assumptions have been left unchanged.

Where variables are considered to be immaterial, no impact has been assessed for insignificant changes to these variables. Particular variables may not be considered material at present. However, should the materiality level of an individual variable change, assessment of changes to that variable may be required in the future.

An analysis of the sensitivities around various scenarios for the general medical insurance business provides an indication of the adequacy of the Scheme's estimation process. The Scheme believes that the liability for incurred claims for the financial year is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims arise.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

15. INSURANCE RISK MANAGEMENT REPORT (continued)

Liability for incurred claims (continued)

The impact on the liability and reported income caused by changes in relevant risk variables:

	Increase in liability	Increase in liability 2025 R	Increase in liability 2024 R
In-hospital claims incurred	1% increase in claims costs	1,022,255	782,438
Chronic claims incurred	1% increase in claims costs	72,770	72,723
Out-of-hospital claims incurred	1% increase in claims costs	585,135	588,909

Risk adjustment sensitivities

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 future members in insurance services expenses. The net impact on profit or loss for any change in the risk adjustment would therefore be nil.

	2025 R	2024 R
Risk adjustment with a 75% confidence level – as reported	79,163	123,103
Risk adjustment with a 80% confidence level	141,034	185,626

Hospital risk

The frequency and severity of claims can be affected by several factors. The most significant factor is the admission rate which has a direct impact on the cost of claims.

The table below indicates the main factors impacting hospital cost:

Key indicators	2025	2024	% Increase/ (decrease)
Admission rate	26.59%	23.85%	11.49%
Events per 1,000 lives	265.95	238.47	11.52%
Average length of stay	3.70	3.32	11.45%
Average cost per event	62,104	50,836	22.17%
Average cost per life per month	886.90	646.03	37.28%

Initiatives used by the Scheme to manage the risk associated with the hospital admission rate include:

1. The development of protocols for various procedures;
2. The “See Your Doctor First” initiative which requires members to see their doctor elective admission;
3. The amendment of the pre-authorisation length of stay benchmarks; and
4. Case management, to ensure appropriate levels of care.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

15. INSURANCE RISK MANAGEMENT REPORT (continued)

Chronic Illness Benefit (CIB) risk (continued)

The main factors impacting the frequency and severity of chronic claims are the number of claimants and the cost per claimant. An increase in the number of claimants results in an increase in the frequency and severity of claims. Higher increases in claimants can be attributed to increases in the number of claimants at older ages. Increases in the number of items per claimant drives up the cost of chronic claims per claimant.

The mix between the various chronic conditions impacts the frequency and severity of claims. Certain factors that impact chronic cost are show below:

Condition	2025	2024	% Increase/ (decrease)
Cost per claimant	4,455	4,550	-2.09%
Claimants per 1,000 lives	22.45	21.82	2.89%
Amount paid per life per month	100.03	99.30	0.74%

16. FINANCIAL RISK MANAGEMENT REPORT

Overview

The Scheme is exposed to financial risk through its financial assets, financial liabilities and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets may not be sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk. The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Scheme's financial performance.

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

The Scheme manages these risks through various risk management processes. These processes have been developed to ensure that the long-term investment return on assets supporting the insurance liabilities are sufficient to fund members' reasonable benefit expectations.

The Audit Committee has been established by the Board of Trustees to assist in the implementation and monitoring of these risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Scheme, if a counterparty to an insurance contract or a financial instrument fails to meet its contractual obligations.

The Scheme's principal financial assets exposed to credit risk include cash and cash equivalents, fair value through profit or loss investments and trade and other receivables. The Scheme's credit risk is primarily attributable to its insurance and other receivables.

**TFG MEDICAL AID SCHEME
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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

16. FINANCIAL RISK MANAGEMENT REPORT (continued)

Other receivables

The main components of other receivables are in respect of:

- Interest receivable: and
- Sundry receivables.

The Scheme manages credit risk by:

- Actively pursuing all contributions not received after 3 days of becoming due, as required by S26(7) of the Act;
- Monthly reconciliations between the Administrator and the Employer are discussed for possible suspensions of memberships;
- Ageing and pursuing arrear accounts on a monthly basis.

The Scheme establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

Investment transactions are limited to high credit quality financial institutions.

Annexure B of the Regulations to the Act prescribes the credit limits per institution, which reduces the individual risk per institution. The utilisation of these credit limits are regularly monitored.

Cash and cash equivalents

The Scheme has no significant concentration of credit risk. Cash transactions are limited to financial institutions with a high credit rating. The Scheme has a policy of limiting the amount of credit exposure to any one financial institution.

Exposure to credit risk

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

	Notes	Carrying amount	
		2025 R	2024 R
Fair value through profit or loss investments - non current	2	317,192,758	265,453,869
Fair value through profit or loss investments - current	2	62,029,476	37,900,641
Trade and other receivables		873,467	760,124
Insurance receivables		781,954	682,803
Other receivables	3	91,513	77,321
Cash and equivalents	4	13,596,192	13,568,770
		393,691,893	317,683,404

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

16. FINANCIAL RISK MANAGEMENT REPORT (continued)

Insurance receivables

Insurance receivables are included in the insurance contract liability line in the Statement of Financial Position. The main components of insurance receivables are contribution receivables and member and service provider claims receivables.

Contribution receivables are collected by means of cash payments or debit orders.

The maximum credit exposure to claims receivables was:

Recoveries from members and suppliers	487,032	766,125
	<u>487,032</u>	<u>766,125</u>

Impairment losses

The ageing of insurance receivables at year end was:

	Gross 2025 R	Amounts not recoverable 2025 R	Gross 2024 R	Amounts not recoverable 2024 R
Not past due	61,160	-	70,611	-
Past due 3 - 30 days	15,115	-	25,455	-
Past due 31 - 60 days	15,568	-	7,417	-
Past due 61 days +	395,189	395,189	662,642	662,642
Total	487,033	395,189	766,125	662,642

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

	Trade and other receivables			
	<i>Insurance receivables</i>		<i>Loans and receivables</i>	Total
	Contribution debtors	Member and service provider claims debtors		
	R	R	R	R
Balance as at 1 January 2024	-	501,758	-	501,758
Amounts utilised during the year	-	-	-	-
Increase in allowance	-	160,884	-	160,884
Balance as at 31 December 2024	-	662,642	-	662,642
Balance as at 1 January 2025	-	662,642	-	662,642
Amounts utilised during the year	-	-	-	-
Decrease in allowance	-	(267,453)	-	(267,453)
Balance as at 31 December 2025	-	395,189	-	395,189

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

16. FINANCIAL RISK MANAGEMENT REPORT (continued)

Exposure to Banks

The table below shows the exposure limit and balance of cash or deposits held at five major counterparties at year end.

Counterparty	2025		2024	
	Exposure limit	Balance	Exposure limit	Balance
	R	R	R	R
ABSA	137,486,449	22,057,709	110,923,148	13,284,879
Rand Merchant Bank	137,486,449	3,996,321	110,923,148	8,318,489
Nedbank	137,486,449	25,527,674	110,923,148	14,619,748
Investec	137,486,449	1,756,215	110,923,148	1,375,174
Standard Bank	137,486,449	10,020,098	110,923,148	8,965,594

No exposure limits were exceeded during the reporting period and the Trustees do not expect any losses from non-performance of these counterparties.

Exposure limits were calculated as 35% of investable assets (2024: 35%).

The counterparties maintained their high credit ratings during the year. The table below illustrates the credit ratings as per Moody's credit rating agency.

Counterparty	2025	2024
ABSA	Baa3	Baa3
Rand Merchant Bank	Baa3	Baa3
Nedbank	Baa3	Baa3
Investec	Baa3	Baa3
Standard Bank	Baa3	Baa3

Credit quality of financial assets and insurance receivables

The credit quality of financial assets that are neither past due nor impaired can be assessed by historical information about counterparty default rates:

Insurance receivables

	2025	2024
	R	R
Counterparties without external credit rating:		
Insurance revenue outstanding	690,111	579,319
Recoveries from members and suppliers	487,033	766,125

Contribution debtors

On analysing the credit quality of contribution debtors, the Scheme collected 99% of these amounts in January 2026 (2025: 99%). This indicates a high credit quality relating to these debtors.

Active member claim debtors

These debtors are members of the Scheme and therefore are expected to have similar credit quality to the contribution debtors. This does not imply that all amounts were collected in January.

Provider claim debtors

These debtors are the healthcare providers of the Scheme. The amounts due to the Scheme are offset against future payments to be made to these providers.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

16. FINANCIAL RISK MANAGEMENT REPORT (continued)

Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The availability of funding through liquid cash positions with various institutions ensures that the Scheme has the ability to fund day-to-day operations. With exception of the matter raised in note 18, the Scheme has complied with the requirements regarding the nature and categories of assets as prescribed by Section 35 and Regulation 30 of the Act.

A maturity analysis for all liabilities together with available funding is provided in the table below:

As at 31 December 2025	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year
	R	R	R
Insurance contract liabilities	3,340,448	1,341,364	173,879
Reinsurance contract liability	112,060	-	-
Trade and other payables (Note 7)	2,160,021	-	-
Total Liabilities	5,612,529	1,341,364	173,879
Available funding	13,596,192	62,029,476	317,192,758
Excess/(shortage)	7,983,663	60,688,112	317,018,878

As at 31 December 2024	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year
	R	R	R
Insurance contract liabilities	2,720,288	1,136,532	180,000
Trade and other payables (Note 7)	2,102,841	-	-
Total Liabilities	4,823,129	1,136,532	180,000
Available funding	13,568,770	37,900,641	265,453,869
Excess/(shortage)	8,745,641	36,764,109	265,273,869

The contractual cash flows above equate the carrying amount of the assets and liabilities above.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Scheme's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

16. FINANCIAL RISK MANAGEMENT REPORT (continued)

Currency risk

The Scheme is exposed to currency risk because of investments held at fair value through profit or loss. The exposure is listed in the table below:

	2025	2024
	R	R
Foreign cash	518,371	306,368
Foreign bonds	11,224,746	10,320,441
Total	11,743,117	10,626,809

The sensitivity of changes in foreign currency is presented below.

If the Rand would depreciate with 5%, the Scheme's investments at fair value would be negatively impacted by R0.6m (2024: R0.5m). An appreciation of 5% in the value of the Rand would increase investments at fair value with R0.6m (2024: R0.5m).

Price risk

The Scheme is exposed to equity security price risk because of investments held by the Scheme. To manage its price risk arising from investments in equity securities, the Scheme diversifies its portfolio. Diversification of the Scheme's investments are done by the asset managers through the investments held in different investment portfolios.

	2025	2024
Equity exposure (Rand value)	245,410,998	206,241,057

A change of 5% in the equity market will have an effect of R12,270,550 (2024: R10,312,053) on the Scheme's reserves.

Interest rate risk

The Scheme is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate investments within the Scheme's investment portfolio.

The Scheme's insurance liabilities are settled within one year and the Scheme does not discount insurance liabilities. Consequently, insurance liabilities do not expose the Scheme to 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, categorised by the earlier of contractual repricing or maturity dates.

	Up to 1 month	1 - 3 months	3 - 12 months	Total
As at 31 December 2025	R	R	R	R
Cash and cash equivalents	13,596,192	-	-	13,596,192
Total	13,596,192	-	-	13,596,192

	Up to 1 month	1 - 3 months	3 - 12 months	Total
As at 31 December 2024	R	R	R	R
Cash and cash equivalents	13,568,770	-	-	13,568,770
Total	13,568,770	-	-	13,568,770

The table below summarises the effective interest rate for monetary financial instruments:

	2025	2024
	%	%
Cash and cash equivalents	6.99%	7.90%

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

16. FINANCIAL RISK MANAGEMENT REPORT (continued)

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased)

	Surplus or deficit		Accumulated funds	
	100bp Increase R	100bp Decrease R	100bp Increase R	100bp Decrease R
31 December 2025				
Cash and cash equivalents	135,962	(135,962)	135,962	(135,962)
Held-to-maturity investments	-	-	-	-
Sensitivity (net)	135,962	(135,962)	135,962	(135,962)
31 December 2024				
Cash and cash equivalents	135,688	(135,688)	135,688	(135,688)
Held-to-maturity investments	-	-	-	-
Sensitivity (net)	135,688	(135,688)	135,688	(135,688)

Summary of market risk

The table below summarises the primary risks affecting the Scheme's financial assets at fair value through profit or loss exposure to market risk.

2025	Total (R)	Currency risk	Price risk	Interest rate risk
Bills & bonds	50,618,024			✓
Listed property	9,653,283		✓	
Listed equities	246,754,154		✓	
Foreign cash	518,371	✓		
Foreign bonds	11,224,746	✓		
Cash	74,354,515			✓

2024	Total (R)	Currency risk	Price risk	Interest rate risk
Bills & bonds	33,949,049			✓
Listed property	7,436,900		✓	
Listed equities	205,355,488		✓	
Foreign cash	306,368	✓		
Foreign bonds	10,320,441	✓		
Cash	59,555,034			✓

Legal risk

Legal risk is the risk that the Scheme will be exposed to in respect of contractual obligations which have not been provided for. At 31 December 2025 the Scheme did not consider there to be any significant concentration of legal risk that had not been provided for.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

16. FINANCIAL RISK MANAGEMENT REPORT (continued)

Capital management

The Scheme is subject to the capital requirement imposed by Regulation 29(2) to the Act which requires a minimum solvency ratio of accumulated funds 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	2024
	R	R
Total Insurance liability to members for future benefits per statement of financial position	385,782,166	311,317,155
Less: cumulative unrealised net gains on remeasurement to fair value of investments	(107,592,103)	(45,090,122)
Accumulated funds per Regulation 29	278,190,063	266,227,032
Insurance revenue	185,707,930	177,177,820
Solvency margin = Accumulated funds/insurance revenue x 100%	149.80%	150.26%

The required solvency has been maintained throughout the year.

Fair value estimation

The carrying value less impairment of loans and other receivables and payables are assumed to approximate their fair values due to their short-term nature.

Continuous monitoring takes place to ensure that appropriate assets are held where the Scheme's liabilities are dependent upon the performance of investments and that a suitable match of assets exists for all liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

16. FINANCIAL RISK MANAGEMENT REPORT (continued)

Breakdown of investments

The assets of the portfolio must be invested in accordance with Annexure B of the Regulations to the Act.

The investments for the purposes of the financial statements comprise of fair value through profit or loss investments and cash and cash equivalents.

Fair value through profit or loss investments: non-current

Non-current fair value through profit or loss investments comprise the following:

	2025	2024
	R	R
Investments in Linked Life Policies	317,192,758	265,453,869

317,192,758 265,453,869

The asset managers invest the Scheme's monies in reputable funds which promise returns to the Scheme. The Scheme views these funds as unconsolidated structured entities. The Scheme monitors the performance of these funds closely to ensure the Scheme earns high returns without unnecessary exposure to risk.

The Scheme invested in Linked Life Policies of insurance through Allan Gray Life Limited, Old Mutual Ltd, ABAX and Coronation which at year-end amounted to 81% (2024: 84%) of the Scheme's assets. The objective with this investment is to maximise capital growth over a longer term.

Fair value through profit or loss investments: current

Current fair value through profit or loss investments comprise the following:

	2025	2024
	R	R
Investment in Core Income Fund	62,029,476	37,900,641

62,029,476 37,900,641

The Scheme invested in a Core Income Fund with Nedgroup investments as part of the Taquanta asset manager's portfolio.

Cash and cash equivalents

Cash and cash equivalents are made up of the following year end balances:

	2025	2024
	R	R
Current accounts	2,407,550	2,945,442
Money market accounts	11,188,642	10,623,328
Total	13,596,192	13,568,769

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

16. FINANCIAL RISK MANAGEMENT REPORT (continued)

The following table compares the fair value and carrying amounts of financial assets and liabilities per class of financial assets and financial liabilities. The carrying amount equates the fair value.

	Financial assets and liabilities at amortised cost	Loans and receivables	Insurance receivables and payables	Fair value through profit or loss investments	Total carrying amount
	R	R	R	R	R
For the year ended 31 December 2025					
Fair value through profit or loss investments	-	-	-	379,222,234	379,222,234
Cash and cash equivalents	13,596,192	-	-	-	13,596,192
Other receivables	-	91,513	-	-	91,513
Trade and other payables	(2,160,021)	-	-	-	(2,160,021)
Insurance contract liabilities	-	-	(4,855,692)	-	(4,855,692)
	11,436,171	91,513	(4,855,692)	379,222,234	385,894,226
For the year ended 31 December 2024					
Fair value through profit or loss investments	-	-	-	303,354,510	303,354,510
Cash and cash equivalents	13,568,770	-	-	-	13,568,770
Other receivables	-	77,321	-	-	77,321
Trade and other payables	(2,102,841)	-	-	-	(2,102,841)
Insurance contract liabilities	-	-	(3,580,605)	-	(3,580,605)
	11,465,929	77,321	(3,580,605)	303,354,510	311,317,155

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

17. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Scheme makes estimates and assumptions concerning the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates. The present value of future cash flows is estimated using deterministic scenarios.

The sensitivities with regard to the assumptions made that have the most significant impact on measurement under IFRS 17, are detailed in the Insurance Risk Management note in the Financial Statements.

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 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.

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 method 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 claims cost for each healthcare year. The chain ladder method is the most appropriate for this claim pattern.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

17. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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 Liability for incurred claims:

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

Valuation of financial instruments

The Scheme measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted in an active market for an identical instrument).
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below categorises the investments, measured at fair value, into three hierarchy levels:

2025	Level 1	Level 2	Level 3	Total
	R	R	R	R
Fair value through profit or loss				
Bonds	-	61,842,769	-	61,842,769
Cash	74,872,886	-	-	74,872,886
Listed equities	246,754,154	-	-	246,754,154
Listed property	9,653,283	-	-	9,653,283
	331,280,323	61,842,769	-	393,123,093

2024

Fair value through profit or loss				
Bonds	-	44,269,490	-	44,269,490
Cash	59,861,402	-	-	59,861,402
Listed equities	205,355,488	-	-	205,355,488
Listed property	7,436,900	-	-	7,436,900
	272,653,790	44,269,490	-	316,923,280

**TFG MEDICAL AID SCHEME
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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

Unconsolidated investment structures

The Scheme has involvement with an investment fund in which it invests but it does not consolidate. The investment fund meets the definition of a structured entity because:

- the voting rights in the fund is not dominant rights in deciding who controls it because they relate to administrative tasks only;
- each fund's activities are restricted by prospectus; and
- the fund has narrow and well-defined objectives to provide investment

The table below note the exposure to unconsolidated structured entities.

2025

Fund

Allan Gray
Old Mutual Capped All Share Index
ABAX Absolute Medical Fund
Coronation
Nedgroup Core Income
Nedgroup Money Market Fund

Investment	Portfolio Size	% of Portfolio
R	R	%
99,132,578	5,144,390,539	1.93%
122,293,655	8,606,550,504	1.42%
47,260,799	970,000,000	4.87%
48,505,727	1,029,114,683	4.71%
62,029,476	62,705,677,553	0.10%
11,188,642	21,364,876,190	0.05%

2024

Fund

Allan Gray
Old Mutual Capped All Share Index
ABAX Absolute Medical Fund
Coronation
Nedgroup Core Income
Nedgroup Money Market Fund

Investment	Portfolio Size	% of Portfolio
R	R	%
94,031,404	3,183,032,808	2.95%
94,995,757	5,640,955,526	1.68%
38,341,601	845,379,250	4.54%
38,085,108	1,334,501,925	2.85%
37,900,641	45,136,490,212	0.08%
10,623,328	47,736,358,750	0.02%

18. NON-COMPLIANCE MATTERS

18.1 Contributions not received within three days of it becoming due

In terms of Section 26(7) of the Act, all contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due.

There were a small number of instances, during the year, where the Scheme received contributions after three days of becoming due, however, there are no contracts in place agreeing to this arrangement.

A detailed mandate is in place with the Administrator regarding the collection of these contributions.

**TFG MEDICAL AID SCHEME
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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

18. NON-COMPLIANCE MATTERS (continued)

18.2 Investment in participating employer and medical administrators

In terms of Section 35(8) of the Act, a medical scheme is prohibited from investing any of its assets in an employer who participates in that scheme or any medical scheme administrators.

At 31 December 2025 the Scheme held shares through linked life policies in The Foschini Group Limited to the value of R361,800 (2024: R870,528), in Momentum Group Limited to the value of R1,984,865 (2024: R2,513,538), in Discovery Limited to the value of R2,211,995 (2024: R1,941,641) and in Sanlam Limited to the value of R3,492,337 (2024: R2,881,792).

Funds in this specific portfolio are structured at the sole discretion of the asset manager in a manner that maximizes returns. Therefore the Scheme does not make inputs into the structuring of the portfolio. The Scheme received exemption from this section of the Act until 31 December 2028 at which stage the Scheme will apply for a further exemption.

18.3 Claims not settled within 30 days

In terms of Section 59(2) and Regulation 6(2) of the Act a medical scheme shall pay a member or supplier of services any benefit owing to that member or supplier within 30 days of receipt of the medical claim.

A limited number of exceptions were noted where settlement took longer than 30 days from receipt. These were limited to more complex claims and management is committed to resolve these matters in a responsible manner and in the best interest of the member and the Scheme.

18.4 Investment in local equities

In terms of Regulation 30 and Annexure B a medical scheme is only allowed to invest up to 40% of investable assets in local equities. As 31 December 2025 the Scheme's equity holding exceeded this limit. The Scheme's equity holdings are hosted in two policies of insurance. The Regulatory limit on these policies are 20% of total investable assets per policy. As a result of the higher equity exposure, the Scheme also exceeded these sub-limits of 20% per policy.

Regulation 30(3A) provides that assets in excess of the minimum specified in Regulation 30 may be allocated according to different percentages if a medical scheme provides the Registrar of Medical Schemes with a certified statement from a suitably qualified person. The Scheme provided such statement to the Registrar of Medical Schemes, and the Scheme is investing within the suggested percentages.

**TFG MEDICAL AID SCHEME
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NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

18.5 Sustainability of benefit options

In terms of Section 33(2) of the Act, each benefit option shall be self-supporting in terms of membership and financial performance and be financially sound. At 31 December 2025 the TFG Health Plus option incurred a net insurance service deficit of R9.2m (2024: surplus of R4.3m). The performance of the Scheme is in line with the Scheme's pricing strategy for the year.

The Trustees focus on long-term financial management, with the objective of ensuring the continued financial soundness of the Scheme and maintenance of its reserves.

The Board of Trustees carefully monitors the Scheme's performance with the assistance of the Scheme's actuary. The Trustees are comfortable that the Scheme is in a sound financial position as at 31 December 2025.

19. COMMITMENTS AND OTHER CONTINGENT LIABILITIES

The Scheme does not have any commitments or contingent liabilities outstanding at 31 December 2025.

20. GOING CONCERN

The Board of Trustees considers the Scheme to be going concern. The Board took the following into consideration in the evaluation of the Scheme's going concern status:

- The reserve ratio at the end of the year was 149.80%.
- Available cash and investments at the end of the year amounted to R392,818,426.
- Actuarial forecasts over a five year period indicated that the Scheme will be a going concern.