

ANNUAL GENERAL MEETING 2026

**NOTICE IS HEREBY GIVEN OF THE ANNUAL GENERAL MEETING
OF THE FUND, WHICH IS TO BE HELD ON MONDAY 22 JUNE 2026
FROM 10:00 TO 11:30**

PLEASE NOTE:

The Meeting will be held as follows:

- In person at the Conference Room, Ground Floor, Engen Court, Thibault Square, Cape Town;
- Via video conferencing at various workplaces. Please find a venue near you by clicking [here](#); or
- Via Microsoft Teams by clicking [here](#) to register. Once you have registered you will be sent a meeting invitation with a link to join the meeting. We have published these details on the Fund website at www.engenmed.co.za



AGENDA

01. Welcome and verification that the required number of members are present in the meeting.
02. Noting and approval of the minutes of the Annual General Meeting held on 24 June 2025.
03. Introduction and adoption of the Chairperson's report for the year ended 31 December 2025.
04. Consider and accept the Annual Financial Statements and auditor's report for the year ended 31 December 2025.
05. Confirm the re-appointment of Harris Dowden and Fontaine as the Fund's external auditors for 2026.
06. To appoint members of the Disputes Committee.
07. To consider and refer motions received to the Board of Trustees for finalisation.
08. Close.

Please note: Notice of any motion to be placed before the AGM must reach the Principal Officer not later than seven days prior to the date of the meeting, on 10 June 2026. No other business will be discussed at this meeting of the Fund.

By order of the Board



LESLEY SHAW
PRINCIPAL OFFICER
CAPE TOWN, MAY 2026



DRAFT MINUTES OF THE ANNUAL GENERAL MEETING OF MEMBERS HELD ON 24 JUNE 2025 AT 10:00

The following persons attended at the venues indicated below and linked to the proceedings via video conferencing:

Western Cape: Conference Room, Ground Floor, Engen Court, Thibault Square, Cape Town

KwaZulu-Natal: ERO Westville VC: 2100 Video Conference Room, Second Floor, 171 Rodger Sishi Road. ENGEN House, Westville North, Durban

Free State: Office Video Conferencing: 1st floor: Engen House, 169 A Nelson Mandela Drive, Westdene, Bloemfontein

Gauteng: Gauteng Regional Office Video Conferencing: GRO Auditorium Room 3009, 88 Stella Street, Sandown Mews East Building, Sandton 2191

Gqeberha: Greenacres Convenience Centre, Corner Newmarket & Ring Road, Greenacres 6057

Trustees

Ms S Moroka-Mosia	Chairperson and Employer Appointed Trustee
Mr J Gumede	Employer Appointed Trustee
Ms N Rabochene	Member-Elected Trustee
Mr M Tshabalala	Member-Elected Trustee
Mr R Marchant	Member-Elected Trustee
Ms L Shaw	Principal Officer

By Invitation

Ms D du Toit	Discovery Health – Fund Manager
Mr D Spangenberg	Discovery Health – Senior Finance Manager
Ms A Pietersen	Discovery Health – Fund Coordinator
Ms G Jassiem	Discovery Health – Fund Coordinator
Ms M Martin	Discovery Health – Client Liaison Officer
Ms S Phillips	Insights Actuaries (Check title)
Ms P Xuza	Council of Medical Schemes – Investigator Officer

Apologies

Ms A Bennetts	Member-Elected Trustee
Mr D Wright	Member
Mr A Williams	Member-Elected Trustee
Mr P Emery	Member
Mr E Fletcher	Member

Members

In addition to the Trustees who are members of the Fund, and were in attendance, 40 members of the Fund attended the meeting.

01. WELCOME AND QUORUM

At 10:11, it was confirmed that the meeting was properly constituted as a quorum was present with more than 30 members in attendance. The meeting was declared duly constituted and proceeded accordingly.

The Chairperson, Ms S Moroka-Mosia, welcomed all attendees present and opened the meeting.

A special word of welcome was extended to the representative from the Council for Medical Schemes, Ms. Xuza.

No additional matters were raised for discussion.

02. NOTICE CONVENING THE MEETING

The Chairperson confirmed that the Notice of the Annual General Meeting had been distributed to all members within the required timeframe. The notice was taken as read.

It was further noted that copies of the Notice of the Annual General Meeting were made available to all attendees at the various venues.

03. APPROVAL OF THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 27 JUNE 2024

There were no comments or corrections to the draft minutes of the Annual General Meeting held on 27 June 2024, and the minutes were duly confirmed as a true and accurate record of the Meeting.

04. MATTERS ARISING FROM THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 27 JUNE 2023

Minute item Feedback

12.1 The Principal Officer referenced the matter pertaining to the concern raised by a member who repeatedly received calls from Discovery representatives attempting to sell insurance services. It had been agreed that the Fund's Privacy Policy statement would be reviewed to prevent further unsolicited contact with members. It was confirmed that the Privacy Policy statement had been reviewed and amended accordingly. Only principal members who hold Discovery insurance products in their personal capacity may be contacted. **Matter closed.**

The second matter noted related to perceived shortcomings in the benefits offered. It was reported that this concern had been addressed during the 2025 pricing and benefits review process. Several benefit changes have been implemented to ensure the sustainability of the Fund. **Matter closed.**

05. INTRODUCTION AND ADOPTION OF THE CHAIRPERSON'S REPORT FOR YEAR ENDED 31 DECEMBER 2024

The Principal Officer highlighted key aspects of the Fund's performance during 2024, by referencing points from the Chairperson's Report which had been previously circulated to all members as part of the Notice of the 2024 Annual General Meeting:

Key indicator	2023 VS 2024	Indicator	Status
Membership	1%	▼	Decreased to 3,002 in 2024 from 3,028 (2023)
Average age (beneficiaries)	0.14 years	▲	Increased slightly from 42.83 (2023) to 42.97 (2024)
Lives > 65 years (pensioner ratio)	0,45%	▲	Increased to 21.85% (2024) from 20.40% in 2023
Solvency ratio	0,3%	▼	Slightly lower at 127.27% (R323,46m) in 2024 from 127.57% (R237,18m) in 2023
Insurance liability to future members	R15,737 per member	▲	Accumulated funds increased from R116,175 (2023) to R131,912 per member in 2024
Insurance service result (before investments)	R12,98m	▲	Surplus of R13.81m in 2024 vs a surplus of R835k (2023)
Claims ratio	5,6%	▼	Decreased from 99.7% (2023) to 94.1% in 2024
Non-healthcare costs as % of risk contributions	0,1%	▼	Decreased slightly from 5.81% in 2023 to 5.73% in 2024

The Principal Officer reported that, as noted at the AGM held in June 2024, the Council for Medical Schemes (CMS) conducted a Routine Investigation into the affairs of the Fund at the end of 2023. The Fund responded to the findings outlined in the CMS Draft Report in March 2024.

It was noted that several changes had already been implemented to address the issues raised, including measures to ensure that all Trustees appointed to the Board and its sub-committees meet the required "fit and proper" standards. In addition, relevant policies have been developed and adopted to support governance improvements. As of May 2025, the Fund is still awaiting the final report from CMS.

Updates were provided on the statuses of several key industry matters including:

- The implementation of the National Health Insurance Act;
- Ongoing matter of the Road Accident Fund not settling claims for medical scheme members;
- The Competition Commission complaint lodged by the Health Funders Association;
- Progress on the Section 59 Inquiry; and
- The SA Society of Physiotherapists' legal action against medical schemes and the CMS, for which an appeal has been filed with the High Court.

No questions were raised, and the members present adopted the Chairperson's Report, by a show of hands. The Chairperson expressed appreciation to the members for their continued loyal support.

06. CONSIDER AND ACCEPT THE ANNUAL FINANCIAL STATEMENTS AND AUDITORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

The Principal Officer confirmed that highlights from the Annual Financial Statements for 2024 were included in the Notice of the Annual General Meeting. In addition, the full Annual Financial Statements were made available to members prior to the Meeting via the Fund's website and on request.

The Principal Officer introduced Mr. Dirk Spangenberg, Snr Finance Manager at Discovery Health, who highlighted key aspects from the Fund's performance as reflected in the 2024 Annual Financial Statements. Mr. Spangenberg also briefed the Meeting on the main impacts of the introduction of the new accounting standard, IFRS 17, on these Financial Statements.

Mr. Spangenberg confirmed the following non-compliance matters, as disclosed in the 2024 Annual Financial Statements:

01. Contravention of S 35(8)(c) of the Act: Shareholding in the holding company of the Administrator or any other administrator: indirect investments held in Discovery Holdings Ltd. *The Fund applied, and the CMS has granted exemption from the requirements until 30 November 2025.*
02. Contravention of S 26(7) of the Act: Contributions not paid within three days of their due date. *A limited number of exceptions were noted during the year. Membership changes may cause reconciliation items between the employer and the Fund records.*
03. Contravention of S 59(2) and Reg 6(2) of the Act: Claims not settled within 30 days of receipt. *A limited number of exceptions were noted where complex claims settlements took longer than 30 days from receipt.*

The Chairperson informed the Meeting that a copy of the Report of the Fund's Independent Auditors, Harris Dowden & Fontaine, was included in the Notice to members and that the auditors had issued an unqualified opinion on the 2025 Annual Financial Statements, which were prepared by the Administrator.

No questions were raised, and the Annual Financial Statements and the Auditor's Report were adopted by the members present, by a show of hands.

07. CONFIRM THE RE-APPOINTMENT OF HARRIS DOWDEN AND FONTAINE AS THE FUND'S EXTERNAL AUDITORS FOR 2025

The Chairperson reported that the Audit and Risk Sub-Committee's recommendation to the Board to reappoint *Harris Dowden and Fontaine* as the Fund's external auditors for the 2025 financial year, was approved by the Board of Trustees.

The members present ratified the Board's decision and requested the Board of Trustees seek approval for the re-appointment of *Harris Dowden and Fontaine* from the Council for Medical Schemes, in accordance with regulatory requirements.

08. COMPOSITION OF THE BOARD

TO CONFIRM APPOINTMENTS MADE BY THE EMPLOYER AND RECEIVE THE RESULTS OF THE TRUSTEE ELECTION HELD DURING JUNE 2025

The Meeting noted that, due to resignations or the expiry of terms, the following Board positions were filled:

- The Board accepted the nomination for Ms. L Shaw to serve as Principal Officer for a five-year term, from 1 May 2024 to 30 April 2029, following her resignation as a Trustee.
- The new Employer-elected trustees are:
 - Ms. Thambiran whose term ends on 14 November 2027;
 - Mr. Govender whose term ends on 17 April 2027; and
 - Mr. Moola whose term ends on 16 April 2028.

It was noted that Mr. Villo and Ms. Waterson no longer serve on the Board.

The Chairperson indicated that a Trustee election process was initiated to fill two Member-elected vacancies on the Board. Nominations were received for four candidates.

Following the election, the two candidates, who received the majority votes, were elected to serve as Member- elected Trustees for a three-year term, from 1 July 2025 to 30 June 2028:

- Mr M Tshabalala (re-elected)
- Mr B Sebetlele

The Meeting ratified the changes to the composition of the Board of Trustees resulting from the appointments made by the Employer and the outcome of the Trustee election process.

The Chairperson thanked the outgoing Trustees for their dedicated service to the Fund and welcomed the newly appointed Trustees to the Board.

09. TO APPOINT MEMBERS OF THE DISPUTES COMMITTEE

The meeting noted that the composition of the Disputes Committee was included in the meeting pack, and their terms as committee members had been previously noted. The committee comprises of the following members:

- Mr. J Masuku term ending 19 April 2027
- Mr. M Kroqwana term ending 19 April 2027
- Dr Greg Kew term ending 19 April 2027
- Ms. N Kent-Cross term ending 14 November 2027.

10. OTHER BUSINESS OF WHICH DUE NOTICE HAS BEEN GIVEN

The meeting noted that the Principal Officer had received a motion for discussion regarding the Fund's Trustee Vetting Policy. It was further noted that the member who submitted the motion is not present at the meeting.

In their absence, the Principal Officer clarified that where nominations for trustees had been received, before those nominated were put forward for election, the Fund applies its vetting policy which aligns with the CMS rules and applicable circulars. This vetting process includes checks for insolvency, criminal convictions, and creditworthiness, among other criteria.

In this instance, one nominee was found not to meet one of the required criteria and therefore excluded from the election process. The Fund shared the full vetting process with the member who had tabled the motion, which included the policy itself and relevant CMS communication and circulars.

The Chairperson noted that this vetting policy was introduced in response to a previous CMS finding and has since been implemented to ensure compliance.

A question was raised online regarding the vetting process, specifically why individuals with a criminal record "hit" are not given the opportunity to obtain a police clearance. It was clarified that a police clearance certificate may be applied for if the incident in question occurred more than 10 years ago. If valid, the clearance will be reflected in future vetting checks.

11. GENERAL

The Principal Officer confirmed that no further points were brought up to be considered by the Meeting.

12. CLOSURE

The Chairperson expressed thanks and appreciation to the members and service providers for their ongoing support.

The Chairperson reiterated that the Board of Trustees remained committed to the future sustainability of the Engen Medical Benefit Fund, and to ensuring that competitive benefits continue to be offered to members.

There being no further matters for discussion, the Chairperson thanked all present for their attendance and declared the Meeting closed at 10:40.

CERTIFIED TO BE A TRUE RECORD OF THE PROCEEDINGS

Chairperson Signature

Date



CHAIRPERSON'S REPORT FOR THE 2025 FINANCIAL YEAR

Engen Medical Benefit Fund provides healthcare cover to employees and pensioners of Engen (Pty) Ltd, as well as their registered dependants. The Fund is managed with a strong focus on fairness, transparency, and accountability, ensuring that members' interests remain central to all decisions.

The Fund offers one set of benefits, which includes a Medical Savings Account (MSA). This supports all members through cross-subsidisation, helping to ensure fair access to quality healthcare cover. The benefit design offers a broad and comprehensive range of healthcare benefits, supporting members across many stages of care. Contributions are based on family size and income, making cover affordable and inclusive for all members, regardless of their health status.

FINANCIAL OVERVIEW

The Board has reviewed the Fund's financial performance and is pleased to report that the Fund remains financially strong and well positioned for the future. During 2025, healthcare claims increased, particularly in high-cost areas such as complex long-stay hospitalisation; this is being closely monitored. The loss of members continued in 2025, with membership reducing from 5,614 in 2024 to 5,487 – a 2.2% reduction on the total number of beneficiaries.

Despite these pressures, which the Trustees are constantly monitoring, we are proud to present the 2025 results, and remain focused on managing costs responsibly while protecting the long-term sustainability of the Fund.

The Fund achieved a net surplus of R62,14 million, which was added to the reserves (now called *Liability to members for future benefits*), to end the year with total reserves of R460,25 million. This is R159,202 per member.

The reserves translate into a 122.93% solvency (compared to 127.27% in 2024), well above the 25% requirement stipulated by the Medical Schemes Act 131 of 1998 (as amended).

The Trustees diligently review non-healthcare expenses to ensure alignment with industry norms and value for money for members. In 2025, the total non-healthcare expenses (including administration, net impairment losses and other operating costs) were slightly lower at 5.65% of gross contributions, compared to 5.73% in 2024.

The Trustees regularly review the risk indicators and take strategic and financial decisions based on these, which ensures the sustainability of the Fund. The following are noteworthy indicators:

- The average age of the beneficiaries increased from 42.97 in 2024 to 43.54 (0.57 years), while the pensioner ratio increased by 3.98%. More than 22% of the Fund's beneficiaries are older than 65.
- 3% more of the beneficiaries are registered with a chronic condition. At the year-end, 45.1% of the Fund's beneficiaries were registered with one or more chronic condition, indicating a heavy disease burden.
- There has been a 12.9% increase in claims funded from the risk benefit. This is driven predominantly by hospital, professional and HIV costs.

GOVERNANCE AND COMPLIANCE

Trustees

The Trustees manage Engen Medical Benefit Fund in accordance with the Rules of the Fund and the Medical Schemes Act, as amended. They have a legal duty to act in the best interests of all members and to ensure proper governance of the Fund.

The Board consists of employer nominated and member-elected trustees. In accordance with the requirements as set out in the Medical Schemes Act, at least half of the trustees are elected by and from among the Fund's members.

The Trustees during the reporting period:

Employer-nominated trustees	
Ms S Moroka-Mosia – Chairperson	(Resigned 7 December 2025)
Ms S Vabaza - Chairperson	(Appointed 8 December 2025)
Mr J Gumede	
Mr I Moola	(Appointed 17 April 2025)
Ms N Mkhize	(Appointed 29 December 2025)
Ms N Thambiran	
Alternate trustees	
Ms B Ndlovu	
Member-elected trustees	
Ms N Rabochene	
Ms R Marchant	
Mr A Williams	
Mr B Sebetlele	(Elected effective 1 July 2025)
Mr M Tshabalala	(Elected effective 1 July 2025)
Alternate trustees	
Ms T Dlamini	

Principal Officer

During the reporting period, Ms. Lesley Shaw diligently carried out her responsibilities as the Principal Officer of the Fund.

Audit and Risk Management Committee

The Committee was established through written terms of reference by the Board of Trustees in compliance with the requirements of the Act. It supports the Board of Trustees in fulfilling its responsibilities related to financial controls and risk management, overseeing accounting policies, internal controls, and financial reporting practices.

REGULATORY AND INDUSTRY MATTERS

The Trustees ensure that their knowledge of developments and issues affecting the medical schemes environment remains current. They regularly review proposed legislative and regulatory changes to understand how these may affect the Fund and to ensure that the Fund can respond appropriately and in good time. Key regulatory and other matters are summarised below.

National Health Insurance Bill (NHI Bill)

Recent legal discussions between government and organisations challenging the National Health Insurance (NHI) Act, have resulted in an agreement that has temporarily paused the implementation of the Act. This pause will remain in place until the Constitutional Court has ruled on key constitutional issues, providing certainty and stability for the healthcare sector in the meantime.

During this period, no provisions of the NHI Act will be implemented, allowing time for proper legal review and constructive engagement on sustainable healthcare reforms. The Fund has welcomed this development, as it supports continued improvements in public healthcare while ensuring that any future changes to the healthcare system are carefully considered and legally sound.

Road Accident Fund (RAF) directive

A High Court judgment has confirmed that the Road Accident Fund (RAF) remains responsible for paying medical expenses resulting from road accidents, even where those costs were initially covered by a medical scheme. The Court reaffirmed that medical scheme payments do not reduce the RAF's legal obligations, considered to be separate contractual benefits between members and their schemes. While there have been differing court decisions on the RAF's legal obligations in the past, further clarity is expected on the broader legal question when the Supreme Court of Appeal delivers its judgment in a related matter. This ruling provides important guidance and reassurance for medical schemes and their members.

PCR testing

There has been positive progress in the Health Funders Association's (HFA) complaint to the Competition Commission regarding the pricing of COVID PCR tests. The laboratories involved have now submitted their responses, and HFA has completed its reply. With earlier delays resolved, the process is moving steadily towards a substantive hearing.

On 20 April 2026, the Health Funders Association's (HFA) attended a pre-hearing in the PCR complaint before the Competition Tribunal. This was an important step forward in what is still a complex case. Although the hearing was originally set to deal with confidentiality matters, these issues were resolved late last year. This allowed the formal exchanges between the parties to be completed and the case to move ahead.

The main purpose of the session was to agree on timelines for the fact-finding phase, and provisional dates of 17 and 18 September 2026 have been set aside to address issues that are related to the gathering of information. Although these dates are still some months away, this is positive progress.

Section 59 inquiry

On 25 April 2025, the Final Investigation Report into allegations of unfair racial discrimination and procedural unfairness by medical schemes was released. The final report recognised the responsibility of schemes to act in members' best interests by preventing fraud, waste and abuse, while also highlighting the need for fair, transparent and consistent processes. Overall, the report emphasised balancing strong protection of members' funds with appropriate engagement and oversight within the healthcare system.

The Section 59 Investigation did not conclude that medical schemes engaged in racial discrimination. While the report discussed certain analytical tools and approaches used in investigations, it did not find that schemes acted unlawfully or discriminated against members or providers on the basis of race. The focus of the report was primarily on governance, investigation processes, and the protection of member funds.

In April 2026, the Council for Medical Schemes published Circular 10 of 2026 and subsequently held discussions with healthcare providers and scheme representatives, in separate sessions. The Fund is closely monitoring this issue.

CONCLUDING REMARKS

The Trustees remain committed to strong governance and to ensuring a positive experience for members. This includes carefully balancing members' healthcare needs with affordability, while acting in the best interests of members and protecting the long term sustainability of the Fund. The Fund also benefits from ongoing advances in technology and the responsible use of data and artificial intelligence, which support more efficient operations, improved detection of irregular claims, and better decision making. These tools help the Fund manage costs effectively and ensure that members' contributions are used wisely.

THANKS AND APPRECIATION

I extend my heartfelt thanks and appreciation to the following stakeholders for their dedicated efforts and valuable contributions:

- All our members for their continued support
- The Trustees and independent Sub-Committee members for their time and commitment
- Our outgoing Chairperson, Shirley Moroka-Mosia
- Our Principal Officer, Lesley Shaw
- The participating employer, Engen (Pty) Limited
- Discovery Health (Pty) Ltd, our external administrator; the Fund actuaries during the period, Insight Actuaries and Consultants; the Fund's external auditors, Harris Dowden and Fontaine; our investment consultants during the 2025 financial year, Momentum Consultants and Actuaries; the Fund's medical adviser, Dr Tony Davidson, and other third-party managed care providers
- Healthcare providers looking after the wellbeing of our members and their dependants
- The Council for Medical Schemes, the Registrar of Medical Schemes and their staff.

Siphokazi Vabaza

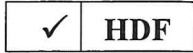
Chairperson

May 2026





INDEPENDENT AUDITOR'S REPORT



HARRIS DOWDEN & FONTAINE CHARTERED ACCOUNTANTS (SA)
IRBA Registration No: 943703

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B.J. Dowden, C.L.I. Fontaine

Independent Auditor's Report

To the Members of Engen Medical Benefit Fund

Report on the audit of the Financial Statements For the year ended 31 December 2025

Opinion

We have audited the financial statements of Engen Medical Benefit Fund (Fund), set out on pages 17 to 62, which comprise the statement of financial position as at 31 December 2025, the statement of comprehensive income, the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Engen Medical Benefit Fund as at 31 December 2025 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act 131 of 1998 of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA's). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund 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 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 for 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.

1. *Insurance contract liabilities:*

International Financial Reporting Standards (IFRS) requires the Fund to make provision for all future cash outflows for which a past event has occurred.

The determination of the Liability for Incurred Claims (LIC) (formerly IBNR) including the Risk Adjustment for Non Financial Risk amounted at year end to R8,100,000 (2024: R5,000,000). These amounts are included in Total Insurance Contract Liabilities in the Statement of Financial Position at year end.

As disclosed in Notes 5 & 6 to the annual financial statements, the carrying amount of the Total Insurance Contract Liabilities (Non Current & Current) at year end was R498,870,348 (2024: R431,325,731).

The determination of the LIC liability requires the Fund's Trustees to make assumptions and significant judgements in the valuation thereof, which is determined with reference to an estimation of the ultimate cost of settling all claims incurred but not yet reported at the Statement of Financial Position date.

How the matter was addressed in the audit:

In evaluating the valuation of the LIC, we audited the calculations approved by the Board of Trustees and performed various procedures including the following:

- Testing the Fund's controls relating to the preparation of the LIC calculation;
- Testing the integrity of the information used in the calculation of the LIC by performing substantive procedures, on a sample basis, on the completeness and accuracy of the claims data used in calculating the LIC;
- Performance of an independent estimate of the LIC using substantive analytical procedures that involved historical claims data and trends and comparing the estimate to the Fund's LIC;
- Performance of tests of details on the current year's LIC including testing actual claims experienced subsequent to year end and to as close as possible to audit completion date; and
- Performance of a retrospective review based on actual claims paid in 2024 to verify the assumptions applied to determine the LIC are reasonable.

The assumptions applied in the LIC are appropriate and we are satisfied that the movement of the insurance contract liabilities in the Statement of Financial Position and assumptions are appropriate.

We engage with management around the rationale for any adjustments or decisions over and above the numeric calculation.

2. *Insurance revenue and insurance service expenses (contributions and claims):*

Insurance revenue and insurance service expenses are significant classes of transactions in the annual financial statements of the Fund. These are also subject to significant risk of fraud or material misstatement. The Fund places significant reliance on the system of internal controls and various analytical and system based checks to ensure that all claims and contributions are valid and accurate. How the matter was addressed in the audit:

During the audit insurance revenue and insurance service expense systems are subjected to various tests of controls and exception reports are reviewed.

3. *Risk Transfer Arrangement:*

The Fund entered into two risk transfer arrangements for the duration of the year, which obliged the risk transfer provider to compensate medical providers for costs incurred by members of the Fund, in the case that an insured event occurred.

How the matter was addressed in the audit:

We tested the accuracy of the risk transfer arrangement fees expense, by agreeing the number of members and rates applied in the calculations, to member records and the service level agreement with the risk transfer provider. No inconsistencies were noted.

Other Information

The Fund's trustees are responsible for the other information. The other information comprises the Statement of Responsibility by the Board of Trustees, and the 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 Fund's Trustees for the Financial Statements

The Fund's trustees are responsible for the preparation and fair presentation of the financial statements, in accordance with International Financial Reporting Standards and the requirements of the Medical Schemes Act 131 of 1998 of South Africa, and for such internal control as the Fund'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 Fund's trustees are responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to the going concern and using the going concern basis of accounting, unless the Fund's trustees either intend to liquidate the Fund 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 audit 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 ISA's 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 ISA's, 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund's trustees.
- Conclude on the appropriateness of the Fund's trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit 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 Fund 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 Fund'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.

We also provide the Fund's Trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Fund's trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Non-compliance with the Medical Schemes Act of South Africa

As required by the Council for Medical Schemes, we report 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 our firm has been the auditor of Engen Medical Benefit Fund for 4 years.

The engagement partner, Charles Fontaine, has been responsible for Engen Medical Benefit Fund's audit for 4 years.


HARRIS DOWDEN & FONTAINE
Registered Auditors
Per: C.L.I. FONTAINE

Sandton
14 April 2026

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	2025	2024
	R	R
ASSETS		
Non-current assets		
Financial assets at fair value through profit or loss	382 722 396	320 602 587
Current assets		
Financial assets at fair value through profit or loss	116 856 090	112 624 655
Financial assets at amortised cost	67 012 434	73 826 230
Cash and cash equivalents	725 932	864 130
	49 117 724	37 934 294
Total assets	499 578 486	433 227 241
LIABILITIES		
Non-current liabilities		
Liability to members for future benefits	460 252 955	398 110 046
Current liabilities		
Insurance contract liabilities	39 325 531	35 117 195
Reinsurance contract liability	38 617 393	33 215 685
Trade and other payables	141 839	-
	566 299	1 901 510
Total liabilities	499 578 486	433 227 241

In line with the requirements of Circular 32 and 36 of 2025, and the SAICA Medical Scheme Accounting guide, the Statement of Financial Position is disclosed in non-current and current components and not in order of liquidity that was used in the 2024 Annual Financial Statements



STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2025

	2025	2024
	R	R
Insurance revenue	243 534 889	228 751 708
Insurance service expense	(244 983 603)	(215 331 347)
Incurred claims*	(230 050 885)	(201 113 680)
Accredited managed care services (no risk transfer)*	(4 811 483)	(4 659 353)
Third Party claim recoveries	303 408	537 011
Other directly attributable expenses	(10 424 643)	(10 095 325)
Net (expense)/income from reinsurance contract*	(87 882)	395 588
Fees paid	(1 611 514)	(1 994 087)
Recoveries from reinsurance contract	1 523 632	2 389 675
Insurance service result	(1 536 596)	13 815 949
Interest from financial assets at amortised cost	735 440	633 824
Investment income from investments at fair value through profit or loss	70 549 887	41 851 975
Net investment income	71 285 327	42 485 799
Finance expenses on Medical Savings Accounts	(2 296 748)	(2 370 784)
Net insurance finance expenses	(2 296 748)	(2 370 784)
Net insurance and investment result	67 451 983	53 930 964
Asset management fees	(1 981 274)	(1 806 848)
Other operating expenses	(3 327 800)	(3 004 742)
Net surplus for the year	62 142 909	49 119 374
Transfer to insurance contract liability for future members	(62 142 909)	(49 119 374)
Total comprehensive income for the year	-	-

*Relevant healthcare expenditure

(234 950 250)

(205 377 445)

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

Notes	2025	2024
	R	R
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from members and providers	268 735 927	255 853 145
- Cash receipts from members – contributions	268 432 519	255 057 279
- Cash receipts from members and providers – other	303 408	795 866
Cash paid to service providers and members	(270 066 168)	(251 785 246)
- Cash paid to providers and members – claims	(249 498 630)	(230 046 760)
- Cash paid to service providers – non-healthcare expenditure	(19 899 136)	(20 199 754)
- Cash paid to members – Medical savings account refunds	(668 402)	(1 538 732)
Cash (used in)/generated by operations	(1 330 241)	4 067 899
Interest received	3 118 061	3 124 055
Net cash flows from operating activities	1 787 820	7 191 954
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investments	(136 738 252)	(120 645 635)
Proceeds on disposals of investments	146 133 861	111 000 000
Net cash flows from investing activities	9 395 609	(9 645 635)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11 183 430	(2 453 681)
Cash and cash equivalents at the beginning of the year	37 934 294	40 387 975
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	49 117 724	37 934 294
Current accounts	17 283 282	8 959 612
Medical savings account funds	31 834 442	28 974 682



MATTERS OF NON-COMPLIANCE

CLAIMS NOT SETTLED WITHIN 30 DAYS

Nature and impact

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.

Causes for the failure

A few complex cases also took more than 30 days to be resolved in order to process the claims payment.

Corrective action

Management is committed to resolve these matters in a responsible manner and in the best interest of the member and the Fund.

CONTRAVENTION OF SECTION 35(8)(C) OF THE MEDICAL SCHEMES ACTS

Nature and impact

The Fund holds indirect investments in Discovery Holdings Ltd. This is in contravention of section 35(8)(c) of the Act, as the Fund is not allowed to hold shares in the holding company of the Administrator or any other Administrator.

Causes for the failure

The Fund invested in a pooled fund and does not have control over the investment decisions relating to the underlying assets.

Corrective action

The Council for Medical Schemes has granted an exemption in terms of section 35(8) until 31 December 2028, allowing the Fund to hold these shares.

CONTRAVENTION OF SECTION 26(7) OF THE MEDICAL SCHEMES ACT

Nature and impact

Section 26(7) of the Act requires that "All subscriptions or contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due."

A limited number of exceptions were noted during the year where contributions were received late.

Causes for the failure

Membership changes may cause reconciliation items between the employer and the Fund records. These are typically resolved within one month.

Corrective action

The Fund continually strives to have all membership changes updated before the following contribution run. Due to the nature of membership movement, and the communication process between the employer and pension administrators, on the one hand, and the Administrator on the other, this is not always possible.

SUSTAINABILITY OF THE FUND

Nature and impact

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 Fund incurred a net insurance service result deficit of R1.5m (2024: surplus of R13.8m).

The performance is in line with the Fund's pricing strategy for the year.

Causes for the failure

The Trustees focus on long-term financial management, with the objective of ensuring the continued financial sustainability of the Fund, and maintenance of its reserves. The pricing strategy takes into account the sound reserve position of the Fund to smooth out contribution increases over time, keeping contributions as affordable as possible.

Corrective action

The Board of Trustees carefully monitors the Fund's performance with the assistance of the Fund's actuaries. The actuarial forecast for the next five years indicates net surpluses, and a solvency ratio that is maintained at the current level.

The Trustees are comfortable that the Fund is in a sound financial position as at 31 December 2025.

KEY FINANCIAL AND SERVICE METRICS

	2025	2024
	R	R
Solvency ratio		
The solvency ratio is calculated on the following basis:		
Insurance liability to future members as per statement of financial position	460 252 955	398 110 046
Less: Unrealised gains on investments **	(127 617 978)	(74 649 917)
Accumulated funds per Regulation 29	332 634 977	323 460 129
Gross contributions	270 583 987	254 146 703
Solvency ratio	122.93%	127.27%
** Cumulative net gains on re-measurement to fair value are calculated as follows:		
Net cumulative gains opening balance at the beginning of the year	74 649 917	46 402 858
Movement in unrealised gains on re-measurement of financial instruments to fair value included in accumulated funds	52 968 061	28 247 059
Cumulative net gain on re-measurement to fair value of investments included in accumulated funds	127 617 978	74 649 917



OPERATIONAL STATISTICS

	2025	2024
Average number of members during the accounting period	2 954	3 002
Number of members at 31 December 2025	2 891	3 018
Average number of beneficiaries during the accounting period	5 487	5 614
Number of new members	83	185
Number of members leaving	210	171
Average age of beneficiaries for the accounting period	43,54	42,97
Proportion of lives over the age of 65	22,72%	21,85%
Average net contribution per member per month (R)	6 870	6 350
Directly attributable insurance service expenses per beneficiary per month (R)	3 721	3 197
Relevant healthcare expenditure as a percentage of net contributions	96,35%	89,94%
Directly attributable insurance service expenses as a percentage of net contributions	100,60%	94,10%
Non-healthcare expenses as a percentage of net contributions (%)	5,65%	5,73%
Non-healthcare expenses per beneficiary per month (R)	209	194
Return on investments (%)	15,40%	11,11%
Average healthcare management expense per member per month (R)	136	129
Average healthcare management expense per beneficiary per month (R)	75	69
Managed care: management services as a percentage of gross contributions (%)	1,78%	1,83%
Amount paid to administrators (R)	17 648 610	16 745 372
Accumulated funds per member at 31 December (R)	159 202	131 912
Reserves per beneficiary (R)	86 061	70 775



Engen Medical Benefit Fund, registration number 1572, is regulated by the Council for Medical Schemes and administered by Discovery Health (Pty) Ltd, registration number 1997/013480/07, an authorised financial services provider.