PROFMED

HIGHLIGHTS OF THE ANNUAL INTEGRATED REPORT 2025

This document contains highlights of the Scheme's Performance for the year ended 31st December 2025, extracted from the 2025 Integrated Report. The Financial Performance has been extracted from and is in agreement with the Annual Financial Statements audited by Deloitte & Touche

FOR FULL INTEGRATED ANNUAL REPORT, VISIT THE PROFMED WEBSITE

Registration No **1194**

OUR CHAIRPERSON'S REPORT

The 2025 financial year brought both challenges and opportunities to Profmed which was met with the resilience and vision for which the Scheme is known.

In the year under review, we saw increased complexity in the operating landscape in which the Scheme pursues its core objectives: To provide its members and beneficiaries with affordable access to appropriate healthcare, while managing the escalating costs of healthcare and ensuring the sustainability of the Scheme.

The year was characterised by several material challenges, including a sustained rise in chronic disease prevalence; above-inflation increases in the cost of healthcare; affordability pressures driven by broader macroeconomic conditions; and ongoing regulatory uncertainty associated with National Health Insurance (NHI).

The Board and management responded to thesechallenges with appropriate strategic agility, adaptability and innovation, ensuring the Scheme remained resilient and well positioned for the future.

INVESTMENT

It has been an exceptional year for South African (SA) asset classes, with SA equities being the standout performer delivering a return of 42.6% over the period. SA listed property (30.6%) and SA nominal bonds (24.2%) were the second and third best performing mainstream asset classes for the 2025 calendar year.

The Rand appreciated by 12.2% against the US dollar in 2025, which naturally had the effect of reducing the South African rand return of the global asset classes. Global equities were up 22.3% in US dollar, once again driven by the strong performance of large cap United States technology companies. Medical Schemes are however only permitted to invest in global fixed income assets (no global equities allowed) and global bonds performed poorly amid elevated global inflation and high debt levels while the strengthening Rand has also reduced returns in global bonds.

It is somewhat ironic that the inconsistent and belligerent policies followed by the Trump Administration spurred the sharp increase in the gold price and a weakening of the US$, all of which turned out extremely positive for the South African equity and bond markets and in turn Profmed's Investment portfolio in 2025.

OUR CHAIRPERSON'S REPORT CONTINUED

FINANCIAL STRENGTH SOLVENCY

While financial markets played a role, we are especially proud of our strong operational profit. The Scheme's current position puts it on a stable financial trajectory. For the period under review, the Scheme reported a net surplus (amounts attributable to future members) of R356.6 million. The surplus is mainly attributed to positive claims result and significant investment returns. As a result, the solvency ratio exceeded the target range of 35% - 40% and ended 2025 at 43.4%.

Profmed has over many years had a declining solvency ratio due to escalating claims costs driven by healthcare inflation and ageing membership. Healthcare inflation has typically averaged at 9% over the past 10 years and the Board's key strategy has been to stabilise the solvency ratio which was previously above 50% to a more reasonable target range. The decline in the solvency has, since 2019, necessitated stronger claims management interventions and the introduction of hospital and day procedure networks. In 2024 and 2025 the positive operating surplus indicates that claims and specifically negotiations with providers have resulted in a more stable reserve level and in 2025 a growing reserve level. Much of the improved solvency ratio is attributed to significant out of the ordinary investment returns for 2025. Markets have been typically strong this past year and the 43.4% solvency ratio at year end is mostly driven by the unexpected investment returns while the better claim outcomes also contributed in a small way to the improvement. While the 43.4% solvency ratio is a strong position for Profmed, all reserves within the Scheme provide a good foundation to benefit members in future years through lower premium increases and where possible added benefits.

The healthcare industry continues to experience significant pressure from an ageing population and rising costs of care. As life expectancy increases, demand-side pressures are intensifying due to the growing prevalence of lifestyle-related and chronic conditions, including mental health disorders and cancer. This demographic shift, challenges access to appropriate care, requiring healthcare systems to balance affordability with long-term suatainability

Costs of care are escalated by both demand-side factors, such as increased utilisation, and supply-side factors, including high-cost medical technologies and medicines. Profmed's reserve strategy remains central to its approach, ensuring that member contributions align with actual healthcare utilisation while providing a buffer against escalating costs. Maintaining these reserves is critical to protecting members against healthcare inflation and ensuring the Scheme's continued financial resilience.

In 2025, the Scheme implemented targeted strategies to contain costs and optimise outcomes. These included well-managed hospital negotiations and enhanced networks, the strengthening of managed care interventions and protocols.

Such initiatives are essential not only to improve health outcomes for members on a sustained basis and ensuring the timely payment of all valid claims, but also to contain cost escalation and safeguard the Scheme's long-term financial stability. Through these strategies, Profmed remains well-positioned to deliver affordable, appropriate, and high-quality healthcare to its members. Our sustainable value cycle allows for the surplus to be shared with members through enhanced benefits and continued low contribution rates.

OUR CHAIRPERSON'S REPORT CONTINUED

OPPORTUNITIES VIA PARTNERSHIPS

One of the most powerful things about Profmed is that we don't just stop at medical cover. We look at the whole professional journey, and then ask: Who can we partner with to make that journey easier?

Profmed's partnership strategy focuses on aligning with professionally focused institutions to strengthen its value proposition and support sustainable membership growth. As a restricted medical scheme for graduate professionals, growth is driven by access to trusted distribution channels and ecosystem partners that deliver high quality, professionally aligned member pools. Strategic partnerships enhance Profmed's value proposition through integrated financial, advisory and wellness offerings, while supporting consistent new member inflows and longterm retention. Key relationships with Rand Merchant Bank (RMB), PPS Financial Services (PPS) and FinDR serve as strategic growth levers that reinforce market reach, member quality and long-term sustainability.

BENEFITS

Profmed continues to offer plans tailored to professionals at every stage of life, whether young professionals seeking affordable entry-level cover, growing families balancing multiple priorities, or retirees looking for stability and peace of mind. The Scheme has maintained its reputation for competitive pricing, ensuring that members across income levels can access options that meet their needs without unnecessary complexity. Its strong financial and operational performance provides the stability to manage low contribution adjustments responsibly while introducing enhancements that deliver greater value.

In 2025, all benefit adjustments were guided by robust data related to member health needs. By analysing utilisation and claims patterns, the Scheme aligned its offerings with the care members require, shifting from reactive insights to proactive health management. This approach enabled the introduction of an AI-driven, non-invasive facial scan and digital health assessment, helping members stay healthier while reducing out-of-pocket costs and the long-term impact of chronic conditions.

Preventative and wellness care remained a priority in 2025. In response to breast cancer being the most common cancer among women globally, the mammogram cycle was amended from biennial to annual for women aged 40 to 55 years. To further support and encourage screening, the **Amplifire Health Booster** benefit an innovative, incentivised enabler was enhanced to offer even more day-to-day benefits. Amplifire incentivises members to take control of their wellbeing through proactive health actions and measurable personal health outcomes. This forward-thinking approach reflects the Scheme's unwavering commitment to strengthening care where it matters most, each member is recognised as a completely unique individual with distinct health needs. We strengthened the dental benefit by introducing a family limit, giving your household more funds for dental care rather than being restricted to individual beneficiary limits. Complementing this approach, the Scheme continues to advance both efficiency and clinical outcomes through coordinated care programmes for chronic conditions, short stay hospital options, and home-based care initiatives such as **Healing at Home.**

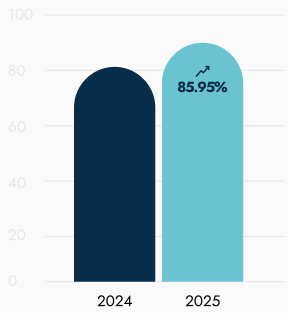
The Healing at Home initiative enhances member care by providing hospital level treatment in the home for suitable conditions, improving both comfort and convenience. Delivered through contracted service providers, the programme is demonstrating positive clinical outcomes. The focus moving forward is on expanding its reach and increasing member awareness to maximise its impact.

OUR CHAIRPERSON'S REPORT CONTINUED

SERVICE

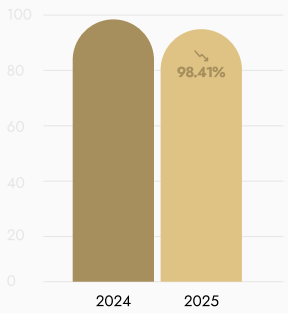
In 2025, we examined our service delivery level arrangements, and this renewed attention has resulted in improved member satisfaction scores

First time Call Resolution (Client Service)



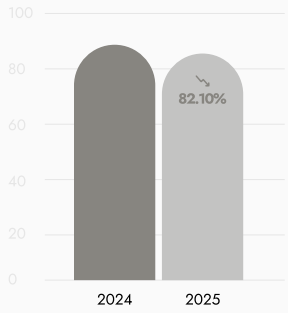
From 74.29% in 2024 to 80.95% in 2025

Stable Customer Satisfaction on Calls



with 98.44% in 2024 and 98.41% in 2025

Total Number of Calls Answered in less than 20 seconds



in 2024 was 86.50% and 2025 82.10%

The claims' processing performance has remained stable and largely in-line with contracted service levels. Total claim lines processed in 2024 were 5 400 068 and 5 555 233 in 2025.

NHI

Profmed continues to monitor the implementation of the NHI Act and its potential implications for the healthcare system. While full impact on medical scheme members may take several years, concerns around affordability, funding mechanisms, and regulatory detail remain significant. The Scheme is actively participating in industry led engagements, including the Health Funders Association led legal challenge, while advocating for amendments that address critical concerns and protracted disputes.

Several legal challenges to NHI will continue to play out over the coming few years and many have seen little progress since they were lodged more than a year ago. While this continues the necessary reforms required to improve affordability and sustainability of medical schemes has also been relegated. Profmed remains committed to strategic engagement and collaboration to safeguard our members and their reserves, by ensuring sustainable and equitable access for all members.

LOW-COST BENEFIT OPTION (LCBO)

One of the more important regulatory matters remains the long-awaited LCBO reforms. A report was released by the Council for Medical Schemes (CMS) for public comment; however, implementation has not progressed, as the Minister of Health has indicated a preference for prioritising the National Health Insurance (NHI), citing potential overlap between the two initiatives.

As a result, the CMS has continued to extend exemptions that allow health insurers to offer low-cost insurance products, while medical schemes are not permitted to compete in this market on an equal footing. A number of industry-led legal processes are ongoing, and Profmed continues to monitor developments closely. In recent years, there has been a delay in young professionals taking up medical scheme cover, with some opting for limited health insurance products or remaining uninsured.

OUR CHAIRPERSON'S REPORT CONTINUED

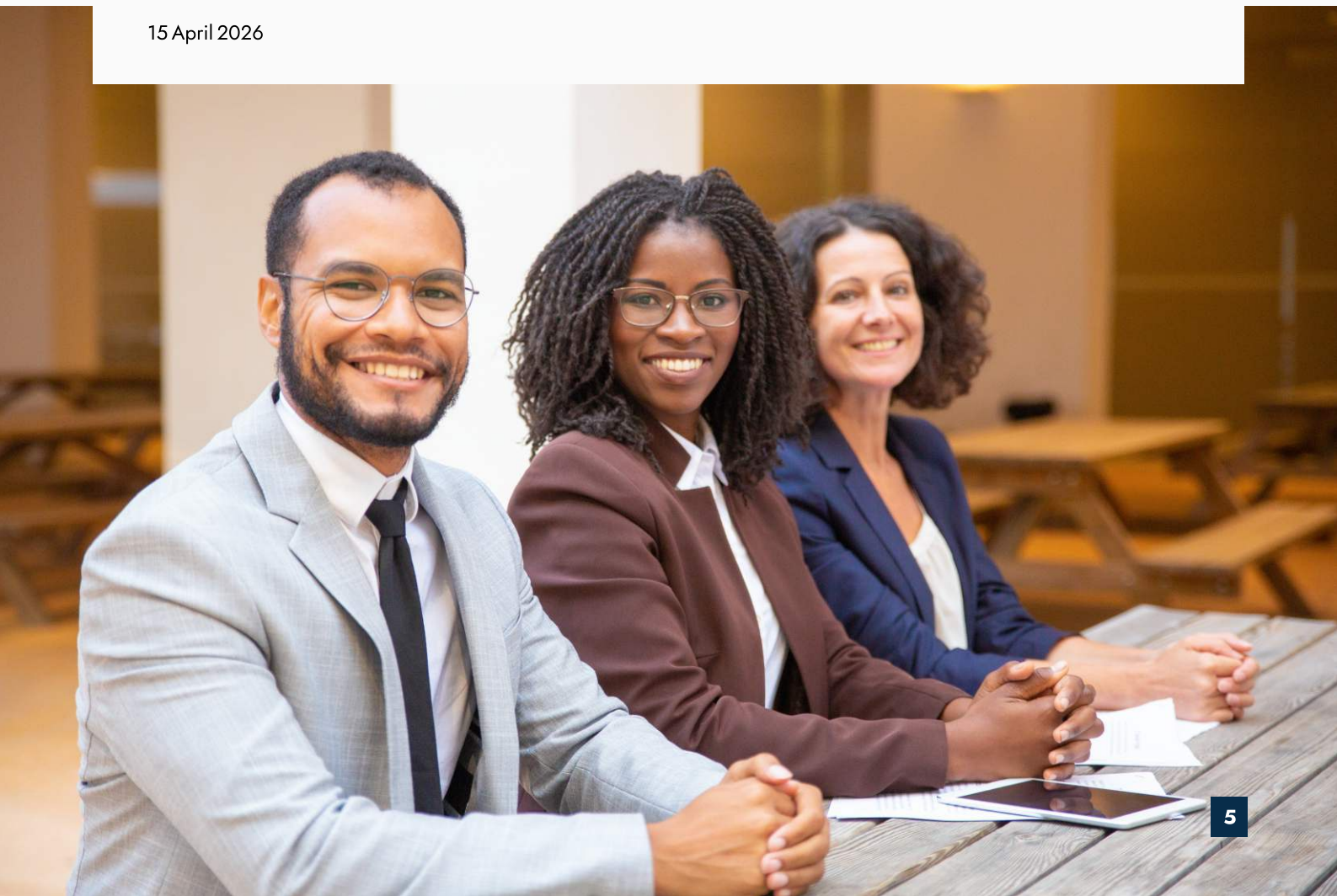
APPRECIATION

In closing, I extend my sincere appreciation to the Profmed Trustees, the Independent Committee Members, Mr Craig Comrie and his team, as well as our primary contracted partner, PPS Healthcare Administrators, for their continued stewardship and unwavering commitment to the Scheme. Their collective expertise, sound judgment and responsiveness to an evolving healthcare and regulatory landscape remain invaluable in safeguarding the Scheme's sustainability and its ability to meet members' needs.

I would also like to thank our members for their continued trust and confidence in Profmed. We remain committed to acting in their best interests and to ensuring access to quality, affordable healthcare, now and into the future.

Adv JJ Crouse
Chairperson

15 April 2026



PERFORMANCE INDICATORS

PER BENEFIT OPTION

Measure	Results	
	2025	2024
Claims ratio	**90.6%**	90.5%
Insurance service result	**R81.1 million**	R74.6 million
Net surplus	**R356.6 million**	R180.6 million
Asset growth	**30.5%**	11.7%
Solvency ratio	**43.41%**	41.5%
Investment return	**24.6%**	13.7%
New membership growth	**6.6%**	5.5%
Member resignations	**6.1%**	7.6%
Net membership growth	**0.2%**	(2.1%)

2025 OPERATIONAL STATISTICS

2025	ProPinnacle	ProSecure Plus	ProSecure	ProActive Plus	ProSelect	Total Scheme
Non-financial highlights						
Number of members at year-end	1 048	1 891	5 982	13 510	11 614	34 045
Average number of members for the year	1 062	1 915	6 067	13 479	11 553	34 077
Number of beneficiaries at year-end	1 616	3 246	11 197	28 512	24 175	68 746
Average number of beneficiaries for the year	1 645	3 294	11 397	28 397	24 166	68 898
Dependant ratio at year-end	0.54	0.72	0.87	1.11	1.08	1.02
Average age of beneficiaries	64.97	59.57	54.13	37.61	39.96	42.81
Pensioner ratio (65 years and older)	66.21%	55.05%	43.28%	14.56%	15.50%	22.70%
Financial highlights						
Insurance revenue per average beneficiary per month	12 184	6 406	5 019	2 608	2 134	3 251
Insurance service expense (ISE) pabpm	13 067	6 500	5 187	2 473	1 861	3 153
Relevant healthcare expenditure incurred pabpm	12 794	6 254	4 962	2 272	1 659	2 944
Directly attributable insurance service expenses (DAE) pabpm	273	246	225	201	202	209
Insurance Service Expense (ISE) ratio	107%	101%	103%	95%	87%	97%
Relevant healthcare expenditure ratio	105%	98%	99%	87%	78%	91%
Directly attributable insurance service expenses (DAE) ratio	2%	4%	4%	8%	9%	6%

* Relevant healthcare expenditure is the aggregation of claims incurred, third-party claim recoveries and accredited managed healthcare services

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31 2025

	Notes	2025 R'000	2024 R'000
ASSETS			
Non current assets		**1 581 368**	1 224 927
Property, plant and equipment	2	**22 048**	23 133
Financial assets at fair value through profit and loss	4	**1 559 320**	1 201 794
Current Assets		**284 321**	203 094
Financial assets at fair value through profit and loss	4	**244 745**	163 403
Accounts receivable	5	**987**	1 287
Cash and cash equivalents	6	**38 589**	38 404
Total Assets		**1 865 689**	1 428 021
LIABILITIES			
Non-current liabilities			
Liability to members for future benefits	7	**1 626 210**	1 269 581
Current Liabilities		**239 479**	158 440
Insurance contract liability*	8	**224 677**	149 421
Accounts payable	9	**14 802**	9 019
Total Liabilities		**1 865 689**	1 428 021

*In line with Circular 42 of 2025, the Insurance Contract liability to future members has been renamed to the Liability to members for future benefits

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 R'000	2024 Restated R'000
Insurance revenue		**2 687 758**	2 528 336
Insurance Service Expense**			
Net claims incurred			
Claims incurred		**(2 306 321)**	(2 216 898)
Third-party claim recoveries		**-**	138
Accredited managed healthcare services	10	**(71 004)**	(68 392)
Insurance acquisition cash flows	13	**(37 661)**	(35 834)
Attributable expenses incurred	11	**(135 283)**	(129 989)
Adjustments to the liability for incurred claims	8	**(56 398)**	(2 751)
Insurance service result		**81 091**	74 610
Other income			
Investment income	14	**356 680**	179 372
Sundry income	15	**913**	1 258
Other Expenditure			
Administration fees and other operative expenses	12	**(76 008)**	(69 510)
Asset management fees	16	**(6 048)**	(5 136)
Profit or loss for the year before amounts attributable to members for future benefits		**356 628**	180 594
Transfer to liability to members for future benefits**		**(356 628)**	(180 594)
Surplus for the year		**-**	-
Relevant healthcare expenditure*		**(2 433 723)**	(2 288 036)

* CMS Circular 32 of 2025 requires "relevant healthcare expenditure" to be presented as a separate line item. Refer to note 1.16.2

**Insurance service expenses in accordance with IFRS 17 include amounts attributable to members for future benefits, the total value of insurance service expenses is 2 963 295 (2024: 2 634 320). CMS Circular 6 of 2025 requires medical schemes to present "amounts attributable to future members" separate from "insurance service expenses" and the "insurance service results. Refer to note 1.16.3

STATEMENT OF CHANGES IN MEMBERS' FUNDS AND RESERVES FOR THE YEAR ENDED 31 DECEMBER 2025

	Accumulated Funds R'000
Balance at 1 January 2024	-
Total comprehensive income for the year	-
Surplus for the year	-
Balance at 31 December 2024	-
Total comprehensive income for the year	-
Surplus for the year	-
Balance at 31 December 2025	-

* Based on the requirements of IFRS 17, the Scheme was identified as a mutual entity which is different to the accounting under IFRS 4. It is expected that the remaining assets of the Scheme will be used to pay current and future policyholders. As the cheme is in a surplus position, it recognised a liability in its statement of financial position to provide coverage to future members. Refer to Note 7.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 R'000	2024 R'000
Cash flow from operating activities			
Cash receipts from members and providers:			
Cash receipts from members - contributions		**2 688 358**	2 528 598
Cash receipts from members and providers - others		**905**	1 308
Cash paid to providers, employees and members:			
Cash paid to providers and members		**(2 356 589)**	(2 319 310)
Cash paid to providers and employees– attributable and other expenses		**(245 643)**	(234 914)
Net cash from/ (used) in operations		**87 032**	(24 246)
Cash flow from investing activities			
Acquisition of property, plant and equipment	2	**(243)**	(290)
Proceeds on disposal of property, plant and equipment		**49**	27
Funds invested in financial assets at fair value through profit and loss	4	**(100 000)**	(80 000)
Funds withdrawn from financial assets at fair value through profit and loss	4	**-**	30 000
Interest: Call and current bank accounts	14	**12 552**	12 396
Net rental income	14	**796**	2 224
Net cash utilised in investing activities		**(86 847)**	(35 643)
Net increase/ (decrease) in cash and cash equivalents		**185**	(59 889)
Cash and cash equivalents at beginning of year		**38 404**	98 293
Cash and cash equivalents at end of year	6	**38 589**	38 404

NOTES TO THE ANNUAL FINANCIAL STATEMENT AS AT YEAR ENDED 31 DECEMBER 2025

3. ANALYSIS OF CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

	2025 R'000	2024 R'000
Financial assets at FVPL		
Non-current	**1 559 320**	1 201 794
Curren	**244 745**	163 403
Financial assets at amortised cost		
Cash and cash equivalents	**38 589**	38 404
Accounts receivables	**987**	1 287
Financial assets at amortised cost		
Financial liabilities measured at amortised cost	**14 802**	9 019

4. FINANCIAL ASSETS

4.1 MOVEMENT IN FINANCIAL ASSETS

	Notes	2025 R'000	2024 R'000
Beginning of the year		**1 365 197**	1 154 285
Capital contribution		**100 000**	80 000
Withdrawals		**-**	(30 000)
Total gain		**285 020**	108 206
Net realised gain on financial assets	14	**45 130**	32 553
Unrealised fair value gain	14	**239 889**	75 653
Asset management fees	16	**(4 464)**	(3 841)
Interest from financial assets	14	**48 506**	47 053
Dividends	14	**9 808**	9 493
Fair value at the end of the year		**1 804 065**	1 365 197
Less current portion		**(244 745)**	(163 403)
Non-current portion at year-end		**1 559 320**	1 201 794

NOTES TO THE ANNUAL FINANCIAL STATEMENT FOR YEAR ENDED 31 DECEMBER 2025

4.2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Notes	2025 R'000	2024 R'000
Non-current			
Equity securities		**827 524**	561 571
Bonds and cash instruments		**731 796**	640 223
Total non-current	3	**1 559 320**	1 201 794
Current			
Bonds and cash instruments		**244 745**	163 403
Total current	3	**244 745**	163 403

ADHERENCE TO MEDICAL SCHEME ACT 131 OF 1998 & REGULATIONS

ADHERENCE TO THE MEDICAL SCHEMES ACT 131 OF 1998 AND REGULATIONS

Contribution income must be received within three days of becoming due

The MSA requires that contributions shall be received within three days of becoming due. There were instanceswhere the Scheme did not receive all contributions as required. This is mainly due to:

- members paying contributions after the third day of becoming due;
- members having insufficient funds in their bank accounts at the time of collection; and
- members exiting without informing the Scheme

Profmed actively pursues contributions not received within three days.

Financial soundness of benefit options

The Scheme offers five benefit options, each with an equivalent efficiency discount option (EDO), effectively creating ten benefit options. All the options performed better than originally budgeted in 2025. The Board of Trustees has noted the operational deficit (amounts attributable to future members less other income and asset management fees) on the ProSecure and ProPinnacle options. The Scheme remains financially sound.

Investment in medical scheme administrators

The MSA requires that no medical scheme shall invest any of its assets in a medical scheme administrator. The Scheme, through its collective investments, has indirect investments in medical scheme administrators and has received exemption from the CMS.

PROFMED

Notice of 55th Annual General Meeting

Notice to members

Notice is hereby given that the 55th Annual General Meeting of the members of Profmed will take place on Wednesday 03 June 2026 at 15:30. The meeting will be held on a virtual meeting platform, details of which will be communicated to members.

AGENDA

1 To receive and adopt the annual financial statements for the year ended 31 December 2025 (including the reports of the trustees, the Audit and Risk Committee and the auditor).

2 To approve the appointment of Auditors for the year ending 31 December 2026.

3 To accept the Profmed Remuneration Policy by means of a non-binding advisory vote.

4 To approve the remuneration of trustees for the 2026/2027 year.

5 To announce the election of three (3) trustees in accordance with rule 20.1.2. The Board (including the retiring trustees) currently comprises a medical specialist, a general practitioner, a dentist, an advocate, an accountant, an actuary, and a human resources specialist. In calling for nominations, trustees were urged to consider that the Board should be representative of the membership of Profmed, the race demographics of South Africa, and gender representation.

6 To transact such other business as may be transacted at the Annual General Meeting (subject to the Rules of Profmed and in particular rule 28.1.6, and the provisions of the Medical Schemes Act No. 131 of 1998, as amended).

The Remuneration Policy and the trustee remuneration document are available at www.profmed.co.za.

By order of the Board of Trustees.

Craig W Comrie
Principal Officer and Chief Executive

SCHEME INFORMATION

1. REGISTERED ADDRESS AND THIRD-PARTY SERVICE PROVIDER DETAILS

1.1 Registered office address and postal address

Profmed Place
15 Eton Road
Parktown, Johannesburg

Postnet Suite #351
Private Bag X30500
Houghton
2041

1.2 Administrator

PPS Healthcare Administrators
(Accreditation no. Admin 37)
PPS Centurion Square
1262 Heuwel Avenue
Centurion

Private Bag X103
Lyttelton
10140

1.3 Auditors

Deloitte and Touche
The Deloitte Building -
5 Magwa Crescent
Waterfall City
Johannesburg

Private Bag X6
Sunninghill
2157

1.4 Investment advisors

Willis Towers Watson
(Financial Service Provider no. 2545)
1st Floor, Illovo Edge
1 Harries Road
Illovo

PostNet Suite 154
Private Bag X1
Melrose Arch
2076

1.5 Actuaries

Insight Actuaries & Consultants
400 16th Road
Central Park
Midrand

Private Bag X17
Halfway House
1685

1.6 Attorneys

Knowles Husain Lindsay Incorporated
4th Floor, The Forum
2 Maude Street
Sandown, Sandton

P.O. Box 782687
Sandton
2146

CONTACT US

Join Profmed

Call:	0800 DEGREE (334 733)
Email:	degree@profmed.co.za

Client Services

Call:	0860 679 200
Email:	info@profmed.co.za
Claims:	claims@profmed.co.za
Postal Address	Private Bag X1031, Lyttelton, 0140
Profmed App	Download from your smartphone store
Walk-in centres:	PPSHA, PPS Centurion Square, 1262 Heuwel Avenue, Centurion

Follow Us

Facebook.com/Profmed
X.com/Profmed_SA
Linkedin.com/company/Profmed
Instagram.com/Profmedsa/