

Administered by

Biscovery Health

TFGMAS

ANNUAL GENERAL MEETING | 2025



Notice is hereby given that the TFG Medical Aid Scheme (TFGMAS) Annual General Meeting (AGM) will be held on the following date and the meeting will be held as follows:

Date: 19 June 2025 Time: 11:30 Venue: Virtual Meeting Registration: To join the meeting virtually, online registration will close at 11:30 on 18 June 2025

Please note that only principal members, who are in good standing with all contributions due paid up to date, are allowed to attend the meeting. No dependants are permitted to attend the meeting.

PLEASE REGISTER YOUR ATTENDANCE IF YOU WILL BE JOINING THE MEETING VIRTUALLY:

- Please register by entering <u>https://reg.lumiengage.com/</u> <u>LumiLandingPage/tfgmas-agm-2025/login</u> in your web browser to attend the AGM.
- 2. Members attending the AGM will be required to provide their email address and mobile/cellphone number to be able to register their attendance and cast their vote.

(i) PLEASE NOTE:

By registering your attendance virtually on the Lumi system, you give Lumi Technologies SA (Pty) Ltd consent to process your personal information on behalf of TFG Medical Aid Scheme (TFGMAS) for purposes of ascertaining your membership status with TFGMAS and establishing your eligibility to vote at the AGM. A guide on how to attend the Virtual meeting is available on the Scheme website by visiting www.tfgmedicalaidscheme.co.za and included with this communication.

AGENDA FOR THE MEETING IS AS FOLLOWS:

- 1. Welcome and quorum
- 2. Confirmation of the minutes of the 2024 Annual General Meeting, held 12 June 2024
- 3. Approval of the Agenda
- 4. Adoption of Annual Report of the Chairperson of the Board
- 5. Presentation by the Principal Officer
- 6. To adopt the Annual Financial Statements for the financial year that ended 31 December 2024
- 7. Governance:
 - 7.1 Appointment of external auditors: Approval of external auditors for 2025 financial year-end
 - 7.2 Confirmation of the Board of Trustees of TFGMAS
 - 7.3 Confirmation of composition of the Audit Committee
 - 7.4 Confirmation of composition of the Disputes Committee
- 8. Questions and answer session

PLEASE NOTIFY THE PRINCIPAL OFFICER OF ANY MOTIONS

The Rules of the Scheme require attendees to notify the Principal Officer of any motions for discussion at least 7 days before the date of the meeting – not later than 11:30 on 12 June 2025.

You can email your motions to tfgmasagm@discovery.co.za

ANNUAL FINANCIAL STATEMENTS, TRUSTEES' REPORT AND COPIES OF THE MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

The 2024 Annual Report, including the audited Annual Financial Statements and the Trustees' Report (for the year ending December 2024) will be available on the Scheme's website by the latest 5 June 2025 at 11:30. It may also be requested from the Scheme's call centre on **0860 123 077** from this date.



Chairperson's Report

In line with our Trustee rotation policy, I will be stepping down as both a Trustee and Chairperson of the TFG Medical Aid Scheme at the 2025 AGM. I would like to welcome Mr Brad Fly, appointed by the participating employer TFG, who replaced Ms Nikita Koopman upon her resignation effective 31 December 2024 and who joined the Board this year to ensure we continue to have a fully constituted Board of Trustees. The Board of Trustees that will continue after the AGM comprises experienced and competent members, and a new Chairperson will be elected at the first Board meeting following the AGM.

I am pleased to report that the Scheme is in excellent financial health. We have effectively managed non-healthcare costs and investments, ensuring our reserves remain robust amid ongoing economic volatility. We continue to offer highly competitive value for money across both benefit plans and to this end, we implemented one of the lowest contribution increases in our industry this year, while enhancing benefits for both the Health and Health Plus benefit plans.

The Board continuously monitors service levels provided by Discovery Health, and we are pleased to report our satisfaction with their support to members. Through our partnership with Discovery Health, we remain committed to delivering safe, efficient, and effective private healthcare. We also continue to develop innovative care initiatives that support members in managing various medical conditions. Enclosed with this document are the highlights of the 2024 financial results. For more comprehensive information, members can access the detailed Annual Financial Statements (AFS) on the Scheme's website.

On behalf of your Trustees, I would like to express our sincere gratitude to you, our members, for the trust and support you have shown us. We remain committed to growing scheme membership throughout 2025 and aspire to make TFG Medical Aid Scheme the preferred choice for TFG employees and pensioners.

I also extend my heartfelt appreciation to the Principal Officer, the Board of Trustees, and committee members for their unwavering dedication and commitment to fulfilling their duties with care and professionalism. Their valuable contributions have played a pivotal role in the Scheme's success. Additionally, I would like to thank our professional service providers for their ongoing support and partnership.

Mr Paul Barnard CHAIRPERSON April 2025

STATEMENT OF FINANCIAL POSITION

	2024 (R)	2023 (R)	
ASSETS			
Non-current assets	265 453 869	229 611 899	
Financial assets at fair value through profit or loss	265 453 869	229 611 899	
Current assets	51 546 732	49 456 235	
Financial assets at fair value through profit or loss	37 900 641	36 230 254	
Other receivables	77 321	45 864	
Cash and cash equivalents	13 568 770	13 180 117	
Total assets	317 000 601	279 068 134	
LIABILITIES			
Non-current liabilities	311 317 155	270 761 649	
Insurance contract liability for future members	311 317 155	270 761 649	
Current liabilities	5 683 446	8 306 485	
Insurance contract liabilities	3 580 605	6 193 852	
Trade and other payables	2 102 841	2 112 633	
Total liabilities	317 000 601	279 068 134	

STATEMENT OF COMPREHENSIVE INCOME

	2024 (R)	Restated [*] 2023 (R)
Insurance revenue	177 177 820	159 184 288
Insurance service expense	-162 728 796	-179 034 238
Net income from reinsurance contracts	239 198	347 643
Premiums paid	-3 390 267	-3 093 036
Amounts recovered from reinsurance contracts	3 629 465	3 440 679
Insurance service result	14 688 222	-19 502 307
Interest from cash and cash equivalents	281 989	241 499
Income from investments at fair value through profit or loss	29 982 693	21 677 933
Net investment income	30 264 682	21 919 432
Net insurance and investment result	44 952 904	2 417 125
Sundry income	2 400	4 831
Other operating expenses	-4 399 798	-3 411 427
Net surplus/(deficit) before amounts attributable to future members	40 555 506	-989 471
Amounts attributable to future members	-40 555 506	989 471
Net result	-	-

* Circular 6 of 2025 issued by the Council for Medical Schemes requires medical schemes to present "Amounts attributable to future members" separate from the Insurance service expenses and the "Insurance service result". This resulted in a representation of the prior year affected line items as follows:

- Amounts attributable to future members to the value of R40 555 506 (2023: deficit of R989 471), are now being disclosed as a separate line item on the Statement of comprehensive income before the "Net result. Insurance service expense" in accordance with IFRS 17 and includes amounts attributable to future members.
- Total insurance service result after adjusting for amounts attributable to future members amount to R203 284 302 (2023: R178 044 766).
 Refer accounting policy note 1.13 on page 32 of the detailed annual financial statements.

STATEMENT OF CASH FLOWS

	2024 R	2023 R
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from members and providers	177 258 412	159 268 160
Cash receipts from members – contributions	177 140 888	159 137 235
Cash receipts from members and providers – other	117 525	130 925
Cash paid to providers and members	-170 147 533	-183 558 712
Cash paid to providers and members – claims	-155 219 438	-169 462 849
Cash paid for non-healthcare expenditure	-14 928 095	-14 095 863
Interest income	4 681 093	5 704 145
Dividends	3 868 973	3 810 853
Cash generated from/(utilised by) operations	15 660 946	-14 775 554
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investments	-100 582 508	-32 667 251
Proceeds on disposals of investments	85 310 216	17 462 082
Net cash flows from investing activities	-15 272 292	-15 205 169
Net increase/(decrease) in cash and cash equivalents	388 654	-29 980 723
Cash and cash equivalents at the beginning of the year	13 180 117	43 160 840
Cash and cash equivalents at the end of the year	13 568 770	13 180 117

TFGMAS Highlights from the Annual Financial Statements as at 31 December 2024

NON-COMPLIANCE MATTERS

During 2024 the Scheme did not comply with the following sections and regulations of the Medical Schemes Act:

01 | 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.

02 | 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 2024 the Scheme held shares through linked life policies in The Foschini Group Ltd to the value of R870 528 (2023: R954 587) in Momentum Metropolitan Holdings to the value of R2 513 538 (2023: R1 432 811) in Discovery Ltd to the value of R1 941 641 (2023: R951 829) and in Sanlam Limited to the value of R2 881 792 (2023: R1 687 718).

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 30 November 2025 at which stage the Scheme will apply for a further exemption.

03 | 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.

04 | 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 at 31 December 2024 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(3)(A) 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.

KEY FINANCIAL AND SERVICE METRICS

KEY FINANCIAL AND SERVICE METRICS	2024	2023
Total insurance liability for future members per statement of financial position	R 311 317 155	R 270 761 649
Accumulated funds ratio per Regulation 29	150,26%	128,61%
Membership	2 856	2 920
Insurance revenue	R 177 177 820	R 159 184 288
Members' funds per member at 31 December	R 109 005	R 92 727

KEY METRICS PER BENEFIT OPTION FOR THE YEAR ENDED 31 DECEMBER 2023	2023 TFG HEALTH	2023 TFG HEALTH PLUS	2023 TOTAL
Number of members at year-end	1 655	1 265	2 920
Average number of beneficiaries for the accounting period	3 452	3 020	6 472
Average age of beneficiaries for the accounting period	29	39	34
Pensioner ratio (beneficiaries >65 years old)	4,0%	14,0%	8,0%
Dependent ratio	2,1	2,3	2,2
Average contributions per member per month	R 2 823	R 7 322	R 4 816
Relevant healthcare expenditure per member per month	R 2 864	R 6 987	R 4 690
Members' funds per member at 31 December	N/A	N/A	R 92 727
Relevant healthcare expenditure as a percentage of contributions	101,5%	95,4%	97,4%
Non-healthcare expenditure as a percentage of gross contributions	12,7%	4,9%	7,5%
Return on investments as a percentage of investments at 31 December	N/A	N/A	7,8%

KEY METRICS PER BENEFIT PLAN FOR THE YEAR ENDED 31 DECEMBER 2024	2024 TFG HEALTH	2024 TFG HEALTH PLUS	2024 TOTAL
Number of members at year-end	1 692	1 164	2 856
Average number of beneficiaries for the accounting period	3 403	2 693	6 096
Average age of beneficiaries for the accounting period	30	42	34
Pensioner ratio (beneficiaries >65 years old)	4,0%	17,0%	10,0%
Dependant ratio	2,0	2,2	2,1
Average contributions per member per month	R 3 061	R 8 041	R 5 148
Relevant healthcare expenditure per member per month	R 2 251	R 7 453	R 4 431
Members' funds per member at 31 December	N/A	N/A	R 109 005
Relevant healthcare expenditure as a percentage of contributions	73,5%	92,7%	86,1%
Non-healthcare expenditure as a percentage of gross contributions	13,7%	5,2%	8,1%
Return on investments as percentage of investments at 31 December	N/A	N/A	10,2%



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TFG Medical Aid Scheme. Registration number 1578 is administered by Discovery Health (Pty) Ltd, registration number 1997/013480/07. Discovery Health (Pty) Ltd is an authorised financial services provider.