lenmed
Embrace every day

2025 Annual integrated report

Contents

Navigating our report

Who we are
1 Our operating footprint

Our operating environment
2 Message from our Chairman and CEO
4 Our risks
5 Listening to our stakeholders

Our performance
6 Message from our CFO
8 Our clinical governance

ESG Report
11 Our planet
12 Our people
13 Our relationships
14 Our intellectual resources

Transparency and accountability
15 Lenmed's corporate governance
15 King IV overview
16 Governance structure
17 Board committees
- Audit and Risk Committee Report
- Remuneration and Nominations Committee Report
- Social and Ethics Committee Report

Annual financial statements
27 Consolidated annual financial statements

Shareholder information
57 Notice of annual general meeting
61 Form of proxy

Appendices
63 Acronyms and glossary
65 Company information

This is an interactive report, best viewed in Adobe Acrobat for desktop, mobile or tablet.

Adobe Acrobat Reader

The following icons refer readers to information within this report.

Previous page
Print
Menu
Next page

More information available in this report

More information available online

Who we are

Our operating footprint

Lenmed is a private healthcare group operating across Southern Africa. It manages and owns a network of hospitals and medical facilities, offering a range of healthcare services including general and specialist care. The group is headquartered in South Africa and has operations in Botswana and Mozambique.

Lenmed operates with a strong ethical foundation, adhering to applicable laws and regulations. Our governance approach is rooted in the principles of transparency, accountability, and sound oversight, ensuring that integrity and responsibility are upheld across every aspect of our business.

Total number of **beds** under management

2 507

2024: 2 388
2023: 2 202

South Africa

Gauteng

Hospital	Location	Beds	Ownership
Ahmed Kathrada Private Hospital	Lenasia	287	100%
Daxina Private Hospital	Lenasia South	42	100%
Randfontein Private Hospital	Randfontein	177	100%
Zamokuhle Private Hospital	Tembisa	101	100%

KwaZulu-Natal

Hospital	Location	Beds	Ownership
Ethekwini Hospital and Heart Centre	Durban	415	77%
Ethekwini Acute Rehab Centre	Durban	41	77%
Shifa Private Hospital	Durban	145	100%
La Verna Private Hospital	Ladysmith	149	93%
Howick Private Hospital	Howick	51	99%

Northern Cape

Hospital	Location	Beds	Ownership
Kathu Private Hospital	Kathu	55	67%
Royal Hospital and Heart Centre	Kimberley	186	100%

North West

Hospital	Location	Beds	Ownership
Wilmed	Klerksdorp	185	100%
Sunningdale	Klerksdorp	33	100%
Parkmed	Klerksdorp	50	64%
Daleside	Klerksdorp	20	51%
MooiMed Private Hospital	Potchefstroom	83	100%

Botswana

Hospital	Location	Beds	Ownership
Bokamoso Private Hospital	Gaborone	235	70%

Mozambique

Hospital	Location	Beds	Ownership
Maputo Private Hospital	Maputo	125	100%
Beira Private Hospital	Beira	60	60%

Ghana

Hospital	Location	Beds	Ownership
The Bank Hospital	Accra	67	Bank of Ghana

Wellness unit | 24-hour emergency department | Beds | Ownership

For a full overview of our Board of Directors, please refer to our website: https://www.lenmed.co.za/lenmed-investment-opportunity/lenmed-directors/

Our operating environment

Prakash Devchand
Chairman

Message from our Chairman and CEO

We are proud to present the Lenmed 2025 Annual Integrated Report. This report provides an overview of our performance, strategy execution, and Lenmed's operating environment during the past financial year. As we mark over 40 years since Lenmed's founding, we reflect on our legacy of resilience and entrepreneurial drive, while looking forward to a new phase of growth. In delivering this joint message, we aim to give current and potential investors a clear understanding of Lenmed, our strategy, and its implementation. We have sought to balance providing valuable insights whilst protecting commercially sensitive information..

Lenmed's operating environment in FY25

The past financial year saw Lenmed continue to navigate a complex operating environment within the African healthcare sectors, including South Africa. Economic conditions have remained challenging, impacting healthcare affordability and accessibility. The regulatory landscape continues to evolve, with ongoing discussions around the National Health Insurance (NHI) in South Africa being a key aspect. The 2024 national election resulting in the Government of National Unity (GNU) introduced a new political dynamic, and we remain hopeful this coalition will contribute to pragmatic solutions for the country's healthcare challenges. A tide of political change appears to be sweeping across the continent, with incumbent parties in Botswana and Ghana replaced by opposition parties. Mozambique's election result was disputed by the opposition, leading to street demonstrations, but this unrest has since settled. Technological advancements, particularly the increasing influence of artificial intelligence (AI) and medical technologies, continue reshaping the sector. The global shortage of medical skills remains an ongoing challenge.

Executing our strategy and delivering performance

Despite the prevailing challenges, Lenmed delivered a strong financial performance and made considerable progress in executing our value-creating strategy, which is centred on creating and delivering tangible value to our stakeholders by strengthening the core of our business, expanding our footprint, and diversifying the business across more service lines and geographies.

Lenmed's sustained focus on growth, enhancing services and operational efficiency, resulted in pleasing improvements in revenue and profitability across the Group. A significant milestone achieved this year was exceeding R5 billion in turnover, representing the highest levels of revenue generation and resultant EBITDA in Lenmed's 40-year history. We continued our focus and investment on moving up the case mix acuity curve, which led to strong growth in the utilisation of critical care and theatre capacity – a key area for sustainable market share growth. Investments in technology and innovation, including initiatives such as implementing AI solutions, automation and leveraging our data lake investment, are enhancing our operating platform and patient care – so positioning Lenmed to stay ahead of industry trends. We acknowledge the impact of technology and AI on the healthcare sector and are incorporating it into our strategy.

Growth initiatives, both organic and acquisitive, are being actively pursued. Within South Africa, we have a robust and attractive internal growth pipeline which we will accelerate over the next 24 months. Furthermore, our exploration of the Gulf Cooperation Council (GCC) region represents an exciting opportunity for the Group to achieve meaningful and attractive diversification over the medium term.

We are cognisant of finding the right balance between pursuing growth and returning value to shareholders. Our rebased dividend of 8.5c per share paid in July 2024, (a 100% increase over the prior year), together with the R250 million share buy-back offer to shareholders, are proof of our delivery and commitment to shareholders.

Amil Devchand
Chief Executive Officer

Risks and opportunities

Effective management of risks and opportunities is integral to Lenmed's operations. We view the economy and the regulatory environment as our two biggest risks and, conversely, our biggest opportunities. Successfully navigating these could allow healthcare and other industries to flourish. We continue to engage stakeholders, particularly regarding the NHI, to advocate for pragmatic solutions. Opportunities are present in our organic growth pipeline and strategic acquisitions, which we assess as presenting lower risk and potentially higher yields. Leveraging our expertise enables us to explore opportunities in providing healthcare management and consulting services to support a capital-light approach in building the Lenmed brand in new territories. Our enhanced stakeholder relations capability has also forged stronger relationships with key stakeholders, creating new opportunities for growth.

Sustainability

Sustainability is an important consideration for Lenmed, and we are committed to integrating sustainability goals into our operations. Our approach encompasses key stakeholder groups and aligns with our understanding of the following capitals:

Our people: Lenmed's employees and contractors are strategic enablers of our success. We are focused on cultivating a resilient workforce through leadership development, optimising human capital processes, nurturing a strong organisational and ethical culture, and enhancing the employee experience. Initiatives include refining our organisational culture and values, repositioning the employee value proposition, nurturing talent development, and investing in leadership programmes.

Our relationships: Building and maintaining strong relationships with our stakeholders – including shareholders, the Board, investors, debt providers, funders, patients, employees, doctors, communities, and media – is crucial for Lenmed's social license to operate and long-term success. Lenmed's stakeholder engagement framework guides our interactions by addressing their needs and fostering trust. Supporting various community-level initiatives reflects our ethos of being born out of and serving the community. We have achieved real success in terms of doctor recruitment, which is a testament to Lenmed's strategy.

Our planet: We are dedicated to balancing economic and environmental considerations. Progress was made in reducing energy and water usage in the past year, and we plan to accelerate investment in this area. We are also developing a greenhouse gas emissions (GHG) reduction strategy and continue seeking opportunities to reduce medical and general waste.

Corporate governance: Strong corporate governance, ethical leadership, transparency, and accountability are foundational principles guiding our operations and building trust with stakeholders. Lenmed's governance structure, overseen by the Board and various committees including Audit and Risk, Remuneration and Nominations, Social and Ethics, Clinical Governance, and Innovation and Disruption, ensures oversight and adherence to relevant frameworks like King IV and the Companies Act.

Outlook

Looking ahead, we remain optimistic about Lenmed's future, even amid ongoing challenges. Our spirit of resilience and entrepreneurship continues to drive us, and the results we deliver year on year are testament to this. Lenmed's growth pipeline, capable management team, and ongoing investment in our people will create significant value for all stakeholders. We are well-positioned to capitalise on planned growth initiatives, acquire attractive businesses, diversify revenue streams and drive market share expansion – all focused on unlocking stakeholder value. The year ahead will continue to focus on disciplined execution of our strategy and leveraging our competitive differentiation to position Lenmed favourably in our current and new markets.

Acknowledgements

At Lenmed we are deeply grateful to Mike Meehan, who retired from the Board on 31 July 2024 after years of exemplary service. Mike was highly influential in the evolution of Lenmed's corporate governance policies and our reporting of Lenmed results to shareholders and stakeholders. He played a key role for several years as Lenmed's lead independent director. Nomahlubi Simamane has now taken on the role of Lenmed's lead independent director, and we wish her every success in fulfilling this vital position.

We extend our sincere gratitude to our Lenmed people – including our dedicated employees and doctors – for their unwavering commitment and contributions. We also heartily express our appreciation to the Board for their valuable guidance and oversight. The continued support and dedication of our leadership team have been instrumental in advancing Lenmed's initiatives. To our patients and communities, thank you for entrusting us with your care; we remain committed to your health and wellbeing. Finally, to our shareholders, investors, funders, and all other stakeholders, your support, commitment, and collaboration have been vital to our success. We are humbled to lead this exceptional organisation and carry its rich history and legacy forward.

Prakash Devchand
Chairman

Amil Devchand
Chief Executive Officer

Our risks

We apply a balanced risk management approach that combines both top-down and bottom-up methodologies, ensuring that risks are consistently and systematically incorporated into our decision-making processes. This alignment with the strategic objectives set by the Board ensures that our actions remain within our defined risk appetite, while simultaneously generating socio-economic and environmental value for our stakeholders.

	Risk	Mitigation Summary
R1	**Adverse Patient Outcomes**	Skilled staff, clinical protocols, quality assurance, training, and maintained infrastructure.
R2	**Cybersecurity Threats**	Threat detection, encryption, access control, regular updates, and staff cybersecurity training.
R3	**Economic Pressures**	Cost optimisation, financial resilience, diversified revenue, and affordability initiatives.
R4	**Service Interruptions**	Backup power/water systems, solar energy investment, and risk assessments.
R5	**Hospital Model Disruption**	Digital transformation, new technologies, and occupancy/cost impact monitoring.
R6	**Regulatory Changes (e.g. NHI)**	Stakeholder engagement, active policy dialogue, and monitoring of regulatory changes and compliance.
R7	**Healthcare Funder Pressure**	Funder engagement, revenue diversification, and operational efficiency.
R8	**Global Skills Shortage**	Workforce planning, recruitment, training, and digital efficiency support.
R9	**Pandemics and Health Crises**	Infection control, collaboration with authorities, preparedness drills, and communication.

Listening to our stakeholders

We maintain a proactive approach to stakeholder engagement, emphasising regular communication with those who hold a significant interest in our activities and prospects. This effort is underpinned by a strategic framework, our Stakeholder Engagement Framework, which outlines our guiding principles.

This framework makes use of a stakeholder matrix to delineate engagement levels for various stakeholder groups. Our engagement strategies are specifically adapted to align with defined objectives, desired results, available resources, and the degree of influence or interest exhibited by stakeholders. Lenmed's identification and prioritisation of stakeholders are based on their impact on operations and influence over value creation, allowing for strategically focused engagement efforts and tailored strategies that address stakeholder needs and expectations.

Our stakeholder groups and type of engagement:

Shareholders	Provide strategic financial input and oversight. Engaged via reporting, dividends, and meetings.
Board	Guides strategic direction and governance. Engaged through meetings and reports, with focus on ethics and accountability.
Investors	Offer capital and industry insight. Engaged through reports and individual interactions.
Debt Providers	Support financial strategies. Engaged via meetings and agreements focusing on efficiency and patient outcomes.
Funders (e.g. medical aids, RAF, COID)	Finance patient care. Engaged through formal communications and contractual agreements.
Patients	Drive service improvement through payment and feedback. Engaged via surveys, reports, and quality care delivery.
Communities	Promote trust and awareness. Engaged through outreach, education, and social investments.
Media	Enhance visibility and credibility. Engaged through transparent reporting and active communication.
Workforce	Delivers core services. Engaged through strategic HR initiatives, wellness programs, and team-building activities.
Unions, HWSETA, DOL	Support employment practices and training. Engaged via negotiations, forums, and compliance reporting.
Regulatory Authorities	Ensure compliance and policy alignment. Engaged through regular, strategic consultations.
Medical Specialists	Drive clinical excellence. Engaged via meetings, events, and collaborative platforms.
GPs and Allied Professionals	Refer patients and support care delivery. Engaged via visits, newsletters, and conferences.
Specialised Partners	Enhance service offering (e.g. radiology, pathology). Engaged through regular meetings and network events.
Medical Schools/ Universities	Supply future talent. Engaged via sponsorships and monthly meetings.
Suppliers and Contractors	Provide critical services and goods. Engaged through meetings, surveys, and development initiatives.

Our performance

Fredré Meiring
Chief Financial Officer

Message from our CFO

Lenmed Investments Limited –
Financial year ended 28 February 2025

The Group delivered a strong financial performance for the year under review, reflecting robust growth across most operations. We are particularly encouraged by the improvement in patient volumes and operational efficiency, despite persistent challenges in the healthcare and macroeconomic environments in the countries in which we operate. Our focus on improving facility utilisation, standardisation and optimisation initiatives, is yielding pleasing results, offsetting expected short-term inefficiencies emanating from new acquisitions and investments.

Statement of comprehensive income

Group revenue increased by **12.5%** to **R5.254 billion** (2024: R4.670 billion), driven by a combination of increased Paid Patient Days (PPDs) of 6.5%, inflationary tariff increases, and case mix enhancements.

Group earnings before interest, taxation, depreciation, amortisation and impairment (EBITDA) rose by **23%** to **R832.99 million** (2024: R677.22 million), reflecting solid operational performance of the South African and Mozambican businesses and early benefits from our operational optimisation strategy. The Group EBITDA margin improved to **15.9%** (2024: 14.5%), a positive development as we increased volumes especially in higher acuity services.

Group profit before tax grew by **45.1%** to **R431.1 million** (2024: R297.3 million), and profit after tax rose by **34.1%** to **R300.3 million** (2024: R223.9 million).

Net finance costs grew by only **4.0% (2024: 40.9%)** as a result of robust capital management and continued strong cash generation despite some challenges that remain in our Botswana operations.

The Group's **basic and headline earnings per share (HEPS)** increased to **39.11 cents** and **39.55 cents** (2024: 26.66 and 24.80 cents respectively). These results supported our dividend declaration of **8.5 cents** per share in July 2024, aligned to our dividend policy of distributing at least 10% of headline earnings and showing intent to continue creating and delivering tangible value back to shareholders.

Group revenue
increased by 12.5%
R5.254 billion
2024: R4.670 billion

Group EBITDA margin
rose by 23%
R832.99 million
2024: R677.22 million

Group profit before tax
grew by 45.1%
R431.1 million
2024: R297.3 million

South African operations

Revenue of the South African operations increased by 15.9%, supported by a 7.9% rise in PPDs, inflationary tariff increases and enhanced case mix. The growth in volumes and positive case mix were driven by various strategic business initiatives aimed at increasing the Group's market share.

The operating leverage achieved resulted in EBITDA increasing in excess of 33% at a margin of 17.9% (2024: 15.5%).

Operations outside of South Africa

Revenue of the operations outside of South Africa increased by a more subdued 2.6%. PPDs declined by 6.9%, primarily as a result of a 19.4% decrease in PPDs in the Botswana operations. The Mozambican business performed well, with Beira Private Hospital almost doubling revenue compared to 2024.

As a result, EBITDA for the operations outside of South Africa declined by 16.1%.

Trading conditions in Botswana have remained challenging, reflective of a country-wide short-term liquidity crunch. This has further led to increased debtors from government-related payors. We are optimistic that the situation will improve in the new financial year.

Key metrics

	2025	2024	2023	2022	2021
EBITDA (R'000)	832 986	677 216	635 001	533 671	243 267
EBITDA margin (%)	15.9	14.5	15.9	15.8	9.0
HEPS (cents per share)	39.55	24.80	29.99	31.18	0.02
Dividend per share (cents per share	8.45	4.22	0.00	0.00	0.00
Total net debt to EBITDA ratio, debt covenant is <3.5 times	1.87	2.34	2.08	1.83	4.53
Senior debt service cover ratio, debt covenant is >1.1 times	2.17	1.80	1.77	3.50	1.47
Interest cover ratio, debt covenant is >2.5 times	4.04	3.35	4.43	4.12	1.9
Debt to equity ratio, debt covenant is <80%	55	49	46	39	52

Statement of cash flows

Cash generated from operations amounted to **R669.7 million** (2024: R640.6 million), or approximately **80.4% of EBITDA.** This is lower than prior year due to increased working capital from the significant growth in revenues generated and increased debtors from government-related payors in Botswana. Despite this, the business remains highly cash generative.

R275.1 million was invested in property, plant, and equipment, with **R117.5 million** allocated to maintenance capex and **R157.6 million** to capacity expansion. These investments support our long-term strategy to create and unlock growth potential across the portfolio.

Financing activities included a **R56.2 million** dividend to shareholders and **R10.7 million** to outside shareholders at subsidiary level. Shares to the value of **R2.4 million** were bought back during the financial year..

Statement of financial position

Total assets increased to **R6.43 billion** (2024: R6.15 billion), primarily due to investments in infrastructure and expansion projects. Net equity rose to **R3.26 billion,** with the Group maintaining a strong solvency position.

Net debt increased to finance our capital investment programme, however, the **net debt to EBITDA ratio decreased** to below 1.9 times EBITDA, remaining well within covenant levels. The Group continues to meet all its funding obligations and maintain sufficient headroom for strategic initiatives.

Events after the reporting date

In line with our commitment to shareholder value creation, the Group launched a R250 million share buy-back offer on 13 May 2025. The share buy-back offer closed on the 4th of June 2025, where 32.7 million shares were repurchased at R3 per share, totalling R97.2 million.

Outlook

We will remain focused on executing our growth and shareholder value creation strategy by:

- Unlocking our growth pipeline to drive market share growth
- Investing in automation, digitalisation, and process re-engineering to boost efficiency
- Optimising underperforming facilities
- Targeting geographic and service line diversification, including key complementary services across the continuum of care
- Exploring expansion opportunities in higher-growth international markets, particularly the Middle East

Our healthy balance sheet and funding headroom provide the flexibility required to pursue these initiatives with discipline and agility.

Fredré Meiring
Chief Financial Officer

12 June 2025

Our clinical governance

Clinical governance is central to our pledge to patient safety and optimal outcomes. We prioritise the identification, management and minimisation of operational and clinical risks affecting patient care. Through a robust clinical risk management and performance approach, we ensure our healthcare services adhere to rigorous standards of excellence. We uphold our dedication to delivering high-quality care and maintaining patient safety as our top priority by integrating risk management practices and continuous performance monitoring, thereby making certain that patients always receive the best possible care.

Highlights

Secured **bariatric accreditation** through SAMMSS (South African Metabolic Medicine and Surgery Society) at **Lenmed Mooimed Private Hospital**

Achieved **Trauma Society of South Africa accreditation** for Level 2 at **Lenmed Bokamoso Private Hospital**

Achieved **Chest Pain Centre-reaccreditation** through the American College of Cardiology for **Lenmed Ethekwini Hospital and Heart Centre**

Achieved **Heart Failure-accreditation** through the American College of Cardiology for **Lenmed Bokamoso Private Hospital**

Achieved **Transcatheter Valve certification** through the American College of Cardiology for **Lenmed Ethekwini Hospital and Heart Centre**

Lenmed Ethekwini Hospital and Heart Centre's stroke programme continues to achieve **Diamond status for the 8th consecutive quarter** from the World Stroke Organisation and Angels South Africa

Expanded our stroke programme to other hospitals – **Lenmed Royal Hospital and Heart Centre, Lenmed Shifa Private Hospital** and **Lenmed Wilmed Park Private Hospital**

Lenmed Royal Hospital and Heart Centre's stroke programme achieved **Diamond Status for Q3 of 2024**

Clinical Governance Board sub-committee

The Lenmed Clinical Governance Committee monitors that hospital operations and healthcare practitioners minimise clinical risk and improve clinical performance by adhering to regulatory and legislative frameworks whilst upholding the highest professional and ethical standards. This oversight committee adopts a strategic approach focused on driving clinical outcomes and value creation from exceptional outcomes. The objectives of this committee are highlighted below.

- Driving clinical outcomes as a competetive differentiator
- Monitoring local and international industry trends
- Setting clinical priorities across stakeholders
- Supporting clinician development
- Identifying and addressing new clinical risks
- Clinical system development

Clinical performance reviews

The committee supports a tiered approach to clinical performance reviews – from clinical governance board sub-committee to group (or clinical function) performance reviews and to regional hospital clinical performance reviews. These clinical performance reviews drive continuous improvement of clinical quality scorecard process and outcomes metrics, both for hospitals and clinicians, cost per event efficiency management and dovetail into value-based contracting opportunities. They are instrumental in identifying clinical risks, deviations in clinical scorecards, trends and serious adverse events.

Yearly, Lenmed conducts a comprehensive review of best practices within international and local healthcare systems to validate that our clinical quality processes and metrics remain aligned. The Lenmed clinical quality scorecard comprises 150 metrics across 20 categories, serving as a valuable tool in aligning our goals and improving communication and engagement across hospitals, departments and functions and with our clinicians. Clinical quality outcomes are at the core of clinical performance reviews and enables us to assess the clinical quality of each hospital and the entire Lenmed Group. Enhancing clinical performance and outcomes has remained a central objective across all clinical committees, acting as a unifying force that connects us.

Clinical risk management

At Lenmed, we pride ourselves in our robust clinical risk management, which comprises:

Occupational health and safety across our ecosystem, ensuring that we integrate the requirements of the Occupational Health and Safety Act and maintain a safe environment for all stakeholders

Infection risk management with targeted infection prevention and surveillance initiatives to reduce hospital acquired infections and increase patient safety. This is not only patient safety, but the safety of all stakeholders within Lenmed facilities

Driving a **safety culture** –entrenched alert (near miss) and incident reporting supported by Lenmed's bespoke clinical risk management system (LenIRS)

Optimising risk assessment and management through the mitigation of clinical risks resulting in increased compliance to standards, effective and efficient processes and improved quality

Ensuring **external and internal compliance** through robust internal audit processes supported by external regulatory body validation

They are instrumental in **identifying and escalating clinical risks**, deviations in clinical scorecard trends and serious adverse events learnings and areas for improvement.

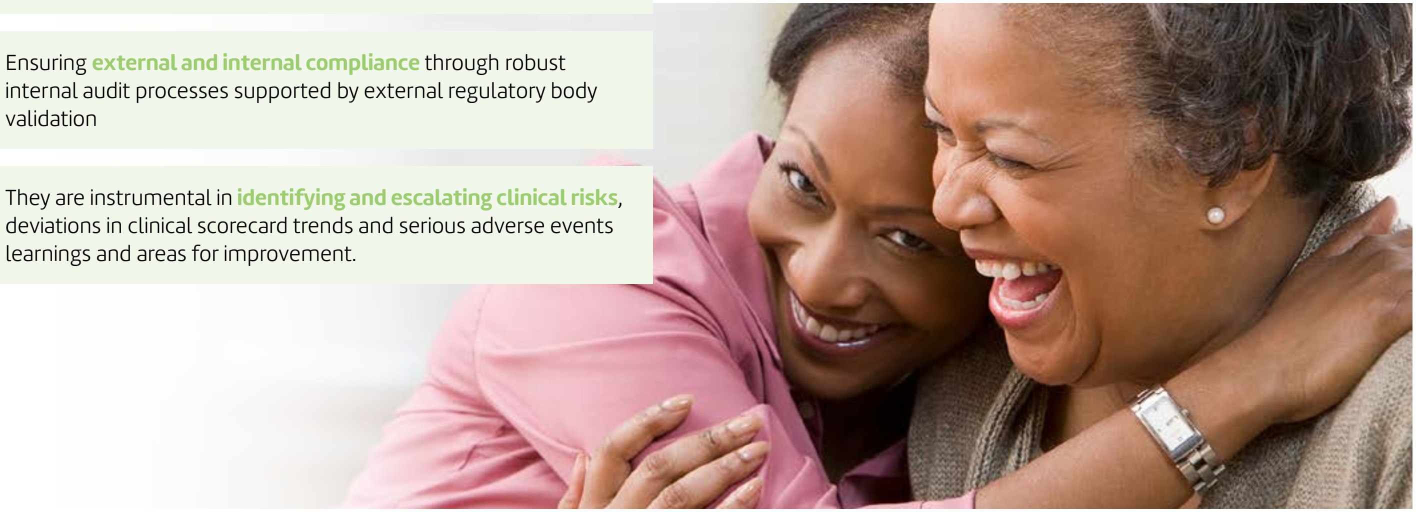
Regulatory and legal compliance

Lenmed actively engaged in external audits conducted by regulatory bodies to validate our adherence to stringent quality norms and standards, demonstrating our ongoing dedication to upholding excellence in healthcare delivery and maintaining high standards of patient care across our facilities. At Lenmed, compliance is targeted at three levels:

1. Yearly, each Lenmed hospital completes a self-assessment against company, industry and legal requirements
2. An internal peer review of hospital self-assessment outcomes is conducted by group functions providing a second level of assurance
3. All hospitals are subject to an Office of Health Standards Compliance (OHSC*) external self-assessment, providing a further level of assurance

**OHSC external self-assessment is applicable to South African hospitals only.*

For the period under review, all South African operations were subject to an external OHSC inspection against published norms and standards and received their Certificates of Compliance.



Clinical performance reviews

Lenmed is dedicated to enhancing clinical excellence and operational efficiency, leading to improved outcomes across several of our clinical programmes. Our dedication to healthcare quality and accreditation standards continues through strategic investments in specialised clinical programmes and accreditations, which has solidified Lenmed's reputation for exceptional care delivery and positive patient outcomes. Additionally, robust oversight of clinical activities and streamlined decision-making processes – facilitated by enhanced governance frameworks – continue to contribute to sustained improvements in clinical performance and patient experience. Clinical programmes drive cohesion and collaboration and derive several benefits:

- Incorporates best practice and alignment to or with established guidelines
- Defines the patient journey and the roles and responsibilities for all stakeholders
- Engenders a multidisciplinary approach and collaboration between providers
- Improves clinician experience through coordination and engagement
- Improves patient experience and outcomes (reducing readmissions and mortality)
- Reduces cost of care and variability due to consistency of treatment
- Increases primary healthcare and community awareness and education on early detection and action

Lenmed Transplant Programme

Lenmed's transplant and LVAD (left ventricular assist device) programme at Lenmed Ethekwini Hospital and Heart Centre represents a significant milestone in advancing healthcare services for the region. We are committed to expanding access to life-saving organ transplant and device implant procedures, including kidney and future planned liver transplants. Our programmes adhere to stringent protocols and ethical standards, ensuring patient safety and long-term success post-transplant and implant. The first living donor renal transplant was performed early in 2025, with additional workups being performed for future LRD (living related donor) and cadaver donor renal transplants. Through continuous improvement and innovation, we aim to positively impact the lives of patients in need of organ transplantation.

Looking ahead

Lenmed is committed to advancing its strategic initiatives to drive innovation and excellence in healthcare delivery. We will continue to prioritise clinical governance and performance by strengthening oversight and conducting regular performance reviews to ensure optimal patient safety, experience and outcomes.

Our clinical risk and clinical performance management processes and systems are entrenched with engaged leadership – we will continue to enhance and manage the focus at all levels. Additionally, our clinical programme outputs provide an opportunity to create efficiency and further impact.

Our continued focus is on:

- Strengthening partnerships with our GPs, emergency units, specialists, radiology, and pathology practices
- Continuous monitoring and improvement of process and outcomes metrics
- Revitalize Clinician Engagement Forums
- Improved patient experience, outcomes, and clinician experience
- Further Centres of Excellence implemented aligned to disease burden, patient volumes
- Entrenching standards from Centres of Excellence across the board

ESG Report

Our planet

We take our responsibility to the environment seriously. We work to embed sustainability into almost all aspects of our operations, from immediate actions to long-term strategies, ensuring that our growth is mindful of the planet. By aligning our decisions with responsible environmental practices, we strive to create a meaningful balance between operational efficiency and ecological impact.

Climate change and its impact on healthcare

Climate change is increasingly shaping the healthcare landscape, prompting both challenges and urgent adaptations at Lenmed and across the sector. Rising global temperatures, extreme weather events, and shifting disease patterns are placing additional strain on healthcare systems worldwide. Hospitals are experiencing greater demand due to climate-related illnesses such as heatstroke, respiratory conditions, waterborne diseases, and vector-borne infections like malaria and dengue, which are spreading into previously unaffected regions. These developments require healthcare providers to rethink how they deliver services, manage patient volumes, and allocate resources.

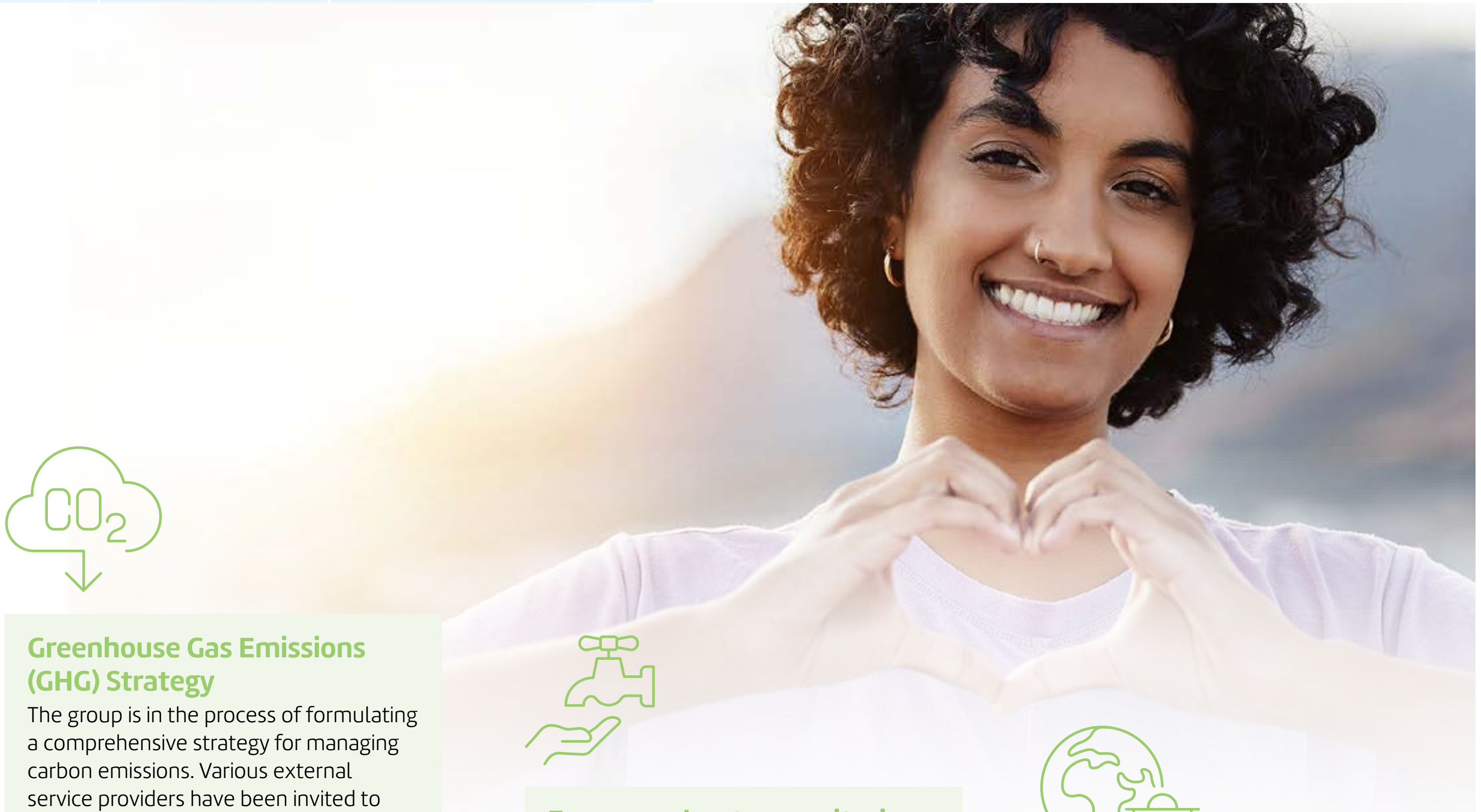
Infrastructure must also evolve to withstand more frequent floods, heatwaves, and storms, all of which can disrupt care delivery. In parallel, the sector is under growing pressure to reduce its own environmental footprint, given that healthcare contributes significantly to global greenhouse gas emissions. This has led to a shift toward greener practices, such as energy-efficient buildings, sustainable procurement, and waste reduction, as part of broader climate resilience strategies. Additionally, climate-related health risks disproportionately affect vulnerable populations, deepening existing health inequities.

Lenmed is doing everything possible to adjust to these new realities, embedding environmental awareness into our operations, strengthening infrastructure, and adopting climate-conscious strategies to ensure we continue to deliver high-quality care in a changing world.

Environmental Committee

The Environmental Committee (EC) at Lenmed is a management committee responsible for addressing and managing environmental issues within the Group. The committee is comprised of functional heads within Lenmed, and external consultants.

The Lenmed EC continues to focus on monitoring and reducing water and electricity consumption across the group. Building on this progress, the integration of medical and general waste management is a key area of future focus, with plans underway to incorporate this into the committee's scope as part of our broader sustainability goals. Presently, waste generated by the business consists primarily of general waste and healthcare risk waste.



Greenhouse Gas Emissions (GHG) Strategy

The group is in the process of formulating a comprehensive strategy for managing carbon emissions. Various external service providers have been invited to submit proposals, which will be reviewed by the Environmental Committee.

As part of its commitment to reducing GHG emissions, Lenmed has invested in three completed solar plant projects at RHHC, AKPH, and ZPH. Furthermore, two additional solar projects have been approved for Daxina and Parkmed Neuro Hospitals, both scheduled for completion by the end of FY2026. Each solar installation is projected to reduce the hospital's reliance on Eskom power by an average of 17%. This is significant, given Eskom's predominately coal-based energy supply.

Energy and water monitoring

Each hospital submits monthly electricity and water consumption reports, which are captured in the facility's scorecard. The Facilities and Quality Managers are responsible for ensuring accurate data reporting.

Smart meters installed at all facilities automatically record and transmit consumption data to a central database managed by ERO. Attached is a consolidated report reflecting energy and water usage across the group, including a breakdown of Eskom vs renewable energy usage at three hospitals.

Waste management

Waste management performance is tracked through the group scorecard system, overseen by the Quality department. We manage both, medical and general waste across all its facilities, with a strong focus on monitoring consumption and associated costs. The Group rolled out comprehensive waste management programmes that prioritised waste minimisation and recycling.

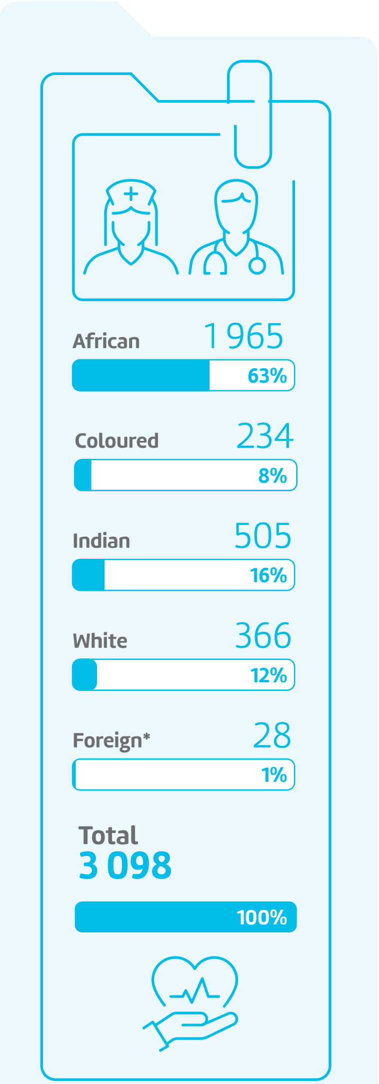
Our people

At Lenmed, our people are the driving force behind everything we achieve. They don't just perform roles, but they also bring our vision to life. From delivering compassionate care to leading operational innovation, our teams play a vital role in shaping the patient experience and reinforcing our reputation. Their resilience, creativity, and commitment enable us to adapt, grow, and meet the evolving needs of our communities. Every success we celebrate reflects their collective efforts and unwavering belief in our mission.

In pursuit of this, we continue to invest in leadership development, a fit-for-purpose operating model, and targeted people initiatives that support growth and accountability. These efforts are designed not only to improve performance, but to inspire a sense of purpose and pride in the vital work we do each day. Whether it's through learning pathways, succession planning, or values-based recognition, we are building a people-first culture that supports sustainable excellence.

A key pillar of this approach is the Celebrate Program, our rewards and recognition platform that shines a spotlight on individuals who embody Lenmed's values. The highlight of this program is the Lenmed Celebrity of the Year, awarded annually to an employee who has gone above and beyond in service, character, and impact.

For the 2023 period, this honour was awarded to Melusi Ngcobo, a Porter at La Verna Private Hospital with 17 years of dedicated service. During a routine ward round, Melusi noticed smoke coming from one of wards. Without hesitation, he acted swiftly to extinguish the fire himself, retrieving multiple extinguishers and ensuring the safety of patients and staff. Only after the danger had passed and patients were safe did he complete his shift, a remarkable act of bravery and selflessness that prevented a potentially devastating situation.



* *Applicable to South Africa only.*

Melusi's story didn't end there. Upon receiving his R50 000 reward, he made the deeply personal decision to invest every cent into building his first home, turning recognition into something life-changing. His humility, courage, and vision reflect the very essence of the Lenmed spirit. For the 2024 period, we are proud to share that the Celebrity of the Year was once again awarded to an employee from La Verna Hospital, Asanda Khuzwayo, who also walked away with a R50,000 reward for her exceptional service.

These stories are more than moments of recognition, they are affirmations of the culture we are building at Lenmed. A culture where effort is recognized and celebrated, excellence is nurtured, and people are truly seen.

Through every program and initiative, we remain deeply committed to supporting, empowering, and honouring the individuals who make Lenmed more than a healthcare provider, they make it a family.

Our workforce and people strategy

We are proud to foster an inclusive environment. Lenmed's workforce comprises of 3,098 employees from diverse backgrounds including 1.7% of our staff identifying as persons with disabilities. Our people strategy is centred on building a resilient and future-ready workforce capable of thriving in a rapidly evolving healthcare landscape. We invest in leadership development, streamline human capital processes, and promote a strong organisational and ethical culture. These efforts are supported by continuous system improvements aimed at enhancing the overall employee experience. Through this integrated approach, Lenmed not only supports the growth and professional development of our employees but also strengthens its role as a committed community partner. Ultimately, we are working toward our ambition of becoming the employer of choice within the healthcare sector.

Training and development

Lenmed has reinforced its strategic focus on workforce development through substantial investment in training, bursaries, and structured learning programmes. In the 2025 financial year, the group awarded 50 staff bursaries totalling R1.5 million. These were distributed across its regional footprint, with 39 bursaries awarded to staff in South Africa, 6 in Mozambique, and 5 in Botswana. Ultimately, 43 bursaries were confirmed, with 45% directed toward clinical programmes. This follows a similar commitment in FY24, when 43 bursaries valued at R1.36 million were allocated.

Beyond bursaries, Lenmed surpassed its 2023–2024 training target by completing 11 401 interventions, well above the planned 7 617, with 2 609 employees trained. This effort was supported by a R4.12 million investment in internal and external training, delivering over 22,600 hours of learning. HWSETA funding further enabled learnerships, internships, and vocational bursaries in nursing and pharmacy disciplines. These initiatives exemplify Lenmed's commitment to cultivating healthcare excellence and nurturing professional growth across its multi-country operations.

Employee satisfaction

The 2024 Lenmed Employee Pulse Survey reflected a strong response rate of 81%, with 2,838 staff participating out of 3,516 invited. The overall Engagement Index rose to 3.57 out of 5, indicating a solid level of satisfaction and an improvement from 3.46 in 2022. Lenmed's employee Net Promoter Score (eNPS) also improved from 51.5 to 55.2, reflecting a growing number of employee advocates. Leadership received the highest score of 3.74, while other areas such as communication (3.5), growth and development (3.49), and employee experience (3.31) showed steady performance. Reward and recognition, although slightly improved to 3.23, remained an area of focus.

Employees highlighted their appreciation for positive workplace relationships (29%), career development opportunities (21%), and the inclusive work culture (14%).

The Report recommends targeted Interventions to strengthen employee benefits, communication and growth and development to further boost employee satisfaction and advocacy.

Our relationships

For Lenmed, maintaining strong relationships with our stakeholders is fundamental to keeping our hospital licences. Our growth and sustainability are reliant on solid relationships with investors, regulatory bodies, staff, doctors, patients, suppliers, and our local communities. By operating with transparency , we build trust, work together better, and succeed as a group.

Patient experience

Lenmed continues to make progress in enhancing the patient experience across our facilities. In FY25, we achieved a composite score of 65%, reflecting a 6.73% improvement from the previous year. This composite measure includes key dimensions such as nursing care, doctor interactions, environment, medication and discharge information, responsiveness, and care transitions.

Positive trends were also seen in individual metrics, noted below.. These results show our ongoing efforts to create a more responsive, patient-centred healthcare environment.

	FY 25	FY24	% Improvement
*Composite Score	**65%**	60,90%	6,73%
Admission rating (out of 10)	**9.10**	9,00	1,11%
Emergency Department (ED)(out of 10)	**8.40**	8,40	0,00%
Percentage Recommend	**64%**	61%	4,92%
Overall Hospital Rating (out of 10)	**8.00**	7,90	1,27%

Communication with our patients

Lenmed's Customer Experience team is focused on making health information more accessible and meaningful for patients. Using insights from our internal EYERYS system, we've developed a rich library of discharge and diagnosis-related content to support informed care. Patient feedback plays a key role in helping us improve the way we share information, whether through online platforms, social media, SMS updates, or feedback channels during hospital stays.

We take cultural sensitivity seriously, working with local teams to ensure our messages — from translations to imagery — connect with diverse communities. Through doctor profiles, real patient stories, and popular health articles, we aim to keep our patients informed, reassured, and connected to the care they need.

Community impact and social investment

For Lenmed, thriving communities are essential to our long-term success. That's why we go beyond healthcare delivery to play an active role in addressing the social and economic challenges in the areas we serve. Our community initiatives are designed not only to support immediate needs but also to contribute to lasting development and wellbeing, creating shared value for both the people around us and our organisation.

We recognise that the wellbeing of our communities directly influences the sustainability of our hospitals. That's why we are deeply committed to reducing barriers to quality healthcare, particularly for those facing financial hardship. Our efforts include lowering co-payments on medical aid plans where possible and offering discounted rates and flexible payment options for patients without medical aid.

In FY25, we extended R31.3 million in healthcare discounts to financially vulnerable patients, helping to ease their burden and ensure they receive the care they deserve. We also performed 120 free cataract surgeries for elderly individuals who would otherwise e unable to afford the procedure, a meaningful intervention that restores both vision and dignity. Each case is considered individually by our hospital teams, who assess financial status, medical aid coverage, and medical urgency to provide the right level of support.

The Children's Cardiac Foundation of Africa Trust – a private-public partnership dedicated to providing lifesaving care for underprivileged children – remains a cause close to Lenmed's heart. Through the paediatric cardiac unit at Lenmed Ethekwini Hospital and Heart Centre (EHHC), our expert medical team plays a vital role in accelerating access to urgent cardiac surgeries for children on the KwaZulu-Natal state hospital waiting list. In FY25, the Foundation proudly completed 21 successful procedures, changing young lives for the better.

Social and relationship capital

Level 1
B-BBEE

120 free cataract surgeries
(2024: 74)

R31.3 million
discounted hospital services to financially distressed patients
(2024: R25.3 million)

R34.6 million
Total CSI spend
(2024: R27.9 million)

Our intellectual resources

Lenmed continues to deliver superior healthcare, also achieving superior patient outcomes, while actively nurturing our intellectual capital to sustain our leading role in the healthcare sector. Central to this commitment is the attraction of top-tier medical professionals, whose expertise enhances our intellectual capital and drives improved clinical results.

We prioritise the development of our nursing practitioners through targeted training initiatives and maintain high service standards by securing reliable, cost-effective medical product lines. In parallel, we design and implement innovative operating models and continually invest in state-of-the-art facilities to support operational excellence.

Our ongoing integration of advanced technologies, including artificial intelligence and big data, enables greater efficiency, accuracy, and responsiveness in patient care. These investments also extend to modernising our operating systems and clinical wards (based on affordability), positioning Lenmed at the forefront of healthcare innovation, while ensuring full compliance with all statutory and regulatory requirements.

Artificial Intelligence and the future of healthcare

We believe AI is set to transform the future of healthcare by enhancing clinical accuracy, streamlining operations, and enabling more personalised patient care. AI-powered tools can rapidly analyse vast amounts of medical data, from diagnostic images to patient records, helping healthcare professionals make faster, more informed decisions. Predictive analytics are improving early disease detection and risk assessments, allowing for proactive interventions and better outcomes. In operational settings, AI is automating administrative tasks, optimising resource allocation, and improving patient flow through hospitals. Virtual health assistants and AI-driven chatbots are also reshaping patient engagement by offering real-time support and guidance outside traditional clinical environments.

Lenmed is staying ahead of these developments by actively integrating AI-driven solutions across our operations. From enhancing diagnostic processes to improving patient management and efficiency, we are investing in technologies that support smarter, data-driven care. As AI continues to evolve, it holds the potential to make healthcare more efficient, accessible, and responsive, particularly in under-resourced areas. At the same time, we are approaching AI adoption with thoughtful consideration, ensuring that every implementation is guided by a clear business case and aligned with affordability and sustainability. For Lenmed, embracing AI is not just a strategic move, it's part of our commitment to delivering safer, more innovative, and equitable care in a rapidly changing world.

Cybersecurity

Lenmed recognises cybersecurity as a critical risk area and continues to maintain a resilient and adaptive security posture across the Group. We have made significant investments in advanced security technologies, supported by our Security Operations Centre (SOC) and a Security Information and Event Management (SIEM) system, which together form the backbone of our cyber defence. These systems enable us to detect, prevent, and swiftly respond to threats, ensuring the integrity of our data, systems, and patient information.

Proactive measures such as regular vulnerability scans, security assessments, and third-party penetration testing help us to identify and address potential weaknesses before they can be exploited. In addition, we maintain continuous monitoring of our security controls to stay ahead of evolving cyber risks.

Promoting awareness among employees remains a core component of our cybersecurity strategy. In FY25, our monthly user risk awareness programme reached users across the organisation, enhancing vigilance and strengthening our human firewall. Through these combined efforts, Lenmed experienced no cybersecurity breaches during the reporting period. Where attempts were made, all incidents were effectively managed, demonstrating the strength of our layered defences and the success of our preventative approach.

Transparency and accountability

Corporate governance

Lenmed's Board of Directors upholds the principles of sound corporate governance as outlined in King IV. These principles guide the Board in fostering an ethical culture, delivering strong performance, ensuring effective oversight, and maintaining the Group's legitimacy. While preserving its independence, the Board works closely with management to develop a thorough understanding of the business through ongoing inquiry, monitoring, and engagement.

Strategic planning includes both executive Board members and senior Group executives, enabling a comprehensive view of operational priorities and challenges. Board meetings are structured around a detailed agenda, jointly prepared by the Chairman, CEO, and Company Secretary. These meetings feature updates from the CEO on operational performance and significant developments affecting the Group.

Chairs of Board committees provide verbal reports to offer insight into committee activities. When necessary, closed sessions, led by the Chairman or lead independent director—are held to address specific matters confidentially. Summaries from these sessions are shared appropriately to promote transparency and reinforce accountability in Board decision-making.

King IV overview

Lenmed's King IV compliance register, available at lenmedgroup.com, outlines how the Group applies the principles of King IV. This register should be reviewed alongside the Annual Integrated Report, which contains detailed committee reports, to gain a complete understanding of Lenmed's governance framework and practices.

More information available online

Governance structure

BOARD OF DIRECTORS

Executive

Prakash Devchand
Executive Chairman

Amil Devchand
Chief Executive Officer

Fredré Meiring
Chief Financial Officer

Non-executive

Nomahlubi Simamane
Lead independent non-executive director

Bharti Harie
Independent non-executive director

Prof Bhaskar Goolab
Non-executive director

Dr Gunvant Goolab
Independent non-executive director

Vaughan Firman
Independent non-executive director

Chief Executive Officer

Executive committee

Committees

- Audit and Risk
- Remuneration and Nominations
- Social and Ethics
- Clinical Governance
- Innovation and Disruption

Attendance at Board and committee meetings

Director	Board	Remco/ Nomco	Audit and Risk	Social and Ethics	Clinical Governance	Innovation and Disruption
Total meetings	4	3	5	3	4	2
P Devchand	4/4 (c)	3/3 (i)	–	3/3	–	–
A Devchand	4/4	3/3 (i)	5/5 (i)	–	(A) 3/4	2/2
B Harie	4/4	3/3 (c)	5/5	–	–	–
Prof. B Goolab	4/4	3/3	–	–	4/4 (c)	–
M Meehan*	2/2	2/2	3/3	–	–	–
N Simamane	4/4	–	5/5	3/3 (c)	–	–
F Meiring	4/4	3/3 (i)	5/5 (i)	–	–	–
Dr G Goolab	4/4	–	–	3/3	4/4 (i)	2/2 (c)
N Bechan	N/A	–	–	3/3	–	–
Dr N Patel	N/A	–	–	3/3	4/4	–
M Bishop	N/A	–	–	–	–	2/2
V Firman	4/4	3/3	5/5 (c)	N/A	N/A	–

*Note: Mr. M Meehan retired on 31 July 2024

Key: A = Apologies (c) = Chairman (i) = Invitee NP = Not present but may be invited to attend certain aspects of the meeting

Board Committees

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is a formal committee of the Board of Directors, required by the Companies Act and structured to comply with King IV requirements. Its main role is to oversee the group's risk and audit matters.

Members: It has three independent non-executive directors, approved annually by shareholders at the AGM. Mike Meehan stepped down from the Board at the 2024 AGM and was not replaced.

Qualifications: The Committee Chairman is a chartered accountant. Other members bring legal, business, and governance expertise, often from experience on other company boards. This mix provides diverse skills, experience, and perspectives (including race and gender).

Attendees: The Chief Financial Officer (CFO), the Company Adviser (Dino Theodorou, CA(SA)), external auditors, and internal auditors are always invited. Executives like the Chief Information Officer (CIO) or Group Chief Medical Officer attend when needed. Any non-executive director can attend meetings voluntarily, but without voting rights. The committee met five times over the last year, with all members present at every meeting.

Operations: The Company Secretary ensures the committee follows best practices, updates its official rules (the Charter), and sets an annual work plan based on the Charter, the Companies Act, and King IV guidelines.

Auditor Interaction: Both internal and external auditors can speak freely with the committee and its chairman. They have private meetings with the committee (without management) at least annually to ensure audits are robust and the company's overall assurance system is effective. The committee is confident this system works well.

Audit Committee

In executing its statutory duties in the year, the Audit Committee focused on the following:

External audit matters

- Received and reviewed assurances on the independence of the external auditors, PKF Durban, and specifically the nominated partner Rob Boulle. The Chairman met with the managing partner of PKF Durban to assess the audit practice policies on independence, partner succession planning, the quality of the audit team and the robustness of the audit. The committee concluded it is satisfied with the independence of the external auditors.
- Agreed that PKF remain as the overall group external auditors From March 1, 2024, all South African subsidiaries will be audited by PKF, and all non-South African subsidiaries will be audited by BDO or Moore Mozambique. Agreed the terms of engagement of the external auditors and recommended their appointment as external auditors as well as the designated audit partner, for shareholder consideration and approval at the AGM to be held on 7 August 2025.
- Reviewed the work programme of the external auditors. Reviewed and monitored non-audit services provided by PKF Durban, pre-approving such services where required. Reviewed the reports of the external auditors (both South African and non- South African), engaged with the auditors on key audit matters, and recommended action where necessary. Approved the fees to be paid to PKF Durban for audit and non-audit matters.
- Expressed its satisfaction with the competence of the auditors and the quality of the audit.
- Made enhancements to Lenmed's combined assurance model, arising from improved controls and technology and improved cooperation between external and internal auditors.
- Held separate discussions with the external auditors and determined that there were no matters of concern and there were no inspection reports issued by audit regulators relevant to the company over the review period.

Internal audit matters

- Approved the internal audit charter as agreed with Mazars, management and the audit committee.
- Considered and approved the internal audit three year rolling strategic plan. The,intent is that every hospital and business cycle will be completed in 3 years. Worked closely with Mazars to ensure that the risks as identified in the risk register are appropriately covered.
- Reviewed all the internal audit reports from Mazars. The committee were satisfied that while some breaches in internal control were identified during the year, the impact on the company has been immaterial. The committee obtained commitments from management to reinforce the control systems where necessary.
- Received no reports of fraud from management, hot-line service, internal and external auditors that led to material financial loss.
- Received assurances from management and the internal auditors on the systems of internal control, which led the committee to conclude the controls are satisfactory.
- Held separate discussions with the internal auditors and determined that there were no matters of concern.

Business technology matters

- Conducted the annual review of the IT charter.
- Reviewed the IT risk register and made recommendations where appropriate. Noted the major risks inherent in the IT environment of the group and ensured that management had an appropriate response to these.
- Discussed with management the protective measures in place for cyber-risk and ensured that they remain vigilant and have measures in place to address these risks. Considered the adequacy of the back-up and cloud arrangements to avoid business interruption. During the year, the systems were assessed by benign hacking programs. Any shortcomings found were the subject of additional program safeguards, controls, and system tests.

Accounting and financial matters

General matters

- Reviewed and recommended to the Board, the audited annual financial statements and AIR.
- Reviewed and recommended to the Board, the company's solvency and liquidity position and going concern status, including the impact of the recommended dividend.
- Reviewed the annual budget from a reasonableness perspective and considered the assumptions presented by management in the budget.
- Reviewed the five-year profit and cash flow forecast and monitored the compliance to loan covenants.
- Considered tax reports and feedback from management on significant tax matters.
- Expressed its satisfaction with the competence and effectiveness of the CFO, Fredré Meiring.
- Concurred with the views of management that the adoption of the going concern premise in the preparation of the financial results is appropriate.
- King IV gap analysis: Discussed King IV requirements in detail and concluded that the audit committee was complying with the requirements of King IV.

Specific issues

Asset valuations:

- **Goodwill:** Reviewed management's assessment of goodwill and the need for impairment. No impairment was necessary.
- **Valuation of intangibles:** Reviewed management's tests and procedures used in the valuation of goodwill. No impairment was necessary.
- **Valuation of properties:** Reviewed the impairment methodology for properties. No impairment was necessary.
- **IFRS 9 and the determination of expected credit losses:** Reviewed the methodology in computing expected credit losses.

Other Matters

- Monitored compliance with applicable laws and regulations.
- Considered Lenmed's approach to environmental, social and governance (ESG), noting this will be led primarily by the Social and Ethics Committee, but feedback from the S&E committee would be given regularly. Considered sustainability reporting and inputs in this regard from the Social and Ethics Committee as well as reports from the Clinical Governance Committee.

Risk Committee

The committee plays an oversight role in respect of risk management.

- At the Annual Board strategic planning meeting, the Board and senior management consider material risks These factors are introduced into the risk register to ensure proper management and control of the risks on an ongoing basis.
- At each audit committee, in conjunction with the risk register, prominence is given to a wide-ranging discussion of the risks facing the country, industry and the group. Importance is attached to any major risk that is increasing in severity. Discussions are held as to how this risk is being monitored, addressed and whether there is an opportunity arising from that risk.
- The most important risks are recorded in the company's risk register, which is debated by the management executive committee, with the audit committee. The top ten umbrella risks are debated quarterly with a view to understanding them, thereby ensuring that the group can manage this situation appropriately.
- The company splits the risk register into four categories:

Enterprise risk	Operational risk
Financial risk	Reputational risk

Financial risk is discussed at every meeting.

Bank covenants are tabled, and the committee ensure that adequate head room exists not only presently but also for future periods.

- 5-year forecasts are presented on a regular basis
- The dividend payment is reviewed to ensure that liquidity and solvency requirements are met.
- Cash conversion ratios are discussed with monitoring of debtors' days to ensure they are acceptable.

- Clinical risk is managed by the Clinical Risk Committee, but the audit committee monitors medico-legal claims by ensuring that appropriate provisions are taken for medico-legal claims. Each major claim is discussed with the group chief medical officer.
- The group has developed a comprehensive legal compliance register. It continues to enhance and develop it to ensure that the group remains compliant with legislation that affects it. All legal disputes are discussed with management to ensure where appropriate adequate provision has been made.
- The group has engaged an external expert in risk management who is in the process of further embedding group risk processes into the organisation. The process has better placed the group to synergise operational risks in each hospital with a view to standardise an appropriate response. Hospital management and staff have been made aware of the risks inherent in their roles and they accept responsibility for managing risk within their scope.
- The group received an annual update on short-term insurance matters. At this presentation, the committee considered the insurance arrangements to ensure Lenmed has appropriate cover in place for all material risks. The committee also considered the quality of the recommended underwriters. Emphasis was placed on cyber-risk and the cover on that risk.
- The Audit and Risk Committee received the reports from the Group Chief Information Officer (CIO). The Group CIO attends the deliberations of the Audit and Risk Committee when invited and makes presentations to the committee on progress on the implementation of digitalisation, platform development, SAP, and data mining from the new systems; other technological systems such as robotic processing and artificial intelligence; and cybercrime and IT policies. In addition, consideration is given to the planning and management of disaster-recovery as well as sustainability.

Conclusion

The committee confirms it has fulfilled its responsibilities in accordance with all material aspects of its charter for the year and has recommended the annual financial statements and Annual Integrated Report to the Board for distribution to shareholders.

Signed on behalf of the Audit and Risk Committee

REMUNERATION AND NOMINATIONS COMMITTEE REPORT

The last financial year has seen Lenmed focus on its People and Culture Journey, aligning KPA's at a group and hospital level and oversight of principles linked to Lenmed's venture into new geographies. Of concern is the shortage of nurses and the ongoing challenges relating to training of new nurses and obtaining work visas for foreign nurses. Despite the capacity within the public and private sectors to exponentially increase training numbers and the pipeline of future nurses into the healthcare system, efforts continue to be hamstrung by the relevant authorities. Nursing has been added to the scarce skills list, however, it now requires a post-graduate qualification as a minimum criterion, so hindering the recruitment of these candidates, who are in demand globally. Lenmed continues to engage key stakeholders directly and via HASA in this regard.

A new Business Operating model is being implemented as part of the People and Culture Journey. This seeks to clearly define levels of roles, responsibilities and accountability within the various levels of the organisation, most notably between the Lenmed Head Office and the hospital teams. Once implemented, this will allow for a more streamlined and effective organisational structure with clear delineation between operational and strategic work and improved agility and responsiveness achieved through empowering hospital leadership teams with more autonomy over their business units within a well-defined framework.

As part of this process the group organogram will be updated, so ensuring that the appropriate roles are aligned to this new way of work and to the Group's overall strategic ambitions.

One of the more important deliberations at Remco were the various remuneration principles which had to be agreed and approved around the movement of management to the United Arab Emirates. In this regard Remco received professional independent benchmarking reports around mobility remuneration for management relocation to the UAE. Remco also used the services of external remuneration consultants, who assisted and advised Lenmed in formulating an appropriate and affordable remuneration package for the UAE. Shareholders were previously informed of the GCC strategy at the last results presentation.

The voting results at the previous AGM held on 31 July 2024 were 98.61% and 98.7% respectively in favour of the remuneration policy and the implementation report.

Key areas of focus and key decisions taken by Remco during the reporting period are to be found under the Remuneration Governance section below. There were no substantial changes to the remuneration policy.

Following careful discussion and debate, management was awarded average increases on basic salaries of 5.3% for the FY2026. This considered overall weighted tariff increases, including the impact of buy-down of plans by medical aid members. Remco is satisfied that it was independent and objective in awarding these increases.

Due to a focus by the People and Culture department to bed down the target operating model, deliberations over the Lenmed organogram were put on hold for the current year.

The Board has approved the information provided by the committee in this report and accepted its recommendations.

Liquidity Alignment Plan ("LAP")

Subsequent to the approval of the LAP by shareholders at the August 2023 AGM, Remco approved the following:

1. Award date of the LAP option shares of 1 March 2025;
2. The Long Stop Date under the LAP had been shortened to 9 years to remain with the original 10-year plan;
3. The base price of R2.50 was increased by the WACC of 13,2% to R2.83, so increasing the base price from which the minimum hurdle rate is calculated to inform any management participation in a liquidity event;
4. Lenmed made funding available to participants in the LAP, to settle their tax liability resulting from the allocation of the LAP option shares. Where financial assistance is given to relevant participants who are directors, this will require shareholder approval at the 2025 AGM, in terms of section 44 of the Companies Act. This is due to loans being made to directors who will be beneficiaries under the LAP.

Board governance

The Chairman of the Board is Prakash Devchand with Nomahlubi Simamane serving as the lead independent director. Noma's role as lead independent is to, among others:

- Lead in the absence of the chair
- Serve as a sounding board for the chair
- Act as an intermediary between the chair and other Board members, if necessary
- Deal with shareholder concerns where contact through normal channels has failed to resolve concerns, or where such contact is inappropriate
- To strengthen independence on the Board
- To chair discussions and decision-making by the Board on matters where the chair has a conflict of interest
- To lead the performance appraisal of the chair.

Remuneration governance

Remco is chaired by Bharti Harie, with the other permanent members being Vaughan Firman and Prof. Bashkar Goolab. Prakash Devchand, Fredré Meiring, Amil Devchand, Bhavani Jeena and the Lenmed corporate adviser Dino Theodorou, are invited to attend the meetings.

Remco continued its focus on King IV where there has been progress, with Lenmed now at a 94.3% compliance level. With regard to succession planning at the hospital manager level, our concerns about the recruitment of scarce healthcare skills and cost containment remain focus areas. Remco is satisfied the remuneration policy achieved its stated objectives for the year. The committee noted a King V draft that opened for public comment at the end of February 2025 and will be closely monitoring this process. It is meant to be a revised and streamlined update of King IV. Given Lenmed's high level of compliance with King IV, the group is confident that it will be able to easily migrate to King V when it becomes effective.

Remco operates within terms of reference, which were last approved by the Board on 23 July 2024. The terms of reference are benchmarked against King IV. On the whole, Remco has fulfilled its responsibilities according to the terms of reference.

Remco's main purpose is to provide an independent and objective body that will:

- Make recommendations on the remuneration policies, practices and philosophies for the executive directors, senior management at Lenmed and its subsidiaries in general
- Make recommendations on the composition of the Board and Board committees and to ensure the Board consists of individuals who are equipped to fulfil the role of directors of Lenmed
- Make recommendations on the nominations of new directors, having gone through the appropriate interview processes
- Review and report to the Board on its operating effectiveness and performance at least every two years, by means of a self-evaluation questionnaire. See also below.

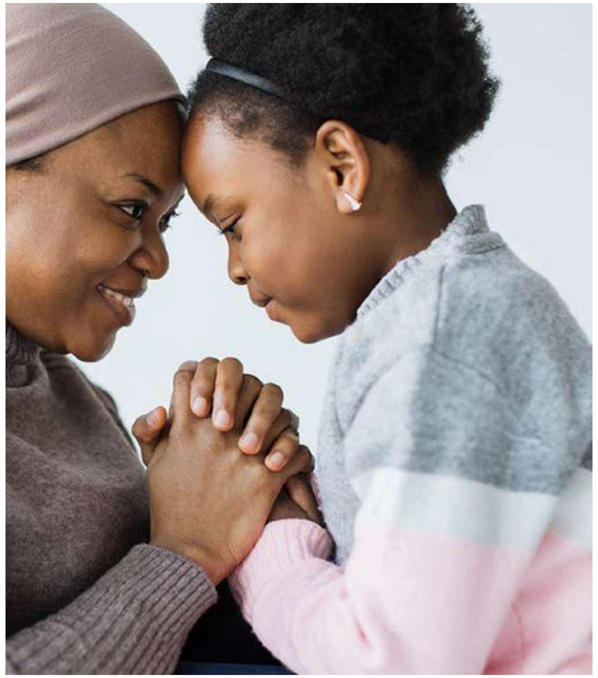
The Remco and Nomco activities over past financial year have included, among others:

Remco matters

- The service contract and letter of appointment for the Executive Chairman was approved in February 2024 for a period of two years. The next review is due in February 2026.
- Approval of the executive annual bonus payments for the financial year ended February 2024.
- Oversight over executive management key performance areas (KPA) for the year ended February 2025, which are aligned to the approved strategy with a focus on key strategically prioritised projects across the Group.
- Approval of the executive annual remuneration increases effective 1 March 2025.
- Oversight and discussion of the hospital managers' and Group functional heads' annual remuneration increases effective 1 March 2025.
- Biennial performance discussion by the lead independent director with the Chairman, as per King IV requirements. A report was tabled, noting a positive outcome with the Chair receiving a favourable rating by fellow Board members.
- Review of non-executive director fees. Please refer to the section marked Non-executive Directors, for a breakdown of non-executive director fees.
- Revision of the long service and share scheme awards. No revisions were effected in the current year.
- Review and discussion of executive and senior management succession planning.
- The share appreciations rights (SARS) scheme was reviewed with no major amendments made and annual awards were made under the scheme.
- Feedback from People and Culture on a full review of staff members covered by medical aid (and how many remain without any cover), together with a review of the employer contribution to the scheme.
- Review of staff pension fund and funeral arrangements.
- Oversight of the remuneration and benefits policy.
- Oversight over minimum wages paid.

Nomco matters

- Review of Board, Remco, Social and Ethics, Innovation and Disruption, Clinical Governance and Audit and Risk committee composition. Lenmed's committees comply with all relevant legislation and codes and members have the requisite skills, knowledge and experience. The committee specifically reviewed the membership of the Social and Ethics Committee and recommended to the Board that it comprise of Nomahlubi Simamane (chairman), Dr Guni Goolab (both of whom are independent non-executive directors) and Dr Morgan Mkhatshwa (Head of Social Impact). The Board approved the revised membership. A resolution in this regard will be submitted to shareholders for approval at the AGM.
- Review of directors up for re-election at the AGM. A skills gap matrix was conducted by the Company Secretary in March 2023, which was useful in determining what skills are required when appointing future non-executive directors. This matrix remains relevant for FY25.
- Review of director independence. In this regard a self-assessment and peer assessment was conducted and the relevant non-executive directors were confirmed as being independent taking account of the King IV criteria.
- Director training: Over the course of the year, Dr Mark Bussin (an expert in governance) presented to the Audit committee on the latest developments on governance and the King Codes. Directors attended various online training courses and discussion forums provided in the healthcare and auditing space.
- Noted the checklist to ensure compliance with the Remco Terms of Reference and confirmed that the committee had discharged its duties as set out in its Terms of Reference.
- Noting of the 2025 Remco Work Plan.
- Noting a report covering an evaluation of the committee's effectiveness, which was conducted by the company secretary. Overall, the outcome was positive with only minor areas for improvement.
- Consideration of the amendments to the Companies Amendment Act and its impact on Remco.



Remuneration policy

In the context of the South African healthcare sector, where there is a shortage of staff generally, and a dire need to retain talented and senior staff, it is the task of Remco to recommend strategies to attract, motivate, reward and retain staff of the highest calibre, while still being mindful of managing costs. This is especially critical to the healthcare setting where South African skills – in both clinical and managerial capacities – are in high demand internationally. Remco considers the remuneration packages of its executive directors and hospital managers, based on current role/ responsibilities, individual performance and current market levels of similar job profiles. Lenmed's remuneration philosophy is to pay a fair salary in exchange for fair work done. We believe we pay a fair salary within industry norms and, where the business case demands, are prepared to compete for scarce skills. Once in our employ, we extend the 'We Do Care' policy to our staff, where we aim to retain and motivate staff using the various benefits discussed below. In doing so, we believe we promote positive outcomes and an ethical culture and responsible corporate citizenship.

Lenmed's policy on remuneration is that we seek to attract the most appropriate and best available talent. We aim to remain competitive by striking an appropriate balance between a guaranteed portion of package and incentive-based payments, at all times being mindful of affordability. Remco believes that this aims to promote the achievement of strategic objectives within Lenmed's risk appetite.

Remco is confident that the remuneration policy addresses fair and responsible remuneration for management in the context of overall employee remuneration. Remco and management are committed to ethical culture and responsible corporate citizenship. In its deliberations, Remco has considered that management, relative to staff, assumes far greater responsibilities and accountability. Remco is cognisant of the wage gap between management and staff and, having oversight of both management and staff salary increases, deliberates and challenges these gaps to ensure fair remuneration. For example, while management and senior staff enjoy short-term incentive bonuses, general staff enjoy long service awards, not linked to any targets. Remco considers what the minimum salary is of the lowest paid worker to ensure employees are paid a fair and living wage.

In considering the remuneration policy, Remco confirms that none of the following benefits have been included in management employment contracts:

- Any benefits on termination of office
- Any sign-on, retention or restraint benefits (exceptions are made as the market dictates)
- Any pre-vesting forfeiture (malus) or post-vesting forfeiture (claw-back) of remuneration
- Any commissions or extraordinary allowances.

Remuneration package formulation

Packages for all key staff (executives, directors and hospital managers) are apportioned. The guaranteed portion is the annual package, and the risk portion is the bonus incentives, through which key members of staff are appropriately incentivised to maximise shareholder returns.

Guaranteed portion of package

The increase in remuneration packages of Lenmed executives was considered at the 25 February 2025 Remco meeting for implementation on 1 March 2025. In considering the new remuneration packages, Remco took the tough trading conditions into account, together with the need for cost containment. It noted that an average increase across the Group was 5.3% accordingly a similar increase was applied to management.

Risk portion of package – short-term and long-term benefits

Lenmed executives and other key staff are incentivised by way of a short-term bonus scheme. On an annual basis, it is the responsibility of Remco to review and approve the executive annual bonus scheme. Remco notes the principles behind the hospital managers' and Group functional heads' annual bonus scheme. The key performance areas in both these schemes measure specific individual targets, align shareholder and individual goals based on headline earnings per share (HEPS), Return on equity and EBITDA growth targets and include a measure of the performance of the Group as a whole.

For FY26, the return on equity metric was replaced with the metric of Return on Invested Capital (ROIC). The following principles and rationale apply to this changed measure:

- The ROIC metric is based on audited FYE EBIT less tax of 27%, divided by average equity (current and prior year) and net debt and excluding the foreign exchange translation reserve.
- It excludes capex for the first 12 months of the new capex (on the basis that capex has been spent, yet the related returns have not yet accrued).
- Similarly, acquisitions are excluded for the first two years where the new acquisition has a ROIC that is lower than the Lenmed group ROIC. As calculated per the formula exceeds the Weighted Average Cost of Capital (WACC) then the full bonus allocation is applied.
- The ROIC metric will be applied at a management level and then cascaded down to the KPA's at a hospital level. The KPA's of management will include ROIC at a group level while KPA's at a hospital level (Hospital CEO's and managers and their respective management) will be based on a ROIC for that specific hospital. This drives the incentive for hospitals to focus on good capital management (minimise capex and maximise returns) yet simultaneously maintaining quality clinical outcomes. If the key performance areas are achieved, identified staff could earn bonuses linked to their individual packages, where the maximum targets are determined by respective job levels. Remco has had oversight of the implementation of the long-term incentive scheme (LTIS). The scheme is based on a share appreciation rights (SARS) and a performance share scheme. Guidelines or practice notes are recorded as amendments are made to the scheme. These notes then form an annexure to the original policy.

For the current reporting period, no further adjustments were made to the rules. The following are the salient features of the LTIS:

- **Scheme concept**
- Up to 10% of Lenmed's issued share capital will be set aside for purposes of the scheme
- Based on the liquidity and the price of the shares on the over-the-counter (OTC) market, Remco will have the right to use the OTC price or to determine a price itself
- The allocation of LTIS shares will be considered by Remco annually as part of its forward plan
- When employees resign, their respective SARs revert into the pool

The LTIS will apply to the following levels:

1. Category 1 – CEO
2. Category 2 – Direct reports to category 1
3. Category 3 – Direct reports to category 2

Scheme rules: In addition to the above:

- The performance criteria for the SARS is a minimum 50% average achievement of the participant's short-term incentive bonus over the three years prior to vesting
- Settlement is in cash or shares, at the discretion of Remco
- Participants are not entitled to any dividends and have no voting rights
- The strike price will remain static for the respective financial year.
- The following performance measures apply: If performance achieved is CPI and 2% or less, then only 50% of the shares will vest; if CPI + 3% to +6% is achieved, then 100% of the shares will vest; and if CPI + 6% and above is achieved, then 125% of the shares will vest.
- Shares will vest at the end of year three.

- At its July 2024 meeting, (for the financial year ended February 2024), the 8th set of SARs were issued at R3.59, per Remco's discretion not to apply the average OTC price for this period, owing to the shares being illiquid. Remco applied its discretion to a price of R3.59 per share based on a presentation from our corporate adviser who conducted a high-level indicative valuation of Lenmed using different valuation methodologies. The internal valuation methodologies included forward price earnings, discounted cash flow and forward EBITDA multiples. This approach and application is consistent with calculations in previous years.
- The following SARs awards were allocated to executive management on 1 August 2024 for the financial year ended February 2024:
  - Amil Devchand: 6 000 000
  - Fredré Meiring: 3 000 000

The above SARs will vest on 31 July 2027.

Long service award scheme

Remco continued the oversight of the implementation of a long service award scheme for all staff. The scheme comprises two parts, namely:

- A cash award payable six monthly, to staff who have worked for longer than 10 years
- A share award, to staff who have worked longer than 15 years.

Under this scheme, employees are entitled to receive, on a one-off basis, R50 000 (pre-tax), either in cash or shares, provided they have attained a service record of 15 years as at December 2024. For the current year, only the cash settled option was offered, considering the lower share price. This benefit is in addition to the cash award referred to above.

Lenmed will apply its discretion to extend the above scheme to long serving staff at newly acquired hospitals three years after acquisition.

For FY25, 204 employees qualified for the above-mentioned cash award payable six monthly.

Other benefits

Staff enjoy other benefits such as medical aid, leave pay, funeral cover and planning for retirement. As new hospitals are acquired over the years, it is the intention that these benefits are standardised across Lenmed.

Non-executive directors

Two non-executive directors continue to hold office since their appointment in September 2010. Nomahlubi Simamane, Dr Gunvant Goolab and Vaughan Firman were appointed October 2012, August 2020 and March 2022 respectively. They are paid an annual retainer, plus attendance fees per meeting. These directors' fees are confirmed by shareholders at the Lenmed AGM. It is important to note that non-executive directors do not receive any payment related to performance of the Group and do not participate in any bonus arrangements. Non-executive director fees are reviewed annually by management.

It is proposed that for the 2025 AGM, the fees payable for the period from the 2025 to the 2026 AGM be increased as set out in the following table:

Director	Retainer fee	Meeting fee per meeting	Chairman fee
Bharti Harie	R300 000	R35 000	R35 000
Nomahlubi Simamane	R300 000	R35 000	R35 000
Prof. Bashkar Goolab	R300 000	R35 000	R35 000
Vaughan Firman	R300 000	R35 000	R35 000
Dr Gunvant Goolab	R300 000	R35 000	R35 000

In addition to the above:

- Where special meetings are scheduled, these will be paid for at the approved meeting rate.
- Where a particular non-executive director is commissioned to conduct a specific piece of work, additional fees will be paid; such fees will be agreed between the director and the CFO, prior to the work being conducted.
- A fee to be paid to the Lead Independent Director (LID) is also proposed on the basis of it being two times the annual retainer fee, with no additional meeting or meeting chair fee. It is proposed further that the fee is backdated to the date of the LID appointment, being 31 July 2024. The rationale behind the (market related) fee is for the additional responsibilities associated with this role.

Implementation report

For total remuneration awarded to and realised by executive management during the financial year, please refer to Note 26.2.: Compensation paid to directors and prescribed officers (Directors' Emoluments) of the annual financial statements, which covers – for this and the prior year – total remuneration paid to directors, including the annual package, short-term bonuses and the fair value of shares that have vested under SARs. The short-term bonuses earned by management for FY25 and paid out in FY26, as well as the previous FY24 performance (for comparison) achieved by management, is contained below.

The following table details all awards made under SARs in the current and previous years that have not yet vested, including the number of awards, the values at date of grant, their award vesting and expiry dates, and the fair value at the end of the reporting period.

SARS allocations	Number of options	Strike price at issue date	Fair value as at February 2025	Vesting/ expiry date
1 August 2022	12 650 000	R3.18	R12 563 048	31 July 2025
1 August 2023	20 950 000	R3.90	R8 328 694	31 July 2026
1 August 2024	21 400 000	R3.59	R5 066 214	31 July 2027

Executive Director Performance review and bonus approvals against agreedFY23 and FY24 KPAs

Each year, profit after tax is calculated after providing fully for bonuses for that financial year. These bonuses are paid only after the audited annual financial statements have been approved by the Board.

Management's short-term targets for the year ended February 2025 included soft and hard targets where the majority weighting was based on growth in EBITDA, HEPS and ROE, so aligning with shareholder values. Targets were customised around what Remco considered to be specific priority performance areas for each executive, so as to encourage delivery in these areas. The short-term targets for the year ending February 2026 should be similar to the previous year, except for the ROIC metric previously addressed. The following table shows short-term bonuses earned by management for the year ended February 2024 (previously reported and for comparison) and February 2025.

	CEO	CFO
February 2024		
Percentage achieved	50%	50%
Bonus achieved	R3 500 000	R2 250 000

	CEO	CFO
February 2025		
Percentage achieved	100%	100%
Bonus achieved	R7 431 000	R4 793 000

Nominations Committee matters

Non-executive director succession planning

During the year, the committee conducted a Board skills analysis and furthered discussions on non-executive director succession planning. It was agreed that the board and committee composition, which complies with relevant legislation, is currently suitable and appropriate for Lenmed's needs. The committee was satisfied that the board and committees have the requisite skills, knowledge and experience. As such no major changes to board composition are envisaged in the near future.

In order to comply with amendments to the Companies Act which requires a majority of independent non-executive directors on the Social and Ethics Committee, the composition of the committee was revised to accommodate this (as described under the Remco and Nomco activities above).

Non-executive director independence

The committee annually assesses the independence of the non-executive directors against the King IV criteria on director independence and makes a recommendation to the Board. The following directors were determined as being independent: Bharti Harie, Vaughan Firman, Dr Gunvant Goolab and Nomahlubi Simamane.

Other matters

- Review of composition of the Board and committees
- Recommending the re-election of directors retiring by rotation at the AGM
- Director training and development.

Focus areas for FY2026 – Remuneration and Nomination aspects

For the year ahead, Remco intends focusing on the following:

- Oversight of the restructuring and populating of the senior team organogram to execute on the agreed FY26 strategy
- Continuous alignment of the Remco workplan to the Lenmed strategy
- Updates to King V and the Companies Act and its impact on Remco and the Board;
- Recommending strategies to position Lenmed as an employer of choice
- Oversight over the implementation of the Group's leadership culture and business operating model, as well as change managemwent initiatives across the organisation

SOCIAL AND ETHICS COMMITTEE REPORT

Report to shareholders

The Social and Ethics Committee (the "Committee") is pleased to present its report for the financial year ended 28 February 2025 to the shareholders of Lenmed Health Group.

This report is prepared in accordance with the requirements of the Companies Act (No. 71 of 2008), as amended (Companies Act) and describes how the Committee has discharged its statutory duties in terms of the Companies Act and its additional duties assigned to it by the Board.

COMMITTEE MANDATE

The mandate of the social and ethics committee has three main functions:

1. To monitor the company's activities with regard to the following five areas of social responsibility:
   1. social and economic development;
   2. good corporate citizenship;
   3. the environment, health and public safety;
   4. consumer relationships; and
   5. labour and employment.
2. To draw matters within its mandate to the attention of the board as required.
3. To report to shareholders at the annual general meeting on the matters within its mandate (cf. Companies Regulations section 43(5)).

In discharging its duties, the Committee takes into consideration any relevant legislation, other legal requirements, or prevailing codes of best practice in all markets where the Group operates.

Composition of the committee

The Committee comprises suitably skilled and experienced members appointed by the Board. Mrs. NV Simamane, who is an independent non-executive director, chairs the committee. Committee members include Dr. G Goolab, an independent non-executive director, Mr. N Bechan, the Hospital CEO for Lenmed eThekwini Hospital and Heart Centre and Dr N Patel, the Chief Medical Officer for the Lenmed Group. Key information providers include senior managers in the areas of People and Culture, Social Impact, Procurement, Finance, Marketing, and Internal Audit, currently undertaken by Mazars. The Group company secretary acts as the secretary of the Committee.

The Committee Charter and work plan

The Committee is governed by a formal charter, which guides the Committee in terms of its objectives, authority, and responsibilities. The charter incorporates the requirements of the Companies Act, specifically regulation 43(5).

The board approved the committee charter and work plan, which details the role, responsibilities, and mandate of the committee.

In terms of the committee's mandate, at least two meetings should be held annually. During this financial year, the Committee held three meetings, attendance at which can be found on page 16.

The committee's role and responsibilities

Role

The Committee has an independent role with accountability to the Board. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers, and other members of senior management.

The overall role of the Committee is to assist the Board with the governance of social, ethical and transformation matters relating to the company.

Responsibilities

The committee performs all the functions as is necessary to fulfill its role as stated above, including its statutory duties.

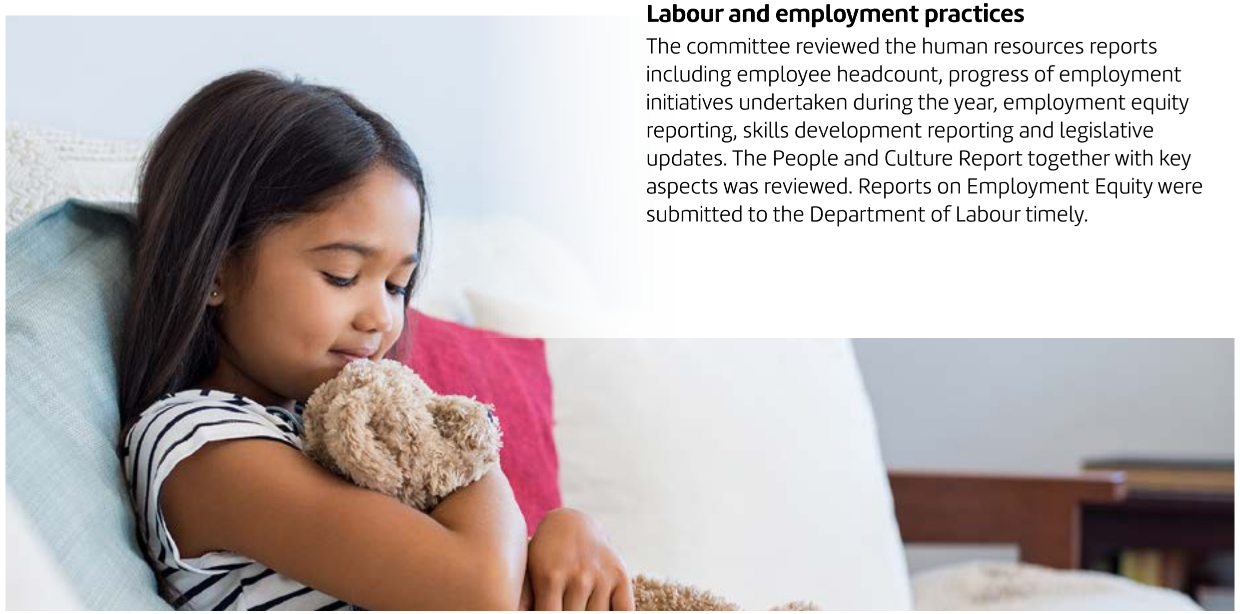
In fulfilling its statutory duties and performing its functions as delegated by the Board, the Committee considers and evaluates the sustainability of the Group in the following areas:

- ethical culture and values;
- approach to compliance;
- commitment to transformation and B-BBEE;
- health and public safety, which includes occupational health and safety, certain aspects of the group's clinical governance and waste management;
- environmental matters;
- patient satisfaction;
- labour relations;
- corporate citizenship; and
- environmental, social and governance (ESG)

Policy review

The Committee is responsible for developing and reviewing the Group's policies regarding the commitment, governance, and reporting of the Group's sustainable development performance and for making recommendations to management and/or the Board in this regard. The policy register was reviewed to ensure compliance with all legislative requirements in all the markets Lenmed operates in. The register is updated by line managers as required and is displayed on the Lenmed portal for staff to access.

There were no new policies tabled for approval. The following policies were reviewed, with no changes made: Business Integrity Policy, CSI Policy, Employee Relations Policy, Employee Wellness and Chronic Illness Policy, Employee Bursary Policy, Human Rights Policy, Legal Ethical Policy, Tax Ethical Policy and the Employment Equity Policy which will be updated in due course to take account of the amendments to the EE Act. The ESG Policy and Environmental Policy are still under review and will be finalised in due course. Lenmed has extended the application of the Ethics Policy to suppliers.



Summary report

This section provides a summary of the social and ethics focus areas during this reporting period.

1 ESG

ESG continues to be an area of focus within the business under the leadership of the Social Impact Executive. Metrics and targets have been set with these being extended to all functional areas of business units. The plan is to undertake a baseline assessment later this year.

2 SOCIAL AND ECONOMIC DEVELOPMENT

Human Rights practices within the company

The Committee reviewed and assessed compliance to the principles of the UN Global Compact and was satisfied that these international practices were adequately taken into account and covered by Lenmed's practices and policies.

There have been no incidents of human rights abuses declared against the company in the period under review.

Labour and employment practices

The committee reviewed the human resources reports including employee headcount, progress of employment initiatives undertaken during the year, employment equity reporting, skills development reporting and legislative updates. The People and Culture Report together with key aspects was reviewed. Reports on Employment Equity were submitted to the Department of Labour timely.

Transformation

The committee reviewed the company's performance against the B-BBEE codes including Ownership, Skills development, Preferential Procurement, Management Control/Employment Equity, Supplier development, Enterprise development and Socio-economic development.

Lenmed achieved a Level 1 B-BBEE score. Initiatives on skills development continue via learnerships that include the disabled learnership program and issuing of bursaries. The YES (Youth Employment Services) program remains a specific focus for Lenmed. Preferential procurement including employment from local communities in the cleaning, catering and security areas continues.

B-BBEE Scorecard overview

Ownership	25.00
Management Control	15.35
Skills Development	09.16
Enterprise Supplier Development	40.83
Socio Economic Development	05.00
Total score	**95.34**

3 CORPORATE CITIZENSHIP

Corporate Social Investment ("CSI")

The company's CSI expenditure and its progress against planned initiatives during the year was assessed and found to be satisfactory. Most of the CSI goes towards patient discounts and co-payments to increase access to poorer communities and enable them to have good quality health care. Other CSI support includes community related initiatives at the hospitals, donations from Head Office, blood drives, geriatric home support, cataract operations and the Children's Cardiac Foundation of Africa. The Children's Cardiac Foundation of Africa has to date performed lifesaving surgeries on more than one hundred children suffering from Congenital Heart Disease and were on the waiting list from the state sector. This is a Lenmed initiative with independent trustees and Lenmed is a major donor to the foundation.

Anti-corruption, Ethics, and Compliance

During the year the committee received various reports on ethics and compliance. It was further noted that relevant information on the Anti-corruption policy, Business Conduct policy and related legislation continued to be communicated to all employees. There were no incidents of fraudulent activities during this reporting period and no incidents of unethical or corrupt activities were raised via the whistle-blower hotline.

Labour Relations

The Labour Relations Climate is healthy, demonstrated by the very few CCMA active cases, coupled with acceptable relations with Trade Unions. No concerns were raised regarding the labour climate.

4 SAFETY, HEALTH, AND ENVIRONMENT

Environment, Health, and Public Safety

Reports on energy, water conservation initiatives were reviewed together with implementation plans. The committee provided support for the significant planned capex in energy, water as well as medical and general waste management areas.

Comprehensive Clinical Governance reports were received, covering infection rates, group alerts, incidents, improvement initiatives and learnings and healthcare waste disposal. Clinical outcomes and incident trends remain an area of focus.

5 STAKEHOLDER RELATIONS

The implementation of the stakeholder engagement strategic plan continued, yielding some positive results amongst shareholders, doctors, patients and employees.

Customer Relationships

The committee received and reviewed reports on the company's advertising and public relations activities and stakeholder relations including patient satisfaction levels, driven at hospital level. In general, all hospitals fared well on customer experience and the metrics all point in the right direction.

Employee Engagement and Wellness

The enhanced Employment equity policy that focuses on transformation initiatives, including commitment and targets has been implemented. Focus on improving disability statistics remains. The mandatory training continues and there is more emphasis on leadership development, focusing on frontline leaders at a middle management level.

Lenmed hosted its annual employee wellness experience during the months of August and September 2024, with the aim of highlighting employee health and wellness. Furthermore, this was to reinforce the importance of taking care of one's own health and mental wellbeing by participating in the mental and physical health assessments.

Legislation

Legislative compliance is monitored in South Africa, Mozambique, Botswana and Ghana where the group has operations. The committee can confirm that the group complies with all Acts and has not attracted any penalties due to non-compliance.

The company's **Sustainable Development Report** which reflects more detail relating to the company's activities can be found on the company's website.

The committee kept abreast of developments in the Companies Amendment Bill, to assess the impact on the committee's activities once it has been passed.

The committee's performance and effectiveness were undertaken at the end of 2024 as per the plan of assessing the effectiveness of the committee every two years. The resultant score exceeded good performance. The minor areas that received a slightly lower score have been noted and plans will be put in place to improve them. The committee chairman updates the board at every board meeting on the work done by the committee.

6 REPORT TO SHAREHOLDERS

The committee has reviewed and was satisfied with the content in the integrated report that is relevant to the activities and responsibilities of the committee.

The committee reports to Lenmed shareholders via the Integrated Report; however all committee chairs attend the annual general meeting (next one scheduled for 7th August 2025) and are available at the meeting to respond to questions from shareholders.

Consolidated annual financial statements

28 Directors' Responsibilities and Approval
29 Report of the Audit Committee
29 Statement of Compliance by the Company Secretary
30–31 Independent Auditor's Report
32 Directors' Report
33 Statement of Profit or Loss and Other Comprehensive Income
33 Statement of Financial Position
34 Statement of Cash Flows
35 Statement of Changes in Equity
36 Accounting Policies
40–56 Notes to the Consolidated Financial Statements

Level of assurance

These consolidated financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

These financial statements were:
Prepared by: T H S Miya CA(SA)
Supervised by: N Gany CA(SA)

Company information

Country of incorporation

South Africa

Registered address

2nd Floor Fountain View House, Constantia Office Park,
Corner 14th Avenue and Hendrik Potgieter Road,
Constantia Kloof, Johannesburg, 1709

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report.

These consolidated annual financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and it is their responsibility to ensure that the consolidated annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the consolidated statement of financial position, results of operations and business of the group, and explain the transactions and financial position of the business of the group at the end of the financial year. The consolidated annual financial statements are based upon appropriate accounting policies consistently applied throughout the group and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the group will not be a going concern in the foreseeable future. The consolidated annual financial statements support the viability of the group.

The consolidated financial statements have been audited by the independent auditing firm, PKF Durban, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 30 to 31. The consolidated financial statements set out on pages 33 to 56 which have been prepared on the going concern basis, were approved by the directors and were signed on 12 June 2025 on their behalf by:

Mr A Devchand
Chief Executive Officer

Mr F J Meiring
Chief Financial Officer

Report of the Audit Committee

Report of the Audit Committee in terms of section 94(7)(f) of the Companies Act

The committee met on five occasions to carry out its function for the financial year and held further discussions with the external and internal auditors and management. Based on the information supplied at those meetings, the Audit Committee has no reason to believe that there were any material failures or breakdowns in the accounting practices and the system design and effectiveness of internal financial controls during the year.

The committee also satisfied itself on the independence of the external auditors that they were properly appointed in terms of the Companies Act and that the audit fees and non-audit services were appropriate.

The committee reviewed the consolidated annual financial statements as well as the significant judgements and reporting decisions with the assurance providers and management and came to the conclusions that:

- The going concern basis of reporting is appropriate.
- The consolidated annual financial statements comply in all material respects with statutory and IFRS Accounting Standards disclosure requirements.
- The consolidated annual financial statements should be approved by the board and circulated to shareholders.

Mr V E Firman CA(SA)
Chairman of the Audit Committee

12 June 2025

Statement of Compliance by the Company Secretary

I hereby certify, in my capacity as company secretary of Lenmed Investments Limited and its subsidiaries, that for the financial year ended 28 February 2025, the company has filed all required returns and notices in terms of the Companies Act of South Africa, with the Companies and Intellectual Property Commission and that all such returns and notices appear to the best of my knowledge and believe to be true, correct and up to date.

W R Somerville
Company Secretary

12 June 2025

Independent Auditor's Report

To the Shareholders of Lenmed Investments Limited and its subsidiaries Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Lenmed Investments Limited and its subsidiaries (the group) set out on pages 33 to 56, which comprise the consolidated statement of financial position as at 28 February 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Lenmed Investments Limited and its subsidiaries as at 28 February 2025, and its consolidated financial performance and consolidated 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 Companies 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 Consolidated Financial Statements section of our report. We are independent of the group 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.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final Materiality

The scope of our audit was influenced by our application of materiality. The amount we set as materiality represented a quantitative threshold used to evaluate the effect of misstatements to the financial statements as a whole based on our professional judgment. Qualitative factors were also considered in making final determinations regarding what is material to the financial statements.

The final materiality amount for the consolidated financial statements as a whole was R65,677,000 which represented 1.25% of consolidated revenue. Consolidated revenue was chosen as it provided a consistent basis against which the performance of the group could be measured and the % applied was determined based on our professional judgement after consideration of qualitative factors that impacted the group.

Group Audit Scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

We performed risk assessment activities across the group and its components to identify risks of material misstatement. We then identified how the nature and size of the account balances of the components contribute to those risks and so determined which account balances required an audit response. We then considered for each component the degree of risk identified and the number of accounts requiring audit responses to assign either a full or specific scope (including specified procedures) to each component.

In our assessment of the residual account balances not covered by the audit procedures, we considered whether these could give rise to a risk of material misstatement of the consolidated financial statements. This assessment included taking into account that the remaining components not audited where independently reviewed.

A full scope audit was performed on the holding company and all the components which likely included risks of material misstatement of the consolidated financial statements. An audit of specific financial statement line items for 1 component were performed based on group audit risks identified. Independent reviews were performed on the remaining components considered to have low risks of material misstatement of the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

In terms of the EAR Rule, we are required to report key audit matters and the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below.

Key Audit Matter	How matter was addressed in the audit
Valuation of goodwill	
As disclosed in note 10, the consolidated financial statements include goodwill. As required by IAS 36 Impairment of Assets, for the cash-generating units to which goodwill has been allocated, management test the cash-generating units for impairment annually, and whenever there is an indication that the cash generating unit may be impaired. These tests are conducted by comparing the carrying amount of the cash-generating unit, including the goodwill, with the recoverable amount of the cash-generating-unit. The recoverable amounts are determined using the discounted cash flow valuation method which involves a number of key assumptions. The significant judgements applied by management include: • estimating the future cash inflows and outflows to be derived from continuing use of the asset; and • determining the key assumptions being the discount rates, growth rates and terminal growth rates. The annual impairment testing of these assets are considered to be a key audit matter due to the magnitude of the carrying value of these assets and the subjectivity of the key assumptions used.	Our audit procedures included: • we obtained an understanding of the impairment testing methods used through discussions with management, including familiarising ourselves with the process around preparing the budgets that drive the cash flows; • we assessed whether the approach adopted by management in using the discounted cash flow valuation method was in line with the applicable requirements of IAS 36 Impairment of Assets; • we have tested the mathematical accuracy of the results of the discounted cash flow valuation method through re-performing the calculations; • we made use of our internal valuation expertise, where necessary, to determine our own estimates of key assumptions in order to assess whether these were within a reasonable range; • we analysed the future projected cash flows used in the model to determine whether they were reasonable and supportable; • we subjected the key assumptions to sensitivity analyses; and • we evaluated the appropriateness of the disclosures and including about those assumptions to which the outcome of the impairment test is most sensitive.

Independent Auditor's Report *continued*

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Lenmed Investments Limited and its subsidiaries Consolidated Annual Financial Statements for the year ended 28 February 2025", and in the document titled "Lenmed Investments Limited Separate Annual Financial Statements for the year ended 28 February 2025", which includes the Directors' Report, the Statement of Compliance by the Company Secretary, and the Report of the Audit Committee as required by the Companies Act of South Africa, which we obtained prior to the date of this report and the document titled "Lenmed Investments Limited Annual Integrated Report 2025", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group'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 directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 group'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 consolidated 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 group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the group, as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 directors, we determine those matters that were of most significance in the audit of the consolidated 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.

Audit Tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PKF Durban have been the auditors of Lenmed Investments Limited and its subsidiaries for 17 years.

Disclosure of Fee-related Matters

In terms of the EAR Rule, we disclose that the audit and non-audit fees paid to the firm and network firms was R5,762,050 and R405,950 respectively.

PKF Durban
Partner: R.C. Boulle
Registered Auditor
Durban

Date: 12 June 2025

Directors' Report

The directors present their report for the year ended 28 February 2025.

1. Review of activities

Main business and operations

The principal activities of the Group during the year were the provision of private patient health care, through management and ownership of hospitals and other related health care services. There were no major changes in the nature of the business during the year under review.

The operating results and consolidated statement of financial position of the group are fully set out in the attached financial statements and further amplified in this report.

2. Group Financial Results

The Group's earnings before interest, taxation, depreciation and amortisation (EBITDA) and impairment amounted to R832.986 million (2024: R677.216 million).

Group's profit before taxation for the year amounted to R431.123 million (2024: R297.252 million) before taking into account taxation of R130.789 million (2024: R73.342 million), resulting in profit after taxation for the year of R300.335 million (2024: R223.910 million).

The results of the Group are set out in the attached consolidated annual financial statements. The separate annual financial statements of the company are presented apart from the consolidated annual financial statements and were approved by the directors on 12 June 2025, the same date as the consolidated annual financial statements. The consolidated annual financial statements have been prepared in accordance with IFRS Accounting Standards.

3. Authorised and issued share capital

Other than the share buyback referred to below, no changes were approved or made to the authorised or issued share capital of the company during the year under review.

4. Borrowings

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

The directors did not exceed any authorised levels of borrowings as required in the Memorandum of incorporation or the Companies Act during the year under review.

5. Dividend

A final gross cash dividend of 8.45 cents per share was declared by the Board on 10 June 2024 from profits accrued during the financial year ended 28 February 2024. The total cash dividend declared amounted to 8.45 cents per share. The dividend was paid on 11 July 2024 to shareholders who were on the register on 4 July 2024. This final dividend paid to shareholders amounted to R59.956 million.

The company's dividend policy remained unchanged during the year:

a. A dividend of no less than 10% of headline earnings attributable to Lenmed shareholders will be declared annually.

b. Basis of dividend:
   - Only a final dividend will be declared and no interim dividend is to be paid.
   - The final dividend will be declared after the board has approved the audited consolidated annual financial statements for the year – normally in May or June in respect of the February financial year-end.
   - Payment of the dividend will be made by EFT, prior to the Annual General Meeting, which is usually held in August.
   - The declaration and payment of the dividend is subject to the Board completing the solvency and liquidity tests required in terms of Section 4 of the Companies Act and the approval of Lenmed's bankers in accordance with the debt funding terms and conditions.

c. The Dividend policy shall be reviewed at least annually.

6. Directors

The directors of the company during the year and up to the date of this report are as follows:

Mr P Devchand	Executive Chairman
Mr A Devchand	Executive Director and Chief Executive Officer
Mr F J Meiring	Executive Director and Chief Financial Officer
Mr M G Meehan*	Lead independent non-executive Director
Ms N V Simamane^	Lead independent non-executive Director
Mr V E Firman	Independent non-executive Director
Ms B Harie	Independent non-executive Director
Dr G Goolab	Independent non-executive Director
Prof B D Goolab	Non-executive Director

* *Mr M G Meehan retired on the 31st of July 2024.*

^ *Ms N V Simamane was elected as the new Lead Independent non-executive Director.*

7. Share buyback programme

The Group bought back 1 291 343 shares at an average price of R1.89 per share.

8. Company Secretary

The group's designated company secretary is Mr. W.R. Somerville.

9. Independent auditors

PKF Durban, Registered Auditors, will continue in office as external auditors of the company in accordance with section 90(1) of the Companies Act of South Africa, subject to shareholder approval at the upcoming Annual General Meeting. H.Paruk will be the individual registered auditor who will undertake the 2026 audit following the rotation of R.C. Boulle.

10. Events after reporting date

All events subsequent to the date of the consolidated annual financial statements and for which IFRS Accounting Standards require adjustment or disclosure have been adjusted or disclosed.

For the purpose of creating liquidity in the ordinary shares of the company, the directors approved a general ordinary share buy-back offer to all shareholders effective from 14th of May 2025. The share buy-back offer closed on the 4th of June 2025, in terms of which 32.4 million ordinary shares were repurchased at R3 per share, totalling R97.2 million.

The directors are not aware of any other matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Group other than described above.

11. Going concern

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

12. Special resolutions

The following special resolutions were passed during the course of the year at the annual general meeting of shareholders:

- Approval of financial assistance in terms of section 44 and 45 of the Companies Act.
- Non-executive director fees for the 12 months following the annual general meeting.
- General authority to approve the acquisition of shares in the company.

Statement of Profit or Loss and Other Comprehensive Income

Figures in R'000	Notes	GROUP 2025	GROUP 2024
Revenue	4	**5 254 157**	4 669 628
Cost of sales		**(1 651 740)**	(1 458 762)
GROSS PROFIT		**3 602 417**	3 210 866
Other income	5	**214 029**	218 346
Expected credit losses raised	17.2	**(96 297)**	(105 089)
Operating costs	5	**(3 100 110)**	(2 843 546)
Profit from operating activities	5	**620 039**	480 577
Interest income	6	**14 040**	13 220
Finance costs	7	**(204 847)**	(196 714)
Share of profit from equity accounted investments	13.2	**1 892**	169
Profit before tax		**431 124**	297 252
Income tax expense	8	**(130 789)**	(73 342)
PROFIT FOR THE YEAR		**300 335**	223 910
Profit for the year attributable to:			
Owners of Parent		**277 141**	189 129
Non-controlling interest		**23 194**	34 781
		300 335	223 910
Other comprehensive income			
Profit for the year		**300 335**	223 910
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation reserve		**(10 818)**	29 214
TOTAL OTHER COMPREHENSIVE INCOME		**(10 818)**	29 214
TOTAL COMPREHENSIVE INCOME		**289 517**	253 124
Total comprehensive income attributable to:			
Owners of parent		**272 958**	213 094
Non-controlling interests		**16 559**	40 030
		289 517	253 124
Earnings per share attributable to owners of the parent during the year			
Basic and diluted earnings per share (cents)	9	**39.11**	26.66

Statement of Financial Position

Figures in R'000	Notes	GROUP 2025	GROUP 2024
Assets			
NON-CURRENT ASSETS			
Property, plant and equipment	11	**3 744 690**	3 635 557
Right-of-use assets	14	**212 899**	239 043
Goodwill	10	**547 126**	547 126
Intangible assets	12	**31 871**	42 803
Investments in and loans to associates	13	**20 056**	16 710
Deferred tax assets	15	**109 293**	96 482
		4 665 935	4 577 721
CURRENT ASSETS			
Inventories	16	**122 620**	119 064
Trade and other receivables	17	**1 321 852**	1 161 996
Current tax assets		**–**	4 392
Cash and cash equivalents	18	**318 826**	283 546
		1 763 298	1 568 998
Total assets		**6 429 233**	6 146 719
Equity and liabilities			
EQUITY			
Stated capital	19	**423 563**	426 006
Accumulated profits		**2 208 647**	1 943 507
Other reserves	20	**238 678**	290 816
Non-controlling interests		**388 520**	382 692
Total equity		**3 259 408**	3 043 021
Liabilities			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	15	**284 481**	251 063
Lease liabilities	14	**246 477**	272 482
Long-term liabilities	21	**1 724 317**	1 094 918
Loans from non-controlling interests	22	**28 433**	25 421
		2 283 708	1 643 884
CURRENT LIABILITIES			
Provisions	24	**147 719**	128 537
Trade and other payables	23	**619 351**	613 417
Current tax liabilities		**3 006**	-
Current portion of lease liabilities	14	**17 683**	16 767
Current portion of long-term liabilities	21	**46 566**	606 228
Loans from non-controlling interests	22	**9 529**	9 242
Bank overdraft	18	**42 263**	85 623
		886 117	1 459 814
TOTAL EQUITY AND LIABILITIES		**6 429 233**	6 146 719

Statement of Cash Flows

Figures in R'000	Notes	GROUP 2025	GROUP 2024
Cash flows from operations			
PROFIT FOR THE YEAR		**300 335**	223 910
Income tax		**130 789**	73 342
Interest income		**(14 040)**	(13 220)
Finance costs		**204 847**	196 714
Depreciation and amortisation		**208 723**	196 639
Impairment losses recognised in profit or loss		**4 225**	-
Income from associates		**(1 892)**	(169)
Bargain purchase		**–**	(12 543)
Loss on disposal of plant and equipment		**1**	(864)
Working capital changes:			
Increase in inventories		**(4 613)**	(10 045)
Increase in trade and other receivables		**(243 458)**	(54 350)
Increase in trade and other payables		**84 787**	41 223
CASH FLOWS FROM OPERATIONS		**669 704**	640 637
Finance costs		**(197 600)**	(191 609)
Interest income		**14 040**	13 222
Income taxes paid	25.1	**(103 256)**	(89 636)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**382 888**	372 614
Cash flows used in investing activities			
Cash flows used in obtaining control of subsidiaries or other businesses	28.2	**–**	(163 639)
Loans advanced to associates		**(1 453)**	(3 968)
Proceeds from sales of property, plant and equipment		**3 796**	20 905
Purchase of property, plant and equipment		**(275 121)**	(329 021)
– to maintain operating capacity*		**(117 493)**	(249 977)
– to expand operating capacity*		**(157 628)**	(79 044)
Purchase of intangible assets		**(9 665)**	(20 568)
CASH FLOWS USED IN INVESTING ACTIVITIES		**(282 443)**	(496 291)
Cash flows (used in) / from financing activities			
Share buyback		**(2 443)**	-
Loans advanced	25.2	**100 738**	168 076
Loans repaid	25.2	**(32 535)**	(90 399)
Lease liabilities	14.3	**(17 576)**	(16 394)
Dividend paid to non-controlling interests		**(10 731)**	(6 168)
Dividends paid to shareholders		**(56 202)**	(29 942)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		**(18 749)**	25 173
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**81 696**	(98 504)
Effect of exchange rate changes on cash and cash equivalents		**(3 056)**	7 395
Cash and cash equivalents at beginning of the year		**197 923**	289 032
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**276 563**	197 923

* *To improve disclosure, the non-cash adjustment to purchase of property, plant and equipment of R49 064m disclosed in the prior year as a separate row, has now been incorporated into the "to maintain operating capacity" and "to expand operating capacity" rows.*

Statement of Changes in Equity

Figures in R'000	Stated capital	Foreign currency translation reserve	Accumulated profits	Attributable to owners of the parent	Non-controlling interests	Total
	GROUP					
BALANCE AT 1 MARCH 2023	426 006	266 851	1 784 320	2 477 177	309 298	2 786 475
Profit for the year	–	–	189 129	189 129	34 781	223 910
Other comprehensive income	–	23 965	–	23 965	5 249	29 214
Dividend recognised as distributions to shareholders	–	–	(29 942)	(29 942)	–	(29 942)
Dividends paid to non-controlling interests	–	–	–	–	(6 121)	(6 121)
Acquisition of Beira	–	–	–	–	39 485	39 485
BALANCE AT 1 MARCH 2024	426 006	290 816	1 943 507	2 660 329	382 692	3 043 021
Profit for the year	**–**	**–**	**277 141**	**277 141**	**23 194**	**300 335**
Other comprehensive income	**–**	**(52 138)**	**47 955**	**(4 183)**	**(6 635)**	**(10 818)**
Dividend recognised as distributions to shareholders	**–**	**–**	**(59 956)**	**(59 956)**	**–**	**(59 956)**
Dividends paid to non-controlling interest	**–**	**–**	**–**	**–**	**(10 731)**	**(10 731)**
Share buyback	**(2 443)**	**–**	**–**	**(2 443)**	**–**	**(2 443)**
BALANCE AT 28 FEBRUARY 2025	**423 563**	**238 678**	**2 208 647**	**2 870 888**	**388 520**	**3 259 408**
Note	19					

Accounting Policies

1. Basis of preparation and summary of material accounting policies

These consolidated annual financial statements are prepared in accordance with IFRS Accounting Standards, the IFRS Interpretations issued by the IFRS Interpretations Committee (IFRS IC), comply with SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Announcements issued by the Financial Reporting Standards Council and the Companies Act of South Africa. These policies have been consistently applied to all years presented, unless otherwise stated. They have been prepared on the historical cost basis, unless otherwise stated. The principal accounting policies incorporated are listed below.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Account Standards that have a significant effect on the financial statements, and critical estimates made in the preparation of these consolidated annual financial statements are disclosed in note 2.

The financial statements are presented in South African Rand (R), the functional currency of the Group and all amounts are rounded to the nearest thousand, except where otherwise indicated. Foreign currency exchange rates used in the preparation of converting into Rands are set out below:

	28 February 2025			29 February 2024		
	BWP Pula	**USD Dollar**	**MZN**	BWP Pula	USD Dollar	MZN
Closing rate	**R 1.36**	**R 18.56**	**R 0.29**	R 1.41	R 19.23	R 0.30
Average rate	**R 1.36**	**R 18.28**	**R 0.29**	R 1.40	R 18.69	R 0.30

1.1 Basis of consolidation

These financial statements are consolidated annual financial statements of Lenmed Investments Limited and its subsidiaries and associates. Control is achieved when the Group has powers over the investee, is exposed or has rights to variable returns from its investment with the investee and has the ability to use its power to affect its returns. If facts and circumstances indicate that there are changes to one or more elements of control, the Group shall reassess whether it controls the investee.

Subsidiaries

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets transferred, shares issued or liabilities assumed at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiaries acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Non-controlling interests in subsidiaries are presented in the consolidated statement of financial position separately from the equity attributable to equity owners of the parent company. Non-controlling shareholders' interest may initially be measured at fair value or the non-controlling shareholders' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on each acquisition individually. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling having a deficit balance.

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The investment in an associate is initially recognised at cost and adjusted for the Group's share in the net assets of the investee after the date of acquisition. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses.

1.2 Revenue from contracts with customers

Revenue for hospital and related services rendered and medical consumables sold in the ordinary course of business is recognised at the consideration received or expected to be received for providing the services or goods specified in the contract with the patient net of indirect taxes and trade discounts.

Performance obligations are measured from admission to the point when there are no further services required for the patient, which is the time of discharge.

The transaction price is determined based on gross charges for services provided.

Revenue is categorised into tariff and non-tariff revenue. Tariff revenue is from accommodation, equipment rental, theatre fees, professional and ward fees and is recognised over time as the patient receives and consumes the respective benefits during the patient's stay. Non-tariff revenue is from ethicals and medical consumables and is recognised at a point in time when consumed by or delivered to the patient. Invoices raised are payable on presentation.

1.3 Other income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Group provides management services for healthcare auxiliary operations. These services encompass a range of administrative and operational support functions. The management fees are based on the terms specified in the service agreements.

Dividends are recognised when the shareholders' right to receive payment is established.

Interest received is recognised on a time proportion basis, taking account of the principal amount outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Gains or losses on foreign currency translations of foreign subsidiary loans are recognised in profit and loss, where the loans do not form part of the net investment in the foreign operations, and in other comprehensive income when it does form part of the net investment.

1. Basis of preparation and summary of material accounting policies *continued*

1.4 Cost of sales

Cost of sales includes all costs of purchase. Inventory write-downs are included in cost of sales when recognised. Trade discounts and similar costs are deducted in determining the costs of purchases. Where the Group employs doctors and recognises revenue on their professional services rendered, the cost of employing these doctors is recognised as a cost of sale.

1.5 Inventories

Inventory is stated at the lower of cost or net realisable value on a weighted average basis. Cost comprises all costs of purchase and other costs which are incurred in bringing the inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

1.6 Tax

Current tax

The charge for current tax is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is provided on the liability method and is computed as the difference between the tax base and carrying amounts of assets and liabilities. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences as well as unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised. The probability of taxable profits are calculated based on business plans which includes estimates and assumptions regarding economic growth, interest and competitive forecasts. The carrying amount of the deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognised if they arise in the following situations: the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit.

1.7 Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less), leases of low value assets and variable lease payments that do not depend on an index or rate. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

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

- Fixed lease payments; and
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed;
- The lease payments change due to changes in an index or rate, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term (ranging between 1 and 19 years) and useful life of the underlying asset (see note 1.9). If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation is recorded from the commencement date of the lease.

Right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

1.8 Goodwill

Goodwill on acquisitions comprises the excess of the aggregate of the fair value of the consideration transferred, the fair value of any previously held interests, and the recognised value of the non-controlling interest in the acquiree over the net identifiable assets acquired and liabilities assumed at acquisition date.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment annually. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

To the extent that the fair value of the net identifiable assets of the entity acquired exceeds the cost of acquisition, the excess is recognised in profit and loss on acquisition date.

1.9 Property, plant and equipment

Property, plant and equipment are initially recorded at cost including any costs directly attributable to bringing the assets to the location and conditions necessary for them to be fully operational and, subsequently less accumulated depreciation and any impairment losses.

The residual value represents the best estimate of the current recoverable amount of the asset at the end of its useful life.

Property, plant and equipment is depreciated to estimated residual value on a straight line basis over the asset's expected useful lives. Land is not depreciated.

The following are the current estimated useful lives:

Land	Indefinite
Buildings	50 years
Leasehold improvements	Written off over the period of lease
Plant & Equipment	5-20 years
Motor vehicles	5 years
Computer Equipment	3-8 years
Office Equipment	5-20 years
Furniture & Fittings	5-20 years

Gains or losses on disposal of assets are calculated as the fair value of the consideration received less the carrying amount at the date of sale and are recognised in profit and loss.

1. Basis of preparation and summary of material accounting policies *continued*

1.10 Impairment of a non-financial asset

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated as the higher of the net selling price and value-in-use. For goodwill and intangible assets that have an indefinite useful life the recoverable amount is tested for impairment at least annually.

In assessing value-in-use, the expected future cash flows are discounted to present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. Impairment losses and reversals of impairment losses are separately disclosed in profit and loss.

A previously recognised impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years. An impairment loss in respect of goodwill is not reversed.

1.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and when a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflect current market assumptions of the time value of money and are risk specific where appropriate.

1.12 Employee benefits

Short-term employee benefits

The cost of all short-term benefits is recognised during the period in which the employee renders the related service.

The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the Group has a present obligation to pay as a result of the employees' services provided during the reporting date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

The expected cost of profit-sharing and bonus payments is recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

Retirement benefits

The Group contribute to defined contribution funds on behalf of its employees. Contributions are charged against profit or loss as incurred. When an employee has rendered service to an entity during a period, the contribution payable to a defined contribution plan in exchange for that service is recognised:

- As a liability, after deducting any contribution already paid. Where the contribution already paid exceeds the contribution due for service before the end of the reporting period, the excess is recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.
- As an expense, except where the amount is allowed as an inclusion in the cost of an asset.

1.13 Financial instruments

The Group classifies financial instruments on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised in the statement of financial position at fair value when the Group becomes a party to the contractual provisions of the instrument. Direct transaction costs are included in the initial carrying value of the financial instrument except in the case of financial instruments classified at fair value through profit and loss, in which case the transaction costs are expensed as they are incurred.

The Group has divided its financial instruments into the classes based on the manner in which the financial instruments are managed and reported on for internal management purposes.

Cash and cash equivalents

Cash and cash equivalents are initially measured at fair value and subsequently measured at amortised cost. In the statement of cash flows, bank overdrafts are offset against cash and cash equivalents.

Working capital balances

These include trade and other receivables and trade and other payables which arise in the normal course of the Group's business.

The constituents of the above classes of financial instruments are measured as follows:

Trade and other receivables

Trade receivables are initially recognised at the transaction price and subsequently measured at amortised cost using the effective interest rate method and reduced by impairment losses.

The Group recognises lifetime Expected Credit Losses "ECL" for trade and other receivables. Under the simplified approach, the loss allowance is calculated over the lifetime of the asset. Trade receivables is disaggregated into major categories and the credit risk is assessed for each category. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Loss allowances are reviewed at the end of each reporting period.

Subsequent recoveries of amounts previously written off are recognised in profit and loss.

Trade and other payables

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, using the effective interest rate method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings as interest.

1.14 Intangible assets

Intangible assets are initially recognised at cost and subsequently less accumulated amortisation and any impairment losses.

Intangible assets are considered for impairment if there is any reason to believe that impairment may be necessary. Factors taken into consideration include the economic viability of the asset itself and where it is a component of a larger cash- generating unit, the viability of the unit.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation methods and remaining useful lives are reviewed at least annually. The estimation of the useful lives of intangible assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets but they are tested for impairment annually.

1. Basis of preparation and summary of material accounting policies *continued*

1.14 Intangible assets *continued*

Management agreement acquired as part of a business combination are recognised at their fair value at the date of acquisition, and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over the remaining period of the agreement. In other words, they have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

The assumptions regarding estimated useful lives were as follows:

Computer software	5 years
Management agreement	61 months
Hospital licences	Indefinite

1.15 Contingencies and commitments

Contingent liabilities are a possible obligation whose existence will be confirmed by a future event or a present obligation which cannot be recognised because the probability of an outflow is remote or the amount cannot be measured reliably. Items are classified as commitments where the Group commits itself to future transactions, particularly in the acquisition of property, plant and equipment. Contingent liabilities are not recognised.

1.16 Share incentive scheme

The Group operates a cash-settled share incentive scheme, under which it receives services from employees as consideration for cash with the fair value of the employee services received being measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

1.17 Foreign currency translation

Items included in the financial results of each entity are translated using the functional currency of that entity.

Foreign currency transactions

Income and expenditure transactions are translated into the functional currency of the entity at the rate of exchange ruling at the transaction date. Monetary assets and liabilities are translated into the functional currency of the entity at the rate of the exchange ruling at the reporting date. Foreign exchange gains or losses resulting from the translation and settlement of monetary assets and liabilities are charged to profit or loss, except when they relate to cash flow hedging activities in which case these gains or losses are recognised in other comprehensive income and included in the cash flow hedge accounting reserve in equity.

Foreign operations

The financial results of all entities that have a functional currency different from the presentation currency of their parent entity are translated into the presentation currency. Income and expenditure transactions of foreign operations are translated at the average rate of exchange for the year. All assets and liabilities, including fair value adjustments arising on acquisition, are translated at the rate of exchange ruling at the reporting date. Differences arising on translation are recognised in other comprehensive income and included in the foreign currency translation reserve in equity.

On consolidation, differences arising from the translation of the net investment in a foreign operation are recognised in other comprehensive income and included in the foreign currency translation reserve in equity.

On disposal of part or all of the investment, the proportionate share of the related cumulative gains or losses previously recognised in the foreign currency translation reserve in equity are included in determining the profit or loss on disposal of that investment charged to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at each reporting date.

1.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of outstanding shares during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the dilutive effect of all share options granted to employees.

1.19 Headline earnings per share

Headline earnings per share are calculated on the headline earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year. Headline earnings are determined in accordance with the Headline Earnings Circular issued by the South African Institute of Chartered Accountants from time to time and effective as at year end.

2. Critical accounting estimates and judgements

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 Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom 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 discussed below.

Key sources of estimation uncertainty

2.1 Deferred tax

A deferred tax asset is recognised on unused tax losses adjusted for the current year to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Estimates of future taxable income are based on cash flow forecasts, assumptions regarding economic growth, interest rates, inflation rates and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the deferred tax assets recorded at the reporting date could be impacted.

2.2 Financial instruments

Impairment of financial assets

The Group recognises lifetime Expected Credit Loss (ECL) for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward looking factors that could affect the ability of the debtor in settling their debts.

The key assumption in the ECL model is that the default definition can be applied when one or more of the following are applicable:

- Days past due are greater than 90 days;
- Default is considered likely as the accounts have been handed over to attorneys or under debt review or administration; or
- An account has been flagged as being high risk, but not yet formally handed over or placed under administration.

For trade receivables, given the nature of the main customer categories, it has been assumed that for these main customer categories they are unlikely to experience significant changes in economic conditions over the credit risk exposure period, therefore the forward-looking factors do not have a material impact on the Group. The Group uses judgement in making these various assumptions and selecting the inputs used in the impairment calculation.

2. Critical accounting estimates and judgements *continued*

2.3 Determination of lease terms for determining lease liability

The lease arrangements which one of the Group's subsidiaries is a party to, contain renewal clauses which depend on the future performance of the subsidiary at that location. In determining whether the subsidiary will exercise its renewal option, management makes judgements on whether the subsidiary is likely to meet the financial conditions required in order to extend the lease term.

2.4 Goodwill

Goodwill is tested for impairment at each statement of financial position date. The recoverable amounts of cash-generating- units have been determined based on value-in-use calculations. These calculations require the use of estimates and a level of judgement is required in estimating future activities, the related cash flows, economic growth, interest rates and inflation rates.

2.5 Share-based payments

The fair value is calculated using the Black Scholes option pricing model.

3. New standards and interpretations

New standards and interpretations not yet adopted

The following standards and interpretations were in issue but not yet effective.

Standard	Financial year applicable to Lenmed	Expected impact
Amendments to IFRS 7 Financial Instruments: Disclosures	28 February 2027	Unlikely to be material
Amendments to IFRS 9 Financial Instruments	28 February 2027	Unlikely to be material
Amendments to IFRS 10 Consolidated Financial Statements	28 February 2027	Impact not yet assessed
New IFRS 18 Presentation and Disclosure in Financial Statements	28 February 2028	Impact not yet assessed
New IFRS 19 Subsidiaries without Public Accountability: Disclosures	28 February 2028	Unlikely to be material
Amendments to IAS 7 Statement of Cash Flows	28 February 2027	Unlikely to be material
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	28 February 2026	Unlikely to be material

Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year.

Standard	Financial year applicable to Lenmed	Expected impact
Amendments to IFRS 16 Leases	28 February 2025	Not material
Amendments to IAS 1 Presentation of Financial Statements	28 February 2025	Not material
Amendments to IAS 7 Statement of Cash Flows	28 February 2025	Not material
Amendments to IFRS 7 Financial Instruments: Disclosures	28 February 2025	Not material

Notes to the Consolidated Financial Statements

	GROUP	
Figures in R'000	2025	2024
4. Revenue		
An analysis of revenue is as follows:		
Private healthcare services		
Non-tariff	**2 045 315**	1 778 796
Tariff	**3 208 842**	2 890 832
TOTAL REVENUE	**5 254 157**	4 669 628

There were no outstanding performance obligations at year end.

	GROUP	
Figures in R'000	2025	2024
5. Profit before interest and taxation		
Income		
Admin and management fees received	**21 258**	16 936
Bargain purchase arising on acquisition	**–**	12 543
Short term rental income – hospital space	**112 025**	105 254
Gain on foreign currency transactions	**4 038**	–
Expenses		
Bad debts written off	**73 607**	16 628
Depreciation and amortisation on intangible assets, plant and equipment	**188 362**	175 662
Depreciation on right-of-use assets	**20 361**	20 977
Employee expenses – direct	**1 021 314**	852 184
Employee expenses – indirect	**565 599**	580 734
Impairment loss	**–**	–
Loss on disposal of property, plant and equipment	**1**	(864)
Loss on foreign currency transactions	**–**	(2 328)
Short-term leases, low value leases and leases that do not depend on an index or rate		
Property	**41 806**	44 956
Equipment	**9 742**	6 743
Other	**3 327**	1 976
	54 875	53 675

In order to provide more useful information, employee expenses have been split into those employees that are involved in the provision of either direct or indirect medical services.

Figures in R'000	GROUP 2025	GROUP 2024
6. Interest income		
Interest received	**14 040**	13 220
7. Finance costs		
Long-term loans	**180 753**	166 671
Lease liabilities	**17 662**	18 683
Instalment sales agreements	**135**	266
Bank overdraft	**6 297**	11 094
TOTAL FINANCE COSTS	**204 847**	196 714
8. Income tax expense		
8.1 Income tax recognised in profit or loss:		
Current tax		
Current year	**111 349**	84 065
Deferred tax		
Originating and reversing temporary differences	**19 709**	(11 421)
Under/(Over) provision in prior years	**(269)**	698
TOTAL DEFERRED TAX	**19 440**	(10 723)
TOTAL INCOME TAX EXPENSE	**130 789**	73 342
8.2 The income tax for the year can be reconciled to accounting profit as follows:		
Income tax calculated at 27% (2024: 27%)	**27.00%**	27.00%
Tax effect of		
Under provision in prior year	**2.27%**	(2.83%)
Disallowed expenditure	**(0.33%)**	0.85%
Income not taxable	**(2.20%)**	(1.66%)
Foreign tax rate difference	**(0.21%)**	(1.08%)
Unrecognised deferred tax asset	**4.97%**	2.39%
Different tax rates	**(0.83%)**	0.00%
EFFECTIVE TAX RATE	**30.67%**	24.67%
8.3 Estimated tax losses		
Utilised in the deferred tax balance	**340 526**	383 126
Unused tax losses available for set-off against future taxable income	**340 526**	383 126

Figures in R'000	GROUP 2025	GROUP 2024
9. Earnings per share		
9.1 Basic earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Profit for the year attributable to owners of the company from continuing operations	**277 141**	189 129
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**708 622**	709 534
BASIC AND DILUTED EARNINGS PER SHARE (CENTS)	**39.11**	26.66
9.2 Headline earnings per share		
Headline earnings is calculated as follows:		
Profit for the year attributable to owners of the company from continuing operations	**277 141**	189 129
Adjusted for:		
(Profit)/Loss on disposal of property, plant and equipment	**1**	(864)
Bargain purchase arising on acquisition	**–**	(12 543)
Impairment loss	**4 225**	-
Total tax effects of adjustments	**(1 141)**	233
HEADLINE EARNINGS FROM CONTINUING OPERATIONS	**280 226**	175 955
Weighted average number of ordinary shares used in the calculation of headline earnings per share	**708 622**	709 534
Headline earnings per share (cents)	**39.55**	24.80
9.3 Dividends per share		
The dividends and weighted average number of shares used in the calculation of dividends per share are as follows:		
Dividends to shareholders	**59 956**	29 942
Weighted average number of ordinary shares used in the calculation of dividends per share	**708 622**	709 534
Dividends per share (cents)	**8,46**	4,22

Notes to the Consolidated Financial Statements *continued*

10. Goodwill

10.1 Reconciliation of changes in goodwill

Figures in R'000	Goodwill
Goodwill	
Reconciliation for the year ended 28 February 2025	
BALANCE AT 1 MARCH 2024	
At cost	**557 469**
Accumulated impairment	**(10 343)**
NET BOOK VALUE	**547 126**
Closing balance at 28 February 2025	
At cost	**557 469**
Accumulated impairment	**(10 343)**
NET BOOK VALUE	**547 126**
Reconciliation for the year ended 29 February 2024	
BALANCE AT 1 MARCH 2023	
At cost	**557 238**
Accumulated impairment	**(10 343)**
NET BOOK VALUE	**546 895**
Movements for the year ended 29 February 2024	
Acquisitions through business combinations – Beira (refer to note 28)	**231**
GOODWILL AT THE END OF THE YEAR	**547 126**
Closing balance at 29 February 2024	
At cost	**557 469**
Accumulated impairment	**(10 343)**
NET BOOK VALUE	**547 126**

10. Goodwill *continued*

10.1 Reconciliation of changes in goodwill *continued*

Goodwill relates to the excess of the purchase price consideration over the fair value of the assets and liabilities of the following cash-generating units:

	GROUP	
Figures in R'000	**2025**	2024
Lenmed Health Laverna Private Hospital	**5 125**	5 125
Lenmed Health Shifa Private Hospital	**6 939**	6 939
Lenmed Health Kathu Private Hospital	**10 378**	10 378
Lenmed Ethekwini Hospital and Heart Centre	**280 103**	280 103
Howick Private Hospital	**5 983**	5 983
MMHS	**238 367**	238 367
Beira Private Hospital	**231**	231
	547 126	547 126

An annual impairment test is conducted on goodwill. Management determines the recoverable amounts of cash- generating- units as being the higher of net selling price or value-in-use. In the absence of an active market, value-in-use is used to determine the recoverable amount. A traditional method of discounting management's best estimate of future cash flows attributable to the cash-generating-unit, taking into account appropriate growth rates, has been used to determine the value- in-use. Cash flow projections cover a 5 year period.

Key assumptions used in the calculation of the discount rate:

- A risk free rate derived from the R213 SA Government bond which was yielding 9.42% as at 28 February 2025 (2024: 10.61%)
- A market risk premium of 6.7% (2024: 6.7%), given the unlisted nature of the Group.
- Beta of 0.67 (2024: 0.71) is appropriate in the current environment and based on the defensive nature of the Group.

Value-in-use calculations have been based on a subjective pre-tax discount rate of between 12.9% and 17.2% (2024: 14.1% and 18.3%) and terminal growth rates of between 2% and 5% (2024: 2% and 5%) depending on the type, location and the maturity of the cash-generating-unit business.

The net present value of these forecasts support the value of goodwill for each cash-generating-unit indicated above. Management has based their assumptions on past experience and external sources of information.

Sensitivity

The Group has made estimates and assumptions in respect of impairment testing of cash generating units as detailed above and had the pre-tax discount rate been increased by 1% (2024: 1%) or the terminal growth rate decreased by 0.5% (2024: 0.5%), the recoverable amounts of the goodwill of all of the cash generating units would still exceed their respective carrying values.

Notes to the Consolidated Financial Statements *continued*

11. Property, plant and equipment

Balances at year end and movements for the year

Figures in R'000	GROUP								
	Land	Buildings	Leasehold improvements	Plant and equipment	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Total
Reconciliation for the year ended 28 February 2025									
CARRYING VALUE AT 1 MARCH 2024	**314 066**	**2 489 920**	**245**	**723 805**	**2 661**	**80 112**	**2 276**	**22 472**	**3 635 557**
Movements for the year ended 28 February 2025									
Additions from acquisitions	**–**	**126 438**	**1 285**	**160 854**	**1 483**	**19 972**	**414**	**7 090**	**317 536**
Transfer between categories (see note 12)	**–**	**(4 225)**	**–**	**–**	**–**	**–**	**–**	**–**	**(4 225)**
Increase (decrease) through net exchange differences	**(4 066)**	**(9 878)**	**–**	**(6 296)**	**(409)**	**(6 860)**	**(35)**	**688**	**(26 856)**
Depreciation	**–**	**(30 755)**	**(97)**	**(113 128)**	**(800)**	**(14 308)**	**(458)**	**(9 018)**	**(168 564)**
Disposals	**–**	**(2 839)**	**(2)**	**(5 198)**	**(272)**	**(20)**	**–**	**(427)**	**(8 758)**
PROPERTY, PLANT AND EQUIPMENT AT THE END OF THE YEAR	**310 000**	**2 568 661**	**1 431**	**760 037**	**2 663**	**78 896**	**2 197**	**20 805**	**3 744 690**
Closing balance at 28 February 2025									
At cost	**310 000**	**2 751 561**	**1 617**	**1 540 680**	**6 981**	**169 810**	**10 513**	**109 695**	**4 900 857**
Accumulated depreciation	**–**	**(182 900)**	**(186)**	**(780 643)**	**(4 318)**	**(90 914)**	**(8 316)**	**(88 890)**	**(1 156 167)**
NET BOOK VALUE	**310 000**	**2 568 661**	**1 431**	**760 037**	**2 663**	**78 896**	**2 197**	**20 805**	**3 744 690**
Reconciliation for the year ended 29 February 2024									
CARRYING VALUE AT 1 MARCH 2023	312 530	2 291 214	277	495 002	2 388	56 955	3 037	24 450	3 185 853
Movements for the year ended 29 February 2024									
Additions from acquisitions	–	113 467	–	236 461	118	12 741	–	14 433	377 220
Acquisitions through business combinations	–	90 200	–	95 187	913	18 889	1 205	168	206 562
Increase/(decrease) through net exchange differences	1 536	23 544	–	10 760	(97)	3 961	(35)	184	39 853
Depreciation	–	(28 338)	(32)	(103 894)	(640)	(10 187)	(421)	(12 357)	(155 869)
Disposals	–	(167)	–	(9 711)	(21)	(2 247)	(1 510)	(4 406)	(18 062)
PROPERTY, PLANT AND EQUIPMENT AT THE END OF THE YEAR	314 066	2 489 920	245	723 805	2 661	80 112	2 276	22 472	3 635 557
Closing balance at 29 February 2024									
At cost	314 066	2 645 295	332	1 452 378	6 467	149 998	10 973	105 051	4 684 560
Accumulated depreciation	–	(155 375)	(87)	(728 573)	(3 806)	(69 886)	(8 697)	(82 579)	(1 049 003)
NET BOOK VALUE	314 066	2 489 920	245	723 805	2 661	80 112	2 276	22 472	3 635 557

Certain property, plant and equipment have been used as security for financing facilities. Refer to note 21.

12. Intangible assets

Reconciliation of changes in intangible assets

Figures in R'000	GROUP Computer software	Hospital licences	Management agreement	Total
Reconciliation for the year ended 28 February 2025				
CARRYING VALUE AS AT 1 MARCH 2024	**25 077**	**2 479**	**15 246**	**42 802**
Movements for the year ended 28 February 2025				
Additions other than through business combinations	**9 665**	**–**	**–**	**9 665**
Transfer between categories (see note 11)	**4 225**	**–**	**–**	**4 225**
Increase (decrease) through net exchange differences	**(799)**	**–**	**–**	**(799)**
Amortisation	**(13 896)**	**–**	**(5 902)**	**(19 798)**
Impairment loss recognised in profit or loss	**(4 225)**	**–**	**–**	**(4 225)**
INTANGIBLE ASSETS AT THE END OF THE YEAR	**20 047**	**2 479**	**9 344**	**31 870**
Closing balance at 28 February 2025				
At cost or fair value	**93 652**	**2 479**	**30 000**	**126 131**
Accumulated amortisation	**(73 605)**	**–**	**(20 655)**	**(94 260)**
NET BOOK VALUE	**20 047**	**2 479**	**9 345**	**31 871**
Reconciliation for the year ended 29 February 2024				
CARRYING VALUE AS AT 1 MARCH 2023	14 048	2 479	21 148	37 675
Movements for the year ended 29 February 2024				
Additions other than through business combinations	20 568	-	-	20 568
Acquisitions through business combinations	4 120	-	-	4 120
Increase (decrease) through net exchange differences	849	-	-	849
Amortisation	(13 890)	-	(5 902)	(19 792)
Disposals	(618)	-	-	(618)
INTANGIBLE ASSETS AT THE END OF THE YEAR	25 077	2 479	15 246	42 802
Closing balance at 29 February 2024				
At cost or fair value	84 732	2 479	30 000	117 211
Accumulated amortisation	(59 655)	-	(14 754)	(74 409)
NET BOOK VALUE	25 077	2 479	15 246	42 802

Intangibles are valued as per note 1.14. All intangibles are tested annually for impairment. The estimation of the indefinite useful life of hospital licences is based on historic performance as well as expectations about future use. Software relates to the Group's deployment of SAP software at its various facilities. Management agreement relates to a hospital management agreement acquired in the business combination with Halcom Management Services Limited.

The recoverable amount of the hospital licence is determined by projecting a future cash flow expected to be generated by the intangible asset. The present value of these cash flows is determined using an appropriate discount rate.

13. Investment in subsidiaries and associates

13.1 Composition of the group

Information about the composition of the Group is as follows:

Name of subsidiary	% shareholding
Direct	
Lenmed Health (Pty) Ltd	100%
Lenmed Health Africa (Pty) Ltd	100%
Lenmed Health Finance Company (Pty) Ltd	100%
Lenmed International Holdings Limited	100%
Indirect	
Ahmed Kathrada Private Hospital (Pty) Ltd	100%
Lenmed Health Daxina Private Hospital (Pty) Ltd	100%
Lenmed Health Management Company (Pty) Ltd	100%
Lenmed Health Nursing College (Pty) Ltd	100%
Lenmed Health Properties (Pty) Ltd	100%
Lenmed Health Randfontein Private Hospital (Pty) Ltd	100%
Lenmed Health Shifa (Pty) Ltd	100%
Lenmed Health Zamokuhle (Pty) Ltd	100%
Maputo Private Hospital Limitada	100%
Mozambique Private Laboratory Limitada	100%
LMPH Real Estate, Lda	100%
Nu-Yale Trust	100%
Royal Hospital and Heart Centre (Pty) Ltd	100%
Halcom Management Services Limited	100%
Lenmed Howick Pharmacy (Pty) Ltd	100%
Cold Creek Investments 22 (Pty) Ltd	100%
Matlosana Medical Health Services (Pty) Ltd	100%
MMHS Properties (Pty) Ltd	100%
Caerus Nursing School (Pty) Ltd	100%
Wilmed Trading Trust	100%
Wilmed Property Trust	100%
Wilmed Equipment Trust	100%
Sunningdale Trust	100%
MooiMed Operating Company (Pty) Ltd	100%
MooiMed Apteek (Pty) Ltd	100%
K2022820006 (Pty) Ltd	100%
Lenmed International Consulting Limited	100%
Perlucia (Pty) Ltd	64%
Daleside Day Hospital (Pty) Ltd	51%
Tech4Green (Pty) Ltd	51%
Howick Private Hospital Holdings (Pty) Ltd	99%

13. Investment in subsidiaries and associates

13.1 Composition of the group

Name of subsidiary	% shareholding
Investment in subsidiaries and associates continued…	
Howick Private Hospital (Pty) Ltd	99%
Lenmed Health Laverna (Pty) Ltd	93%
Lenmed Ethekwini Hospital and Heart Centre (Pty) Ltd	77%
Lenmed Ethekwini Acute Rehabilitation Centre (Pty) Ltd	77%
Lenmed Health Bokamoso Private Hospital (Pty) Ltd	70%
Lenmed Health Kathu Private Hospital (Pty) Ltd	67%
Lenmed Health Kathu Properties (Pty) Ltd	60%
Beira Private Hospital Limitada	60%

All the subsidiaries have a place of business within the Republic of South Africa except for Lenmed Health Bokamoso Private Hospital (Pty) Ltd (Incorporated in Botswana), Maputo Private Hospital Limitada (Incorporated in Mozambique), Mozambique Private Laboratory Limitada (Incorporated in Mozambique), LMPH Real Estate, Lda (Incorporated in Mozambique), Beira Private Hospital Limitada (Incorporated in Mozambique) and Halcom Management Services Limited (Incorporated in Seychelles).

13.1.1 Summarised financial information for subsidiaries with material non-controlling interests before inter-company eliminations

Figures in R'000	Lenmed Ethekwini Hospital and Heart Centre (Pty) Ltd	Lenmed Health Bokamoso Private Hospital (Pty) Ltd
% of interest and voting rights held by non-controlling interests	23%	30%
AT 28 FEBRUARY 2025		
Extract from statement of financial position		
Non-current assets	1 200 055	265 064
Current assets	276 299	498 289
Non-current liabilities	(188 350)	(191 687)
Current liabilities	(123 506)	(268 659)
Accumulated non-controlling interests at the end of the reporting period	(267 835)	(90 902)
Extract from statement of comprehensive income		
Revenue	1 058 006	531 168
Profit or loss	130 710	(10 618)
Profit for the year allocated to non-controlling interests	30 063	(3 185)
Extract from statement of cash flows		
Cash inflow/(outflow) from operating activities	142 720	(62 731)
Cash (outflow) from investing activities	(107 905)	(7 613)
Cash (outflow) from financing activities	(41 047)	(11 116)
NET CASH INFLOW	(6 232)	(81 460)

13. Investment in subsidiaries and associates *continued*

13.1.1 Summarised financial information for subsidiaries with material non-controlling interests before inter-company eliminations *continued*

Figures in R'000	Lenmed Ethekwini Hospital and Heart Centre (Pty) Ltd	Lenmed Health Bokamoso Private Hospital (Pty) Ltd
AT 29 FEBRUARY 2024		
Extract from statement of financial position		
Non-current assets	1 008 122	305 178
Current assets	235 538	451 750
Non-current liabilities	(189 615)	(225 981)
Current liabilities	(102 794)	(205 313)
Accumulated non-controlling interests at the end of the reporting period	(223 721)	(99 517)
Extract from statement of comprehensive income		
Revenue	975 867	606 786
Profit or loss	121 655	48 287
Profit for the year allocated to non-controlling interests	27 981	14 486
Extract from statement of cash flows		
Cash inflow from operating activities	220 515	14 238
Cash (outflow)/inflow from investing activities	(125 343)	60 403
Cash (outflow)/inflow from financing activities	(78 739)	5 809
NET CASH (OUTFLOW)/INFLOW	16 433	80 450

13. Investment in subsidiaries and associates *continued*

13.2 Investment in and loans to associates

The Group's investment in Lenasia Renal Care (Pty) Ltd, Renal Care Holdings (Pty) Ltd and Kitmar (Pty) Ltd are accounted for under the equity method of accounting.

	GROUP	
Figures in R'000	2025	2024
Lenasia Renal Centre (Pty) Ltd.		
The Group owns 30% of Lenasia Renal Care Centre (Pty) Ltd, a renal dialysis unit situated adjacent to Ahmed Kathrada Private Hospital.		
Opening balance	**3 225**	3 155
Share of associate earnings	**102**	70
CLOSING BALANCE	**3 327**	3 225
Renal Care Holdings (Pty) Ltd		
The Group owns 40% of Renal Care Holdings (Pty) Ltd, a renal dialysis holding company.		
Opening balance	**9 517**	9 418
Share of associate earnings	**358**	99
CLOSING BALANCE	**9 875**	9 517
Kitmar (Pty) Ltd		
The Group owns 45% of Kitmar (Pty) Ltd, a radiology business in South Africa.		
Share of associate earnings	**1 432**	–
CLOSING BALANCE	**1 432**	–
Loans to Kitmar (Pty) Ltd		
Opening balance	**3 968**	–
Loans granted	**1 454**	3 968
CLOSING BALANCE	**5 422**	3 968
The above loan is unsecured, interest free and will not be repaid within the next twelve months.		
INVESTMENT IN AND LOANS TO ASSOCIATES	**20 056**	16 710

The loan to Kitmar (Pty) Ltd was previously included in trade and other receivables (note 17) but to improve disclosure it has been disclosed in investment in and loans to associates. The comparatives have been adjusted accordingly.

The directors are of the opinion that the fair value of the above investments exceeds their carrying value.

14. Lease liabilities

14.1 Amounts recognised in the statements of financial position

	GROUP	
Figures in R'000	2025	2024
Right-of-use assets		
Buildings	**289 509**	301 664
Accumulated depreciation	**(76 610)**	(62 621)
	212 899	239 043
Reconciliation of right-of-use asset:		
Opening carrying value	**239 043**	180 960
Additions	**1 517**	65 820
Depreciation	**(20 361)**	(20 977)
Foreign currency exchange difference	**(7 300)**	13 240
CARRYING VALUE	**212 899**	239 043
Lease liabilities		
Non-current lease liability	**246 477**	272 482
Current portion of lease liability	**17 683**	16 767
	264 160	289 249

Lease liabilities represent the present value of future minimum lease payments discounted at a rate of between 6.5% and 9.5% (2024: 6.5% and 9.5%) after taking the lease term ranging between 1 and 19 years into account.

	2025	2024
Maturity analysis of future lease payments outstanding at the reporting date:		
Total	**264 160**	289 249
Total future lease payments	**421 345**	472 383
Due within 1 year	**33 415**	35 710
Due between 2 and 5 years	**117 030**	100 631
Greater than 5 years	**270 900**	336 042
Total future finance costs	**157 185**	183 134
Due within 1 year	**15 732**	18 943
Due between 2 and 5 years	**56 242**	48 515
Greater than 5 years	**85 211**	115 676
Total lease liability	**264 160**	289 249
Due within 1 year	**17 683**	16 767
Due between 2 and 5 years	**60 788**	52 116
Greater than 5 years	**185 689**	220 366

Notes to the Consolidated Financial Statements *continued*

Figures in R'000	GROUP 2025	2024
14. Lease liabilities		
14.1 Amounts recognised in the statements of financial position		
Reconciliation of lease liabilities		
Opening carrying value	**289 249**	225 448
Additions	**1 517**	65 820
Lease payments	**(17 576)**	(16 394)
Foreign currency exchange difference	**(9 030)**	14 375
Carrying value	**264 160**	289 249
14.2 Amounts recognised in the statements of profit or loss and other comprehensive income		
Depreciation		
Buildings	**20 361**	20 977
Other expenses and gains		
Interest expense	**17 662**	18 683
Short-term lease expenses	**49 892**	53 675
14.3 Amounts recognised in the statements of cash flows		
Cash flow from operations		
– Interest paid	**(17 662)**	(18 683)
Cash flow from financing activities		
– Lease liabilities	**(17 576)**	(16 394)

Figures in R'000	GROUP 2025	2024
15. Deferred tax		
15.1 The analysis of deferred tax assets and deferred tax liabilities is as follows:		
Deferred tax assets:		
– Deferred tax assets to be recovered	**109 293**	96 482
	109 293	96 482
Deferred tax liabilities:		
– Deferred tax liability to be paid	**(284 481)**	(251 063)
	(284 481)	(251 063)
NET DEFERRED TAX LIABILITIES	**(175 188)**	(154 581)

15. Deferred tax *continued*

15.2 Reconciliation of deferred tax asset

Figures in R'000	Property, plant and equipment	Provisions	Assessed losses	Other*	Lease liability	Prepaid expense	Cash flow hedging reserve	Total
Opening balance at 1 March 2024	(67 040)	59 055	90 077	6 623	11 270	(3 503)	–	**96 482**
(Charged) / credited to profit or loss	252	3 952	17 031	(6 964)	317	(1 777)	–	**12 811**
CLOSING BALANCE AT 28 FEBRUARY 2025	(66 788)	63 007	107 108	(341)	11 587	(5 280)	–	**109 293**
Opening balance at 1 March 2023	(62 527)	64 865	81 030	(13 718)	9 856	(6 234)	–	**73 272**
(Charged) / credited to profit or loss	(4 513)	(9 263)	9 047	20 341	1 414	2 731	–	**19 757**
Credited to other comprehensive income	–	–	–	–	–	–	–	**–**
Acquisition through business combinations	–	–	–	–	–	–	–	**–**
Exchange difference	–	3 453	–	–	–	–	–	**3 453**
CLOSING BALANCE AT 29 FEBRUARY 2024	(67 040)	59 055	90 077	6 623	11 270	(3 503)	–	**96 482**

Reconciliation of deferred tax liability

	Property plant and equipment	Provisions	FV in Step acquisition	Lease smoothing adjustment	Assessed loss	Prepaid expense	Other*	Total
Opening balance at 1 March 2024	(233 801)	16 108	(46 817)	-	13 654	(623)	416	**(251 063)**
(Charged) / credited to profit or loss	(27 431)	4 533	1 672		(11 384)	144	(952)	**(33 418)**
CLOSING BALANCE AT 28 FEBRUARY 2025	(261 232)	20 641	(45 145)	-	2 270	(479)	(536)	**(284 481)**
Opening balance at 1 March 2023	(213 026)	12 895	(46 817)	-	10 620	(631)	(186)	**(237 145)**
Credited/ (charged) to profit or loss	(15 044)	2 366	-	-	3 034	8	602	**(9 034)**
Acquisition through business combinations	(5 731)	847	-	-			-	**(4 884)**
CLOSING BALANCE AT 29 FEBRUARY 2024	(233 801)	16 108	(46 817)	-	13 654	(623)	416	**(251 063)**

* *Other comprises of foreign currency translation on loan.*

Figures in R'000	GROUP 2025	GROUP 2024
15.3 Deferred tax assets where utilisation is dependent on future taxable profits		
Amount of the deferred tax asset raised where utilisation is dependent on future taxable profits	**95 725**	103 731

Deferred tax assets not recognised because of uncertainty of availability of future taxable profits amounts to nil (2024: nil)

Notes to the Consolidated Financial Statements *continued*

Figures in R'000	GROUP 2025	GROUP 2024
16. Inventories		
Inventories comprise:		
Medical and pharmaceutical merchandise	**125 368**	122 631
Allowance for obsolete stock	**(2 748)**	(3 567)
	122 620	119 064
Allowance for obsolete stock		
Balance at beginning of year	**3 567**	1 047
Allowance raised	**–**	2 520
Allowance released	**(819)**	–
BALANCE AT END OF YEAR	**2 748**	3 567
17. Trade and other receivables		
17.1 Trade and other receivables comprise:		
Trade receivables	**1 471 602**	1 281 202
Allowance for expected credit loss	**(300 531)**	(282 930)
TRADE RECEIVABLES – NET	**1 171 071**	998 272
Sundry debtors	**70 588**	78 173
Doctors rental	**38 321**	41 020
Allowance for expected credit loss	**(21 550)**	(15 287)
SUNDRY DEBTORS – NET	**87 359**	103 906
RAF prefunding	**25 032**	33 381
Allowance for expected credit loss	**(9 507)**	(9 917)
RAF PREFUNDING – NET	**15 525**	23 464
Prepaid expenses	**32 308**	23 977
Deposits	**15 589**	12 377
TOTAL TRADE AND OTHER RECEIVABLES	**1 321 852**	1 161 996

The loan to Kitmar (Pty) Ltd of R3,968m was previously included in trade and other receivables but to improve disclosure it has been disclosed in investment in and loans to associate (note 13.2). The comparatives have been adjusted accordingly.

The carrying value of trade and other receivables approximated their fair value due to the short-term nature of these receivables.

Figures in R'000	GROUP 2025	GROUP 2024
17. Trade and other receivables *continued*		
17.2 Movements in allowance for expected credit loss		
At the beginning of the year	**308 134**	225 280
Impairment raised	**96 297**	105 089
Written off during the year	**(72 843)**	(16 628)
Acquisition through business combination	**–**	(5 607)
AT THE END OF THE YEAR	**331 588**	308 134

The Group determines the trade receivables and RAF prefunding expected credit loss allowance using the provision matrix approach. The provision rates are based on days past due for groupings of various customer categories with similar loss patterns (mainly by customer type). The customer types are Medical Aid funders, Government, Workmen's Compensation, Private patients and the Road Accident Fund. Credit risk per category is determined using past information and experience with debtors as well as expectations of the future recoverability of amounts due from debtors. The Group determines the sundry debtors expected credit loss using the simplified approach. The approach uses historical credit loss experience adjusting for forward looking information. Trade and other receivables are written off when there is no reasonable expectation of recovery. Debtors written off are subject to enforcement activities under the Group's debtor collection procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The loss allowance is summarised as:

Figures in R'000	GROUP 2025	GROUP 2024
Group		
Allowance for expected credit losses for trade receivables and RAF prefunding:		
Less than 30 days	**14 372**	14 596
30–59 days	**9 177**	7 483
60–89 days	**8 770**	7 681
90–119 days	**11 354**	10 071
120 days and over	**266 364**	253 016
	310 037	292 847
Weighted average allowance for expected credit losses rate for trade receivables and RAF prefunding:		
Less than 30 days	**3%**	2%
30–59 days	**9%**	9%
60–89 days	**14%**	17%
90–119 days	**17%**	25%
120 days and over	**43%**	53%
	21%	24%

Notes to the Consolidated Financial Statements *continued*

Figures in R'000	GROUP 2025	2024
18. Cash and cash equivalents		
18.1 Cash and cash equivalents included in current assets:		
Cash		
Cash on hand	**169**	338
Balances with banks	**318 657**	283 208
	318 826	283 546
18.2 Overdrawn cash and cash equivalents included in current liabilities		
Bank overdrafts	**(42 263)**	(85 623)
Current assets	**318 826**	283 546
Current liabilities	**(42 263)**	(85 623)
	276 563	197 923

19. Issued capital

Figures in R'000	2025	2024
Authorised and issued share capital		
Authorised		
1 000 000 000 (2024: 1 000 000 000) ordinary shares at no par value.		
Issued		
708 242 566 ordinary shares at no par value (2024: 709 533 909 ordinary shares)	**423 563**	426 006

The directors are authorised, in terms of the company's Memorandum of Incorporation, to issue and allot any of the unissued share capital for any purpose and upon such terms and conditions as they deem fit.

A reconciliation of the number of shares issued at the beginning and the end of the period:	2025	2024
Number of shares at the beginning of the year	**709 533 909**	709 533 909
Shares bought back	**(1 291 343)**	-
NUMBER OF SHARES AT THE END OF THE YEAR	**708 242 566**	709 533 909

Share buyback programme

The Group bought back 1 291 343 shares at an average price of R1.89 per share.

20. Reserves

Figures in R'000	2025	2024
Foreign currency translation reserve	**238 678**	290 816
TOTAL RESERVES	**238 678**	290 816

Foreign currency translation reserve

This reserve exists due to exchange differences arising on translation of assets and liabilities of the Group's foreign subsidiaries. Refer to note 13.1 for the list of foreign subsidiaries.

21. Long term liabilities

21.1 Secured loans

Figures in R'000	GROUP 2025	2024
Rand Merchant Bank (RMB), Absa Bank Limited, Ashburton Investments, and the International Finance Corporation (IFC). (2024: Rand Merchant Bank) The loan is a five-year term facility maturing in March 2029. Interest is payable quarterly, while the capital is repayable in a single lump sum at the end of the loan term.	**1 703 977**	1 630 000

The Group's long-term borrowings are secured by:

- A first-ranking mortgage bond over land and buildings with a carrying value of R2.435 billion (2024: R2.156 billion); and
- A notarial bond over movable assets with a carrying value of R618.413 million (2024: R684.756 million).

Interest on these borrowings is linked to the 3-month Johannesburg Interbank Average Rate (JIBAR).

During the year, the Group successfully refinanced its debt facilities. This refinancing not only extended the maturity profile of the debt but also increased the available funding, providing additional headroom to support the Group's ongoing growth strategy. The restructured facilities are as follows:

- A R1.7 billion term loan facility with a 5-year maturity, at an interest rate linked to the 3-month JIBAR;
- A R550 million revolving credit facility, also with a 5-year term and interest linked to the 3-month JIBAR; and
- R250 million in general banking facilities, renewable annually, at rates linked to the 3-month JIBAR.

The original lenders under the facility include Rand Merchant Bank (RMB), Absa Bank Limited, Ashburton Investments, and the International Finance Corporation (IFC).

Figures in R'000	2025	2024
First National Bank Limited These loans from First National Bank are secured by land and buildings with a carrying amount of R60.711 million (2024: R47.585 million) (refer to note 11). Interest has been charged at rates linked to prime. This loan is repayable in monthly instalments of R0.146 million (2024: R0.151 million).	**7 478**	8 430
Rand Merchant Bank The loan is unsecured, is expected be repaid within the next 12 months and bears interest of prime plus 0.70%.	**27 150**	-
	1 738 605	1 638 430
21.2 Instalment sales agreements		
Wesbank, a division of FirstRand Bank Ltd Repayable in monthly instalments of R2.352 million (2024: R2.775 million). Interest has been charged at rates of interest linked to the prime lending rate. Secured by plant and equipment with a book value of R63.272 million (2024: R97.680 million).	**32 278**	62 716
	1 770 883	1 701 146
Non-current portion of long term liabilities	**1 724 317**	1 094 918
Current portion of long term liabilities	**46 566**	606 228
	1 770 883	1 701 146

Figures in R'000	GROUP 2025	2024
22. Loans from non-controlling interests		
Loans from non-controlling interests comprise:		
ATM Healthcare (Pty) Ltd	**27 685**	24 706
The loan is unsecured, has no fixed terms of repayment but will not be paid within the next 12 months and bears interest at prime rate.		
Howick Private Hospital non-controlling shareholders	**748**	715
The loan is unsecured, has no fixed terms of repayment but will not be paid within the next 12 months and bears no interest.		
Lenmed Ethekwini Hospital and Heart Centre (Pty) Ltd non-controlling shareholders	**393**	295
These loans are unsecured, bear no interest and are expected to be repaid within 12 months.		
Tech4Green (Pty) Ltd non-controlling shareholders	**1 118**	639
The loan is unsecured, has no fixed terms of repayment but are expected be repaid within the next 12 months and bears no interest.		
Beira Private Hospital non-controlling shareholders	**8 018**	8 308
The loan is unsecured, has no fixed terms of repayment but are expected be repaid within the next 12 months and bears no interest.		
	37 962	34 663
Non-current liabilities	**28 433**	25 421
Current liabilities	**9 529**	9 242
	37 962	34 663

23. Trade and other payables

23.1 Trade and other payables comprise:

Figures in R'000	2025	2024
Trade creditors	**540 939**	539 800
Cash settled share based payments	**25 707**	9 016
Other payables	**50 081**	56 366
Value added tax	**2 625**	8 235
TOTAL TRADE AND OTHER PAYABLES	**619 352**	613 417

23. Trade and other payables

23.2 Cash-settled share based payments

This is made up of three allocations of share appreciation rights (SARs):

1) **Nil (2024: 9.650 million) SARs**
9.650 million SARs were issued on 1st of August 2021 to two executive directors and twenty three members of senior management, at a price of R2.77 each. As at 28 February 2025, the rights had vested (2024: 9.650 million SARs were in issue).

2) **12.650 million SARs (2024: 12.800 million) SARs**
13.300 million SARs were issued on 1st of August 2022 to two executive directors and twenty three members of senior management, at a price of R3.18 each. As at 28 February 2025, 12.650 million (2024: 12.800 million) SARs were in issue. The reduction from the prior is due to the senior management attrition during the year.

3) **20.950 million SARs (2024: 21.100 million) SARs**
21.100 million SARs were issued on 1st of August 2023 to two executive directors and twenty four members of senior management, at a price of R3.90 each. As at 28 February 2025, 20.950 million (2024: 21.100 million) SARs were in issue. The reduction from the prior is due to the senior management attrition during the year.

4) **21.400 million SARs**
21.400 million SARs were issued on 1st of August 2024 to two executive directors and twenty four members of senior management, at a price of R3.59 each.

The Group has determined that the allocation should be accounted for as a cash-settled share-based payment transaction. The fair value of the SARs was calculated using the Black Scholes option pricing model. The amount recognised in the annual financial statements for the current year, in accordance with IFRS 2: Share-based payments, is an expense accrual of R16.991 million (2024: (2.923 million – expense accrual)).

The assumptions used in determining the fair value of the SARs granted are summarised below:

Figures in R'000	2	3	4
Last determined price as at 28 February 2025	R 4.23	R 4.23	R 4.23
Last determined price as at 29 February 2024	R 3.23	R 3.23	R 3.23
Risk-free rate	9.42%	9.42%	9.42%
Volatility	12 %	12 %	12 %
Dividend yield	1 %	1 %	1 %
Long-term inflation	6 %	6 %	6 %

The risk-free rate of 9.42% (2024: 10.61%) has been assumed based on the prevailing return on a five-year RSA Government Bond as at year end.

The volatility of 12% (2024: 12%) was determined based on the historic volatility of the Group's share price over the previous year.

23.3 Trade and other payables

The carrying value of trade and other payables approximated their fair value due to the short-term nature of these payables.

Notes to the Consolidated Financial Statements *continued*

Figures in R'000	GROUP 2025	2024

24. Provisions

24.1 Provisions comprise:

	2025	2024
Provisions for employee benefits	**99 118**	84 548
Other provisions	**48 601**	43 989
	147 719	128 537

24.2 Reconciliation for provisions

	Leave pay provision	Bonus provision	Other provision	Total
Balance at 1 March 2024	**52 369**	**32 179**	**43 989**	**128 537**
Increase in existing provisions	**74 118**	**93 115**	**40 586**	**207 819**
Increase (decrease) through net exchange differences	**(519)**	**(96)**	**1 523**	**908**
Provisions utilised	**(75 579)**	**(76 469)**	**(37 497)**	**(189 545)**
BALANCE AT 28 FEBRUARY 2025	**50 389**	**48 729**	**48 601**	**147 719**
Balance at 1 March 2023	**50 636**	**39 902**	**37 372**	**127 910**
Increase in existing provisions	**169 764**	**51 354**	**42 298**	**263 416**
Acquisitions through business combinations	**696**	**–**	**–**	**696**
Increase (decrease) through net exchange differences	**835**	**375**	**15**	**1 225**
Provisions utilised	**(169 562)**	**(59 452)**	**(35 696)**	**(264 710)**
BALANCE AT 29 FEBRUARY 2024	**52 369**	**32 179**	**43 989**	**128 537**

Included in other provisions are provisions for medical legal claims of R33.482 million (2024: R33.300 million).

Figures in R'000	GROUP 2025	2024

25. Notes to statement of cash flows

25.1 Income tax paid

	2025	2024
Amounts (payable)/ receivable at the beginning of the year	**4 392**	(2 015)
Amounts (receivable)/ payable at the end of the year	**3 006**	(4 392)
Taxation (expense)/credit	**(130 789)**	(73 342)
Less deferred tax included in taxation expense	**20 135**	(10 723)
Foreign exchange movements	**–**	836
	(103 256)	(89 636)

25.2 Movement in long term loans

	2025	2024
Opening balance	**1 735 570**	1 604 018
Loans advanced	**100 738**	168 076
Loans repaid	**(32 535)**	(90 399)
Non-cash item	**7 249**	54 585
FCTR	**(2 417)**	(710)
CLOSING BALANCE	**1 808 605**	1 735 570

26. Related parties

26.1 Related parties transactions

Transactions and balances between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

The Group paid rentals to a related party property company amounting to R1.587 million (2024: R1.517 million). The directors consider this rental to be market-related.

The remuneration and benefits received by the directors are disclosed in note 26.2

Entity name	Relationship	Transaction	2025	2024
Central City Investments (Pty) Ltd	Common director	Rental paid	**1 587**	1 517

26.2 Compensation paid to or receivable by directors and prescribed officers

Name	Fees paid	Salaries and guaranteed remuneration	Bonuses	Share appreciation rights	Consulting fees	Total remuneration
2025						
Mr P Devchand	**–**	**2 725**	**–**	**–**	**–**	**2 725**
Mr A Devchand	**–**	**7 431**	**7 431**	**2 050**	**–**	**16 912**
Mr F J Meiring	**–**	**4 793**	**4 793**	**1 230**	**–**	**10 816**
Mr M G Meehan	**324**	**–**	**–**	**–**	**–**	**324**
Mr V E Firman	**764**	**–**	**–**	**–**	**48**	**812**
Ms B Harie	**690**	**–**	**–**	**–**	**–**	**690**
Prof B D Goolab	**668**	**–**	**–**	**–**	**–**	**668**
Ms N V Simamane	**694**	**–**			**–**	**694**
Dr G Goolab	**569**	**–**	**–**	**–**	**–**	**569**
TOTAL COMPENSATION PAID TO OR RECEIVABLE BY DIRECTORS AND PRESCRIBED OFFICERS	**3 709**	**14 949**	**12 224***	**3 280**	**48**	**34 210**
2024						
Mr P Devchand	-	2 558	-	-	-	2 558
Mr A Devchand	-	7 000	3 500	3 656	-	14 156
Mr F J Meiring	-	4 500	2 250	1 463	-	8 213
Mr M G Meehan	660	-	-	-	-	660
Mr V E Firman	549	-	-	-	483	1 032
Ms B Harie	684	-	-	-	-	684
Prof B D Goolab	663	-	-	-	-	663
Ms N V Simamane	642				-	642
Dr G Goolab	594	-	-	-	-	594
TOTAL COMPENSATION PAID TO OR RECEIVABLE BY DIRECTORS AND PRESCRIBED OFFICERS	3 792	14 058	5 750#	5 119	483	29 202

* *The bonuses disclosed are based on the performance for the period ended 28 February 2025 but paid after the financial year end.*

\# *The bonuses disclosed are based on the performance for the period ended 29 February 2024 but paid after the financial year end.*

27. Contingent liabilities

Certain Compensation for Occupational Injuries and Diseases (COID) debtors are factored between 84% and 85% of their original value. The factoring houses have recourse should they not be able to recover the debt. The total funds received but still open to recourse amounted to R28.946 million as at reporting date (2024: R58.397 million).

Within the framework of the annual review of contingent liabilities, medical malpractice contingent liabilities for a total amount of R15.740 million (2024: R39.026 million) have been identified at 28 February 2025. The Group does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision is raised. A provision has been created of R33.482 million (2024: R33.300 million) for current and pending legal cases and reflected within other provisions (note 24). The Group is not aware of any other current or pending legal cases that would have a material adverse effect on the Group.

28. Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's financial liabilities comprise long-term liabilities, short-term liabilities, trade and other payables and bank overdrafts. These financial liabilities were used to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and cash equivalents, which arise directly from its operations. The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. These risks are managed as follows:

28.1 Interest rate risk

Interest rate risk is the risk that changes in the interest rate will affect the Group's income or value of its financial instruments. The Group is exposed to interest rate risk through its commitments in interest bearing borrowings, lease liabilities, cash and cash equivalents and instalment sale agreements.

Interest risk table

The following table demonstrates the sensitivity of profit before tax (through the impact on floating rate borrowings) to a possible change in interest rates, with all other variables held constant.

	GROUP	
Figures in R'000	**2025**	2024
Group		
Interest bearing secured loans	**1 738 605**	1 638 430
Instalment sale liabilities	**32 278**	62 716
Loans from non-controlling interests	**27 685**	24 706
Bank overdraft	**42 263**	85 623
	1 840 831	1 811 475
Sensitivity analysis		
Increase of 100 basis points would result in a reduction in profit before tax of	**(18 408)**	(18 115)
Decrease of 100 basis points would result in an improvement in profit before tax of	**18 408**	18 115

28. Financial risk management *continued*

28.2 Credit risk

Credit risk is the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations.

The Group deposits surplus cash with major reputable banks with high credit standing and between various financial institutions to limit the exposure to any one counterparty.

The Group evaluates credit risk relating to customers using credit verification and independent rating procedures. Individual risk limits are set for patients without medical aid insurance. Services to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of revenue over a period of more than 12 months and the corresponding historical credit losses experienced within the same period. The historical cost rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the patients to settle the receivables. The maximum exposure is the carrying amount as disclosed in trade and other receivables note 17.

28. Financial risk management *continued*

28.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate un-utilised borrowing facilities are available. In addition, the Group maintains a strong business relationship with its bankers.

28.3.1 Maturities of financial liabilities

The tables below analyses the group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Year ended 28 February 2025						
Trade and other payables excluding non-financial liabilities (Note 23)	**616 727**	**–**	**–**	**–**	**616 727**	**616 727**
Lease liabilities (Note 14)	**33 415**	**117 030**	**270 900**	**–**	**421 345**	**264 160**
Secured loans (Note 21)	**190 843**	**169 005**	**2 029 563**	**–**	**2 389 411**	**1 738 605**
Instalment sale agreements (note 21)	**19 416**	**13 257**	**–**	**–**	**32 673**	**32 278**
Loans from non-controlling interests (Note 22)	**9 529**	**28 633**	**–**	**–**	**38 162**	**37 962**
Bank overdraft (Note 18)	**42 263**	**–**	**–**	**–**	**42 263**	**42 263**
TOTAL	**912 193**	**327 925**	**2 300 463**	**–**	**3 540 581**	**2 731 995**
Year ended 29 February 2024						
Trade and other payables excluding non-financial liabilities (Note 23)	605 183	–	–	–	605 183	605 183
Lease liabilities (Note 14)	35 710	100 631	336 042	–	472 383	289 249
Secured loans (Note 21)	605 508	165 690	911 434	–	1 682 632	1 638 430
Instalment sale agreements (note 21)	720	918	61 763	–	63 401	62 716
Loans from non-controlling interests (Note 22)	9 242	–	–	25 421	34 663	34 663
Bank overdraft (Note 18)	85 623	–	–	–	85 623	85 623
TOTAL	1 341 986	267 239	1 309 239	25 421	2 943 885	2 715 864

28. Financial risk management *continued*

28.4 Capital management

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefit for other stakeholders.

The Group manages the capital structure in light of changes in business activities and economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors risk to capital on the basis of the interest bearing debt to capital ratio. This ratio is calculated as net interest bearing debt divided by capital. Net interest bearing debt is calculated as total bank interest bearing debt excluding lease liabilities less cash and cash equivalents. Capital comprises all components of equity (i.e. ordinary shares, minority interest, retained earnings and other reserves).

	GROUP	
Figures in R'000	**2025**	2024
The debt to capital ratio at year end is as follows:		
Secured loans	**1 738 605**	1 638 430
Instalment sale agreements	**32 278**	62 716
Total interest bearing debt	**1 770 883**	1 701 146
Cash and cash equivalents	**(276 563)**	(197 923)
NET INTEREST BEARING DEBT	**1 494 320**	1 503 223
TOTAL CAPITAL	**3 259 409**	3 043 021
DEBT TO CAPITAL RATIO	**46%**	49%

28. Financial risk management *continued*

28.5 Foreign currency risk

Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies, as and when it is required. At 28 February 2025, foreign denominated borrowings to the equivalent of R66.517 million existed (2024: R66.977 million).

The Group is exposed to foreign currency risk through its offshore subsidiaries, Maputo Private Hospital Limitada (Maputo hospital), Lenmed Health Bokamoso Private Hospital (Pty) Ltd (Bokamoso hospital), Beira Private Hospital Limitada (Beira Hospital) and Halcom Management Services Limited (HMS) which have different functional currencies. The net assets of the foreign investments are exposed to foreign currency translation risk as the companies are subsidiaries of the Group which would impact the Group's foreign currency translation reserve. The Group does not formally hedge its foreign currency risk.

	GROUP	
Figures in R'000	**2025**	2024
Foreign Currency Translation Reserve (FCTR)	**238 678**	290 816
Sensitivity analysis		
The table below analyses the impact on the Group's revenue, profit after tax and the FCTR. The analysis is based on the assumption that the ZAR had strengthened/weakened by 10% (2024: 10%) against the BWP Pula, US$ and the MZN disclosed in Note 1 with all other variables held constant.		
Impact on FCTR		
ZAR strengthened	**(23 868)**	(29 082)
ZAR weakened	**23 868**	29 082
Impact on revenue		
ZAR strengthened	**(111 234)**	(112 934)
ZAR weakened	**111 234**	112 934
Impact on profit after tax		
ZAR strengthened	**(5 338)**	(7 132)
ZAR weakened	**5 338**	7 132

Refer to Note 1 for the exchange rates used to translate its foreign operations.

Notes to the Consolidated Financial Statements *continued*

Figures in R'000	GROUP At amortised cost	GROUP Total
29. Financial assets		
29.1 Carrying amount of financial assets by category		
Year ended 28 February 2025		
Trade and other receivables excluding non-financial assets (Note 17)	**1 289 515**	**1 289 515**
Cash and cash equivalents (Note 18)	**318 826**	**318 826**
	1 608 341	**1 608 341**
Year ended 29 February 2024		
Trade and other receivables excluding non-financial assets (Note 17)	1 138 019	1 138 019
Cash and cash equivalents (Note 18)	283 546	283 546
	1 421 565	1 421 565

Figures in R'000	GROUP At amortised cost	GROUP Total
30. Financial liabilities		
Carrying amount of financial liabilities by category		
Year ended 28 February 2025		
Lease liabilities (Note 14)	**264 160**	**264 160**
Secured loans (Note 21)	**1 738 605**	**1 738 605**
Instalment sale agreements (Note 21)	**32 278**	**32 278**
Loans from non-controlling interests (Note 22)	**37 962**	**37 962**
Trade and other payables excluding non-financial liabilities (Note 23)	**616 726**	**616 726**
Bank overdraft (Note 18)	**42 263**	**42 263**
	2 731 994	**2 731 994**
Year ended 29 February 2024		
Lease liabilities (Note 14)	289 249	289 249
Secured loans (Note 21)	1 638 430	1 638 430
Instalment sale agreements (Note 21)	62 716	62 716
Loans from non-controlling interests (Note 22)	34 663	34 663
Trade and other payables excluding non-financial liabilities (Note 23)	605 183	605 183
Bank overdraft (Note 18)	85 623	85 623
	2 715 864	2 715 864

Figures in R'000	GROUP At amortised cost	GROUP Total
31. Commitments		
Capital commitments		
The construction, renovation and upgrading of hospital buildings	**71 324**	**44 232**
The acquisition of plant and equipment	**73 134**	**96 363**
	144 458	**140 595**

32. Segment information

32.1 General information

Consistent with the Group's internal reporting, the chief operating decision maker, being the Executive Committee, views the Group's operating results as a single segment and makes decisions about resources to be allocated and assesses performance accordingly.

The IFRS 8 required information about the Group as a single segment for the profit or loss, including specified revenues and expenses, and assets and liabilities have already been disclosed elsewhere in these consolidated annual financial statements.

The revenue from external customers for groups of similar products and services are disclosed in note 4.

The following geographical information is reported on:

Figures in R'000	GROUP 2025	GROUP 2024
Revenues from external customers		
South Africa	**(4 047 359)**	**(3 491 750)**
Outside of South Africa	**(1 206 798)**	**(1 177 878)**
Group total revenues from external customers	**(5 254 157)**	**(4 669 628)**
Non-current assets other than financial instruments and deferred tax assets		
South Africa	**3 591 730**	**3 507 521**
Outside of South Africa	**958 058**	**969 750**
Group total non-current assets other than financial instruments and deferred tax assets	**4 549 788**	**4 477 271**

33. Events after the reporting date

All events subsequent to the date of the consolidated annual financial statements and for which the applicable financial reporting framework which require adjustment or disclosure have been adjusted or disclosed.

For the purpose of creating liquidity in the ordinary shares of the company, the directors approved a general ordinary share buy-back offer to all shareholders effective from 14th of May 2025. The share buy-back offer closed on the 4th of June 2025, in terms of which 32.4 million ordinary shares were repurchased at R3 per share, totalling R97.2 million.

The directors are not aware of any other matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Group other than described above.

Shareholder infromation

Notice of Annual General Meeting

Lenmed Investments Limited

(Registration number 1980/003108/06) ("the Company" or "Lenmed")

Notice is hereby given to the Shareholders that the 43rd Annual General Meeting ("AGM") of Lenmed Investments Limited ("the Company" or "Lenmed") in respect of the financial year ended 28 February 2025 will be held on **Thursday 7 August 2025 at 15:00 (CAT), entirely through electronic communication** as permitted by the South African Companies Act, 71 of 2008 (as amended), for the purposes of passing, with or without modification, the ordinary and special resolutions set out below.

Shareholders will need to register, **by latest on Tuesday 5 August 2025**, to participate in the AGM. Details are set out in Annexure A to this Notice of AGM.

References in this notice of AGM, to the "Companies Act" means the South African Companies Act, no 71 of 2008 (as amended).

Section 63(1) of the Companies Act – Identification of meeting participants

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.

Ordinary resolutions

ORDINARY RESOLUTION NUMBER 1: ANNUAL FINANCIAL STATEMENTS

"RESOLVED THAT the annual financial statements of the Company for the year ended 28 February 2025, including the directors' report and the report of the Audit and Risk Committee, be and are hereby received."

Percentage of voting rights to pass this resolution: 50% plus 1 vote.

Retirement by rotation of directors

In terms of the Memorandum of Incorporation (MOI) of the Company, one third of the directors shall retire from office at the AGM.

RETIREMENT BY ROTATION AND SEEKING RE-ELECTION: See below.

ORDINARY RESOLUTION NUMBER 2: RE-ELECTION OF DIRECTOR

"RESOLVED THAT Mr FJ Meiring be and is hereby re-elected as a director of the Company."

Percentage of voting rights to pass this resolution: 50% plus 1 vote.

ORDINARY RESOLUTION NUMBER 3: RE-ELECTION OF DIRECTOR

"RESOLVED THAT Prof B Goolab be and is hereby re-elected as a director of the Company."

Percentage of voting rights to pass this resolution: 50% plus 1 vote.

ORDINARY RESOLUTION NUMBER 4: RE-ELECTION OF DIRECTOR

"RESOLVED THAT Dr G Goolab be and is hereby re-elected as a director of the Company."

Percentage of voting rights to pass this resolution: 50% plus 1 vote.

Profiles of the above directors are set out in the Annual Integrated Report. The Board has recommended their re-election.

ORDINARY RESOLUTIONS NUMBERS 5, 6 and 7: APPOINTMENT OF AUDIT AND RISK COMMITTEE MEMBERS

It is proposed that the members of the Company's Audit and Risk Committee, set out as follows, be appointed. The membership as proposed by the Board of Directors is Ms B Harie, Ms N Simamane and Mr V Firman all of whom are independent non-executive directors as prescribed by the Companies Act.

ORDINARY RESOLUTION NUMBER 5

"RESOLVED THAT Ms B Harie be and is hereby appointed as a member of the Audit and Risk Committee."

Percentage of voting rights to pass this resolution: 50% plus 1 vote.

ORDINARY RESOLUTION NUMBER 6

"RESOLVED THAT Ms N Simamane be and is hereby appointed as a member of the Audit and Risk Committee"

Percentage of voting rights to pass this resolution: 50% plus 1 vote.

ORDINARY RESOLUTION NUMBER 7

"RESOLVED THAT Mr V Firman be and is hereby appointed as a member of the Audit and Risk Committee."

Percentage of voting rights to pass this resolution: 50% plus 1 vote.

ORDINARY RESOLUTION NUMBERS 8 TO 10: ELECTION OF MEMBERS TO THE SOCIAL AND ETHICS COMMITTEE

"Resolved that the following individuals, by separate Ordinary Resolutions numbered 8 to 10 (inclusive), being eligible and offering themselves for election, be and are hereby elected as members of the Social and Ethics Committee until conclusion of the next annual general meeting of the Company."

ORDINARY RESOLUTION NUMBER 8

"RESOLVED THAT Ms N Simamane be and is hereby appointed as a member of the Social and Ethics Committee."

Percentage of voting rights to pass this resolution: 50% plus 1 vote.

ORDINARY RESOLUTION NUMBER 9

"RESOLVED THAT Dr G Goolab be and is hereby appointed as a member of the Social and Ethics Committee."

Percentage of voting rights to pass this resolution: 50% plus 1 vote.

ORDINARY RESOLUTION NUMBER 10

"RESOLVED THAT Dr M Mkhatshwa be and is hereby appointed as a member of the Social and Ethics Committee."

Percentage of voting rights to pass this resolution: 50% plus 1 vote.

On Friday. 26 July 2024, both the Companies Amendment Bill and the Companies Second Amendment Bill were signed into law. Following the proclamation issued by the President of the Republic of South Africa and published in the Government Gazette Vol 714 No. 51837 on Friday, 27 December 2024, certain sections of the Companies Amendment Act, No. 16 of 2024 and the entirety of the Companies Second Amendments Act, No. 17 of 2024 ("Companies Act Amendments"), are now in force.

Pursuant to the Companies Act Amendments, section 61(8)(c)(iii) read with section 72(9A) of the Companies Act requires that shareholders elect the members of the Company's social and ethics committee at each annual general meeting.

Profiles of the above directors are set out in the Annual Integrated Report.

ORDINARY RESOLUTION NUMBER 11: RE-APPOINTMENT OF EXTERNAL AUDITORS OF THE COMPANY

"RESOLVED THAT the re-appointment of PKF Durban as the external registered auditors of the Company, and being independent from the Company, be and is hereby approved and H Paruk (IRBA number: 771623) be and is hereby appointed as the designated audit partner for the financial year ending 28 February 2026."

Percentage of voting rights to pass this resolution: 50% plus 1 vote.

ORDINARY RESOLUTIONS NUMBERS 12.1 AND 12.2: NON-BINDING ADVISORY VOTE REMUNERATION POLICY AND IMPLEMENTATION REPORT ORDINARY RESOLUTION NUMBER 12.1: NON-BINDING ADVISORY VOTE ON THE COMPANY'S REMUNERATION POLICY

"To endorse on a non-binding advisory basis, the Company's Remuneration Policy (excluding the remuneration of the non-executive directors for the services as directors and members of Board committees)."

The Company's Remuneration Policy and related information appears in the Annual Integrated Report.

Percentage of voting rights to pass this resolution: 50% plus 1 vote.

ORDINARY RESOLUTION NUMBER 12.2: NON-BINDING ADVISORY VOTE ON THE COMPANY'S REMUNERATION IMPLEMENTATION REPORT

"To endorse on a non-binding advisory basis, the Company's Remuneration Implementation Report."

The Company's Remuneration Implementation Report and related information appears in the Annual Integrated Report.

Percentage of voting rights to pass this resolution: 50% plus 1 vote.

Notes to ordinary resolutions numbers 12.1 and 12.2:

Principle 14 and sub-practice 37 of King IV™ recommends that companies table their Remuneration Policy and Implementation Report every year to shareholders for a non-binding advisory vote at the Company's AGM. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation.

These resolutions are of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the Board of Directors of the Company will take the outcome of the vote into consideration when considering the Company's Remuneration Policy.

ORDINARY RESOLUTION NUMBER 13: AUTHORITY TO ACT ON BEHALF OF THE COMPANY

"RESOLVED THAT any director of the Company be and is hereby authorised, on behalf of the Company, to do or cause all such things to be done and sign and cause to be signed, all documents, and/or notices (including any amendments thereto), as may be necessary or desirable to give effect to both ordinary and special resolutions, and, insofar as that director has done any of the aforegoing prior to the passing of this resolution, such action/s be and is hereby ratified and approved to the extent permitted by law."

This ordinary resolution needs to be approved by an ordinary resolution, which ordinary resolution shall require the approval of ordinary shareholders who hold at least 50% of all the ordinary shares at the time.

Percentage of voting rights to pass this resolution: 50% plus 1 vote

Special resolutions

SPECIAL RESOLUTION NUMBER 1: APPROVAL OF FINANCIAL ASSISTANCE FOR SUBSIDIARIES

"RESOLVED THAT to the extent required by the Companies Act, the Board of Directors of the Company may, subject to compliance with the requirements of the Company's Memorandum of Incorporation (MOI) and the Companies Act, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the Company or any of its subsidiaries, and/or to any member of such subsidiary or related or inter-related company or entity, all as contemplated in sections 44 and/or 45 of the Companies Act, for such amounts and on such terms and conditions as the directors of the Company may determine; and that such authority to endure until the next annual general meeting of the company."

Percentage of voting rights to pass this resolution: 65%.

Motivation for special resolution number 1

Section 45 of the Companies Act, applies to financial assistance provided by a company to related or inter-related companies and other entities, including, inter alia, its subsidiaries, associates, joint ventures, partnerships, collaboration arrangements, etc for any purpose.

Section 44 of the Companies Act may apply to the financial assistance so provided by a company to related or interrelated companies or other entities, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or interrelated company.

Both sections 44 and 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous 2 (two) years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the Board of Directors must be satisfied that:

- immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The Company would like the ability to provide financial assistance, if necessary, in other circumstances, in accordance with section 45 of the Companies Act. Furthermore, it may be necessary or desirous for the Company to provide financial assistance to related or interrelated companies and entities to acquire or subscribe for options or securities or purchase securities of the Company or another company related or inter-related to it. Under the Companies Act, the Company will, however, require the special resolution referred to above to be adopted. In the circumstances and in order to, inter alia, ensure that the Company's subsidiaries and other related and inter-related companies and entities have access to financing and/or financial backing from the Company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution 1.

SPECIAL RESOLUTION 2: APPROVAL OF FINANCIAL ASSISTANCE FOR DIRECTORS AND/OR PUBLIC OFFICERS

"RESOLVED THAT to the extent required by the Companies Act, the board of directors of the company may, subject to compliance with the requirements of the company's memorandum of incorporation and the Companies Act, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise, to any of the company's directors and/or public officers in order to cover any tax liability arising from their participation in the Liquidity Alignment Plan, which was approved by Lenmed shareholders at the annual general meeting held on 3 August 2023, and that such authority to endure until the next annual general meeting of the company."

Percentage of voting rights to pass this resolution: 65%.

Motivation for special resolution number 2

Special resolution number 2 authorises financial assistance to any of the company's directors and/or public officers in order to cover any tax liability arising from their participation in the Liquidity Award Plan, which was approved by Lenmed shareholders at the annual general meeting of the company held on 3 August 2023.

SPECIAL RESOLUTION NUMBER 3: FUTURE DIRECTORS' FEES

"RESOLVED THAT the non-executive directors be paid the following fees for services as directors for the period from the date of this AGM to the date of the next AGM:

	Fees per meeting	Retainer (per annum)
Non-executive director/independent non-executive director	R35 000	R300 000

Committees include (Remuneration and Nominations Committee, Social and Ethics Committee, Audit and Risk Committee, Clinical Governance Committee, Innovation and Disruption Committee or any other committees to be formed)

- Committee chairman R35 000 (in addition to committee member fee) per meeting
- Committee member R35 000 per meeting
- Fee for work not specified above R35 000 (per meeting rate)
- Fee for Lead Independent Director R300 000 per annum, backdated to 1 August 2024".

Percentage of voting rights to pass this resolution: 65%.

Motivation for special resolution number 3

The reason for special resolution 3 is to comply with the provisions of the Companies Act. The effect of the special resolution is that, if approved by the shareholders at the AGM, the fees payable to non-executive directors until the next AGM will be as set out above.

The Lead Independent Director (LID) is entitled to fees as a board member, member of the Audit and Risk Committee and chairman of the Social and Ethics Committee, in addition to the fees as a LID.

SPECIAL RESOLUTION NUMBER 4: TO APPROVE THE ACQUISITION OF SHARES IN THE COMPANY

"RESOLVED THAT, subject to the provisions of the Companies Act, 2008 (specifically Section 46 dealing with solvency and liquidity) and the Company memorandum of incorporation, the Company or any subsidiary of the Company is authorised, by way of a general authority, to acquire ordinary shares in the share capital of the company from any person."

Motivation for special resolution number 4

The reason for special resolution 4 is to enable the Company or any subsidiary of the Company to acquire shares issued by the Company. The effect of the special resolution is that, if approved by the shareholders at the AGM, authority will be given for the acquisition of such shares.

SPECIAL RESOLUTION NUMBER 5: AMENDMENTS TO THE COMPANY'S MEMORANDUM OF INCORPORATION

"RESOLVED THAT in terms of section 16(1)(c) read with section 16(5)(b) of the Companies Act, the proposed amendments to the company's Memorandum of Incorporation as detailed below, be and are hereby approved."

Percentage of voting rights required to pass this resolution: 65%.

Reason for and effect of special resolution number 5

In terms of section 16(1)(c) read with section 16(5)(b) of the Companies Act, the board proposes that shareholders approve the alterations to the existing Memorandum of Incorporation of the company by deleting, amending and/or replacing certain provisions. These changes include:

- *amending the threshold for special resolutions from 65% to 60%;*
- *removing the requirement that executive directors retire by rotation at the annual general meeting;*
- *removing any historical provisions in the Memorandum of Incorporation that are no longer applicable such as references to GFSH (Grindrod); and to*
- *altering or replacing certain provisions in the Memorandum of Incorporation to align them with the requirements of the Companies Act, as amended by the Companies Amendment Act.*

A copy of the amended Memorandum of Incorporation, marked up for ease of reference, will lie for inspection at the company's registered office during normal business hours from the date of publication of the notice of AGM up to the date of the AGM, and will also be made available to shareholders on request.

Any matters raised by shareholders, with or without advance notice to the Company

To deal, at the AGM, with any matters raised by shareholders, with or without advance notice to the Company.

Voting and proxies

In terms of the Company's MOI, at any time, a shareholder may, in respect of any class of shares held by the shareholder, appoint any individual, including an individual who is not a shareholder of the Company, as a proxy to participate in, and speak and vote,
at the AGM, on behalf of the shareholder.

In terms of the Company's MOI (clause 3.10.1), a shareholder of the Company may not appoint two or more persons concurrently as proxies.

In terms of the Company's MOI (clause 3.10.3), a copy of the instrument appointing a proxy must be delivered to the registered office of the Company, marked for the attention of the Company Secretary (or to be delivered to such other location and/or person on behalf of the Company as may be specified in the notice convening the meeting), to be received by the Company not less than 48 hours before the appointed time for the beginning of the meeting or, if the meeting is adjourned the appointed time for the resumption of the adjourned meeting.

By order of the Board

William Somerville
Company Secretary

09 July 2025

Rights in terms of section 58 of the Companies Act, 2008

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the MOI of a company provides otherwise:
   - 3.1. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder (a); and
   - 3.2. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting (b).

Notes

a) In respect of item 3.1, in terms of the Company's MOI (clause 3.10.1), a shareholder of the Company may not appoint two or more persons concurrently as proxies.

b) In respect of item 3.2, in terms of the Company's MOI (clause 3.10.3) a copy of the instrument appointing a proxy must be delivered to the registered office of the Company, marked for the attention of the Company Secretary (or to be delivered to such other location and/or person on behalf of the Company as may be specified in the notice convening the meeting), to be received by the Company not less than 48 hours before the appointed time for the beginning of the meeting or, if the meeting is adjourned the appointed time for the resumption of the adjourned meeting.

4. Irrespective of the form of instrument used to appoint a proxy:
   - 4.1. the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
   - 4.2. should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
   - 5.1. stated in the revocation instrument, if any; or
   - 5.2. upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c) of the Companies Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's MOI to be delivered by such company to the shareholder must be delivered by such company to:
   - 6.1. the shareholder; or
   - 6.2. the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provide otherwise.
8. If a company issues an invitation to shareholders to appoint a person named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
   - 8.1. such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
   - 8.2. the company must not require that the proxy appointment be made irrevocable; and
   - 8.3. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

The practical applications of the aforementioned rights are also reflected in the notes to the proxy form attached hereto.

Form of proxy

Lenmed Investments Limited

(Registration number 1980/003108/06) ("the Company" or "Lenmed")

For use at the **43rd Annual General Meeting** (AGM) of the Company to be held by electronic communication on **Thursday, 7 August 2025 (CAT) at 15:00** and at any adjournment thereof

I/We (full name in block letters)

of (address)

identity number or registration number
(if a company or a trust)

email address

cellphone number or telephone number with dialling code

being a shareholder(s) of the Company and holding
ordinary shares in the Company,
hereby appoint of , or
failing him/her of , or
failing him/her the Chairman of the AGM, as my/our proxy to act for me/us and on my/our behalf at the AGM which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the ordinary and special resolutions and/or abstain from voting in respect of the Company's ordinary shares registered in my/our name(s), in accordance with the following instructions:

		Number of votes		
Ordinary resolutions		**For**	**Against**	**Abstain**
1.	To receive the annual financial statements of the Company for the year ended 28 February 2025, including the directors' report and the report of the Audit and Risk Committee.			
2.	To re-elect Mr FJ Meiring as a director of the Company.			
3.	To re-elect Prof B Goolab a director of the Company.			
4.	To re-elect Dr G Goolab as a director of the Company.			
5.	To appoint Ms B Harie as a member of the Audit and Risk Committee.			
6.	To appoint Ms N Simamane as a member of the Audit and Risk Committee.			
7.	To appoint Mr V Firman as a member of the Audit and Risk Committee.			
Social and Ethics Committee members:				
8.	To appoint Ms N Simamane as a member of the Social and Ethics Committee.			
9.	To appoint Dr G Goolab as a member of the Social and Ethics Committee.			
10.	To appoint Dr M Mkhatshwa as a member of the Social and Ethics Committee.			
11.	To re-appoint the external auditors of the Company, PKF Durban, and to appoint Mr H Paruk as the designated audit partner.			
12.1	Non-binding advisory vote on the Company's Remuneration Policy.			
12.2	Non-binding advisory vote on the Company's Remuneration Implementation Report.			
13.	Authority to act on behalf of the Company.			
Special resolutions				
1.	Approval of financial assistance for subsidiaries.			
2.	Approval of financial assistance for directors and/or public officers.			
3.	Approval of the future fees of non-executive directors.			
4.	Approval of the acquisition of shares in the Company.			
5.	Approval of amendments to memorandum of incorporation.			

Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast. Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at ______________________ on ______________________ 2025

Shareholder's signature ______________________ (if applicable) assisted by ______________________

Notes to form of proxy

1. At any time, a shareholder may in respect of shares held in the Company by that shareholder, appoint any individual, including an individual who is not a shareholder of the Company to participate in, speak and, on a poll, vote in place of that shareholder at the AGM. Meeting participants will be required to provide satisfactory identification before being allowed to participate in the meeting.
2. A shareholder wishing to appoint a proxy must do so in writing by inserting the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided on the form of proxy, with or without deleting "the Chairman of the AGM". The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
3. A shareholder's instructions to the proxy must be indicated on the form of proxy by the insertion of the relevant number of votes exercisable by that member in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the Chairman of the AGM, if the Chairman is the authorised proxy, to vote in favour of the ordinary and special resolutions at the AGM, or any other proxy to vote or to abstain from voting at the AGM as he/she deems fit, in respect of all the shareholder's votes exercisable thereat.
4. A shareholder or his/her proxy is not obliged to vote in respect of all the ordinary shares held by such shareholder or represented by such proxy, but the total number of votes for or against the ordinary resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the shareholder or his/her proxy is entitled.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer office or waived by the Chairman of the AGM.
6. The Chairman of the AGM may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
7. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
8. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
9. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.
10. Where there are joint holders of shares (i) any one holder may sign the form or proxy; and (ii) the vote of the senior shareholders (for that purpose seniority will be determined by the order in which the names of the shareholders appear in the Company's register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholders.
11. Any proxy appointment made in terms of this form of proxy remains valid until the end of the AGM, unless revoked earlier.
12. In terms of the Company's MOI (clause 3.10.3) a copy of the instrument appointing a proxy must be delivered to the registered office of the Company, marked for the attention of the Company secretary (or to delivered to such other location and/or person on behalf of the Company as may be specified in the notice convening the meeting), to be received by the Company not less than 48 hours before the appointed time for the beginning of the meeting or, if the meeting is adjourned the appointed time for the resumption of the adjourned meeting.

Registered Office

Lenmed Investments Limited, 2nd Floor, Fountainview House, Constantia Office Park,
Corner 14th Avenue and Hendrik Potgieter Road, Constantia Kloof, Johannesburg, 1709

Annexure A

Arrangements for electronic participation at the Lenmed Investments Limited Annual General Meeting (AGM)

Please take note of the arrangements set out below in this regard.

1. Send an email by no later than Tuesday, 5 August 2025 to Naushad Gany (naushad.gany@lenmedgroup.com) and William Somerville (w.somerville@lenmedgroup.com), indicating your intention to attend the AGM electronically.
2. In the same email, attach your completed proxy form.
3. Prior to the AGM, you will receive an email with a link to the AGM via Microsoft Teams. To enter the meeting, you simply click on the link.
4. If, during the AGM, you wish to change your vote on any particular resolution, indicate this to the Chairman, and your revised vote will be recorded as such.
5. Should you wish to dial in to the AGM, please register by completing and lodging your proxy form by no later than Tuesday, 5 August 2025.
6. If you have any queries, please contact Naushad Gany (082 359 7007) or William Somerville (082 464 3673).

Acronymns and glossary

ACC	American College of Cardiology
AFS	annual financial statements
AGM	annual general meeting
AI	artificial intelligence
AIR	annual integrated report
AKPH	Ahmed Kathrada Private Hospital
B-BBEE	Broad-based Black Economic Empowerment
BI	business intelligence
Board	Board of Directors
BPH	Bokamoso Private Hospital
BPHL	Beira Private Hospital Limitada
CA (SA)	Chartered Accountant, as designated by the South African Institute of Chartered Accountants (SAICA)
CCMA	Commission for Conciliation, Mediation and Arbitration, in South Africa
CCO	Chief Commercial Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIMS	centralised incident management system
CIO	Chief Information Officer
COID	Compensation for Occupational Injuries and Diseases on Duty
Companies Act	The South African Companies Act, 71 of 2008, as amended
COO	Chief Operations Officer
CPI	consumer price index
CSI	corporate social investment
DCF	discounted cashflow
DOH	Department of Health, of South Africa
DOL	Department of Employment and Labour, of South Africa
DSP	designated service provider
EBITDA	earnings before interest, taxation, depreciation and amortisation
ECL	expected credit loss
EC	Environmental Committee
ED	emergency department
EHHC	Ethekwini Hospital And Heart Centre
ERP	enterprise resource planning
ESG	environmental, social and governance
Exco	executive committee
FY24	The full financial year ended 29 February 2024
FY25	The full financial year ended 28 February 2025
GEMS	Government Employees Medical Scheme, in South Africa
GHG	greenhouse gas
GPs	general practitioners
HASA	Hospital Association of South Africa
HR	human resources
HWSETA	Health and Welfare Sector Education and Training Authority, of South Africa
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICU	intensive care unit
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IFRS IC	International Financial Reporting Standards (IFRS) Interpretations Committee
IRBA Code	The Independent Regulatory Body for Auditors (IRBA)'s Code of Professional Conduct for Registered Auditors
ISAs	International Standards on Auditing
IT	information technology
JIBAR	Johannesburg interbank average rate
JSE	Johannesburg Stock Exchange
King IV	King IV™ Report on Corporate Governance for South Africa 2016
km	kilometre
KPA	key performance area
kW	kilowatt
KZN	KwaZulu-Natal
LAP	Liquidity Alignment Plan
LenIRS	Lenmed clinical risk management system
LRD	living related donor
LTIS	long-term incentive scheme
LVAD	left ventricular assist device
MANCO	management committee
MMHS	Matlosana Medical Heath Services
MOH	Ministry of Health and Wellness, of Botswana
MooiMed	MooiMed Private Hospital
MZN	Mozambican Metical
NAV	net asset value
NEHAWU	The National Education, Health and Allied Workers' Union, of South Africa
NHI	National Health Insurance, of South Africa
NHN	National Hospital Network
NICU	neonatal intensive care unit
NRC	National Renal Care
OHCS	The Office of Health Compliance Standards, in South Africa

OHSC	occupational health and safety compliance
OTC	over-the-counter
PAIA	The South African Promotion of Access to Information Act, 2 of 2000
PCI	percutaneous coronary intervention
POPI	The South African Protection of Personal Information Act, 4 of 2013
PPDs	paid patient days
RAF	Road Accident Fund, in South Africa
Remco	Remuneration and Nomination Committee
RHHC	Royal Hospital and Heart Centre
RMB	Rand Merchant Bank
RPPDs	Rand per patient day
SA	South Africa
SAICA	South African Institute of Chartered Accountants
SAMMSS	The South African Metabolic Medicine and Surgery Society
SARs	share appreciation rights
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goal, as outlined by the United Nations
SIEM	security information and event management
SMS	short message service
SOC	security operations centre
TAVI	transcatheter aortic valve implantation
TVET	technical and vocational education and training
USD	United States Dollar
VAT	value-added tax
WACC	Weighted average cost of capital
WHO	World Health Organisation
YES	Youth Employment Service, of South Africa
ZPH	Zamokuhle Private Hospital

Company information

Country of incorporation
South Africa

Nature of business
The provision of private patient healthcare, through management and ownership of hospitals and other related health services

Executive directors
- Mr Prakash Devchand
- Mr Amil Devchand
- Mr Fredré Meiring

Non-executive Directors
- Ms Nomahlubi Simamane (Lead independent)
- Ms Bharti Harie (independent)
- Mr Vaughan Firman (independent)
- Prof Bhaskar Goolab
- Dr Gunvant Goolab (independent)

Registered address
2nd Floor Fountain View House, Constantia Office Park
Corner 14th Avenue and
Hendrik Potgieter Road
Constantia Kloof
Johannesburg
1709

Postal address
PO Box 855, Lenasia, Johannesburg, 1820

Auditors
PKF Durban, Chartered Accountants (SA)

Registered Auditors
Practice number – 906352E

2nd Floor,
12 on Palm Boulevard Gateway
KwaZulu-Natal
4319

Company secretary
Mr W Somerville

Bryanston Gate, Block 4, 1st Floor
Homestead Avenue, Bryanston
Johannesburg
2191

Registration number

1980/003108/06

Bankers
Rand Merchant Bank
ABSA Bank

Transfer secretary
Singular Systems (Pty) Ltd t/a Equity Express

7 Junction Road
Bramley
Johannesburg
2001

Our hospitals

Ahmed Kathrada Private Hospital
K43 Highway, Extension 8, Lenasia, **Gauteng**

T +27 87 087 0642 • F +27 11 852 8910

Beira Private Hospital
Estrada Carlos Pereira, Estoril, **Beira**

T +258 8614 44453

Bokamoso Private Hospital
Plot 2435, Block 1, Mmopane, Along the Molepolole Road, Gaborone, **Botswana**

T +267 369 4000 • F +267 369 4140

Daleside Day Hospital
12 Van Ryneveld Street, Wilkoppies, **Klerksdorp**

T +27(0) 18 464 1009

Daxina Private Hospital
1682 Impala Street, Lenasia South, **Gauteng**

T +27 87 087 0644 • F +27 11 855 1039

Ethekwini Hospital and Heart Centre and Lenmed Ethekweni Rehabilitation Centre
11 Riverhorse Drive, Riverhorse Valley Business Estate, Queen Nandi Drive, Durban, **KwaZulu-Natal**

T +27 31 581 2400 • F +27 31 581 2999

Howick Private Hospital
107 Main Street, **Howick**, 3290

T +27 33 330 2456

Kathu Private Hospital
Frikkie Meyer Street, **Kathu**

T +27 87 158 2700

La Verna Private Hospital
1 Convent Road, Ladysmith, **KwaZulu-Natal**

T +27 87 087 2600

Maputo Private Hospital
Rua do Rio Inhamiara, Sommerschield II, Maputo, **Mozambique**

T +258 84 303 0967-9 • F +258 21 49 3680

Mooimed Private Hospital
1 Chief Albert Luthuli Drive, **Potchefstroom**, 2531

T +27 (0) 18 293 0802

Parkmed Neuro Clinic
94 Bishop Desmond Tutu Street, Neserhof, **Klerksdorp**, 2571

T +27 (0) 18 462 3072

Randfontein Private Hospital
Lister Road, Lower Ward Street Extension, **Randfontein**

T +27 87 087 2700

Royal Hospital and Heart Centre
Corner Welgevonden and Jacobus Smit Street, Royldene, **Kimberley**

T +27 53 045 0350

Shifa Private Hospital
482 Randles Road, Sydenham, Durban, **KwaZulu-Natal**

T +27 87 087 0641

Sunningdale Private Hospital
12 Van Ryneveld Street, Wilkoppies, **Klerksdorp**

T +27(0)18 462 7536

The Bank Hospital
Block F6, Shippi Road, **Cantonments**, Accra

T +233 302 739 373

Wilmed Park Private Hospital
Cnr Ametis & Marmer Street, **Wilkoppies**, 2571

T +27 (0)18 468 7700

Zamokuhle Private Hospital
128 Flint Mazibuko Street, Hospital View, Tembisa, **Gauteng**

T +27 87 087 0643

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Embrace every day