

Annual integrated report 2024



 **lenmed** |  Embrace every day



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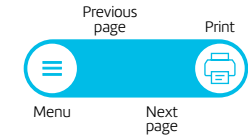
Navigating this report

The icons below are used throughout this report to highlight integrated thinking and demonstrate the connectivity of the resources and relationships we rely on to create and preserve value for our stakeholders.

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



The following icons refer readers to information within this report.



- More information available in this report
- More information available online

Our resources and relationships (capitals)

- FC** Financial
- MC** Manufactured
- SRC** Social and relationship
- IC** Intellectual
- HC** Human
- NC** Natural

The strategic themes that guide our integrated reporting

- Key stakeholder engagement
- Continuous learning
- Clinical and operational excellence
- Digital transformation and innovation
- ESG
- Growth strategy

Our material matters

- MM 1** The quality and innovation of our delivery model
- MM 2** Organisational growth
- MM 3** Digital disruption in healthcare
- MM 4** Attracting and maintaining quality skills
- MM 5** Funder relations
- MM 6** Embedding ESG focus
- MM 7** Macro-economic factors

Our top risks

- R 1** Negative patient outcome/adverse medical event
- R 2** Cybercrime and cybersecurity
- R 3** State of the economy
- R 4** Business interruption
- R 5** Hospital business model disruption
- R 6** Industry regulations
- R 7** Healthcare funder pressure
- R 8** Global medical skills shortage
- R 9** Pandemics and health crises

Our stakeholders

- Medical practitioners and allied services
- Employees
- Board
- Patients
- Service providers and suppliers
- Funders
- Debt providers
- Industry and regulatory bodies
- Shareholders and future investors
- Communities
- Media
- Medical schools and universities

INTRODUCTION

About this report

Welcome to the Lenmed 2024 Annual Integrated Report (AIR). This report is designed to address the information needs of our investors, funders and key stakeholders, including our patients, employees and communities.

The AIR offers a comprehensive overview of our operational landscape, highlighting key risks and opportunities, our approach to stakeholder engagement, strategy, internal operations and governance structure.

*How we think
about value
creation and
preservation*

OUR PURPOSE

Our purpose is clear and inspiring: to build healthier and prosperous communities. This purpose serves as the cornerstone of our operations, guiding our strategic decision-making and daily practices.

Lenmed harnesses the six pillars of capital – financial, human, intellectual, social and relationship, manufactured, and natural resources – to create value, achieve sustainable growth and generate positive impact for all stakeholders.

We prioritise value creation by aligning our strategy with our purpose and business model, as outlined on page 7 of this report, while we preserve the value created by carefully managing our resources to maintain and protect this value over time.

Conversely, to mitigate value erosion, we continuously monitor our performance, assess risks, and refine our strategies to optimise outcomes. This disciplined approach to value management underscores our commitment to our purpose.

*How we identify
and prioritise
our material
matters*

INTEGRATED THINKING

Material matters encompass key issues, opportunities and risks that significantly impact our ability to consistently create, protect and preserve value for stakeholders. They play a pivotal role in shaping our strategy and influence targets across short- (one year), medium- (two to three years), and long-term (five years and beyond) horizons.

Our commitment to integrated thinking ensures material matters are not only identified, but are deeply embedded in our strategic decision-making processes.

Icons are used throughout this report to demonstrate connectivity and integrated thinking in how we create and preserve value.



The process we follow to compile the Lenmed Annual Integrated Report

OUR INTEGRATED REPORTING PROCESS

The Lenmed AIR undergoes a rigorous process to ensure comprehensive and accurate reporting. We make use of both internal and trusted external sources of information during this process. Our integrated report and annual financial statements (AFS) are prepared in parallel to ensure information and data alignment and consistency, reflecting integrated thinking.

The reporting frameworks to which we adhere

Our **AIR and AFS** adhere to the requirements of the following reporting frameworks, codes and legislation.

Report	International Integrated Reporting Framework (2021)	South African Companies Act No. 71 of 2008 (Companies Act)	International Financial Reporting Standards (IFRS®)	King IV™ Report on Corporate Governance for South Africa 2016 (King IV™) ¹
AIR	✓	✓	✓	✓
AFS		✓	✓	✓

1. King IV Report on Corporate Governance for South Africa 2016 – copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.



Our 2024 annual integrated report

Reporting period

Lenmed's 2024 AIR covers the period from 1 March 2023 to 29 February 2024. Material post year-end events and macroeconomic updates that are deemed material, which occurred after this date and up to the Board approval date of 10 June 2024, have been included.

Target audience

This AIR is prepared for stakeholders listed on page 24 of this report.

Forward-looking statements

The report contains forward-looking statements pertaining to Lenmed's plans, objectives, goals, operations and performance. These statements are not guarantees or predictions of future performance and inherently involve risk and uncertainty, as they are related to future events and circumstances that may be beyond Lenmed's control.

Approval

The Lenmed Board acknowledges its responsibility to ensure the integrity and completeness of this integrated review. The Board is satisfied that this integrated review was prepared in accordance with all relevant frameworks and standards, addresses all material issues and presents a fair and balanced account of Lenmed's performance in the period under review. The Board of directors approved the 2024 Annual Integrated Report on 10 June 2024.

FEEDBACK ON AIR

We welcome your feedback on this AIR. Please email your comments to info@lenmed.co.za.

Celebrating a legacy, embracing the next 40 years

A journey of care and compassion

In the early 1980s, during the apartheid era, South Africa's white population had relatively good access to competent state-run healthcare. By contrast, the majority of South Africans were underserved.

A handful of South African doctors of Indian descent were deeply concerned about the lack of healthcare facilities for their community in Lenasia, west of Johannesburg. Meeting in the 'non-white' canteen of the sprawling Baragwanath Hospital, they resolved to open their own clinic in Lenasia. From the outset, their clinic aimed to provide world-class healthcare for all citizens regardless of race, religion or creed, imbued with empathy, integrity and purpose, underpinned by a strong sense of community.

Founded in 1984 with a humble 47 beds, four wards, and four operating theatres, Lenmed's initial clinic has grown into the multidisciplinary 268-bed Ahmed Kathrada Private Hospital, a universally cherished cornerstone of the Lenasia community.

Our communities: the heartbeat of Lenmed

At the core of Lenmed's success are the communities we serve. Each incoming community has shaped and inspired our journey.

For more than 20 years, Lenmed focused solely on its expanding Lenasia hospital. However, in 2007, its leadership made the groundbreaking decision to spread its model of healthcare, with intrinsic community involvement, to other communities in need of the unique Lenmed touch. Moving swiftly, Lenmed acquired three hospitals serving disadvantaged South African communities, built Mozambique's most

advanced healthcare facility in Maputo, and took over a key hospital in Botswana.

Everywhere Lenmed went, it grew deep roots into local communities, helping them thrive through empathetic healthcare and the creation of new jobs. Expert and affordable healthcare enhances community life, attracting people and investment to the area.

Answering Africa's call for healthcare

Lenmed's reach has expanded from Lenasia to weave a tapestry of care stretching across Botswana, Mozambique, and Ghana.

Lenmed's initial expansionary drive was just the start. Its leadership possessed the vision to identify new acquisitions based on medical expertise and reputation as much as geographic location.

Acquiring the Ethekwini Hospital and Heart Centre in Durban was a perfect example, bringing world-class cardiac expertise into the group for uptake into Lenmed's other hospitals.

As opportunities arose, Lenmed revitalised rundown facilities with untapped potential in underserved communities, or built from the ground up, such as the Royal Hospital and Heart Centre in Kimberley. In Tembisa, Gauteng, Lenmed demolished the aging Zamokuhle Hospital and rebuilt it as a modern 101-bed facility with a much wider medical offering than its predecessor.

In its latest acquisition, Lenmed acquired several healthcare entities in and around Klerksdorp, North West Province. The synergies between these and Lenmed's other operating units will greatly benefit the residents of this urban and farming community.

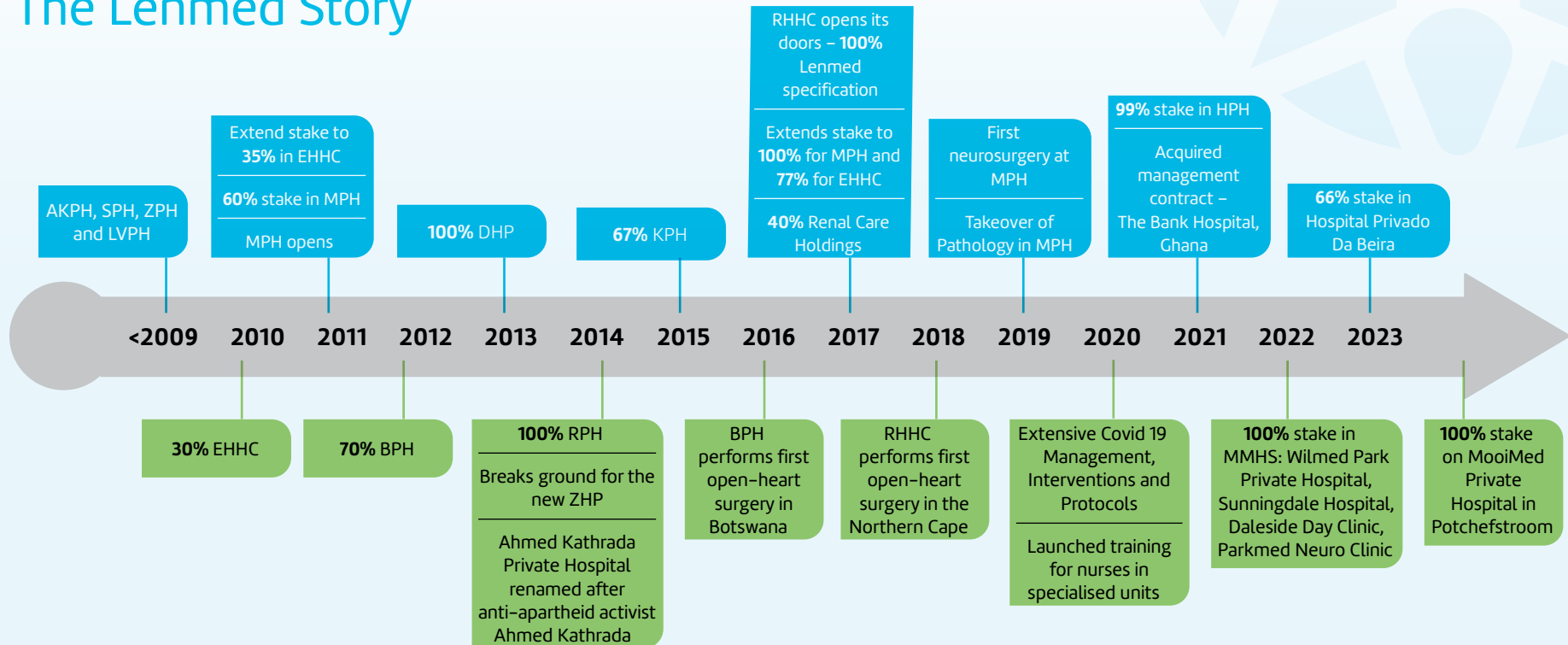


Unwavering excellence and innovation

Lenmed is forging ahead with its journey of growth and innovation. We are continuing to invest in state-of-the-art medical facilities and groundbreaking treatments.

Hand in hand with taking quality healthcare into new communities, we make compassion practical by continually introducing new medical disciplines and service offerings into the Lenmed mix. These include advanced medical equipment and technologies, such as imaging systems, robotic surgery and innovative new procedures, supported by medical professionals engagement platforms and advanced data analytics capabilities all aimed at delivering market leading clinical outcomes.

The Lenmed Story



Honouring the past 40 years, embracing the next

The Lenmed story is that of a small community hospital, founded to serve a marginalised population, growing through grit and vision into an African healthcare group that carries the ethos of genuine community care across the continent.

In these pages we honour the past and those who have been part of our story. Over the years dedicated healthcare professionals, partners, and supporters have stood tall as the pillars of our collective success. Their unwavering commitment have transformed challenges into milestones and aspirations into achievements.

We look to the future, as a new generation moves into place to build on the foundation of the first 40 years. Stiff challenges await in all directions, with new technology and AI presenting a world of opportunity.

Yet, as we look back on and celebrate 40 hard-won years, we are deeply grateful to the communities that have entrusted their health and wellness to us.

We will remain guided by your needs – and rewarded by how well we can fulfil them.



Highlights

Financial capital

Group revenue

R4 669.6 million

(2023: R3 972.2 million)

Normalised EBITDA¹

R677.2 million

(2023: R635.0 million)

Equity

R3.084 billion

(2023: R2.786 billion)

Manufactured capital



19

(2023: 18)

hospitals

owned and/or managed



2 333

(2023: 2 318)

beds

owned and/or managed

Acquisition of Mooimed Private Hospital (MooiMed), an 87 bed acute hospital in Potchefstroom, South Africa



Intellectual capital

- Secured bariatric accreditation at Ahmed Kathrada Hospital
- Achieved Trauma Society accreditation for Level 3 at Shifa Private Hospitals
- Maintained cardiac and chest pain accreditation for Ethekwini Hospital
- Initiated heart failure accreditation with the American College of Cardiology for Bokamoso Private Hospital
- Expanded stroke programme to other hospitals, starting with Ahmed Kathrada Hospital last year and continuing to Royal Hospital in 2024
- Automated processes to reduce administrative burden and improve collaboration and enhance patient care
- Optimised operations amid challenges like nursing shortages and rising costs by leveraging technology-driven solutions and monitoring market trends for future innovation
- Ethekwini Hospital and Heart Centre was awarded an Angels Awards Diamond Status by the World Stroke Organisation (NSO)

1. EBITDA: Earnings before interest, tax, depreciation and amortisation
2. B-BBEE: Broad-based black economic empowerment
3. CSI: Corporate social investment

Human capital



4 325

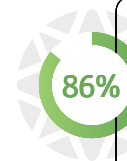
employees

(2023: 3 353)



female representation

(2023: 76%)



Black: African, coloured and Indian employees

(2023: 89%)

36

medical specialists recruited during the year

Social and relationship capital

Level 1

B-BBEE²

R25.3 million

discounted hospital services

to financially distressed patients
(2023: R21.1 million)

Natural capital

Implemented **water-saving fixtures and technologies**, aiming for a

5% reduction in **water** utilisation compared to the previous financial year



Achieved a **3.4%** reduction in **energy** utilisation per paid patient day through investments in renewable energy sources like solar power



Engaged employees in **responsible waste** disposal practices

Partnered with a waste management company targeting **waste reduction and recycling** by July 2024

76 free cataract surgeries

(2023: 91)

R27.9 million

Total CSI³ spend

(2023: R25 million)

WHO WE ARE

Who we are

Lenmed was founded on a commitment to the health and wellbeing of our communities. This dedication continues to be at the core of our organisation, where our mission is to provide quality healthcare services that positively impact the lives of individuals and communities.



Our value-creation journey

We embed integrated thinking throughout our business.

We create long-term value for all our stakeholders by maintaining agility and flexibility in response to a dynamic and evolving environment.

How we create value

Our strategy for becoming the leading African healthcare group is founded on **three pillars**:



1

Providing state-of-the-art medical care focusing on excellence in nursing, technology and equipment



2

Attracting quality medical practitioners



3

Acquiring, developing and/or managing state of the art care facilities across emerging markets

Who we are

Our core purpose, vision and values

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Operating context

Our environment and related risk and opportunity it presents

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Material matters

Our ongoing sustainability is shaped by critical issues that influence our operations, performance, and impact

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Strategy

Our pathway to achieving our goals involves detailed plans and actions that align with our vision and objectives

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Value creation

We aim to achieve specific outcomes that contribute to sustainable growth, stakeholder value, and positive impact

i Page 12

Governance

Ethics and accountability are foundational principles that guide all our activities and decisions.

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Our operating footprint

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



Total number of beds under management

2 333

(2023: 2 318)

Northern Cape

Kathu Private Hospital
Kathu



Royal Hospital and Heart Centre
Kimberley



North West

Wilmed
Klerksdorp



Sunningdale
Klerksdorp



Parkmed
Klerksdorp



Daleside
Klerksdorp



MoiMed Private Hospital
Potchefstroom



Ghana

The Bank Hospital
Accra



Mozambique

Maputo Private Hospital
Maputo



Beira Private Hospital
Beira



Botswana

Bokamoso Private Hospital
Gaborone



South Africa

Gauteng

Ahmed Kathrada Private Hospital
Lenasia



Daxina Private Hospital
Lenasia South



Randfontein Private Hospital
Randfontein



Zamokuhle Private Hospital
Tembisa



Kwazulu-Natal

Ethekwini Hospital and Heart Centre
Durban



Shifa Private Hospital
Durban



La Verna Private Hospital
Ladysmith



Howick Private Hospital
Howick



Corporate governance excellence

Governance philosophy

At Lenmed, we conduct our business ethically and in strict compliance with all relevant laws and regulations. Our operations are guided by principles of good governance, transparency, and accountability, ensuring that we uphold the highest standards of integrity and responsibility in all that we do.

Our board of directors

Executive



Prakash Devchand⁷⁰
Chairman
CA(SA)

Prakash Devchand is a seasoned chartered accountant with more than 37 years of experience in the healthcare industry. He joined the Board of Lenmed in 1986 and assumed the roles of Chairman and Chief Executive Officer (CEO) in 1998. During his tenure as CEO, Prakash played a pivotal role in driving substantial growth within Lenmed's local operations and spearheading the Group's expansion into Africa. On 1 March 2020, Prakash transitioned from his role as CEO but continues to serve as Chairman and a valued member of the Board, bringing his wealth of industry expertise and strategic vision to guide Lenmed's continued success and expansion efforts.



Amil Devchand⁴⁰
Chief Executive Officer
CA(SA)

Amil Devchand joined the Lenmed Group in 2011 and has held several key positions, including Chief Financial Officer (CFO), Chief Operations Officer (COO), and Deputy Chief Executive Officer (CEO). As a chartered accountant with deep industry experience, Amil has served as the past chairman and current director of the National Hospital Network (NHN) and a former director of the Hospital Association of South Africa (HASA). He is also an alumnus of the Harvard Business School. Amil assumed the role of CEO of the Lenmed Group on 1 March 2020, bringing his extensive expertise and strategic leadership to guide the Group's continued growth and success in the healthcare industry.



Fredré Meiring⁴⁹
Chief Financial Officer
CA(SA)

Fredré Meiring was appointed as Chief Financial Officer (CFO) of Lenmed in 2019. A qualified chartered accountant, Fredré was previously partner and Chief Operating Officer (COO) of the Financial Advisory Division at Deloitte Africa. He brings over 20 years of extensive investment banking experience, specialising in debt and capital structuring and advisory across diverse industries. Fredré is affiliated with several organisations including the South African Institute of Chartered Accountants (SAICA), the Association of Corporate Treasurers, and the South African Institute of Financial Markets. His wealth of expertise and industry insights contribute to driving Lenmed's financial strategy and operational excellence.

Our Board of directors continued
Non-executive



Mike Meehan ⁷⁷
Independent Non-executive Director and Lead Independent Director
CA(SA)

Mike Meehan joined the Board of Lenmed in 2010, bringing extensive experience in executive and independent non-executive director roles across multiple companies listed on the Johannesburg Stock Exchange (JSE). Mike is a seasoned consultant, providing strategic planning, financial administration, and corporate management services to various companies and associations. He is a member of the Institute of Directors in South Africa.



Bharti Harie ⁵³
Independent Non-executive Director
BA LLB (Natal), LLM (Wits)

Bharti Harie joined the Board of Lenmed in 2010, bringing a wealth of legal expertise as an admitted attorney, notary and conveyancer. She currently serves on the Audit and Risk Committee and chairs the Remuneration and Nominations Committee. Bharti is an independent non-executive director on the boards of Ascendis Health Limited and Stefanutti Stocks Limited. Additionally, she holds a non-executive director position at Bell Equipment Sales South Africa, serves as vice-chair of Saint David's Marist Inanda School, and contributes to the Marist Schools Council.



Nomahlubi Simamane ⁶⁵
Independent Non-executive Director
BSc (Honours) (University of Botswana and Swaziland)

Nomahlubi Simamane was appointed to the Board in 2012. Nomahlubi is the Chief Executive Officer (CEO) of Zanusi Brand Solutions (Pty) Limited, a brand consultancy firm. She serves on the boards of several companies including Hollard, Oceana and The Foschini Group. Nomahlubi's achievements include winning the Top Businesswoman of the Year Award in the National Business Awards and being named Businesswoman of the Year at the Black Business Awards.

LEGEND

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

Our Board of directors continued
Non-executive



Prof Bhaskar Goolab ⁷⁶

Non-executive Director

MBBS (Bombay),
FRCOG (London)



Dr Gunvant Goolab ⁶²

Independent Non-executive Director

MBA (University of Cape Town),
MBBCh (Wits)



Vaughan Firman ⁶¹

Non-executive Director

MBAcc, CA(SA), HDip Tax Law
(Wits), MA and MPhil (both in USA)

Professor Bhaskar Goolab was appointed to the Board in 1999. He is in private practice and is attached to the University of the Witwatersrand, where he is the head of the Department of Gynaecology and Endoscopy. Prof. Goolab's leadership extends beyond academia; he was elected President of the South African Society of Obstetrics and Gynaecology in January 2012 and currently serves on the board of the International Society of Gynaecology and Endoscopy, where he chairs the training council for developing countries.

Dr Gunvant Goolab, appointed to the Board in August 2020, brings extensive executive and healthcare industry experience to Lenmed. A qualified medical practitioner, Dr Goolab previously served as principal officer of Government Employees Medical Scheme (GEMS) from 2013 to 2020 and held the role of CEO at AstraZeneca SA (Pty) Ltd in South Africa and sub-Saharan Africa from 2004 to 2013. Dr Goolab currently serves as a director of Lunar Capital (Pty) Ltd and as a director of HiGain Investments (Pty) Ltd. Dr Goolab also serves as a trustee of Thebemed medical scheme. In addition, he serves as a director of the Board of Healthcare Funders and Health Quality Assessment. In recognition of his leadership in governance, Dr Goolab obtained the designation of certified director with the Institute of Directors in South Africa in 2021.

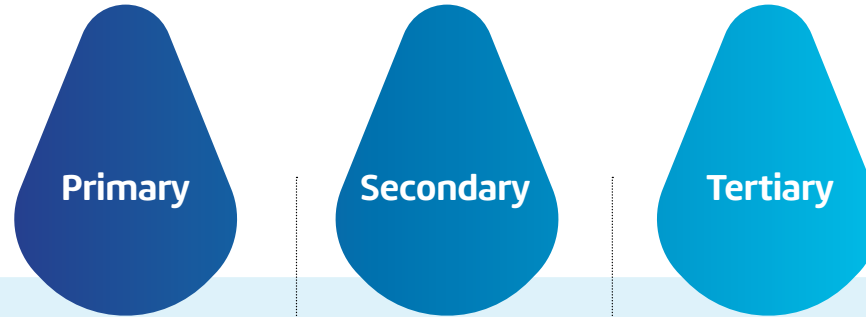
Vaughan Firman is a qualified chartered accountant with over 20 years' experience in the healthcare industry. His comprehensive experience as a financial director includes serving as both an executive as well as an independent non-executive director on numerous JSE- and non-JSE-listed companies. Vaughan's expertise spans mergers and acquisitions, operational efficiencies, internal audit implementation, enterprise resource planning (ERP) systems execution and international taxation structuring. Vaughan's contributions to the healthcare sector have been recognised with awards such as Healthcare CFO of the Year in 2021 and Best Emerging Markets CFO in Healthcare for 2020 in the Global CFO Excellence Awards category.

LEGEND

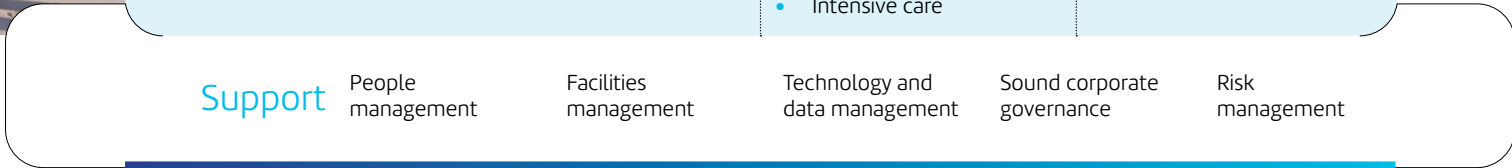
- Remuneration and Nominations Committee
- Audit and Risk Committee
- Social and Ethics Committee
- Clinical Governance Committee
- Innovation and Disruption Committee
- * Chair

Our sustainable business model

Lenmed's business activities are centred around three core pillars of healthcare:



	Primary	Secondary	Tertiary
Patient impact	<ul style="list-style-type: none"> • First point of consultation • Healthcare for acute conditions • Chronic condition management 	<ul style="list-style-type: none"> • Specialist care • Acute or emergency hospitalisation 	<ul style="list-style-type: none"> • High level of care • Complex medical procedures • Terminal care
Healthcare providers	<ul style="list-style-type: none"> • General practitioners 	<ul style="list-style-type: none"> • Medical specialists • Speech and occupational therapists • Physiotherapists • Radiology 	<ul style="list-style-type: none"> • Specialist consultants
Our focus	<ul style="list-style-type: none"> • Preventive healthcare • Promoting health and wellness • Rehabilitation 	<ul style="list-style-type: none"> • Acute specialist care • Hospital admission for emergency care • Hospital admission for acute care • Standard elective procedures • Childbirth • Medical imaging • Intensive care 	<ul style="list-style-type: none"> • Terminal disease management • Burn wound care • Plastic surgery • Neurosurgery • Other complex medical procedures



Support

People management

Facilities management

Technology and data management

Sound corporate governance

Risk management

Sustaining value creation through the six capitals

INPUTS

OUTPUTS

OUTCOMES

FINANCIAL

FC

Our financial capital represents the Group's capital base and diversified sources of funding from investors, lenders and clients. This capital is instrumental in supporting our facilities, enabling us to invest in medical equipment, technology upgrades, facility expansions and employee development. It also facilitates our ability to extend credit, manage cash flow and allocate resources effectively to deliver high-quality patient care and sustain our operations.

R745.4 million
working capital

R1 392.8 million
non-current liabilities

R2 843.5 million
operational expenditure
(2023: R2 340.1 million)

R378.1 million
capital expenditure
(2023: R184.5 million)



R4 669.6 million
revenue
(2023: R3 972.2 million)

R175.9 million
headline earnings
(2023: R212.8 million)

94%
cash conversion ratio
(2023: 84%)

Successful management of working capital

EBITDA growth, increase of 6.6%

R223.9 million
Group profit
(2023: R260.6 million)

OUR TOP RISKS



MATERIAL MATTERS



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MANUFACTURED

MC

Our manufactured capital comprises our physical assets and infrastructure, including hospitals, medical equipment, technology systems and facilities. These assets are essential for delivering healthcare services and supporting operations.

- New and current hospital portfolio
- Hospital management contracts with third parties
- Technology



19
hospitals under management
(2023: 18)

2 388
total beds under management
(2023: 2 202)

Our hospitals generate cash flows that support developments, debt repayments and shareholder returns

Acquisitions and organic growth initiatives contribute to long-term revenue generation and capital growth

We maintain a geographically diversified portfolio of quality private hospitals, particularly in under-served areas

OUR TOP RISKS



MATERIAL MATTERS



Page 7

HUMAN

HC

Our human capital encompasses the knowledge, skills, and experience of our employees and healthcare professionals. This capital drives the delivery of quality healthcare services, innovation and patient care excellence.

INPUTS

4 325 employees
(2023: 3 353)

- Fair remuneration for fair work
- Agency agreements
- Health and wellness benefits



OUTPUTS

- Maintained a qualified, experienced, and motivated workforce dedicated to delivering exceptional patient care
- Achieved a notable increase in female representation within our workforce, promoting diversity and gender equality
- Achieved improved Black representation within our workforce, fostering inclusivity and representation within our organisation

Reduced employee turnover to 1.5%, ensuring continuity of care and Group stability

OUTCOMES

Skills attraction and retention
Skilled workforce
Alignment with our company values and habits

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OUR TOP RISKS



MATERIAL MATTERS



SOCIAL AND RELATIONSHIP

SRC

Our social and relationship capital includes the Group's relationships with stakeholders such as patients, families, communities, healthcare partners and regulatory bodies. These relationships foster trust, collaboration and contribute to positive health outcomes and community engagement.

INPUTS

- Relationships with key stakeholders
- A new stakeholder engagement framework



OUTPUTS

- Achieved excellent customer satisfaction based on survey results
- Experienced significant growth in website visitor numbers and social media engagement

Provided R25.2 million in discounts to financially disadvantaged patients
Attained B-BBEE Level 1 status
Successfully performed 76 free cataract surgeries

OUTCOMES

Positive feedback from stakeholders, particularly shareholders, regarding the level of engagement
Long-term value creation for our community through **CSI initiatives**

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OUR TOP RISKS



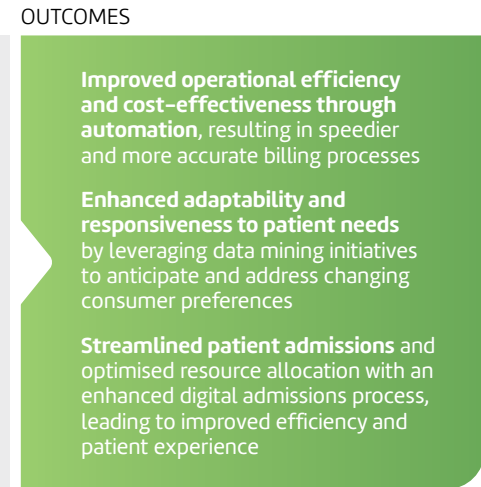
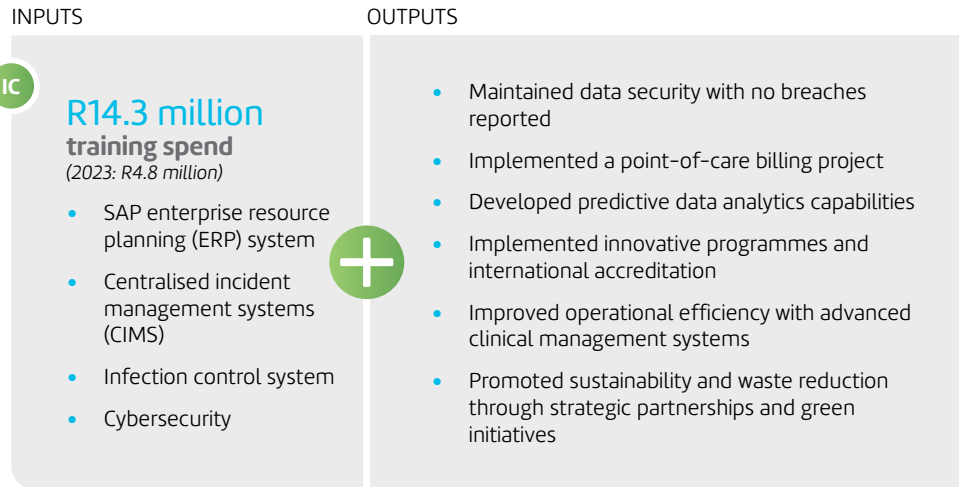
MATERIAL MATTERS



INTELLECTUAL

IC

Our intellectual capital consists of our intangible assets, such as brand reputation, research and development capabilities, innovation capacity and strategic partnerships. These assets enable us to grow our business, drive innovation in healthcare and enhance our competitive position.



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OUR TOP RISKS



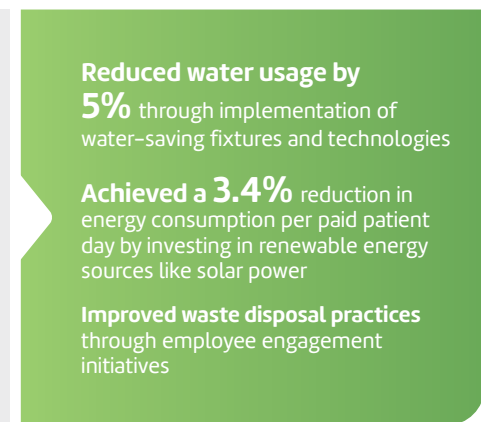
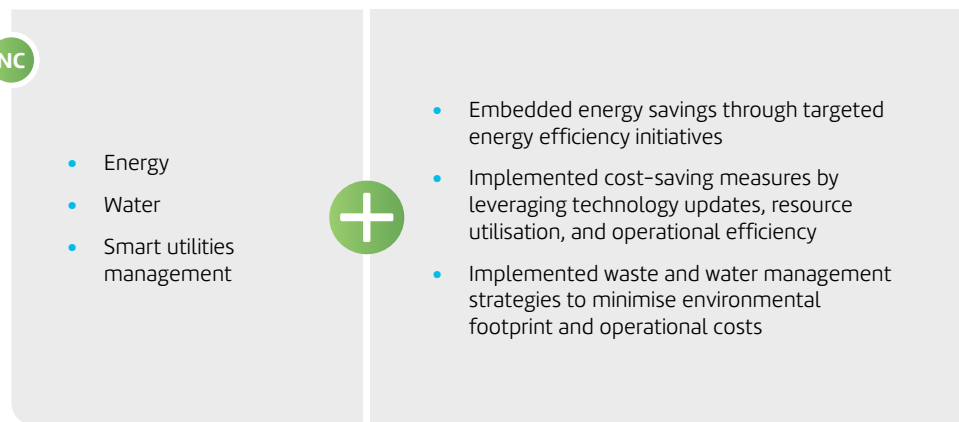
MATERIAL MATTERS



NATURAL

NC

Our natural capital pertains to our impact on and dependency on natural resources, such as water, energy and land. Sustainable management of these resources is essential to minimise environmental impact and ensure long-term viability.



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OUR TOP RISKS



MATERIAL MATTERS



OUR OPERATING ENVIRONMENT

Message from our Chairman



Prakash Devchand
Chairman

A legacy of triumph and commitment

The Lenmed story is one of triumph and commitment. It began in 1984 when the first Lenmed health facility opened its doors in Lenasia to serve a community ignored by the apartheid government of the day. What was founded as a small clinic has since grown into a 268-bed multi-disciplinary private hospital.

Remarkable growth and expansion

Our journey has been truly remarkable, characterised by expansion into various provinces and across international borders. This growth includes the establishment of numerous healthcare facilities, all dedicated to providing exceptional care. Each new facility represents our commitment to bringing world-class healthcare services closer to communities, both in South Africa and beyond.

Embedding a culture of innovation and excellence

Our expanding hospital network and continuous investment in medical technology have earned us numerous accolades for quality, service excellence and innovation in healthcare delivery. Achieving international accreditations for healthcare quality and safety standards are noteworthy milestones. Similarly, embracing digital health innovation, including telemedicine, has allowed us to maintain continuity of care and stay ahead of emerging healthcare trends. Lenmed has also invested in advanced medical equipment and

technologies, such as imaging systems, robotic surgery, and minimally invasive surgical techniques. These investments have improved patient outcomes and reduced recovery times while optimising operational efficiencies across the Group.

Sustaining value creation through good governance

Although an unlisted company, we recognised years ago that good governance would be a key driver of sustainable growth for Lenmed. For example, integrated reports like this one are not compulsory for Lenmed and take up executive time and resources, but they keep us focused on strategy and correct governance through a medium that is transparent to Lenmed's stakeholders. Our focus on ethical practices, financial sustainability and strategic decision-making, combined with the dedication and expertise of our team, has driven Lenmed's successes over the past 40 years. Together, we are building a legacy of excellence and care that continues to inspire.

Turning challenges into opportunities

Like any African healthcare group, Lenmed faces a variety of challenges including regulatory changes, the passing of NHI legislation into law, economic pressures, and addressing health inequalities. However, we see significant opportunities in technological innovation, expanding into new markets, forming strategic partnerships, enhancing community programmes, pursuing sustainability initiatives, adopting patient-centric care models and adapting to demographic changes. These opportunities

will enable us to continue providing exceptional care and improving health outcomes for the communities we serve.

Vision for the future

Lenmed's vision for the future is to remain apace with industry trends and continuously evolve to meet the changing needs of patients. We aim to expand our services and geographical footprint, embrace digital health innovations and strengthen our commitment to community engagement and sustainability. This approach will ensure that Lenmed remains a choice healthcare provider.

Acknowledgements

As I reflect on our 40-year journey, I extend my gratitude to our founders, Dr. G. Packirisamy, Dr. AB. Kazi, Dr. BD. Mistry, Dr. F. Panchbai, Dr. RA. Ismail, Dr. RAM. Saloojee, Dr. R. Cajee, Dr. DK. Prajapat, and Dr. ASA. Latib, who laid the foundations of this business. I also thank our partners and stakeholders. Your support, commitment and collaboration have shaped Lenmed into the healthcare provider it is today.

I also want to thank my current team for their support, energy and passion. My own commitment, love, and dedication to the Lenmed Health Group are exceeded only by theirs.

Thank you for being part of the Lenmed journey.

Prakash Devchand
Chairman

Our business environment

Our economic environment

Lenmed's operating environment is influenced by several key factors, including access to private healthcare, technological advancements, global shortage of medical skills, the impact of climate change and regulatory developments, all of which determine how Lenmed responds and adapts to meet the diverse healthcare needs of our communities.



Access to private healthcare in South Africa

Realistically and, as is the experience world-wide, the costs of private healthcare are high and probably reflect the true cost of medical care. Accordingly, the market is limited to patients who have access to medical aid via employment or through private resources. In South Africa, this is approximately 17% of the population. The challenge to government is to provide access to effective and efficient medical care for the other 83% of the population. The public sector has major resources in hospitals and facilities but a considerable improvement in efficiency is required to make them effective. The private sector can play a significant role in assisting government in this role.

Private health insurance costs are increasingly burdensome for middle-income households, consequently, there has been limited growth in medical aid society membership numbers, and a shift towards more affordable hospital plans and networks over comprehensive medical aid plans. Medical aid funders (MAF) are exploring alternative options for the estimated 15 million employed but uninsured population, which could relieve much of the pressure on public facilities and resources.

TOP RISKS



STAKEHOLDERS INVOLVED



Global shortage of medical skills

South Africa is confronted with a severe shortage of skilled professionals in healthcare. The scarcity of specialised nurses, doctors and other medical professionals, has profound implications for the nation's healthcare system. This shortage places significant pressure on the existing workforce, impacting their wellbeing and ability to meet the growing healthcare demands of the population.

Efforts to address this issue are hampered by a lack of skills development opportunities. While there is a recognised need for specialised training, various barriers hinder their implementation, including limited funding for training initiatives and a shortage of qualified trainers and educational resources.

Furthermore, the number of nurses that can be trained is often limited by regulatory policies, which, while intended to maintain quality, can sometimes restrict the ability to scale up the workforce. These challenges create a bottleneck in the development of a skilled healthcare workforce, further intensifying the existing shortages.

The Sustainable Development Goals (SDG), have made some progress to reduce this gap by addressing the limited training opportunities crucial in bridging the skills gap and achieving equitable healthcare access.

TOP RISKS



STAKEHOLDERS INVOLVED



Technological advancements

Technological advancements are revolutionising healthcare in South Africa and globally, offering opportunities for improved efficiency, patient care and outcomes. Automation plays a crucial role, enabling speedier and more accurate billing processes reducing administrative burdens and enhancing financial transparency and accountability. Additionally, technology facilitates enhanced adaptability and responsiveness to patient needs. Through data mining initiatives, we envisage being able to leverage large datasets to anticipate and address changing consumer preferences and healthcare trends. This proactive approach allows for more personalised and effective patient care, ultimately improving overall healthcare outcomes in our facilities. Provided that the costs can be controlled, the integration of technology into healthcare systems will play a pivotal role in driving positive transformations and delivering quality care to the population.

TOP RISKS



STAKEHOLDERS INVOLVED



MC
IC

Health sector legislation in South Africa (NHI)

The proposed National Health Insurance (NHI) in South Africa, aimed at achieving universal healthcare coverage, has significant implications for private healthcare providers like Lenmed. Lenmed supports the national NHI dialogue through our representation in the Hospital Association of South Africa (HASA). HASA contributes to policy discussions on the NHI, advocating for the interests of private healthcare providers and working towards a seamless integration of private healthcare services within the NHI framework. This proactive engagement highlights our pledge to shape a healthcare system that delivers quality care while addressing the diverse needs of the population.

TOP RISKS



STAKEHOLDERS INVOLVED



FC
SRC

Climate change

Climate change is increasingly influencing healthcare systems globally, leading to disruptions in service delivery and impacting patient care and community health.

In addition to physical infrastructure damage, climate change effects mental health, with individuals experiencing heightened levels of stress, eco-anxiety and a sense of helplessness owing to environmental uncertainty.

The multifaceted impacts of climate change necessitate swift adaptation by healthcare providers to evolving health risks. Lenmed remains prepared to navigate this dynamic landscape.

TOP RISKS



STAKEHOLDERS INVOLVED



NC
FC
SRC

Poor service delivery and lack of infrastructure

Poor service delivery, including a lack of infrastructure such as unreliable power supply and water shortages, poses challenges to healthcare delivery in South Africa and directly impacts Lenmed's operations. We have made considerable investment in energy and water generation and storage to mitigate the consequences of inadequate infrastructure, but we cannot be self sufficient in these resources for some time to come.

These challenges not only strain our healthcare resources but also hinder efforts to attract and retain skilled healthcare professionals.

TOP RISKS



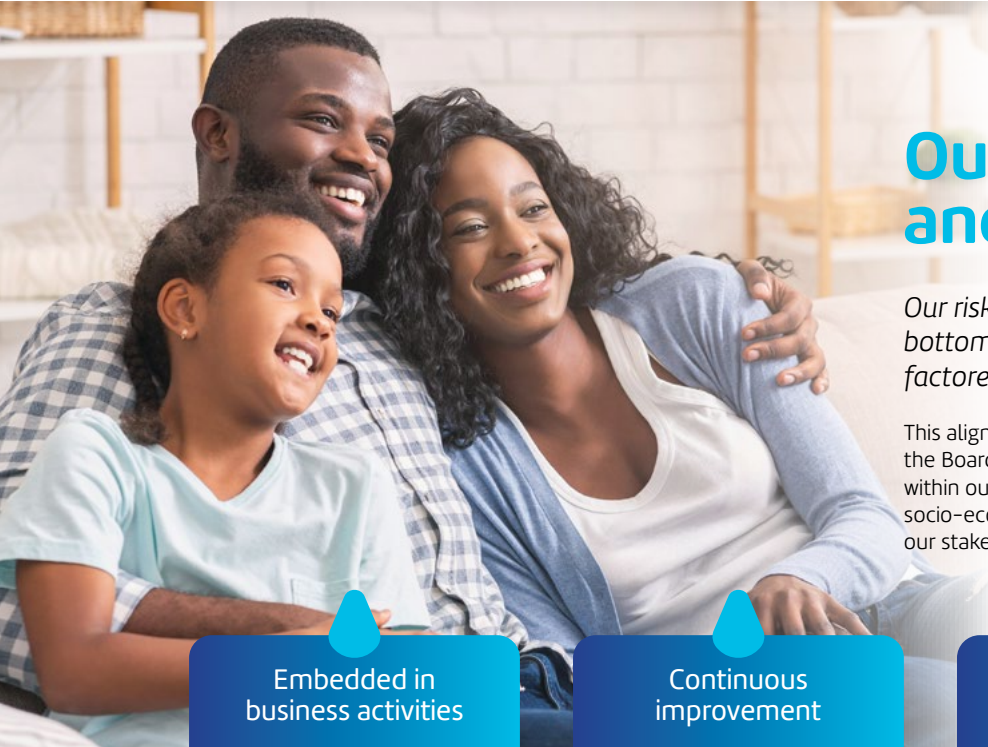
STAKEHOLDERS INVOLVED



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Our risks and opportunities

Our risk management approach integrates both top-down and bottom-up methodologies, ensuring risks are systematically factored into decision-making processes.

This alignment with strategic objectives set by the Board, makes sure that our actions are within our risk appetite, while creating socio-economic and environmental value for our stakeholders.

The Lenmed risk management framework is foundational to our operations and decision-making processes and is built on the following pillars.

Embedded in business activities

Risk management is integrated into all levels of the Group's operations and decision-making processes.

Continuous improvement

We identify areas for improvement and implement necessary changes to enhance effectiveness.

Alignment with strategic priorities

Our risk management framework ensures that actions taken to achieve strategic priorities are within our risk appetite, while creating socioeconomic and environmental value for our stakeholders.

Mitigation

We have robust mechanisms in place to identify, understand and mitigate risks across various aspects of our operations. This includes proactive measures to address emerging risks.

Realising opportunities

Our framework enables us to manage risks and to identify and capitalise on opportunities that align with our strategic objectives.

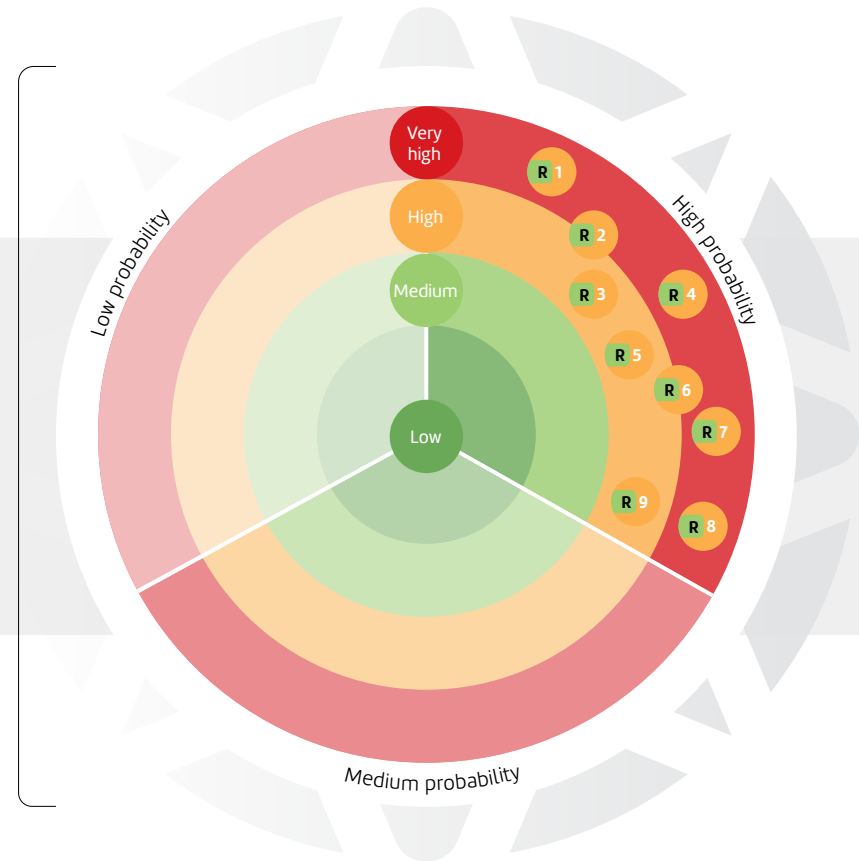
We continually enhance and integrate our Combined Assurance Model throughout the Group to manage critical strategic, financial, operational and infrastructure, enterprise, reputational and business technology risks. This model ensures the assurance activities provided by both internal and external assurance providers collectively address the significant risks the Group faces. Additionally, it aims to guarantee the presence of appropriate controls to manage these risks within approved limits.

Top business risks

Lenmed's top risks are unpacked in order of priority in the section that follows. We categorise these risks based on their severity, which we determine by assessing the likelihood of their occurrence and their potential impact on the Group.

- | | | |
|---|---|---|
| R 1 Negative patient outcome/adverse medical event | R 4 Business interruption | R 7 Healthcare funder pressure |
| R 2 Cybercrime and cybersecurity | R 5 Hospital business model disruption | R 8 Global medical skills shortage |
| R 3 State of the economy | R 6 Industry regulations | R 9 Pandemics and health crises |

Risk exposure heat map



RISK

R 1 Negative patient outcome/adverse medical event

Focusing on patient safety and optimal patient outcomes is of the utmost importance to Lenmed. Globally, patient safety is an important public health concern, too. The risk of patient death occurring as a result of a preventable incident while receiving healthcare is estimated to be 1 in 300. There are significant patient and treatment variables to consider and attend to, including unknown and uncontrollable factors. Medical malpractice and negligence by healthcare professionals working at hospital facilities have a direct legal impact as the hospital service provider is always named as the second defendant, irrespective of its involvement or participation in the case.

MITIGATING ACTIONS

Lenmed prioritises patient safety through rigorous employee training, adherence to clinical protocols and robust quality assurance systems. We recruit qualified, experienced and reputable clinicians and nurses, while ensuring our hospital infrastructure and medical equipment are well maintained.

MATERIAL MATTERS



STRATEGIC THEMES



RISK

R 2 Cybercrime and cybersecurity

World-class business technology and security are fundamental to business success in today's interconnected world. However, digital connection also brings risk. Syndicates utilise advanced artificial intelligence (AI) technology for large-scale hacking attempts, targeting companies' IT systems to obtain sensitive patient data or ransom. The rise in remote working conditions has expanded avenues for cyberattacks, necessitating robust defences to safeguard patient information and hospital operations.

MITIGATING ACTIONS

Lenmed implements comprehensive measures to protect sensitive patient data and hospital operations from digital threats. This includes employing advanced threat detection and prevention technology, implementing encryption protocols, and regularly updating security systems to counter evolving cyber threats. Additionally, stringent access controls and ongoing employee training on cybersecurity best practices are enforced to bolster defences against hacking attempts.



R 3 State of the economy

Lenmed has and continues to actively build a business model that can withstand economic downturns and pressures in difficult financial cycles that impact industry growth and job creation, while the effects of high inflation and interest rates exacerbate the situation, influencing healthcare access and affordability.

Lenmed adopts a proactive approach focused on financial resilience and strategic resource allocation. This includes optimising operational efficiencies, exploring cost-saving measures, and diversifying revenue streams where feasible. Lenmed is committed to enhancing healthcare access and affordability through innovative pricing models, strategic partnerships and targeted community outreach initiatives.



R 4 Business interruption

We prioritise continuous, quality healthcare service delivery even during critical service interruptions. However, factors out of our control like load shedding and water supply disruptions can jeopardise patient care and infrastructure.

Lenmed invests in backup power systems including solar to mitigate the impact of load shedding and implements various solutions to counter potential disruptions to water supply. Lenmed also conducts regular risk assessments to identify vulnerabilities and proactively address potential points of failure.



RISK

R 5 Hospital business model disruption

The Group pursues new healthcare initiatives and technology that will enhance the provision of quality and affordable healthcare to patients. At the same time, the healthcare landscape is undergoing radical disruption with the advent of innovative technologies, increased digitisation and changing patient care paradigms. Factors such as the rise of day hospitals, hospital at home, virtual consultations and AI diagnostics are reshaping traditional healthcare models.

MITIGATING ACTIONS

Lenmed embraces innovation and adaptability as core pillars of its strategy. This includes leveraging digital platforms to enhance patient engagement, streamline healthcare delivery and optimise resource utilisation. Additionally, Lenmed is vigilant in assessing the impact of these disruptions on occupancy levels and managing associated costs. Our dedicated Digital Transformation team explores and assesses the use of new technology to enhance and optimise healthcare delivery, provided that this can be achieved economically.

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R 6 Industry regulations

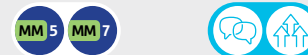
Lenmed supports the principle of universal healthcare. It is a priority for both government and society to ensure adequate healthcare for all its citizens in a sustainable and responsible manner. The signing into law of the NHI Bill signals significant regulatory shifts in healthcare, raising concerns about its effectiveness and potential consequences. Its impact on private healthcare providers and medical aid schemes remains uncertain.

Lenmed actively engages stakeholders, monitors regulatory changes and nurtures partnerships to navigate uncertainties and ensure continued quality care amid evolving healthcare regulations.

We participate in continuing dialogue regarding the NHI. We acknowledge the excellence of the private healthcare sector and the need to safeguard its long-term sustainability. Lenmed is an active participant in the relevant forums and platforms, both as a group and through our membership of the HASA.

We also proactively seek to engage with the South African National Department of Health and other regulatory bodies in the regions where we operate, regarding pertinent regulation.

FC
HC



RISK

R 7 Healthcare funder pressure

New healthcare products and models help to create a sustainable future for private healthcare providers and funders. At the same time, shifts in the funder regime pose significant challenges to hospitals, impacting their financial viability and operational dynamics. Dominant medical aids, consolidation of medical schemes, and changes in reimbursement models are altering negotiation dynamics and placing pressure on hospital revenues. Furthermore, increased tariff pressures and the introduction of managed care protocols add further complexities to hospital-funder relationships. Adapting to these evolving funding structures is imperative for hospitals to maintain financial sustainability and effectively navigate the changing healthcare landscape.

Our dedicated Funder Relationship team pursues continuous funder engagement in developing sustainability healthcare models and products. This includes diversifying revenue streams, enhancing operational efficiency and fostering collaborative relationships with funders. By staying agile and responsive to evolving reimbursement models and negotiation dynamics, Lenmed delivers continued financial sustainability amid shifting healthcare funding structures.



R 8 Global medical skills shortage

Having a skilled, productive and motivated workforce is essential to delivering consistent best patient outcomes for Lenmed. Shortages of doctors, nurses and specialised professionals strain healthcare systems, compromising patient safety and quality of care. Addressing these shortages requires comprehensive workforce planning, investment in training and recruitment initiatives. Furthermore, risks related to workforce effectiveness and productivity, alongside disruptions in critical areas like ICU and supply chain management, highlight the importance of proactive mitigation strategies to ensure optimal patient outcomes and operational efficiency at Lenmed.

MITIGATING ACTIONS

To mitigate the impact of the global skills shortage, Lenmed invests in workforce planning, training and recruitment. These initiatives enhance employee capabilities, optimise resource allocation and ensure continuity of high-quality patient care despite skill deficiencies.

The Group's digital transformation and efficiency projects also support smooth operations.



R 9 Pandemics and health crises

Lenmed believes in contributing positively during pandemics or health crises. However, sudden outbreaks of infectious diseases present extraordinary challenges to healthcare systems worldwide. Pandemics strain resources, disrupt healthcare delivery and escalate the risk of transmission within communities. Effective pandemic preparedness and response strategies are essential to mitigate the spread of infectious diseases, protect healthcare workers and patients, and maintain essential healthcare services. Collaboration between healthcare providers, governments and international organisations is critical to managing pandemics and health crises effectively.

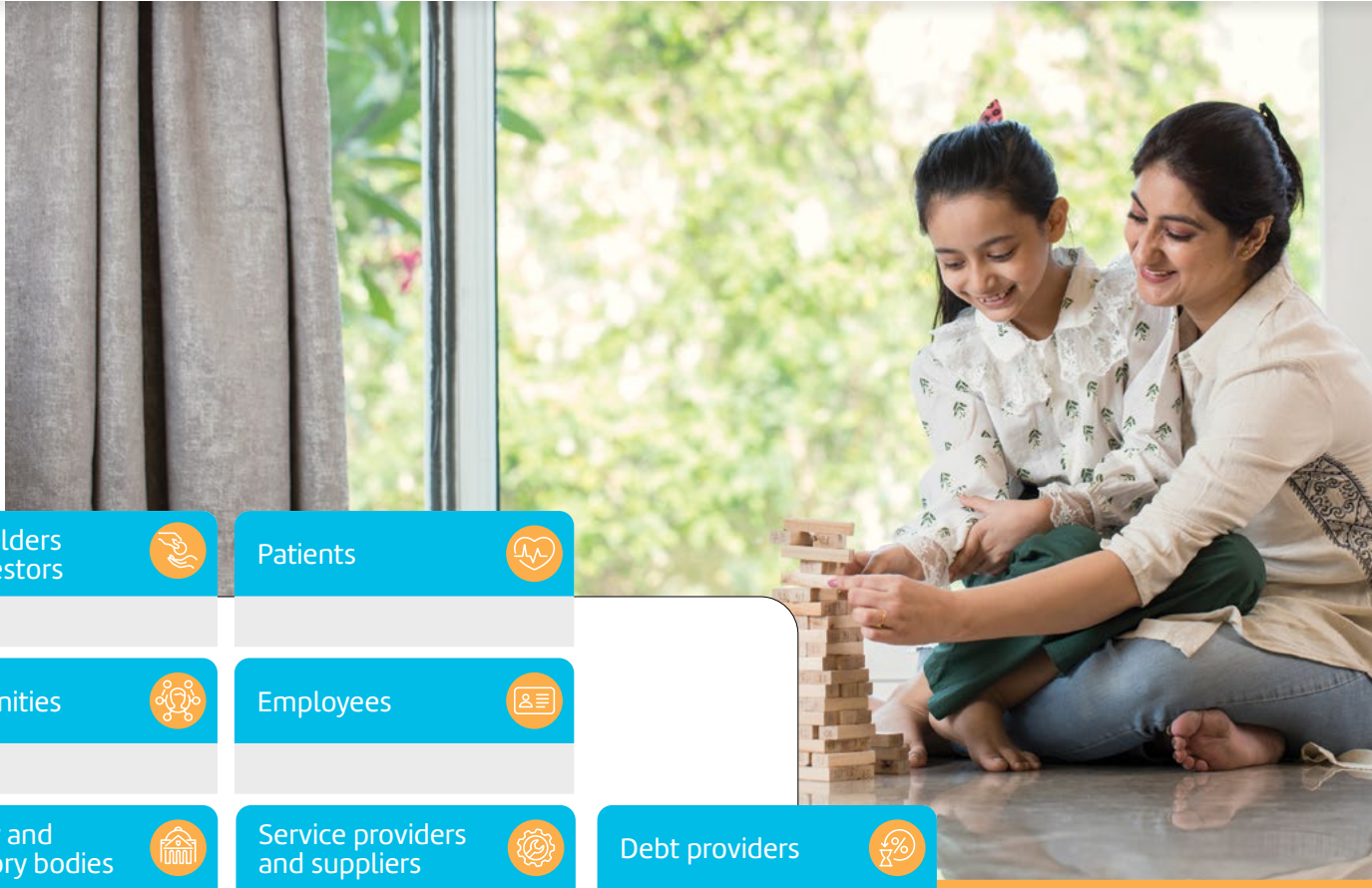
Lenmed implements a comprehensive preparedness and response strategy. This includes enhancing infection control measures, ensuring adequate resource allocation and facilitating collaboration with healthcare partners and authorities to effectively manage outbreaks and protect employees and patients. Ongoing training and drills prepare employees for rapid response, while clear communication channels facilitate timely dissemination of information to stakeholders.



Listening to our stakeholders

The continued growth and success of Lenmed depend on our ability to effectively engage with, understand and respond to the needs, concerns and insight of our stakeholders.

Our stakeholder groups



<p>Board</p>	<p>Shareholders and investors</p>	<p>Patients</p>
<p>Funders</p> <p>Including medical aid schemes, insurance funders, the Road Accident Fund (RAF) and the Compensation for Occupational Injuries and Diseases on Duty (COID)</p>	<p>Communities</p>	<p>Employees</p>
<p>Medical practitioners and allied services</p> <p>GPs and allied healthcare professionals, who may not be directly employed by Lenmed but partner with us and refer patients to us for care GP bodies</p> <p>Specialised service partners: emergency services, radiology, dialysis, wound care, and pathology</p> <p>Medical specialists, who may not be directly employed by Lenmed but partner with us to provide specialised services to patients</p> <p>Specialist bodies</p>	<p>Industry and regulatory bodies</p> <p>Unions, the Health and Welfare Sector Education and Training Authority (HWSETA), and the Department of Employment and Labour of South Africa (DOL)</p> <p>Industry and regulatory authorities</p>	<p>Service providers and suppliers</p> <p>Outsourced services, including pharmaceutical and non-pharmaceutical services, contractors and suppliers</p>
		<p>Debt providers</p>
		<p>Medical schools and universities</p>
		<p>Media (traditional and digital)</p>

Our approach to stakeholder engagement

We prioritise regular engagement with stakeholders who have a vested interest in our activities and prospects. To support this effort, we adhere to a strategic approach to stakeholder engagement, guided by principles that have been formalised within our Stakeholder Engagement Framework.

This framework incorporates a stakeholder matrix that outlines the levels of engagement with each stakeholder group. Our engagement strategies are tailored to specific objectives, desired outcomes, available resources and the levels of influence or interest demonstrated by stakeholders.

Lenmed identifies and prioritises stakeholders based on their impact on the Group's operations and their level of influence over value-creation efforts. This allows the Group to strategically prioritise engagement efforts and tailor our strategies to meet the needs and expectations of our stakeholders.

STAKEHOLDER



Shareholders

CONTRIBUTION TO VALUE CREATION

Our shareholders contribute to value creation through strategic financial partnerships, guidance and oversight.

HOW WE ENGAGED

Lenmed engages with shareholders through periodic reporting, dividend payments and scheduled or ad hoc meetings. We prioritise maintaining a culture of good governance and ethical leadership, supported by a skilled management team, to meet shareholders' needs for predictable yields and revenues, regular communication, ethical practices, and integration of ESG considerations into our strategy.



Board

CONTRIBUTION TO VALUE CREATION

The Board plays a vital role in value creation by providing strategic direction, oversight and governance, making certain these align with organisational goals.

HOW WE ENGAGED

Lenmed engages with the Board through meetings, reports and one-on-one interactions, emphasising good governance, ethical leadership, transparency and accountability. The Board seeks regular communication, an ethical culture, integration of ESG considerations, and disciplined strategic execution.



Investors

CONTRIBUTION TO VALUE CREATION

Investors contribute to value creation through financial partnerships and industry expertise.

HOW WE ENGAGED

Lenmed engages with investors through reports and one-on-one interactions, addressing their need for regular communication, transparency, financial value creation and predictable yields.



Debt providers

CONTRIBUTION TO VALUE CREATION

Debt providers contribute to value creation by providing Lenmed with finance to support strategic growth, sustainability and financial partnerships.

HOW WE ENGAGED

Lenmed engages with funders through reports, meetings and agreements, focusing on cost-effective medical services, efficient case management, excellent patient experience, internal controls, strategic plans etc.



Funders, including medical aid schemes, insurance funders, the RAF and COID

CONTRIBUTION TO VALUE CREATION

Funders cover patients' healthcare services and drive Lenmed's clinical and operational excellence to ensure market-leading outcomes for their members or beneficiaries.

HOW WE ENGAGED

Lenmed engages through formalised communication, annual tariff presentations, and signed contractual agreements.



Patients

CONTRIBUTION TO VALUE CREATION

Patients contribute to value creation through healthcare payments, feedback and social support.

HOW WE ENGAGED

Lenmed actively engages with patients by providing reports, conducting surveys and delivering direct healthcare services that prioritise their specific needs and expectations. This includes maintaining low infection rates, ensuring affordability, delivering quality care, providing efficient services and effective communication. These efforts are aimed at enhancing patient satisfaction, promoting positive health outcomes and building trust with patients and their families.



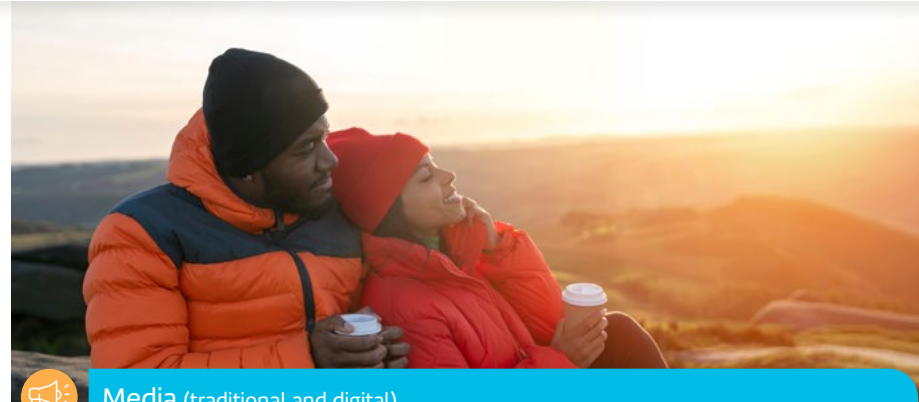
Communities

CONTRIBUTION TO VALUE CREATION

Communities contribute to value creation by raising awareness and trust in Lenmed's healthcare services.

HOW WE ENGAGED

Lenmed actively engages with communities through various initiatives focused on health education, offering free services and organising outreach events. These efforts prioritise regular communication, ethical practices and the integration of ESG principles. Lenmed also makes corporate social investments to support community development and wellbeing.



Media (traditional and digital)

CONTRIBUTION TO VALUE CREATION

Media contributes to value creation by promoting Lenmed's services and expertise.

HOW WE ENGAGED

Lenmed actively engages with the media by providing reports and facilitating interactions to meet their needs for regular communication, openness, transparency and ethical practices. This approach ensures Lenmed maintains a positive and constructive relationship with the media, fostering transparency and credibility in all communications.



Employees

CONTRIBUTION TO VALUE CREATION

Our employees lie at the heart of our operations. They contribute the skills, experience, diversity and productivity needed to achieve our objectives and fulfil our mandate.

HOW WE ENGAGED

Our human capital strategy is purposefully aligned with our strategic objectives to meet specific organisational needs, enabling us to establish robust policies and procedures. We continue to implement employee engagement initiatives aimed at enhancing workplace satisfaction and fostering a cohesive team environment. This included organising a wellness day for employees to promote health and wellbeing, as well as hosting team-building events to strengthen relationships and improve collaboration among team members. Lenmed endeavours to nurture a supportive and engaged workforce, driving organisational success and employee satisfaction.



Unions, HWSETA and DOL

CONTRIBUTION TO VALUE CREATION

These bodies support Lenmed's working environment, training efforts and legislative compliance.

HOW WE ENGAGED

Lenmed engages with unions through bilateral meetings at unionised hospitals, wage negotiations and consultative forum meetings. HWSETA helps to fill Lenmed's learnerships and bursary openings, while the DOL engages with Lenmed's employment equity plan and reports. These engagements demonstrate Lenmed's commitment to maintaining positive relationships with stakeholders and promoting workforce development and equity in the healthcare industry.



Industry and regulatory authorities

CONTRIBUTION TO VALUE CREATION

Industry and regulatory authorities provide us with the regulatory and policy framework required for value creation.

HOW WE ENGAGED

Lenmed places a strong emphasis on legal and regulatory compliance through regular direct engagement with relevant authorities on strategic matters. We prioritise staying informed about evolving regulatory and policy frameworks, which appraises the formalisation and updating of our policies and operating procedures. This proactive approach ensures that Lenmed adheres to all applicable laws and regulations, maintaining high standards of governance and compliance across our operations.



Medical specialists, who may not be directly employed by Lenmed but partner with us to provide specialised services to patients
Specialist bodies

CONTRIBUTION TO VALUE CREATION

Our specialists contribute to Lenmed's strategic imperatives and help to drive the Group's growth.

Specialist bodies collaborate with Lenmed towards progressive healthcare delivery models and drive clinical and operational excellence for market-leading outcomes.

HOW WE ENGAGED

Lenmed engages with specialist providers through various platforms and initiatives aimed at fostering collaboration and communication. Hospital managers play a key role in engaging with specialists as needed, while hospital governance meetings, network events and executive leadership roadshows serve as important forums for relational and informational exchanges.

Ad hoc meetings and conference exhibits provide opportunities for specialists to receive updates and engage with Lenmed on shared initiatives and goals. This proactive approach strengthens partnerships and supports the delivery of high-quality healthcare services within the Lenmed network.



General practitioners (GPs) and allied healthcare professionals, who may not be directly employed by Lenmed but partner with us and refer patients to us for care
GP bodies

CONTRIBUTION TO VALUE CREATION

Our GPs contribute to Lenmed's strategic imperatives and help to drive the Group's growth.

GP bodies collaborate with Lenmed towards progressive healthcare delivery models and new healthcare delivery systems.

HOW WE ENGAGED

Lenmed regularly engages with referring GPs through bi-monthly practice visits, quarterly meetings and regional newsletters. In addition to these interactions, Lenmed organises ad hoc meetings and ensures GPs receive general updates and engage with the Group at conferences. This approach strengthens relationships and maintains effective communication with GP partners to enhance patient care and collaboration within the healthcare network.



Specialised service partners: emergency services, radiology, dialysis, wound care, and pathology

CONTRIBUTION TO VALUE CREATION

These partnerships drive Lenmed's growth and quality strategic imperatives.

HOW WE ENGAGED

Lenmed engages with partners through either monthly or quarterly meetings, tailored to the specific needs and preferences of each partner. Additionally, network events provide valuable opportunities for interaction, collaboration and relationship-building. This approach allows Lenmed to maintain strong and productive relationships with partners, ensuring effective communication and mutual understanding to support shared goals and initiatives within the healthcare network.



Medical schools and universities

CONTRIBUTION TO VALUE CREATION

Tertiary education institutions provide a pool of specialist graduates and advances the sector's talent.

HOW WE ENGAGED

Lenmed sponsors for network events that support the next generation of medical professionals in their career development. We also engage in monthly meetings with medical schools and universities to strengthen these important relationships and collaborate on initiatives that benefit aspiring healthcare professionals. These efforts reflect Lenmed's commitment to nurturing talent, supporting education in the medical field and building partnerships with academic institutions to promote the growth and success of future healthcare professionals.



Outsourced services, pharmaceutical and non-pharmaceutical, contractors and suppliers, clinical procurement

CONTRIBUTION TO VALUE CREATION

Our suppliers and contractors contribute the skills, experience, diversity and productivity needed to achieve our objectives and fulfil our mandate.

HOW WE ENGAGED

Lenmed prioritises engagement with relevant stakeholders through personalised one-on-one interactions, which include meetings, presentations and surveys. These engagements allow us to gather valuable feedback, share important information, and address specific needs and concerns. Additionally, we provide opportunities for learning and development to support career advancement among stakeholders, including employees, partners and community members.

OUR STRATEGIC RESPONSE TO THE OPERATING ENVIRONMENT

Message from our CEO

There has been no real improvement in the operating environment for the healthcare industry in South Africa and Africa over this past reporting period. Despite this, we have been able to achieve improvements in revenue and cash generation across the Group. Our sustained focus on moving up the acuity curve resulted in strong increases in the utilisation of critical care and theatre capacity, which remains a key area for sustainable market share growth. We were able to produce growth in both revenues and EBITDA and increase the number of beds on offer by 8.4% to 2 388 in this year.



Amil Devchand
Chief Executive Officer

Unfortunately, we encountered difficulties in two regions which impacted the net profit after tax, which has reduced to R223.910 million compared to R260.593 million in the previous year.

The first of these was in Botswana and largely outside of management's ability to control. The healthcare industry in Botswana is substantially different from that in South Africa with the government being a major referral source of patients to the private sector. During the year, the government, through the Ministry of Health, not only commissioned a new teaching hospital, but also capacitated their existing referral hospitals and allocated the majority of patients, which would otherwise have come to Bokamoso, to these new facilities. In addition, the government, in an effort to reduce the cost of healthcare in Botswana, made all hospital and doctors fees VAT exempt. This meant that we could not recover the input VAT paid on our costs thus increasing those costs by 12%. Management

has introduced alternative revenue opportunities and cost savings and the profit levels are set to stabilise in 2025.

The second difficulty was not achieving the growth in anticipated profitability from MMHS, which we had acquired in 2023. This mainly stemmed from a difference in culture and acceptance of the Lenmed standards of performance, which was not anticipated from our due diligence. Remedial action has been taken and we are confident that this hospital will produce the expected profits in due course.

We remained steadfast in our focus on quality and made solid strides in furthering the delivery of exceptional clinical outcomes. There was pleasing progress in accreditations of our Centres of Excellence, providing further potential to leverage these as a future competitive advantage.

Our strategic execution, operational excellence and effective stakeholder engagement remained disciplined and enabled us to

remain resilient under these trading conditions. We remain focused on our growth target of achieving R1.5 billion in EBITDA by 2028.

While the environment did not improve much in the year, neither did it deteriorate and our risks are largely unchanged. We have plans to mitigate the risks and to tackle the opportunities presented by our growth strategy.

Our attainment of an industry leading Level 1 B-BBEE certification exemplifies our commitment to societal wellbeing, solidifying our reputation as a responsible corporate citizen.

The overall result for the year was a 17.6% improvement in revenues to R4.67 billion, growth in EBITDA of 6.6% to R677.216 million but a decline of 14.1% to R223.910 million in net profit after tax.

Strategic investments and financial resilience

We undertook a debt refinance during the period, which has not only strengthened our balance sheet but, provided the necessary capacity and headroom to continue paying dividends and support our ambitious growth strategy.

During the year, we welcomed two new hospitals, MooiMed Private Hospital and Beira Private Hospital, into the Group, with performance in accordance with our budgeted expectations since our acquisition. Our approach to acquisitions remains focused on unlocking value from underperforming assets. By acquiring hospitals with untapped potential and implementing operational efficiencies, we aim to drive sustainable performance to create shareholder value. We continue to explore various other acquisition opportunities available in the market, however, we remain disciplined in our capital allocation approach.

Organically, we added a 20-bed ICU at Lenmed Ahmed Kathrada Private Hospital in late 2023, which has experienced strong utilisation since its introduction. Phase 1 of our expansion programme for Howick Private Hospital, comprising an 8-bed ICU, and expanded Emergency Department and doctors consulting rooms, was delivered in tranches during the year, with the project completed in May 2024. Ethekwini Hospital and Heart Centre continued its expansion with a new 10-bed ICU, 27-bed haematology and oncology ward, new major theatre and doctors consulting rooms, all of which are expected to be completed in Q3 of this calendar year.

Our pipeline of organic growth projects remains strong, with expansions planned for Kathu Private Hospital, Royal Hospital and Heart Centre, Shifa Private Hospital, Howick Private Hospital and MooiMed Private Hospital over the next 24 months, together with further growth at Ahmed Kathrada Private Hospital and Ethekwini Hospital and Heart Centre, as well as the introduction of a new comprehensive cardiac centre to our MMHS hospital complex in the North-West.

Our diversification efforts resulted in the Group taking over its first radiology practice in South Africa, which will serve as the business case for further exposure into this discipline. We are also excited by the pending commissioning of our new 41-bed acute rehabilitation centre, co-located with Ethekwini Hospital and Heart Centre, which will be our first investment into this specialised care delivery platform. The growth in our renal care business has been impressive, and further expansion is contemplated in our newly acquired facilities. Oncology and Pathology service offerings remain areas of interest which are under investigation.






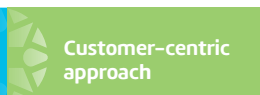
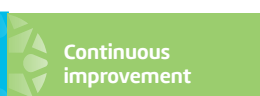
THE LENMED OPERATING MODEL

Putting strategy into motion

Our formalised growth strategy emphasises the importance of streamlining processes, enhancing collaboration and delivering greater value to our stakeholders. In 2023, we concentrated on the development and implementation of the Lenmed Operating Model, marking a crucial step forward in our commitment to operational excellence and innovation.

The operating model serves as the foundational framework that supports our business strategy, encompassing processes, systems, structures, technologies, capabilities and resources essential for effective and efficient operations. Developed through extensive research, analysis and collaboration across all departments, this model embodies our dedication to continuous improvement and innovation.

Our **operating model aims to achieve** the following:

- 
Streamlined processes Identify areas for optimising workflows to eliminate redundancies, reduce waste and increase productivity.
- 
Clear roles and responsibilities Define roles and responsibilities clearly to ensure each team member understands their contribution to the Group's collective success.
- 
Collaboration Foster cross-functional collaboration, breaking down silos and promoting knowledge sharing across departments.
- 
Customer-centric approach Align processes and resources with customer needs and expectations.
- 
Continuous improvement Monitor performance continually, gather feedback from all employees and make iterative improvements to further optimise operations.

When implemented, we can expect this operating model to enhance operational excellence and deliver additional value to our customers and stakeholders.

Innovating for sustained growth

Central to our approach to innovation is the harnessing of technology.

Our 'Lighthouse project', launched through an iOS and Android app, leverages digital innovation to ensure close communication between GPs, specialists and patients, ultimately improving care coordination and patient outcomes. The initiative is undergoing testing with a group of GPs and specialists in KwaZulu-Natal.

We have further bolstered our GP engagement platform through the investment in our 'Salesforce Strategy' – a dedicated and centralised team of stakeholder specialists using data and market intelligence insights to proactively engage our GP community in a methodical and focussed manner aimed at driving inclusivity and market share growth for the Group.

Additionally, Lenmed embraced the transformative potential of data, through the implementation of a data lake, a modern data management approach that consolidates and integrates structured and unstructured data from diverse sources into a centralised repository, providing comprehensive accessibility to organisational data. This enables Lenmed to conduct advanced analytics, derive actionable insights, optimise operational processes and enhance patient care outcomes.

Investing in our people

Our people and culture are the cornerstone of Lenmed's success. Throughout 2024, we prioritised enhancing our employee engagement, value proposition and organisational culture through various impactful initiatives, which culminated in the Group achieving its highest employee engagement score on record.

We invested further in learning and education initiatives which we believe are vital to the continued growth and success of the Group. With nursing comprising 65% of our workforce, we are committed to supporting their

professional development. A total of 301 nursing staff members have completed courses from 2021 to date at the Group's Nursing College. Additionally, we continued implementing the Lenmed "Higher Certificate in Management Practice Programme" in partnership with Henley Business School, aimed at developing high-potential individuals and nurturing future leaders within the Group. A total of 25 employees successfully completed the programme in 2024, with an additional 23 delegates expected to complete the programme in 2025. Further enhancements to this program can be expected in 2025.

Doing good for the planet

Lenmed remains dedicated to integrating sustainability goals into our operations, striking a balance between economic and environmental considerations. In 2024, Lenmed established ambitious targets for sustainability, aiming to achieve a 5% reduction in water usage and a further 5% reduction in energy consumption per paid patient day.

Through strategic investments in renewable energy and enhanced water management practices, Lenmed made significant progress towards these goals. We achieved a 3.4% reduction in energy usage and a 15% reduction in water consumption compared to the previous year. We envisage accelerating our investment into this space in 2025, to capitalise on both the social and financial potential available.

Additionally, we prioritised waste minimisation and recycling efforts by engaging employees in responsible waste disposal practices, further enhancing our environmental impact.

NHI

Lenmed has noted with disappointment the signing of the NHI Bill into law. While we wholeheartedly support the principle of Universal Healthcare, we, like most healthcare and business organisations together with many parts of civil society, believe that the bill in its current form will not deliver on this noble intention.

Ironically, the signature of the Act in its current form will delay the roll-out of these reforms even further. Had government considered the many detailed suggestions and guidance from healthcare and other experts, a workable and sustainable NHI might have been implemented earlier.

The signing of the Act is the next step in what continues to be a long process. The Act lacks much detail, such as how the NHI would contract services from all providers (public and private), what services will be covered, how rates will be determined, and most crucially, how the NHI would be funded. These matters must be clarified in Regulations and Rules which still need to be developed by the Department of Health (DoH) and would be subject to public participation, comment, and further potential challenge. Representatives of the DoH have repeatedly stated that the implementation of the NHI rules and regulations are many years away, often quoting 15 to 20 years.

We will continue to participate in and contribute to the national dialogue on this key issue, acting in the best interests of our stakeholders.





Outlook

We are pleased with our accomplishments over the past 40 years and remain optimistic about the future.

Despite the challenging economic environment and a subdued growth outlook for the sector, Lenmed is well-positioned to capitalise on planned growth

initiatives. In 2025, we expect to increase market share, acquire attractive businesses, and diversify revenue streams, all with the aim of unlocking shareholder value.

Dividends

Aligned to our value unlock strategy, the board has resolved to recalibrate the dividend payout to shareholders, with a 100% increase in dividends declared, equating to 8.45 cents per share from 4.22 cents per share in the prior period. We envisage this payout to be the new benchmark going forward and that it strikes the appropriate balance between creating short and long term value for shareholders.

Acknowledgements

I would like to extend my deepest gratitude to all our people and other stakeholders of Lenmed for their invaluable contributions to our success in the past financial year. Despite the ongoing challenges in our operating environment, your dedication to providing exceptional care to our patients has been unwavering and truly commendable.

I also want to express my appreciation to the Chairman and the Board for their valuable guidance, and to my leadership team for their continued support and dedication. Your commitment has been instrumental in driving our strategic initiatives forward.

To our patients, thank you for entrusting us with your care each time you visit our facilities. We are here to serve you and are fully committed to your health and wellbeing.

I am truly humbled to be leading such an exceptional organisation with its rich history and legacy. Lenmed's story began 40 years ago, started by the community for the community – we intend carrying this spirit with us as we continue our mission to create healthier and more prosperous communities.



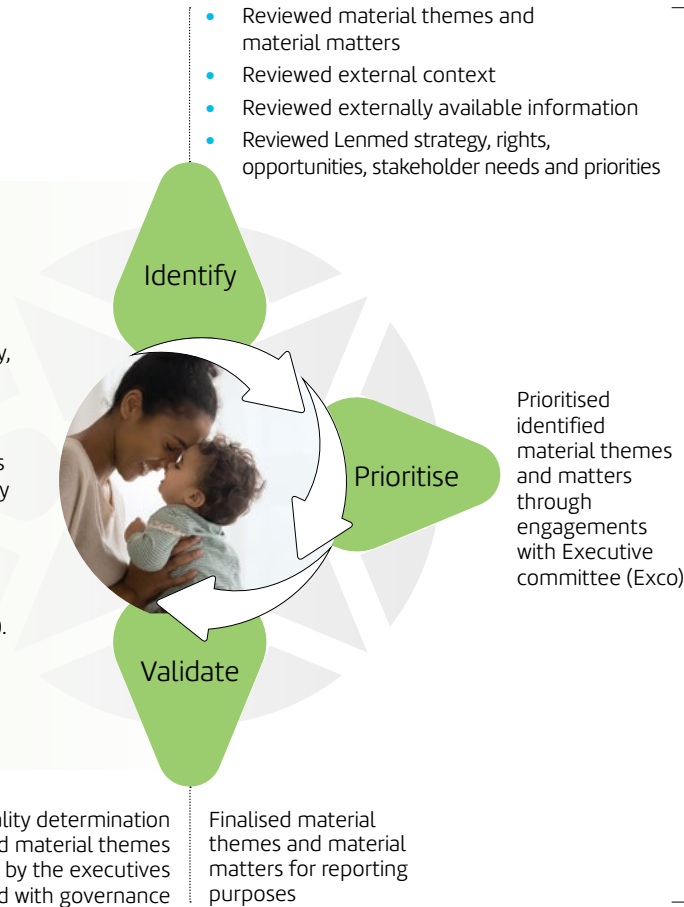
Amil Devchand
Chief Executive Officer



Lenmed's material matters

How we determine our material matters

In 2023, Lenmed conducted a double-materiality review and assessment to identify, prioritise and validate the Group's material themes and matters. This process involved evaluating the magnitude of each matter's effect on Lenmed's ability to create value, as well as assessing Lenmed's impact on society and the environment. The goal was to comprehensively understand and prioritise issues that are significant both internally (in terms of value creation) and externally (in terms of societal and environmental impact).



Following this materiality determination process, we identified seven material matters critical to the sustainability of our business.

These address the concerns and legitimate needs of our stakeholders while supporting the delivery of our core purpose of making people healthier and enhancing and protecting their lives.

Lenmed's material matters



MM 1

The quality and innovation of our delivery model

Our dedication to exceptional and quality outcomes defines our service ethos.

We are committed to exceptional and quality outcomes. We prioritise value-based care and place patients at the centre of our approach. We continually strive for excellence while driving innovation in our care delivery model. We are actively exploring revenue opportunities along the care continuum, including developing robust day clinic psychiatric wards, mental health facilities and rehabilitation centres. Our strengthening the core strategy focuses on highly specialised and acute care areas supported

by rigorous clinical governance standards. While acknowledging the shift towards digital and alternative primary healthcare settings, we remain steadfast in providing exceptional care within traditional hospital environments, ensuring Lenmed continues to meet evolving healthcare needs, with unwavering dedication to patient-centric care and clinical excellence.

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STRATEGIC THEMES



STAKEHOLDERS INVOLVED



Further information can be found on page 44 of this report.

MM 2

Organisational growth

In our pursuit of becoming the premier Africa healthcare group, our strategy involves expanding our footprint in countries where we currently operate while diversifying geographically.

Through leveraging our specialised expertise in hospital management, we can access both organic growth avenues and strategic acquisitions. Opportunities in facilities design, consulting

and hospital management contracts allow us to generate profitability while maintaining a capital-light approach, building the Lenmed brand across emerging markets.

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STRATEGIC THEMES



STAKEHOLDERS INVOLVED



Further information can be found on page 37 of this report.

MM 3

Digital disruption in healthcare

Technological advancements are reshaping various sectors and healthcare is no exception.

Our industry is rapidly adapting to evolving consumer preferences and the promise of enhanced efficiency through technological advances. Today's patients are more informed, and demand personalised, high-quality care tailored to their needs. This growing emphasis on improved care is backed by MAFs, which are increasingly inclined to prioritise paying for quality outcomes over mere service outputs. Hospitals that effectively harness business intelligence and information technology to streamline processes and elevate patient care are poised to thrive in this transformative environment. Embracing these technological advancements can empower healthcare providers to meet rising expectations and navigate the shifting landscape of modern healthcare delivery.

STRATEGIC THEMES

STAKEHOLDERS INVOLVED



Further information can be found on page 61 of this report.

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MM 4

Attracting and maintaining quality skills

The scarcity of healthcare skills is a pressing global challenge, affecting South African hospitals that must compete not only locally, but also internationally to attract nurses, doctors and related healthcare staff.

This issue is exacerbated by a shortage of medical graduates entering the healthcare system. In response, Lenmed invests in addressing this skills gap by focusing on leadership development and professional skills enhancement through initiatives

like the Nursing Academy. Furthermore, the Group prioritises the provision of modern infrastructure and pleasant working conditions to support doctors, many of whom work on a contract basis.

STRATEGIC THEMES

STAKEHOLDERS INVOLVED



Further information can be found on page 51 of this report.

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MM 5

Funder relations

MAFs wield significant influence within the private healthcare sector, impacting healthcare service providers' access to patients and revenue through designated service provider networks.

MAFs leverage their financial influence to drive industry trends, including the shift towards alternate care settings and patient-centred care linked to value-based reimbursement. Lenmed recognises

the importance of cultivating strong relationships with MAFs to expand service offerings to their members, ultimately increasing revenue for both Lenmed and the schemes.

STRATEGIC THEMES

STAKEHOLDERS INVOLVED



Further information can be found on page 24 of this report.

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MM 6

Embedding ESG focus

The global expectation for businesses to prioritise ESG considerations is increasing.

Healthcare institutions – including hospitals and providers like Lenmed – have a dual responsibility to contribute positively to the national economy while supporting local communities through job creation, small business support and community welfare initiatives. ESG factors are particularly relevant in healthcare owing to the sector's resource consumption and environmental impact. Beyond environmental concerns, healthcare providers must address social responsibilities by promoting public

health and wellbeing, engaging with communities, and upholding high standards of governance, transparency and ethical practices. Integrating ESG principles into healthcare operations allows organisations like Lenmed to align with societal expectations, foster sustainable practices and demonstrate a commitment to broader community and environmental goals.

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STRATEGIC THEMES



STAKEHOLDERS INVOLVED



Clinical procurement

Further information on our ESG initiatives can be found on page 51 of this report.

Further information on our social initiatives can be found on page 58 of this report.

Further information on our natural capital can be found on page 65 of this report.

MM 7

Macroeconomic factors

Macroeconomic factors play a crucial role in shaping the landscape for healthcare companies like Lenmed.

Economic conditions, such as recessions or inflation, directly impact the affordability and accessibility of healthcare services for individuals and governments. During economic downturns, reduced disposable income may lead to reduced medical aid membership, affecting revenue streams for these healthcare providers. Additionally, fluctuations in currency

exchange rates, such as a weaker rand, can increase the cost of imported goods and equipment used in hospitals, adding financial strain. Government policies related to healthcare spending and regulation also have a significant influence on operations and profitability within the healthcare sector.

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STRATEGIC THEMES



STAKEHOLDERS INVOLVED



Further information can be found on page 17 of this report.



Our value-creating strategy

Overview

Lenmed was founded for, and remains committed to, the health of our communities

Lenmed aims to be the leading African healthcare group and to build healthier and prosperous communities by delivering healthcare services across the continuum of care.

To realise this vision, Lenmed has revised its strategy to focus on **three key themes**:

- strengthening the core,
- expanding the footprint and
- diversifying the business.

This strategy entails maintaining disciplined execution to provide excellent and efficient acute healthcare services while simultaneously pursuing organic and inorganic growth opportunities. The strategic diagram below illustrates Lenmed's new approach to achieving its ambitious goals.

Growth strategy

Diverse and attractive portfolio

R1.5 billion EBITDA by 2028

Value unlocked by 2028



Strategic priorities



Uncompromising focus on foundational elements of strong healthcare delivery

Our strategy is designed to facilitate transformative healthcare delivery as we work towards achieving R1.5 billion in EBITDA by 2028. It enables us to enhance the patient experience by prioritising customer-centric practices and optimising operational efficiency. With a focus on clinical excellence supported by science and evidence-based decision-making, our strategy ensures we provide the highest standards of care. By becoming an employer of choice and fostering a culture of excellence, we empower our team to drive positive outcomes for our patients.

Embracing digital transformation within our strategy further enhances our ability to innovate and adapt to evolving healthcare needs, ultimately enabling us to redefine standards and deliver exceptional value to our communities.

This comprehensive approach reflects our promise to achieve sustainable growth and make a meaningful impact on healthcare outcomes.



Improve patient experience

Be Africa's most customer-centric healthcare company

Optimise the operations

Ensure Lenmed has the infrastructure and capacity to deliver the strategy

Drive digital transformation

Ensure Lenmed has the infrastructure and capacity to deliver the strategy

Achieve clinical excellence

Place science and evidence at the heart of healthcare and care decision-making

Become an employer of choice

Attract and retain excellent people to make excellence happen

Strategic themes

Growth strategy



- Executing high-return, capital-light organic growth opportunities and initiatives
- Searching for attractive and viable opportunities across Africa
- Diversifying revenue streams across the continuum of care

Key stakeholder engagement



- Establishing and nurturing positive relationships with funders
- Prioritising employee satisfaction and retention by offering competitive remuneration packages and fostering a supportive work environment conducive to professional growth
- Implementing strategies and initiatives that enhance shareholder returns and demonstrate strong financial performance and growth prospects

Continuous learning



- Promoting a culture of continuous learning and development among employees, ensuring ongoing skill enhancement and adaptation to industry trends and advancements
- Investing in leadership development programmes to cultivate strong managerial capabilities and drive organisational success

Clinical and operational excellence



- Delivering specialised care for complex medical conditions and high-acuity patients
- Leveraging expertise and technology to achieve superior outcomes
- Providing value-based care and quality outcomes

Digital transformation and innovation



- Embracing digital technologies and innovation to enhance operational efficiency, patient care delivery and overall organisational performance
- Leveraging data analytics to drive informed decision-making, optimise clinical workflows, and improve patient outcomes through predictive insight
- Prioritising cybersecurity measures to safeguard patient data, operational systems and organisational assets against cyber threats and attacks

ESG



- **Environmental**
Committing to sustainable practices and environmental stewardship to minimise the organisation's ecological footprint
- **Social**
Engaging with local communities and stakeholders to address social issues and contribute positively to societal wellbeing
- **Governance**
Maintaining strong governance frameworks and ethical standards to ensure transparency, accountability and compliance

OUR PERFORMANCE

Message from our CFO

The Group delivered satisfactory results – we are encouraged that most of our businesses achieved good growth. This was offset by disappointing trading activity at Bokamoso Private Hospital (Bokamoso) compared to the prior year, changes in the VAT tax regulations in Botswana that increased the cost base, a once-off medical malpractice expense from an incident that occurred in 2012 and inefficiencies at the Group’s recently acquired facilities.

The operating environment in South Africa remained subdued, with membership of medical schemes effectively remaining static. In order to maximise the return on capital allocated to acquisitions, our focus remains on acquiring facilities with identified inefficiencies and/or growth opportunities. We believe this will

achieve a greater return on capital over the long term than acquiring efficiently run, high occupancy facilities with limited growth potential. Unfortunately, the downside to this approach is the potential negative impact, for a period between 12 to 36 months, on Group margins until these inefficiencies have been removed from the system and/or growth opportunities have materialised. The adverse impact on the Group’s FY24 EBITDA margin from the recent acquisitions of Matlosana Medical Health Services (MMHS), Beira Private Hospital Limitada (BPHL) and MooiMed Operating Company (MooiMed) is just below 1%. Furthermore, where we add additional capacity to our existing facilities, these additional beds typically require 12 to 18 months to reach maturity, again negatively impacting margins in the short term. These circumstances could impact Group results in the short term as we continue executing our growth strategy.

FY24 was the first full financial year of including the results of MMHS (7 months in 2023), with BPHL included for 10½ months and MooiMed for 5 months. We have successfully navigated the early stages of the integration of these acquisitions into the Group and created a solid platform for growth and cost optimisation. These acquisitions helped

grow Group revenue by 17.9% to R4.67 billion (the highest revenue on record) compared to R3.97 billion in FY23 due to growth in Paid Patient Days (PPDs) of 10.9% and an inflationary increase in Rand per Patient Day (RPPD).

Despite our focus on controlling operational expenditure, our Group margins were negatively impacted by the acquisition of businesses trading at lower margins (as detailed above), a reduction in PPD’s at Bokamoso mainly as a result of a drop in referrals from the Ministry of Health (MOH), and below expectation activity at MMHS (on a like-for-like basis). We were not able to reduce costs to the same extent as the reduction in activity due to the high fixed cost base, driven mainly by the labour component, which resulted in the Group EBITDA margin reducing to 14.50% from 15.99% in FY23.

When excluding the recent acquisitions of MMHS, BPHL and MooiMed as well as Bokamoso’s performance, the rest of the Group grew revenue by 14.6% and EBITDA by 22.4%, which further re-affirms the short-term impact of the Group’s growth strategy, but also highlights the solid performance and management of the Group’s mature businesses.



Fredré Meiring
Chief Financial Officer

Key metrics

	2024	2023	2022	2021	2020
EBITDA (R'000)	677 216	635 001	533 671	243 267	579 588
EBITDA margin (%)	14.5	15.9	15.8	9.0	19.2
Headline earnings per share (HEPS) (cents per share)	24.80	29.99	31.18	0.02	28.1
Total net debt to EBITDA ratio, debt covenant is <3.5 times	2.34	2.08	1.83	4.53	2.14
Senior debt service cover ratio, debt covenant is >1.1 times	1.94	1.77	3.50	1.47	1.36
Interest cover ratio, debt covenant is >2.5 times	3.35	4.43	4.12	1.9	4.15
Debt to equity ratio, debt covenant is <80 %	49	46	39	52	55

OUR PERFORMANCE

Statement of comprehensive income

Group revenue improved by 17.6% to R4 669.6 million compared to R3 972.2 million in the prior year. This improvement is attributable to an increase in PPDs of 10.9% and an inflationary increase in the RPPD of 6.0%.

Other income increased by 44.8% because of our renegotiated commercial interests in renal care and other complementary services provided at our facilities.

The 39.1% increase in finance costs is caused by the increase in interest rates, with South Africa's prime lending rate increasing from 7.75% at the beginning of FY23 to 11.75% two years later at the end of February 2024, as well as the higher level of debt required to fund our growth strategy, encompassing both organic expansion as well as the acquisitions in BPHL and MooiMed during the financial year.

Bokamoso Private Hospital

Bokamoso was not able to sustain the extraordinary year it had in FY23. Patient activity reduced to lower historical levels mainly because of reduced referrals from the MOH. This reduction in activity was partially offset by an increase in revenue earned per PPD of 10% (in Pula terms) from a combination of inflationary tariff increases and case mix. However, total expenses increased by 27%, resulting in a significant drop in EBITDA. The material increase in costs can largely be attributed to the following:

- Since May 2023, all healthcare providers in Botswana have been exempted from levying VAT on their services. While Bokamoso ceased charging VAT on its healthcare services (revenue), it is no longer able to claim the input VAT levied on its expenses, effectively increasing a large portion of the cost base by 12%;
- The stickiness of the fixed cost base and the inability to reduce this quickly in line with the reduction in patient activity, especially labour costs;
- A 38% increase in rental expense mainly as a result of contracted lease escalations as well as the inclusion of VAT in the rental.

We believe this level of activity is more sustainable, and that the margins should return to historical levels as we match the expense base to this level of activity.

MMHS

FY24 was the first full year of incorporating the results for the MMHS group of hospitals into our consolidated Group results. With 1 August 2022 being the effective date of this acquisition, the comparative period only included seven months of MMHS' results. While MMHS' contribution to Group revenue increased by 63% from FY23 due to the inclusion of 12 months vs 7 months, its EBITDA contribution did not meet expectations, driven by lower than anticipated activity coupled with an increase in expenditure.

The increase in costs can largely be attributed to the following:

- The stickiness of the fixed cost base and inability to reduce this quickly in line with the reduction in patient activity, especially labour costs;
- Integration of MMHS into the Group;
- increased costs due to significant service delivery failures from local authorities including increased diesel costs due to load shedding;
- Retirement and semigration of several doctors resulting in lost revenue while new replacement doctors build up their practices.

We are confident that we have successfully navigated these early stages of the integration and created a platform for optimisation and growth of these facilities. We believe that the business should grow and sustain EBITDA margins in line with the Group's EBITDA margin over the medium term.

Beira Private Hospital

BPHL was acquired with effect from 15 April 2023. BPHL's contribution to group revenue for the year ended February 2024 was just over 1% while negatively impacting EBITDA due to its loss-making performance. Towards the end of the financial year, BPHL achieved positive monthly EBITDA contributions, with our turnaround plans starting to bear fruit. We are confident that BPHL's margins will trend towards the group's average margins over the medium term.

MooiMed

MooiMed was acquired with effect from 1 October. MooiMed's contribution to Group revenue for the year ended February 2024 was just over 1% with its EBITDA contribution just below 1%, with the achieved EBITDA margin below that of the Group average. We are confident that the doctor recruitment strategy coupled with the planned expansion of this facility will result in margins improving more in line with the Group's average over the medium term.

Group performance excluding the impact of Bokamoso, MMHS, BPHL and MooiMed

In the rest of the Group, revenue increased by 14.6% on the back of a 6.3% increase in PPD's from 4.1% growth in admissions, 3% growth in theatre cases and 6.9% RPPD growth. RPPD growth resulted from an inflationary tariff increase and positive case mix resulting from our dedicated strategy to drive higher acuity work.

As a result of our operating leverage, expenses only increased by 10.7% compared to the 14.6% growth in revenue. This resulted in EBITDA growth of 22.4%, enhancing EBITDA margins.

The increased cost and complexity of doing business in South Africa will, however, not detract us from achieving our strategy and market related returns for shareholders. As we continue to drive efficiencies across our business, especially at the newly acquired facilities, we expect margins to increase over the medium term.

In keeping with our commitment to shareholders, the Group paid a dividend of 4.22 cents per share during July 2023 (3.50 cents per share in the prior year). This dividend is in line with our dividend policy of paying at least 10% of headline earnings attributable to shareholders annually.

Statement of cash flows

Cash generated from operating activities was R636.669 million (FY23: R535.592 million), or 94% of EBITDA for FY24, compared to the 84% for FY23. These are the highest levels of EBITDA and cash generation yet recorded in the 40 year history of Lenmed. We are conscious that the growth strategy can utilise higher levels of working capital and we are satisfied with how the team managed the working capital under a challenging environment.

OUR PERFORMANCE

We spent more than R329 million during the year to maintain and grow our asset base. We had significant equipment replacement requirements at several of our facilities. The Group, through efficient maintenance programmes, is able to leverage the life cycle of major equipment to more than 10 years – it was unfortunate that a number of high value items of radiology equipment in Botswana and Mozambique had to be replaced in the same financial year. We envisage FY25 to have a similar trend, after which it should normalise again.

Furthermore, we acquired BPHL and MooiMed during the year with net acquisition costs of R59.4 million and R133.7 million respectively. These acquisitions were funded through internally generated cash while bank funding was utilised to fund continued operations.

Statement of financial position

Growth in assets was in line with our growth strategy with the acquisition of BPHL and MooiMed, increasing total assets to just under R6.15 billion. Equity increased to R3.04 billion or R4.29 per share from R3.93 per share at the end of FY23, a 9.1% increase. As we integrate the recently acquired businesses and eliminate many of the inefficiencies at these facilities to achieve margins more aligned to the rest of the Group, we believe the growth in Net Asset Value (NAV) (in the absence of dividends) should exceed the cost of capital, which will remain a major focus of the management team.

By using bank debt to fund operations as well as our internal growth projects, while utilising cash generated by the business to fund acquisitions, we caused bank debt (net of cash) to increase by 17% to R1.5 billion (or 2.21 times EBITDA) compared to the previous year (R1.23 billion at 1.94 times EBITDA).

Events after the reporting date

Although this matter is reported as an event post the year-end, it is of great significance for the future growth of the Group and will define its gearing, covenants and balance sheet for the future. Lenmed spent many months in 2024 negotiating the favourable refinancing of its debt facilities. These negotiations were concluded on 12 March 2024. In addition, we increased the facility amount, creating additional capacity to fund our ongoing growth strategy.

The terms of the new R2.5 billion debt package are:

- A term loan of R1.7 billion with a 5-year maturity, at an interest rate 2.15% over 3-month JIBAR;
- A revolving credit facility of R550 million with a 5-year maturity, at an interest rate 2.10% over 3-month JIBAR.
- General banking facilities of R250 million, renewable annually, at an interest rate of prime less 2%.

The principal lenders include Rand Merchant Bank (RMB), Absa, Ashburton and the International Finance Corporation (IFC).

Outlook

With the economy remaining under pressure plus the anxiety created by the proposed NHI scheme, we anticipate continued challenges in the business environment. Given our strong balance sheet and renewed funding facilities, we have sufficient headroom to navigate through unforeseen circumstances. The business should continue to benefit from our initiatives to strengthen our core business, which we do by leveraging our existing infrastructure and continuing to drive efficiencies through automation, process re-engineering and cost optimisation. We continue our recruitment of medical professionals to increase utilisation of our facilities and to increase the average acuity of our case mix.

A positive effect of uncertainty is that it creates acquisition opportunities at reasonable prices. We continue to pursue our growth strategy with great care and diligence, exploring:

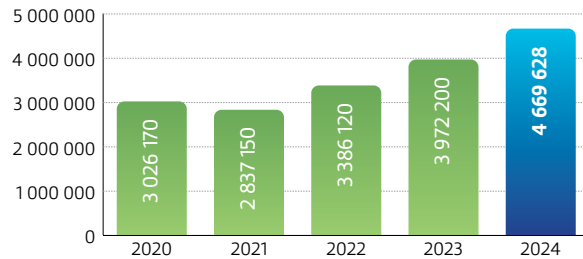
- expansion of our commercial interest in pathology, radiology and other complementary services within our South African business;
- acquisitions of existing hospitals in South Africa;
- acquisitions or development of supplementary facilities to our hospitals outside of South Africa;
- diversification opportunities in fast growing markets outside of South Africa with a particular focus on the Middle East.



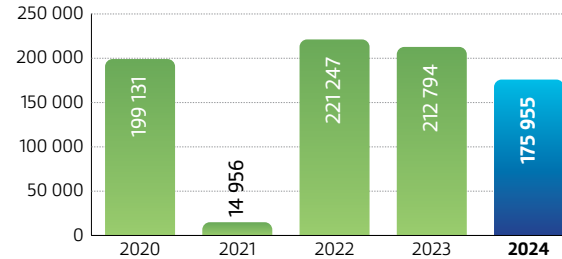
Fredré Meiring
Chief Executive Officer

Five-year review

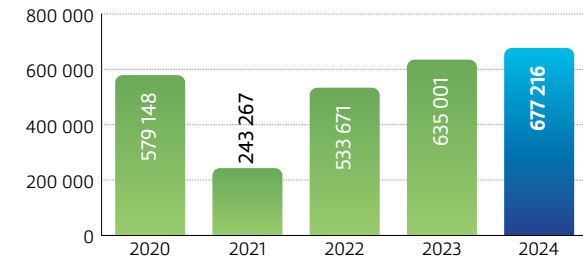
Revenue – CAGR = ↑12.9%
(R'000)



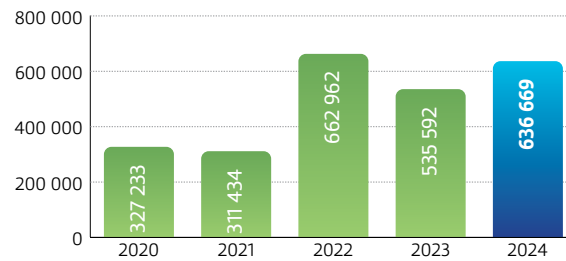
Headline earnings – CAGR = ↑4.2%
(R'000)



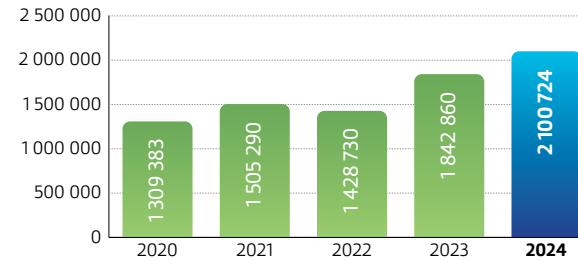
Normalised EBITDA – CAGR = ↑8.7%
(R'000)



Cash flow from operations – CAGR = ↑8.5%
(R'000)



Interest bearing debt – CAGR = ↑9.8%
(R'000)



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 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. This reflects our ongoing commitment to enhance the quality and effectiveness of our healthcare services, making certain that patients always receive the best possible care.

Secured bariatric accreditation through Proventi at Ahmed Kathrada Private Hospital



Initiated Heart Failure accreditation with the American College of Cardiology for Bokamoso Private Hospital

Ethekwini Hospital and Heart Centre's stroke programme achieved multiple World Stroke Organisation and Angels SA recognition, including the Diamond Award for four consecutive quarters



Highlights

Achieved Trauma Society of South Africa accreditation for Level 3 at Shifa Private Hospital



Maintained Chest Pain Centre accreditation through the American College of Cardiology for Ethekwini Hospital and Heart Centre



Expanded our stroke programme to other hospitals, starting with Ahmed Kathrada Private Hospital last year and continuing to Royal Hospital and Heart Centre in 2024

Advancing clinical excellence and operational efficiency

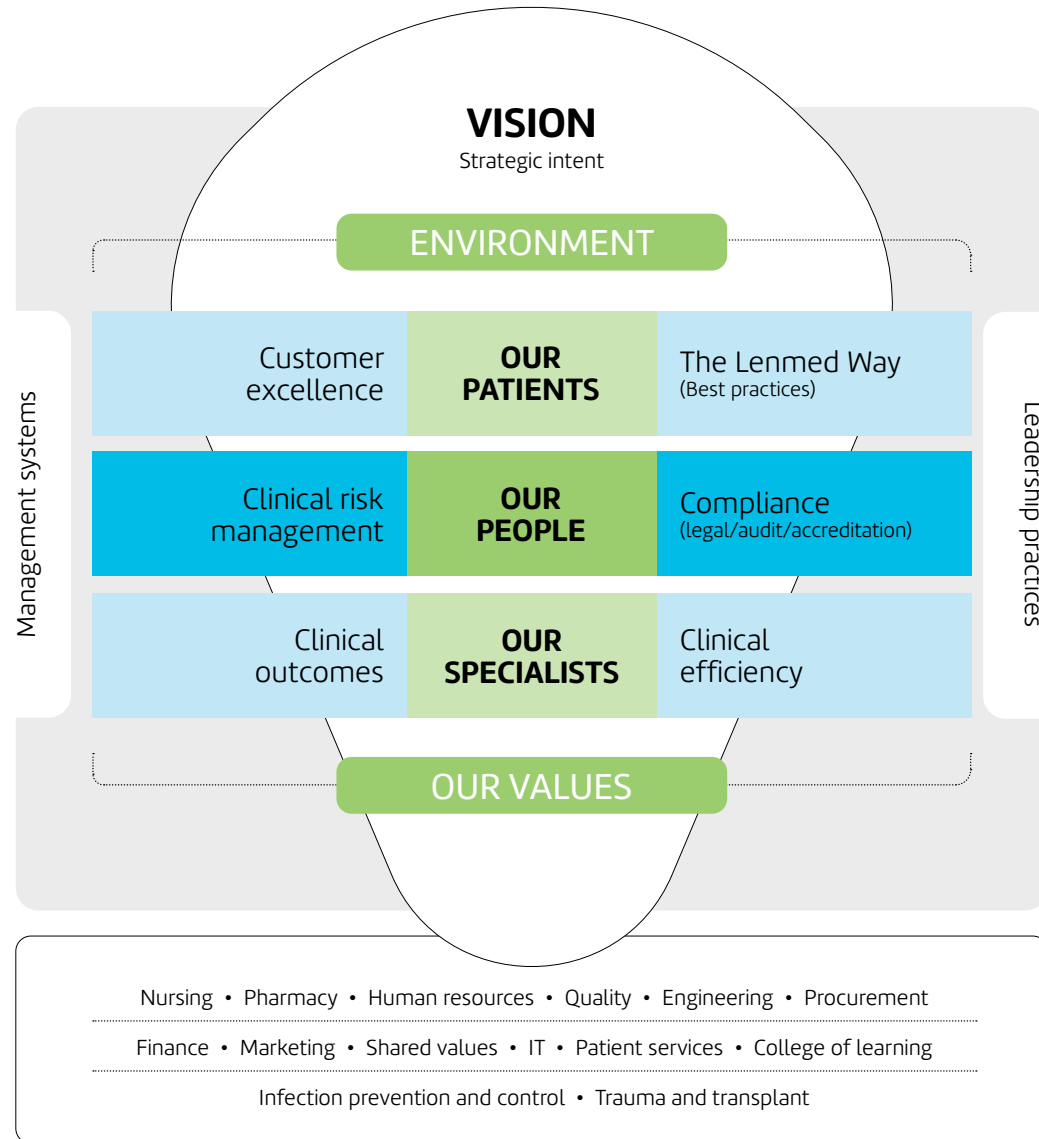
Lenmed is dedicated to enhancing clinical excellence and operational efficiency, leading to improved outcomes across various programmes. We strengthened our dedication to healthcare quality and accreditation standards through strategic investments in specialised clinical programmes and accreditations. These investments have 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 – contributed to sustained improvements in clinical performance and patient satisfaction.

In tandem with our focus on clinical excellence, Lenmed pursued technological advancements to streamline operational processes. The implementation of the Lenmed Clinical Risk Management system (LenIRS) has enhanced operational efficiency through the evolution of the system since inception in 2018.

Furthermore, Lenmed’s engagement with industry and regulatory bodies and alignment with regulatory requirements highlights our dedication to upholding operational standards and ensuring compliance. These ongoing efforts reinforce Lenmed’s position as a leader in healthcare quality and operational excellence.

Our clinical governance framework

Our clinical governance framework encompasses a comprehensive range of activities aimed at sustaining and enhancing high standards of patient safety, care and outcomes. This framework is designed to ensure high standards of patient care, exceptional experiences and optimal outcomes that promote the wellbeing of our patients and communities. Throughout the year under review, we remained committed to advancing our clinical governance practices, empowering hospital management teams to drive continuous improvements aimed at achieving better patient outcomes and overall healthcare quality outcomes and overall healthcare quality.





Clinical governance committee

The Lenmed Clinical Governance Committee monitors that healthcare practitioners and hospital operations adhere to regulatory and legislative frameworks while upholding the highest professional, ethical and legal standards. This committee adopts a strategic approach focused on driving clinical outcomes and leveraging value-add from exceptional clinical outcomes. It actively identifies opportunities for clinical mentorship, fellowship and proctorship while encouraging performance reviews and efficiency management within our clinical system.

Risk assessment and management

Our clinical risk management system, LenIRS, has evolved into a user-friendly and adaptable solution designed to assess compliance with legal, industry and company standards while identifying safety risks that could affect patients and employees. LenIRS plays a critical role in safeguarding patient safety and operational excellence by proactively managing risks within our healthcare environment.

Clinical performance reviews

In the year under review, we held quarterly clinical performance reviews with our hospital teams aimed at optimising clinical outcomes and fostering collaboration between hospital management teams and Group functions. Led by hospital managers, these reviews were instrumental in identifying clinical risks, deviations in clinical scorecards, trends and serious adverse events. The process included a detailed analysis of root causes behind adverse events, facilitating valuable learning opportunities and the development of improvement strategies. Enhancing clinical performance and outcomes remained a central objective across all clinical committees, acting as a unifying force that connects our clinician communities. Moving forward, we will continue engaging clinicians in these critical conversations to guarantee continuous improvement and excellence in patient care.



Lenmed clinician portal

Lenmed has implemented the Clinician Portal to improve communication and engagement with our clinicians. This system offers a range of benefits, such as supporting clinicians in marketing their practices, facilitating seamless access to a patient information library to enhance informed consent processes, sending reminders for insurance and professional registration updates, and serving as a centralised repository for information and documentation. The Clinician Portal represents a significant advancement in our efforts to streamline communication and support our clinicians, ultimately contributing to improved patient care and operational efficiency across our facilities.

Advancing nursing excellence and patient safety

Nursing is the backbone of the healthcare sector and Lenmed recognises the critical role nurses play in delivering quality patient care. Our workforce is predominantly comprised of nurses, with 65% of our employees dedicated to nursing roles.

Throughout the year, Lenmed focused on strengthening infection prevention and control measures in hospital settings, implementing rigorous protocols aligned with best practice. These efforts contributed to notable improvements in Best Care Always (BCA) infection prevention bundle compliance, achieving an average group score of 95% year-to-date and an impressive 97% in the fourth quarter.

An essential aspect of our initiatives in 2023 was the ongoing training and re-education of healthcare workers on infection prevention and control best practices. This proactive approach makes certain that our people remain equipped with the latest knowledge and skills to safeguard patient safety and wellbeing. Lenmed continues to prioritise nursing education and training, appointing a new manager to oversee these programmes. The successful completion of the first formal examination for the Higher Certificate in Nursing for the College represents an important milestone for the Lenmed Nursing College and its contribution to growing the country's nursing workforce.

In addressing critical areas of focus, Lenmed made significant strides in aligning nursing standards, policies and procedures with regulatory requirements. We have advanced the development of an evidence-based early warning system for all our adult wards. These efforts improve patient monitoring and response, ultimately enhancing clinical outcomes and patient safety across our facilities.

Reducing readmissions

Reducing hospital readmissions is a critical objective within the global healthcare system, as it is associated with higher patient satisfaction and improved outcomes. At Lenmed, our clinical programmes – particularly in cardiac and stroke care – prioritise the early identification of patients at risk of readmission using specialised readmission risk assessment tools. We take proactive measures to ensure these patients receive thorough education and preparation regarding their discharge requirements and post-hospital care.

Improving our clinical scorecard metrics

In 2023, Lenmed conducted a comprehensive review of best practices within international and local healthcare systems to make sure our clinical quality processes and metrics remained relevant and up to date.

The Lenmed clinical quality scorecard comprises 150 metrics across 16 categories, serving as a valuable tool in aligning our goals and improving communication and engagement across hospitals, departments and Group functions. This holistic view enables us to assess the clinical quality health status of each hospital and the entire Lenmed Group. Moving forward, we will focus on improving areas identified based on this comprehensive evaluation.

Standards, roles and responsibilities

Embedding standards, roles and responsibilities to ensure clarity and accountability across the Group.

Governance

Conducting regular reviews and governance forums with all stakeholders fosters collaboration and transparency. This provides a platform to address challenges, share best practices and make informed decisions to drive continuous improvement.

Adoption of local and international best practice

Integrating local and international best practices into clinical operations ensures Lenmed stays at the forefront of healthcare advancements. This approach helps in adopting innovative strategies and methodologies to improve patient care.

Data, statistics and outcomes reporting

Leveraging data and statistics for outcomes reporting provides valuable insight into performance and areas for improvement. Data-driven decision-making enables Lenmed to monitor progress, identify trends and implement targeted interventions to optimise clinical outcomes.

Clinical outcomes

Improved clinical outcomes because of the implementation of the above measures.

Quality of patient care

In 2023, we tracked key performance indicators that reflect our dedication to patient safety and continuous improvement. These metrics collectively illustrate Lenmed's proactive stance in prioritising patient safety and optimising healthcare services for the communities we serve.

Number of patients

The number of patients served by Lenmed in 2024 showcases the demand for our healthcare services. It is important to note that admissions would have increased year on year owing to both organic growth and the inclusion of the four Klerksdorp hospitals in our scorecard reporting.



Chest Pain and Primary PCI Accreditation at Ethekeeni Hospital and Heart Centre

In 2021, Ethekeeni Hospital and Heart Centre achieved accreditation for chest pain management and primary percutaneous coronary intervention (PCI). The facility has maintained the standards for accreditation and is now preparing for reaccreditation during 2024, providing high-quality care for patients presenting with chest pain and acute coronary syndromes. This signifies adherence to rigorous standards in cardiac care and ensures patients receive timely and effective interventions, contributing to improved outcomes and patient satisfaction. EHC has seen remarkable performance, however for AKPH we extended this programme to this hospital. So far, no recognition externally.

Stroke Programme at Ethekeeni Hospital and Heart Centre

Lenmed's stroke programmes at Ethekeeni Hospital and Heart Centre, continue to show remarkable performance and receive recognition. In 2023, Ethekeeni Hospital and Heart Centre's stroke programme received recognition from the World Stroke Organisation and Angels SA and achieved the Diamond Award for outstanding performance over four consecutive quarters. We extended our stroke programmes to more hospitals, leveraging our expertise to elevate stroke care across our facilities. These initiatives emphasise early identification, prompt treatment and comprehensive rehabilitation.

Lenmed Trauma Programme

Lenmed's trauma programme plays a critical role in providing timely and comprehensive care to trauma patients across our facilities. We have established trauma programmes aimed at enhancing patient outcomes through efficient triage, rapid intervention and multidisciplinary collaboration. Our trauma teams are trained to manage complex cases and prioritise patient safety, ensuring optimal care delivery and recovery.

Bariatric Programme at Ahmed Kathrada Private Hospital and Mooimed Private Hospital

Ahmed Kathrada Private Hospital successfully secured accreditation for its bariatric programme, offering specialised care for patients with obesity and related health conditions. Our bariatric programme is supported by a multidisciplinary team of experts dedicated to delivering personalised care.

In 2023, Mooimed Private Hospital funded an upper gastrointestinal tract (UGI) and bariatrics fellowship for one of our leading general surgeons. This achievement is significant as it highlights our promise to support our clinicians in advancing their expertise and certifications. This paves the way for the hospital to be certified with the new accrediting body for bariatric surgery – South African Metabolic Medicine and Surgery Society (SAMMSS) – and reflects our dedication to ensuring our surgical team remains at the forefront of industry standards and practices in bariatric care. This fellowship not only enhances our clinical capabilities, but also contributes to the overall quality of our bariatric surgical expertise.

Lenmed Transplant Programme

Lenmed's transplant programme represents a significant milestone in advancing healthcare services. We are committed to expanding access to life-saving organ transplant procedures, including kidney and liver transplants. Our transplant programmes adhere to stringent protocols and ethical standards, ensuring patient safety and long-term success post-transplant. Through continuous improvement and innovation, we aim to positively impact the lives of patients in need of organ transplantation.

Funder relations

Lenmed's promise of excellence is reflected in our success as a preferred network provider in recent scheme tenders across the healthcare landscape. Supported by industry-leading hospital network agreements, we have secured participation in pivotal designated service provider (DSP) networks, including the Government Employees Medical Scheme (GEMS), Discovery and Medscheme, among others. Notably, engagements with funders have embraced innovative reimbursement models such as value-based care, underscoring Lenmed's proactive approach to delivering value-driven healthcare solutions. Furthermore, the expansion of fixed fees and alternative reimbursement method agreements with participating funders highlights Lenmed's dedication to developing and maintaining mutually beneficial relationships and ensuring accessible, high-quality care for all.

Discovery Health Hospital Care Rating

Lenmed's performance in 2023 remained steadfast, upholding a level of excellence consistent with our achievements in 2022. During this period, seven Lenmed hospitals were recognised for their outstanding performance, receiving accolades as Best Performers for the Discovery Health Hospital Care Rating. In addition, five Lenmed hospitals received a 'Better Than Expected' rating, while two received 'On Par/As Expected' ratings. These ratings are based on key measures including readmissions, mortality rates for specific conditions, patient experience and hospital efficiency. This acknowledgment highlights the quality of care provided by Lenmed facilities.

Note:

Certain hospitals are not included in this rating due to insufficient data.

Pioneering breakthrough at Ethekwini Hospital and Heart Centre (EHHC)

In 2023, Lenmed EHHC achieved a historic milestone by successfully performing its inaugural left ventricular assist device (LVAD) procedure on 4 August. This breakthrough signifies a significant advancement in cardiac care for KwaZulu-Natal and Lenmed Group's commitment to pioneering medical innovation. The LVAD procedure offers hope for patients with advanced heart failure who are awaiting or are ineligible for transplants, showcasing the hospital's dedication to patient-centric care and positioning it as a leader in high tech cardiac care in the region. Led by a multidisciplinary team of experts and supported by state-of-the-art facilities, the success of the procedure highlights Lenmed's undertaking of excellence in healthcare delivery and research.

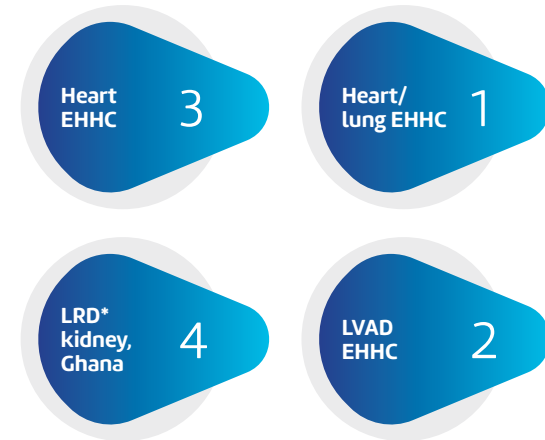
"The journey in preparation for our first case commenced in December 2022 and, to date, we are immensely proud to have achieved this milestone in cardiac medicine and as Lenmed's transplant division. This accomplishment and the contributions made to it highlights our commitment to providing advanced, patient-centric care and positions us at the forefront of medical innovation."

Amil Devchand, Group CEO

"The team that worked on this case is extremely proud of its success. For the entire medical team, the LVAD procedure marks the beginning of a new era in cardiac care, offering renewed hope for countless patients and their families."

Lead cardiac surgeon

Lenmed transplants and LVAD performed FY24



LRD: Living related donor



Outlook

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. This includes achieving differentiation through accredited clinical programmes and governance structures that align clinical and financial goals.

Additionally, we are proactively engaging with the broader healthcare industry by preparing to report outcomes externally and aligning with industry standards. Utilising technology like the LenIRS system, we will continue to automate manual processes for operational efficiency and expand services for employees and frontline leaders.

OUR SUSTAINABILITY

Our people

Our people are more than employees, they are strategic enablers and ambassadors who shape Lenmed's brand and purpose.

Through their dedication, our teams navigate challenges, innovate solutions and build trust with our stakeholders, driving our successes in healthcare.

HIGHLIGHTS



Implemented accredited **leadership development programme** for employees including the Lenmed Lead Higher Certificate in Management Practice through Henley Business School of Africa



Conducted **process reengineering pilots** to align with strategic goals



Initiated **human resources (HR) strategy alignment project** to transform HR into a business partnership model



Introduced **employee recognition events** such as Nurses Day and group-wide National Admin Day



Successfully **completed Youth Employment Service (YES) programme** with four permanent appointments and a new intern cohort



Collaborated on **CSI projects** to provide computer skills training to underprivileged communities



Established a **talent management committee**



Launched **employee Bursary Scheme**



Implemented **various employee recognition programmes**

Our people and culture vision



Our people and culture strategy framework

Lenmed's people strategy is focused on cultivating a resilient workforce capable of excelling in a dynamic business environment. We prioritise leadership development, optimise human capital processes, nurture a strong organisational and ethical culture and refining our systems. Our goal is to elevate the employee experience and positively impact the communities we serve. Through these initiatives, we foster the growth and professional development of our employees, and also strive to achieve our vision to become the employer of choice.

one Better leaders and managers

- Formal and ad hoc leadership development entrenching the Leadership Charter including leaders developing leaders
- Management operating model including driving line ownership of the Leadership Charter and value chain
- Talent management (*succession planning, creating career pathways*)

two Streamline people and culture processes and systems

- Streamline people and culture processes, tools and systems across the leadership value chain
- Improve people data and analytics
- Digital enhancement and innovation

three Enhance employee experience

- Internal two-way communication and change management
- Employee well being
- Wellness (*necessities*)
- Rewards and recognition
- Improved attraction and retention
- Training and capability building

four Enhance community experience

- Improved communications
- Identifying key stakeholders
- Upskilling
- Community development and leadership

People and culture strategic advisory and consulting

Sustainability and future proofing
(remaining relevant)

Diversity and transformation
(inclusiveness and Employment Equity (EE))

People governance and risk management
(compensation and benefits)

Business operational alignment



Workforce demographics (as at 29 February 2024)

Lenmed South Africa hospitals

Female employees
79%



African, coloured and Indian employees
(male and female)

86%



Occupational level

	Female					Male					Disability	Foreign	Grand total
	African	Coloured	Indian	White	Total	African	Coloured	Indian	White	Total			
Top management	-	-	1	-	1	1	-	4	3	8	-	-	9
Senior management	-	-	2	4	6	1	-	3	2	6	-	-	12
Professional qualified and experienced specialists and middle management	7	2	19	27	55	9	2	11	13	35	1	3	94
Skilled and qualified workers, junior management, supervisors, foremen, support staff	493	80	181	187	941	120	6	23	20	169	9	32	1151
Semi-skilled and discretionary decision-making	742	94	140	120	1096	182	29	50	12	273	20	11	1400
Unskilled and defined decision-making	169	129	11	3	195	89	9	5	4	107	22	2	326
Grand total	1411	188	354	341	2294	402	46	96	54	598	52	48	2992

Enhancing our operating model

In 2023, we enhanced our operating model with the aim of streamlining roles and responsibilities across corporate and business units. This project was designed to bring clarity and structure to the Group, improving accountability and empowering business units to make informed decisions that drive success. As part of this effort, process re-engineering projects were implemented to ensure systems and processes align with strategic business needs, optimising efficiency and effectiveness across the Group.



Employee value proposition

Lenmed is committed to enhancing its employee value proposition (EVP) to attract, retain and engage top talent. This EVP is designed to position Lenmed as the employer of choice within the healthcare sector. Key elements of Lenmed's EVP include investment in talent development and succession planning, as evidenced by internal promotions and recruitment drives that prioritise internal mobility and career growth. In 2023, the Group focused on creating a compelling employer brand that resonates with employees, emphasising digital innovation and continuous learning opportunities. This was achieved through initiatives such as the Celebrate Programme to reward and recognise exceptional performance. The introduction of the employee bursary scheme marked a significant milestone, providing employees with opportunities for further education and skill enhancement.

We also invested in enhancing the work environment, with hospitals undertaking initiatives like upgrading employee dining areas to offer healthier meal options and recreational spaces. This not only contributed to employee satisfaction, but also promoted overall wellbeing. Furthermore, an increase in the medical aid subsidy demonstrated Lenmed's assurance to support the healthcare needs of our workforce, enhancing its attractiveness as an employer of choice.

0.58% voluntary turnover
non-physician healthcare practitioners

0.96% voluntary turnover
all other employees

= 1.53% total

0.06% involuntary turnover
non-physician healthcare practitioners

0.15% involuntary turnover
all other employees

= 0.2% total

Organisational culture

In 2023, Lenmed remained dedicated to nurturing an inclusive and engaging organisational culture. The emphasis on care and respect for our workforce was evident through the development of bespoke action plans based on feedback from employee engagement surveys. These initiatives create a positive work environment where employees' voices are heard and valued, embedding a culture of mutual respect and continuous improvement within the Group. Our aim is to enhance employee satisfaction and wellbeing.



Talent and performance management

Lenmed is dedicated to cultivating highly motivated teams that embody our unique culture. To achieve these objectives, we prioritise developing a compelling employer talent brand and implement targeted recruitment strategies to attract and retain top-tier talent.

We have embedded succession planning across key roles within the Group to guarantee continuity and sustained growth. We closely monitor employee attrition rates and update our health, safety and contingency plans to safeguard the wellbeing and productivity of our employees. Together, we are dedicated to building a resilient and dynamic workforce that drives our success and embodies our values.

In 2023, the Group prioritised internal promotions and conducted internal recruitment drives.

Employee engagement

In 2023, we enhanced our employee engagement initiative by implementing a formal, standardised employee experience action plan across the Group. This involved leveraging insight from employee engagement surveys to develop customised action plans for each hospital, addressing specific areas of concern identified by our people. These action plans are designed to foster a culture of care, accountability and responsiveness, making certain that every voice is heard and valued.

To measure the effectiveness of our efforts, we instituted regular pulse surveys to gauge the impact of our actions on employee satisfaction and engagement levels. These enable us to track progress and adjust our strategies as needed to continuously improve our workplace environment.

Our undertaking to become a top employer and employer of choice remains steadfast. By prioritising employee engagement and actively responding to staff feedback, we aim to create a workplace where our employees feel appreciated, supported and motivated to contribute their best. This ongoing initiative reflects our dedication to nurturing a positive and fulfilling work culture across all our hospitals.

Employee wellness

We have developed a comprehensive approach to employee wellness that encompasses competitive total rewards packages and employee engagement surveys. We provide support and counselling services, prioritising the mental and emotional wellbeing of our employees. In the year under review, we implemented consistent annual wellness screenings across the Group. This initiative was not only maintained but extended to include newly acquired hospitals.

We revamped our employee onboarding process to ensure a warm welcome for every new team member. A special video message from the Group CEO awaits them even before they arrive on their first day, setting the tone for a supportive and inclusive work environment. Furthermore, each hospital manager has a prerecorded welcome message that greets newcomers, fostering a sense of belonging

from the outset. This approach emphasises the importance of a smooth transition and integration into the Group.

We also introduced innovative initiatives like the Employee Bursary Scheme and the InfoSlips Employee Portal for streamlined access to essential information. Leadership development remains a priority, as we invest in growing our people. In parallel, our hospitals have embarked on upgrading employee dining areas, promoting healthy eating habits and providing recreational spaces for relaxation. These efforts collectively highlight our dedication to employee wellbeing, recognition and professional development, ensuring our workforce remains engaged, supported and motivated to thrive within our organisation.

Learning and skills development

Lenmed is committed to advancing skills and capabilities through robust training and development initiatives. Our programmes encompass diverse areas such as leadership development, bursaries, technical and vocational education and training (TVET) work experience and learnerships. These initiatives enhance individual competencies and contribute to creating a skilled and agile workforce poised for future success.

2 130
employees
(2023: 1 991)
attended training

54 862
training hours
(2023: 39 356)
completed

R14.3 million
total spend on training and skills development

PROGRAMME

ACHIEVEMENTS

Bursaries
Allocated to frontline leadership development programmes



A total of **41** bursaries were awarded, comprising **36** South African recipients and **5** international recipients

TVET work experience
Allocated to qualifying hospitals



A total of **4** university learners participated in work experience programmes

Learnerships
Allocated to qualifying hospitals and head office



4 young people permanently employed
1 young person on a fixed-term contract

Leadership development

Lenmed places a strategic emphasis on leadership development to enhance organisational effectiveness and achieve our vision of becoming the leading African healthcare group. We recognise the pivotal role that effective leadership plays in driving innovation, fostering a positive organisational culture and delivering high-quality healthcare services.

Central to our leadership development efforts is the Lenmed Lead: Higher Certificate in Management Practice programme, developed in partnership with the Henley Business School of Africa. This tailored programme is designed for frontline leaders, equipping them with essential skills and attributes to excel as business unit owners. It covers a comprehensive range of topics, including people management, financial acumen, strategic thinking and organisational leadership.

In July 2022, we launched the programme with our first cohort of 25 participants from Lenmed hospitals across South Africa and Africa. In 2024, this inaugural group successfully graduated, with Lenmed's leadership team attending the graduation ceremony hosted by Henley Business School of Africa.

Lenmed's second cohort of 25 leaders is scheduled to complete their course in July 2024, empowering leaders within the Group, fostering a culture of growth among key personnel.

Labour relations

Lenmed acknowledges and respects the right of its employees to join trade unions.

Currently, approximately 35% of our permanent employees in South Africa are affiliated with the various unions within the healthcare industry. We are pleased to report that in the year under review, there were no labour disputes during the annual wage negotiations that required intervention from external entities such as the Commission for Conciliation, Mediation and Arbitration (CCMA). This demonstrates the ability of Lenmed and our employees to work collaboratively and achieve mutually beneficial outcomes through effective communication and negotiation.

Pension and medical benefits

In 2023, Lenmed appointed NMG as its employee benefits consultant to ensure competitive and comprehensive benefits for employees. Throughout 2024, Lenmed's pension fund adviser has been tasked to review the opportunity to consolidated and optimised pension funds across hospitals, aiming to negotiate better rates and fees for improved retirement savings. These efforts are aimed at streamlining the management and maximisation of employee benefits.

Medical insurance

Lenmed also enhanced employee benefits with increased medical aid contributions and free cover for eligible employees. Lenmed remains focused on providing a supportive environment by optimising benefits and leveraging NMG's expertise for enhanced employee satisfaction as well as health and financial security.



Transformation

Employment equity

South Africa's Employment Equity Act defines designated groups as black people (African, Indian and coloured), females, and disabled people. At Lenmed, our goal is to achieve sustainable and responsible progress at all occupational levels (grades) to make sure our workforce is representative of the national economically active population (EAP) targets, with a specific focus on supporting the recruitment and integration of people with disabilities.

We are committed to fostering a diverse and inclusive workplace that embraces individuals from all designated groups, promoting equal opportunities and empowerment across our organisation. Through targeted initiatives and partnerships, we strive to create a workplace that reflects and celebrates the rich diversity of South Africa's population, including individuals with disabilities.

Implementation of transformation policy

Lenmed has developed a transformation policy that specifically addresses disability inclusion and supports our accelerated transformation initiatives. This policy complements our existing employment equity policy and outlines our approach to fostering diversity and inclusion within the Group.



Disability awareness training for managers

We conducted comprehensive disability awareness training for all HR managers, line managers and hospital MANCO teams. This initiative aimed to educate and create awareness among managers in the workplace about the challenges faced by individuals with disabilities and how to create an inclusive environment.



Implementation of transformation targets

In alignment with the national EAP targets, Lenmed has developed transformation targets specific to employee equity gaps. These targets are shared with the business to guide our efforts in recruiting.



Through these initiatives, Lenmed is actively working towards creating a workplace that is representative of South Africa's diverse population. We are committed to continuous improvement and proactive measures to drive meaningful transformation and inclusivity across all levels of our organisation.

People with disabilities

Lenmed is committed to raising awareness and supporting the integration of employees with disabilities into the business. While progress has been made, we acknowledge we are still working towards achieving the desired levels of representation within our hospitals. This remains an ongoing focus area. Although there are challenges, we are dedicated to advancing inclusivity and accessibility for all employees, striving to create a supportive and accommodating workplace environment. We acknowledge this is an important initiative and will continue our efforts to make meaningful strides in this area.



Outlook

In the year ahead, Lenmed's primary focus will be on attracting and retaining healthcare professionals who share our assurance of excellence and improving patient care. We intend to implement a robust talent acquisition strategy to attract highly skilled individuals from varied backgrounds. We offer comprehensive training programmes and educational opportunities to empower our employees. Human capital development is integral to our success in an ever-evolving healthcare industry. Our people are at the cornerstone of everything we do.

We will continue to value our people and maintain them at centre-stage.

Our relationships

Lenmed recognises that our social license to operate is tied to the strength of our stakeholder relationships. Our economic growth and sustainability are deeply rooted in the value we place on fostering positive connections with key stakeholders, including investors, employees, medical practitioners, patients, suppliers and the broader communities where we operate.

By prioritising transparent and mutually beneficial relationships with each of these stakeholders, we build trust, enhance collaboration and, ultimately, contribute to the wellbeing and prosperity of all parties. This highlights our dedication to responsible corporate citizenship and

sustainable business practices, ensuring our operations positively impact not only our bottom line, but also the broader socio-economic landscape in which we operate.

HIGHLIGHTS



Successful **LVAD procedures** as part of patient impact initiatives and our transplant program.



Development and implementation of Group-wide patient experience business intelligence (BI) reports. These provide insight at all levels, from unit/ward to hospital and Group, enabling each level to have visibility and accountability for patient experience in their area.



Effective **communication strategies through social media** to enhance the Group's image and reputation.



Attainment of notable accreditations like ACC and stroke awards.

Patient experience

Patient experience is at the heart of our pledge to quality healthcare. We implement many patient experience improvement initiatives, and employ effective communication strategies through social media to positively influence the Group's image and reputation.

Leveraging patient stories and testimonials augments our credibility and reputation within the healthcare community.

Leveraging patient stories and testimonials further enhances our credibility and reputation within the healthcare community.

To continually improve patient experiences, we utilise an advanced electronic customer experience management system called EVERYS, which allows Lenmed to gather real-time feedback from patients and their families about their experiences.

In 2023, we noted a significant improvement across key metrics. Overall hospital rating increased by 1.2% year on year, with a 0.5% improvement in the percentage of patients recommending our services. Admission rating also saw a significant improvement of 1.5% compared to the previous year.

Admission rating also saw a significant improvement of 1.5% compared to the previous year.

+1.2
Overall hospital rating

+0.5
Percentage recommends

+1.5
Admission rating



Communication with patients

Our customer experience team is dedicated to enhancing the information available to patients, based on insight from our internal EVERYS system. Lenmed has curated a comprehensive library of discharge and diagnosis-related information to address patient needs for accurate and accessible healthcare resources. Our Customer Experience team gathers and monitors patient feedback to identify opportunities for improving the availability and accessibility of

health-related information. Additionally, Lenmed communicates with the industry and patients through online platforms, social media channels, SMS communications upon admission, and various feedback channels during a patient's stay at any Lenmed facility.

We prioritise cultural sensitivity in communication by involving local teams to guide decisions on translations, imagery and messaging to diverse patient populations. This communication

resonates effectively with all our customers and stakeholders.

We feature profiles our doctors and patient stories to assist our community in understanding what assistance is available and demonstrate how our doctors have helped people with similar concerns. In addition, we share many health-related information articles which have proven to be very popular with our communities.

Corporate social investment

Our approach to community development at Lenmed recognises the interdependence of our long-term sustainability with that of our surrounding communities. We are aware of and responsive to the socio-economic challenges faced by these communities, striving to actively contribute to their wellbeing.

Lenmed places significant emphasis on involvement and development, understanding that the sustainability of our hospitals is intricately linked to the health and prosperity of our neighbouring communities. We are committed to increasing access to healthcare by reducing co-payments on medical aid plans whenever feasible. We also continue to provide free cataract surgeries for elderly individuals who cannot afford the procedure.

In 2024, Lenmed contributes towards affordability of healthcare to financially disadvantage patients by providing substantial discounts to these patients, amounting to R25.2.9 million. We have also performed 76 free cataract surgeries. We also offer discounted rates and flexible payment arrangements for non-medical aid patients. These initiatives make quality healthcare services more accessible and affordable for our communities.

Discounts for patients facing financial difficulty are determined by hospital teams based on individual need, financial circumstances and medical aid coverage. This personalised approach aims to provide essential support and ensure access to necessary healthcare services for those in need.

Throughout the year, the Group actively supported a variety of Corporate Social Investment (CSI) initiatives.

We collaborated with the KZN Blind and Deaf Society and the TIBA Service for the Blind, recognizing their crucial role in improving the lives of blind and partially sighted individuals. Additionally, with the invaluable help of our doctors, we continue to provide cataract procedures at our facilities for those unable to afford them.

We promoted awareness for Mental Health, Stroke, World Diabetes, and Cardiac Health. Through these initiatives, we organized and participated in community programs, engaging with and assisting the community through various events and activities. Furthermore, we partnered with a local ICT company to offer basic computer literacy training, benefiting 35 unemployed individuals.

Specifically for cardiac health, we organized a series of educational and awareness events aimed at promoting cardiovascular health and addressing prevalent risk factors. Our training department provided education on early heart attack care and conducted CPR demonstrations.

To commemorate International Mandela Day, our facilities provided food parcels to needy communities. We also visited child and youth centers, offering sporting equipment and board games to encourage social skills and create a stimulating environment for the children.

Social and relationship capital

Level 1
B-BBEE²

R25.3 million
discounted hospital services
to financially distressed patients
(2023: R21.1 million)

76 free cataract surgeries
(2023: 91)

R27.9 million
Total CSI³ spend
(2023: R25 million)

The Children's Cardiac Foundation of Africa Trust

The Children's Cardiac Foundation of Africa Trust, a private-public collaboration that provides lifesaving procedures and care for indigent patients, is an initiative close to Lenmed's heart. Our specialist medical team at the Lenmed EHHHC's paediatric cardiac unit helps to fast-track critical surgery for children on waiting lists of the KwaZulu-Natal state hospital. In FY24, the Foundation completed 29 successful procedures (up from 23 in FY23) and celebrated its 100th procedure since inception.

To achieve these priorities, Lenmed aims to:

- Build credibility and trust by demonstrating transparency, accountability, and responsible business practices
- Understand stakeholder needs and expectations and engage with them in a meaningful way
- Foster a positive reputation through effective communication, ethical behaviour, and corporate social responsibility initiatives
- Create shared value by aligning the interests of the organisation with those

of its stakeholders and identifying ways to create economic, social, and environmental value

- Manage risk and conflict by identifying potential sources of conflict and addressing them in a timely and effective manner
- Ensure long-term sustainability by identifying ways to create value that is economically, socially, and environmentally sustainable over the long term



Outlook

Developing enhanced methods to measure the impact of outreach efforts beyond digital metrics to assess concrete evidence of the hospital's impact on the community.

Scaling capacity to handle the increasing needs of the communities.

Our intellectual resources

Lenmed is committed to delivering exceptional care and outcomes, and nurturing our intellectual capital to maintain our position as a leader in healthcare provision, for the benefit of patients and stakeholders.

In pursuit of this, we focus on attracting top-tier doctors to add to our intellectual capital and to achieve favourable patient outcomes. We invest in training nursing practitioners and securing medical product lines to maintain service quality and affordability.

We also develop of innovative operating models and ensure our facilities are state of the art.

By continuously integrating cutting-edge technologies such as AI and big data into our operations, we enhance efficiency and precision in patient care. Our investment in new technologies extends to operating systems and wards, ensuring our facilities remain at the forefront of medical innovation while complying with all statutory and regulatory requirements.



Enhanced care coordination and referral pathways using an **iOS and Android app** tested with GPs, specialists, and frontline practitioners in KwaZulu-Natal.



Optimised operations amidst challenges like nursing shortages and rising costs by leveraging **technology-driven solutions** and monitoring market trends for future innovation.

HIGHLIGHTS



Automated processes reduced administrative burdens and improved collaboration and information access for enhanced patient care and efficiency.



Partnered with a waste management company for green **initiatives**, targeting waste reduction and recycling by July 2024.

Enhance efficiency

Lenmed drives efficiency and innovation within its operations. Recent initiatives include digital admissions projects, self-service platforms and the adoption of emerging technologies like AI to enhance efficiencies.

Harnessing data for strategic healthcare insights

The identification of data within and without the organisation has created a data lake which provides Lenmed with a scalable and flexible platform that can adapt to the rapid growth of our evolving business needs. This investment ensures we can enhance data-driven insight to make more informed and swift business decisions. Centralising our data sources improves our capacity for advanced analytics, for strategic growth and operational excellence.

Lenmed initiated a project during the financial year 2024 that involved developing and testing an app-based platform, known as the Lighthouse project, which aims to address care coordination and referral pathways within the healthcare ecosystem. Lighthouse was designed to facilitate communication between GPs and specialists within the Lenmed network, ensuring patients receive timely feedback and follow-up treatments, reducing readmission risks.

The data lake initiative served as a foundational component supporting digital healthcare innovations. The data lake facilitates the storage, management and analysis of the vast amounts of data generated by initiatives like the Lighthouse project, enabling Lenmed to derive valuable insight and enhance operational efficiency within its healthcare network. The data lake plays a crucial role in supporting Lenmed's broader strategy of leveraging technology to drive innovation, improve patient care and optimise healthcare delivery.



Enhancing our service offering through diversification

Radiology initiatives

Lenmed has embarked on a pioneering journey in radiology through a strategic joint venture with a leading radiology practice.

This venture, established at the Randfontein hospital, marks Lenmed's initial investment in collaborative management of radiology services. We will extend this model to other facilities, thus offering enhanced diagnostic capabilities and patient care across the Lenmed network.

Renal services

We have restructured our partnership with National Renal Care (NRC) to enhance the provision of renal dialysis

Through this realignment, Lenmed now enjoys 60% of the economic value generated by Lenmed Renal Care and Renal Care Holdings. Leveraging NRC's expertise in management services and quality assurance programmes, this partnership ensures the delivery of state of the art renal care to patients while fostering sustainable growth and innovation in renal service.

Cybersecurity

Lenmed prioritises cybersecurity as a high-risk area and invests continuously in advanced measures and staff training to mitigate cyber threats. Regular penetration testing by external cybersecurity professionals, ensures robust defences to safeguard sensitive information, our data and systems as well as protecting patient privacy.

We have made significant investments in advanced cybersecurity measures including rigorous employee awareness programmes to enhance Lenmed's overall security stance. Continuous monitoring of our controls is key to being vigilant against cybersecurity threats, and we are committed to adapting and remaining resilient in the face of emerging risks.

Our focus on cybersecurity extends to implementing new initiatives such as regular security assessments, vulnerability scans and penetration testing to identify and address potential vulnerabilities proactively. Our Security Operations Centre (SOC) and Security Information and Event Management (SIEM) solution, play critical roles in our defence against cyber threats. The SOC not only helps prevent breaches, but also enables us to respond swiftly and effectively should a breach occur, minimising potential damage to our operations and data.

Promoting cybersecurity at Lenmed

Lenmed promotes a user risk awareness programme throughout the Group on a monthly basis. Our aim is to enhance vigilance among end users. In 2024, this programme successfully targeted over 1 026 users across our network.

Notably, the Group did not experience any cybersecurity breaches during the past financial year. Where attempts were made, all incidents were effectively managed through proactive measures.



Outlook

Lenmed will continue to drive innovation through technology and prioritise data analytics and cybersecurity to enhance organisational resilience and efficiency.

Innovation and disruption committee

The Innovation and Disruption Committee is pleased to present its report for the financial year ended 28 February 2024 to the shareholders of Lenmed.

Purpose and objectives

The committee provides oversight and guidance on the development and implementation of expansions to the business model of Lenmed, guaranteeing future sustainability in a changing business environment and in line with the Board-approved strategy. This includes the adoption of a culture of innovation and collaboration with key stakeholders, leveraging digital and virtualisation, as well as the diversification of revenue streams and the expansion of services.

Composition of the committee

The committee is appointed by the Board. Dr Guvant Goolab, who is an independent non-executive director, chairs the committee. The committee members include Amil Devchand, the CEO of Lenmed and Mark Bishop, the Chief Commercial Officer (CCO). The committee meets three times a year and facilitates feedback and participation from all executives and members of the Board who join the meetings on a voluntary basis.

Charter and work plan

The committee is governed by a formal charter approved by the Board, which guides the committee in terms of its objectives, authority and responsibilities.

Responsibilities and duties

Oversight and governance on behalf of the Board in the following areas:

- The diversification of revenue streams across the continuum of care
- Leveraging technology and innovation to reduce the cost of provision while improving outcomes
- Leveraging data analytics and digital capabilities with both in-house and external sources
- The shift by medical funders to value-based care and increasing network-based benefit arrangements

Summary of highlights from committee meetings

- Operationalising Lenmed's first commercial ownership of radiology services
- Implementing the point of care billing solutions across the Group, facilitating improved billing accuracy
- Developing automated billing for linked equipment and consumables based on patient diagnosis and surgical procedures and achieving significant efficiencies
- Design and development of a cloud-based data repository for 14 disparate business systems providing information for analysing all commercial opportunities and internal efficiency improvement projects

The committee is tasked with understanding new and emerging technology and innovation trends in healthcare, locally and internationally, and assisting the business in ensuring effective strategies are in place to mitigate and leverage any impact through innovation, collaboration, data analytics, digitalisation of existing processes and healthcare transformation through the utilisation of digital solutions and, ultimately, the development of a care delivery ecosystem.



Our planet

Lenmed is dedicated to protecting and preserving the environment by integrating both short-term and long-term goals into our operations. Our aim is to balance economic and environmental considerations in alignment with sustainable business practices.

How climate change impacts health

Healthcare professionals play a vital role in promoting and safeguarding human health. However, modern healthcare also contributes significantly to environmental pollutants and greenhouse gas emissions. To address the climate emergency, we advocate for a dual approach within the healthcare sector. This means not only treating those affected by the climate crisis, but also taking immediate action to reduce our own emissions and waste, while optimising water usage.

Higher levels of air pollutants result in diminished lung function and increased premature deaths.

The rise in diseases carried by vectors, such as mosquitoes, and the increase in food and waterborne diseases elevate health risks.

Compromised agricultural production leads to malnutrition owing to the impact on food resources.

HIGHLIGHTS



Achieved a **15.1% reduction in water consumption** through the implementation of water-saving fixtures and technologies.



Achieved a **3.4% reduction in energy utilisation** per paid patient day through investments in renewable energy sources like solar power.



Integrated waste minimisation and recycling by engaging employees in responsible waste disposal practices and regularly reporting on waste diversion rates.



Completed construction of **two solar energy plants** in 2024: one at Royal Hospital and Heart Centre (RHHC) with a capacity exceeding 500 kW and another at Zamokuhle Hospital with a capacity of 198 kW.



Standardised inverters at the existing solar plant at Ahmed Kathrada Hospital to improve communication between systems and accurately calculate solar energy production, optimising operational efficiency and supporting sustainable energy practices.



Raised environmental awareness through annual hospital visits, facilitating communication and conducting audits to promote sustainability practices.



Lenmed's commitment to environmental protection and fighting climate change

In 2023, we advanced our environmental sustainability efforts, concentrating on key areas such as water management, energy efficiency and waste management. Through a proactive approach and steadfast commitment to responsible resource usage, we achieved measurable reductions in water consumption, energy utilisation and landfill waste generation.

This progress demonstrates our dedication to integrating environmental impact reduction into our business strategy, demonstrating a continuous improvement in our practices to efficiently use natural resources across our facilities. Lenmed's environmental sustainability initiatives align with our broader obligation to responsible healthcare delivery, ensuring we minimise our ecological footprint while maintaining high standards of patient care and operational excellence.



Environmental committee

The Environmental Committee (ECM) 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.

Roles and responsibilities of environmental committee

Developing strategies, policies and initiatives for environmental sustainability and compliance with laws and regulations.

Identifying and assessing environmental risks associated with Group activities.

Monitoring and evaluating environmental performance and recommending measures to minimise the environmental footprint.

Providing guidance and support to departments and individuals in implementing environmental practices.

Staying updated on environmental legislation and regulations to ensure compliance.

Promoting environmental awareness and education within the Group.

Key focus areas during 2023

- Conducted regular environmental audits and inspections to identify improvement areas and ensure compliance
- Reviewed proposed projects and initiatives to assess environmental impact and provide recommendations
- Implemented environmental training programmes to raise awareness and promote environmentally responsible behaviour among employees
- Collaborated with external stakeholders to address environmental concerns and ensure effective communication
- Prepared and submitted reports on environmental performance to senior management and stakeholders
- Stayed informed about emerging environmental trends, technologies and best practices to recommend their adoption
- Established processes for identifying, documenting and responding to environmental incidents or emergencies

Greenhouse gas (GHG) emissions reduction plan

Lenmed is developing a targeted emissions reduction strategy aligned with the Science Based Targets initiative (SBTi) and the Paris Agreement. Simultaneously, we are enhancing the accuracy of our GHG accounting to refine and advance emissions measurement and reporting. This foundational effort will enable us to establish measurable targets that guide the Group's future initiatives towards environmental sustainability.



Energy efficiency

In 2023, Lenmed prioritised enhancing energy efficiency across our operations to reduce overall energy consumption and greenhouse gas emissions. The Group implemented various energy-efficient technologies and practices, including investments in renewable energy sources such as solar power. Despite the expansion of hospital operations, Lenmed achieved a commendable 3.4% reduction in energy utilisation per paid patient day, demonstrating significant progress toward sustainability goals.

In addition, we invested R2 million in solar energy for Zamokuhle Hospital and R7 million for Royal Hospital and Heart Centre, resulting in electricity bill savings of between 20% and 30% for each hospital. These investments highlight Lenmed's approach to sustainability and cost efficiency, contributing to reduced operational expenses and environmental impact through the adoption of renewable energy solutions.



Water management

Lenmed prioritised water conservation efforts by implementing water-saving fixtures and technologies throughout its hospital facilities. Through close monitoring and analysis of water usage metrics, Lenmed identified opportunities for further optimisation and set clear targets to achieve a 5% reduction in water utilisation compared to the previous financial year. Lenmed surpassed this target, achieving an impressive 15.1% reduction in water consumption. These initiatives align with our pledge of environmental sustainability in healthcare operations.



Waste management

Lenmed continues to closely monitor the consumption and cost of medical and general waste across all our facilities, actively seeking opportunities to further reduce waste. In 2023, the Group implemented comprehensive waste management programmes emphasising waste minimisation and recycling initiatives. In addition, Lenmed regularly reported on waste diversion rates and explored innovative solutions to further minimise landfill waste, underscoring our pledge to sustainable waste management practices.



Outlook

In the year ahead, Lenmed will engage a third-party provider to assist in developing metrics and measuring GHG emissions. This partnership will enhance our understanding of environmental impact and ensure accurate measurement and reporting of GHG emissions across operations.

We will build on our 2023 achievements by aiming to save a further 5% of water and electricity utilisation in hospitals in 2024. Lastly, the Group will advance solar energy projects to expand renewable energy capacity and reduce reliance on conventional sources.

TRANSPARENCY AND ACCOUNTABILITY

Lenmed's corporate governance

Lenmed's Board of Directors upholds the principles of corporate governance outlined in King IV, focusing on fostering an ethical culture, achieving good performance, ensuring effective control and maintaining legitimacy.

The Board retains its independence while actively engaging with management to gain a thorough understanding of the business through investigation, monitoring and communication. Strategy sessions involve the executive and non-executive and other Group executives to ensure comprehensive insight into operational matters.

A meticulously planned agenda, agreed upon by the Chairman, CEO and Company Secretary, which include updates from the CEO on operational performance and other pertinent developments guides Board meetings. Additionally, verbal reports from committee chairs offer insight into committee actions, with occasional private sessions led by the Chairman or lead independent director to address specific matters. Feedback from these closed sessions is provided as necessary to make certain there is transparency and accountability within the Board's decision-making processes.

King IV overview

Our King IV compliance register is available to view on our website, www.lenmed.co.za. This register offers an overview of how Lenmed applies the principles outlined in King IV.

The register should be reviewed alongside this Annual Integrated Report, which includes detailed reports from the Board committees, for a comprehensive understanding of the Group's governance framework and practices.

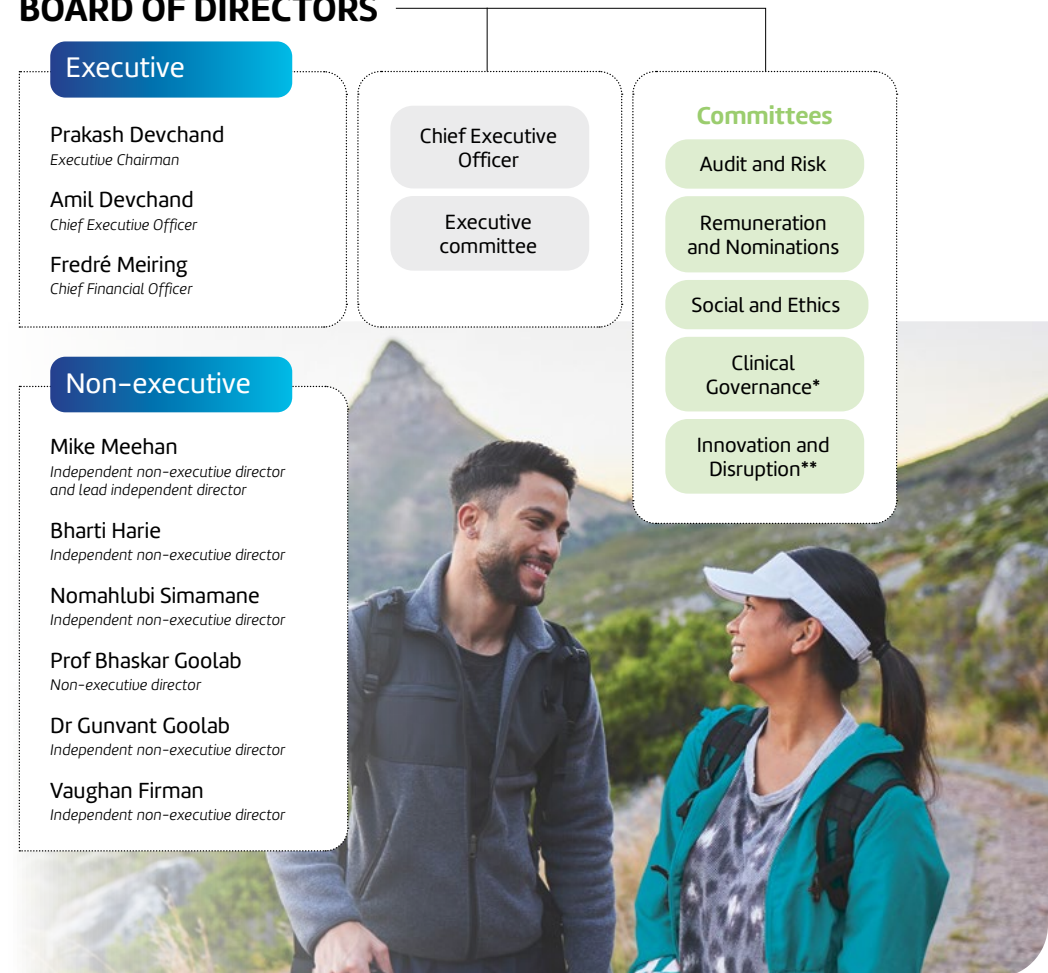
* The clinical governance report is presented on page 44.

** Innovation and disruption report is presented on page 64.

Refer to the respective reports of these committees for details.

Governance structure

BOARD OF DIRECTORS



Directors attendance – 1 March 2023 – 29 February 2024

Board meetings	Director	3 Mar	25 May	27 Jul	21 Aug [^]	28 Aug [^]	2 Nov	22 Feb	Total
	P Devchand	c ✓	c ✓	c ✓	c ✓	c ✓	c ✓	c ✓	7/7
	A Devchand	✓	✓	✓	✓	✓	✓	✓	7/7
	B Harie	✓	✓	✓	✓	✓	✓	✓	7/7
	Prof B Goolab	✓	✓	✓	✓	✓	✓	✓	7/7
	M Meehan	✓	✓	✓	✓	✓	✓	✓	7/7
	N Simamane	✓	✓	✓	✓	✓	✓	✓	7/7
	F Meiring	✓	✓	✓	✓	✓	✓	✓	7/7
	Dr G Goolab	✓	✓	✓	✓	✓	✓	✓	7/7
	V Firman	✓	✓	✓	✓	✓	✓	✓	7/7

Innovation and Disruption Committee meetings	Director	2 Mar	25 Jul	31 Oct	Total
	Dr G Goolab	c ✓	c ✓	c ✓	3/3
	A Devchand	✓	✓	✓	3/3
	M Bishop	✓	✓	✓	3/3

Remuneration and Nominations Committee	Director	2 Mar	16 May	25 Jul	20 Feb	Total
	B Harie	c ✓	c ✓	c ✓	c ✓	4/4
	P Devchand	i ✓	i ✓	i ✓	i ✓	4/4
	A Devchand	i ✓	i ✓	i ✓	i ✓	4/4
	Prof B Goolab	✓	✓	✓	✓	4/4
	M Meehan	✓	✓	✓	✓	4/4
	F Meiring	i ✓	i ✓	i ✓	i ✓	4/4

Audit and Risk Committee meetings	Director	26 Apr	17 May	26 Jul	1 Nov	21 Feb	Total
	M Meehan	c ✓	c ✓	c ✓	✓	✓	5/5
	B Harie	✓	✓	✓	✓	✓	5/5
	A Devchand	i ✓	i ✓	i ✓	i ✓	i ✓	5/5
	N Simamane	✓	✓	✓	✓	✓	5/5
	V Firman	✓	✓	✓	c* ✓	c* ✓	5/5
	F Meiring	i ✓	i ✓	i ✓	i ✓	i ✓	5/5

Clinical Governance Committee meetings	Director	18 May	31 Jul	17 Oct	15 Feb	Total
	Prof B Goolab	c ✓	c ✓	c ✓	c ✓	4/4
	A Devchand	✓	✓	✓	✓	4/4
	N Patel	✓	✓	✓	✓	4/4
	Dr G Goolab	i ✓	i ✓	i ✓	i ✓	4/4

Social and Ethics Committee meetings	Director	15 May	16 Oct	20 Feb	Total
	N Simamane	c ✓	c ✓	c ✓	3/3
	N Bechan	✓	✓	✓	3/3
	Dr N Patel	✓	✓	✓	3/3
	Dr G Goolab	✓	✓	✓	3/3

Board committees

Audit and risk Committee report

The Audit and Risk Committee is a statutory committee of the Board of Directors charged with the responsibility for overseeing audit and risk matters.

It is structured in accordance with the requirements of the Companies Act and King IV and consists of four independent non-executive directors, approved by the shareholders at the annual general meeting (AGM). The CFO and the Company Adviser, Dino Theodorou CA(SA), are permanent invitees, as are the external auditors and the outsourced internal auditors. Other members of the executive management, including the Chief Information Officer (CIO) and Group Chief Medical Officer, are invited as required. All non-executive directors are free to attend any meeting of the committee on a voluntary, non-voting basis.

Two of the members, including the Chairman of the Committee, are chartered accountants; the other members are qualified in law, business administration, and governance, and through experience on the audit committees of other listed and unlisted companies. The members provide a spread of disciplines as well as a diversity of knowledge, experience, race and gender.

Mike Meehan has been Chairman of this committee since 2010, and stepped down in July 2023, while remaining a member of the committee. The Chairman along with the committee wish to thank Mike for the exemplary way the Audit Committee was run under his tenure, with precision and diligence. Mike expects to retire from the Board at the 2024 AGM.

The committee met five times during the 12 months to the date of this report and enjoyed full attendance at all meetings.

The **Company Secretary** compares the committee charter to the requirements of best practice on an ongoing basis and recommends amendments and updates to the charter for the committee's review and thereafter for approval by the Board.

The Company Secretary prepares and monitors an annual work programme for the committee based on the charter and the requirements of the Companies Act, as well as the principles of King IV. The agenda for the quarterly and additional meetings are framed to cover all aspects of this work programme.

The **external and internal auditors** have unrestricted access to the committee and its chairman. Private sessions, without management being present, are held with both auditors at least once a year. However, this opportunity is available to the auditors at every meeting. At these sessions, questions are asked to determine the robustness of the audits and to satisfy the committee that the objectives of combined assurance are being met. The committee is therefore confident the combined assurance model is effective.

The **finance division** was strengthened during the year with additional analytical resources, both outsourced and insourced. It continued to function seamlessly, enforcing controls and producing reports on time, all of which provided the committee considerable confidence in the performance of the CFO and the finance function.



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 Boule. 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 and not to rotate them off the audit, given that mandatory rotation is no longer required and the independence of PKF has been satisfied. From 1 March, 2024, all South African subsidiaries will be audited by PKF, and all non-South African subsidiaries will be audited by BDO.
- Agreed the terms of engagement with 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 31 July 2024.
- Reviewed the work programme of the external auditors.
- Reviewed and monitored a policy relating to non-audit services provided by PKF Durban, pre-approving such services where required.
- Reviewed the reports of the external auditors to management and to the shareholders, engaged with the external auditors on key audit matters, and recommended action where necessary.
- Expressed its satisfaction with the competence of the external 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 audit.

- Held separate discussions with the external auditors and determined that:
 - there were no matters of concern
 - there were no inspection reports issued by audit regulators relevant to the company over the review period
- Approved the fees to be paid to PKF Durban for audit and non-audit matters.
- Considered reports provided by BDO, Kreston, GNR and Gregory, Butt and Wium who acts as external auditors for Botswana Private Hospital, Maputo Private Hospital, MMHS and Mooimed, respectively.
- Mazars was appointed as Group Internal Auditors in April 2023 and attended their first audit committee meeting in July 2023.

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 three years. Ensured that, where necessary, Mazars will use external approved third-party service providers for specialist areas and these areas would be adequately audited. Working closely with Mazars to make certain that the risks as identified in the risk register are appropriately covered. The risk register is the foundation for the internal auditors in designing their work plan and priorities.
- Ensured that Mazars made proper use of technology to better create efficiencies and effectiveness in their audits.
- Reviewed all the internal audit reports from Mazars. At financial year end, 13 audits had been completed. 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.

- Encouraged the internal auditors to collaborate closely with the external auditors to ensure quality assurance on controls and identified improvements in this relationship.
- Agreed that management share the findings of the internal audit report with the other hospitals to create best practice in the Group.
- 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. The company regularly reviews and upgrades its control systems based on the changing dynamics of the industry and reports received. These serve as the standards on which the internal audit programme is based.
- Held separate discussions with the internal auditors and determined 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 management had an appropriate response to these.
- Discussed with management the protective measures in place for cyber risk and made sure 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 programmes. Any shortcomings found were the subject of increased programme safeguards, controls and system tests.
- Reviewed the three-year strategic plan for IT and digitalisation, in conjunction with the innovation committee. Held regular feedback and updates from management on the progress.

Accounting and financial matters

General matters

- Reviewed and recommended to the Board, the audited AFS and AIR.
- Reviewed and recommended to the Board, the company's solvency and liquidity position and going concern status.
- Reviewed the solvency and liquidity status following the recommended dividend for the financial year 28 February 2024.
- Reviewed the annual budget from a reasonableness perspective and considered the assumptions presented by management in the budget.
- Considered quarterly financial reports and noted the variances and the reasons for these.
- Reviewed the five-year profit and cash flow forecast.
- Considered tax reports and feedback from management on significant tax matters.
- Received no reports or complaints directly from third parties from within or outside the Group relating to:
 - accounting practices
 - content or auditing practices of financial statements
 - internal financial controls of the Group
 - any related matters.
- Expressed its satisfaction with the competence and effectiveness of the CFO, Fredré Meiring.
- Expressed its satisfaction with the competence, expertise and experience of the finance function that supports the CFO.
- Reviewed the performance of the company against its loan covenants on a quarterly basis.
- Monitored the performance of the committee against the requirements of King IV and recommended actions to close any gaps identified.
- Reviewed and recommended to the Board, the interim results for release to shareholders.
- Concurred with the views of management that the adoption of the going concern premise in the preparation of the financial results is appropriate.
- Agreed as per the prior year that the process of evaluation of the committee is completed every second year and will be undertaken again in 2024.

Specific issues

Business Combinations

- Reviewed the accounting treatment of the Mooimed and Beira acquisitions.

Asset valuations:

- Goodwill: Reviewed management's assessment of goodwill and the need for impairment based on the market value of subsidiaries at the balance sheet date. In determining the value of the underlying investments in subsidiaries and the resultant goodwill as reflected on the Group balance sheet, management used the discounted cash flow (DCF) method as a primary valuation method. The DCF method uses the weighted average cost of capital (WACC) to discount future expected cash flows. The WACC used in management's valuation was determined at year end, based on comparative market observable information at the balance sheet date. The methodology applied by management was consistent with prior years. Based on these reviews and the calculations tabled, the committee agreed with recommendations of management that there was no requirement for any impairment in goodwill.
- 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. An independent valuation of the value of all the company's properties was performed during February 2023 by Mills Fitchet. The policy is to value the properties every three years, unless there is cause to conduct an interim valuation. Based on these valuations, management and the Board concluded no impairment to the value of our properties was necessary.
- IFRS 9 and the determination of expected credit losses: Reviewed the methodology of computing expected credit losses. The Group continues to refine and improve upon its determinations and the committee satisfied itself as to the methodology and models applied. The methodology for determining the expected credit losses was consistent with the prior year and is now embedded in the accounting systems.
- Going concern: Examined the forward estimates and the assumptions on of going concern. The committee concurred with the views of management that the Group fulfilled the criteria to be recognised as a going concern.
- King IV gap analysis: Discussed King IV requirements in detail. The committee does not consider it necessary to recommend the appointment of third-party consultants to advise the Board of the sustainability of the company. The Group is aware of the risks to its sustainability and makes plans to combat these through regular strategic planning sessions of executive management and the Board.
- Key audit matters: Discussed key audit matters with the external auditors. There were no key audit matters reported by PKF that required action from the committee.

Other matters

Monitored compliance with applicable laws and regulations.

Reviewed and approved the annual work plan of the committee.

Considered Lenmed's approach to ESG, noting this will be led primarily by the Social and Ethics Committee, but feedback from the committee would be given regularly.

Considered sustainability reporting and input in this regard from the Social and Ethics Committee as well as reports from the Clinical Governance Committee.

Considered the JSE guidelines on sustainability and ESG reporting as well as exposure drafts on ESG reporting.

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 risk by debating factors that might prevent the Group from achieving its vision. Action plans are developed to manage and, where possible, eliminate these factors and to pursue opportunities that could arise from the identification of risk factors. 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. Particular 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 10 umbrella risks are debated quarterly with a view to understanding them, thereby ensuring the Group can manage this situation appropriately.
- The company splits the risk register into four categories:
 - Enterprise risk
 - Operational risk
 - Financial risk
 - Reputational risk
 - The risk appetite of the group has not changed. It still maintains a zero-risk appetite for the enterprise and its reputation but is willing to take on risks at manageable levels for operations and finance, recognising that reward and opportunities flow from the acceptance of risk.
- Financial risk is discussed at every meeting.
 - Bank covenants are tabled, and the committee ensures adequate head room exists, not only presently, but also for future periods.
 - Five-year forecasts are presented on a regular basis to determine that the balance sheet is not strained and that Group reserves are sufficient.
 - The dividend payment is reviewed to make certain that liquidity and solvency requirements are met.
 - Cash conversion ratios are discussed with monitoring of debtors' days to ensure they are acceptable.
- One of the key operational risks that management identified as a growing threat is total grid failure. The Audit Committee was satisfied with the contingency plans put in place.
- Clinical risk is management by the Clinical Risk Committee, but the Audit Committee monitors medico-legal claims by making sure appropriate provisions are taken for medico-legal claims. Each major claim is discussed with the Group Chief Medical Officer who attends every Audit Committee meeting to table his report. The company is not involved in conducting medical research or practising medicine but provides facilities and equipment for procedures conducted by medical practitioners and nursing care for patients.
- The Group has developed a comprehensive legal compliance register. It continues to enhance and develop it to ensure the Group remains compliant with legislation that affects it. The register is in the process of being enlarged to include the non-South African entities. 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 risk processes into the organisation. The process has placed the Group in a better position to synergise operational risks in each hospital, with a view to standardising appropriate responses. Hospital management and employees 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. Latest trends were presented as well as the particular cover that the Group is taking out across all asset and liability classes. 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. Particular emphasis was placed on cyber-risk and the cover on that risk.
- The Audit and Risk Committee received the reports from the Group CIO. The 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 being examined include robotic processing, artificial intelligence, 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 financial year 2024 can be characterised as the year Lenmed embarked on a program of future-proofing itself.

In the space of the Remuneration and Nomination Committee (Remco), this was demonstrated by the focus on the People and Culture Journey, a fit-for-purpose Group organogram and pay structure and the Liquidity Alignment Plan, which was approved at the 2023 AGM. We were able to oversee the implementation of most of the FY24 focus areas, with some of the focus areas continuing into FY25. Please refer to the 'Our People' section of this report for further detail on the People and Culture Journey.

The voting results at the previous AGM held on 3 August 2023 were each 75.92% 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 6.5% for FY25, in line with inflation-linked tariff increases across the Group. This is appropriate as Lenmed engaged a specialist third-party to conduct a benchmarking exercise in the previous financial year, which it used as a guide to adjust various packages to bring them in line with the market at that point. Remco is satisfied it was independent and objective in awarding these increases.

Besides its regular activities of bedding down its policies and procedures and aiming for consistent standards across the Group, the committee was involved in the oversight of the strengthening of the corporate organisation structure to support the expansion of the Group.

Liquidity Alignment Plan

One of the key focus areas for the year was the design and approval of the Liquidity Alignment Plan (LAP) which was passed by shareholders at the AGM in August 2023. Having previously heeded the call from shareholders to create a share trading platform and to reinstate the payment of dividends, management and the Board turned their attention to the creation of a liquidity event to allow shareholders to liquidate some or all of their shares and realise cash. The board determined that a liquidity event would not be beneficial unless or until the company was earning EBITDA of at least R1.5 billion. As this is currently twice the present level of earnings, it would take an exceptional effort from management to achieve it. Accordingly, an independent adviser was engaged to recommend the best mechanism to achieve this and inform the Board about an appropriate structure to incentivise management to aggressively drive for such a liquidity event and create exceptional tangible shareholder value.

We were assured the proposed structure was best in class. The reward mechanism was carefully crafted to not unduly enrich management at the expense of shareholders.

In conclusion, should there be no liquidity event by the end of 10 years, the scheme would be closed and management would not be entitled to any benefit under the LAP.

It is envisaged that the first set of awards under the LAP will be made during 2024, with retrospective effect from 1 March 2024.

Remco continued its focus on King IV where there has been progress, with Lenmed now at a 94.1% 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 Board has approved the information provided by the committee in this report and accepted its recommendations.

Board governance

The Chairman of the Board is Prakash Devchand with Mike Meehan as the lead independent director. Mike'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 now in its 13th full year of operation and has an established forward plan of agenda items. As the Group grows and seeks to implement additional employee benefits, these are tabled, debated and approved on an ongoing basis. Remco is chaired by Bharti Harie, with the other permanent members being Mike Meehan (lead independent, non-executive) and Prof. Bashkar Goolab (non-executive). Prakash Devchand (Board Chairman); Fredré Meiring (CFO), Amil Devchand (CEO); Bhavani Jeena (Head: People and Culture) and the Lenmed Corporate Adviser Dino Theodorou are invited to attend the meetings. Vaughan Firman has joined Remco as a member in light of Mike's pending retirement.

Remco operates within terms of reference, which were last approved by the Board on 27 July 2023. 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 annually, by means of a self-evaluation questionnaire.

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

- Review of service contracts for the Executive Chairman, and his letters of appointment.
- 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.

- Approval of a Board succession planning policy, relating to non-executive directors.
- 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.
- 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.
- Approval of the executive annual bonus payments for the financial year ended February 2023.
- Oversight over executive management key performance areas (KPA) for the year ended February 2024, which are aligned with the approved strategy, with a focus on key strategically prioritised projects across the Group.
- Approval of the executive annual remuneration increases effective 1 March 2024.
- Oversight and discussion of the hospital managers' and Group functional heads' annual remuneration increases effective 1 March 2024.
- Biennial performance discussion by the lead independent director with the Chairman, as per King IV requirements. This was last conducted in conducted in FY22 and is in hand for completion in FY25.
- Review of non-executive director fees. Please refer to the section marked Non-executive Directors, for a breakdown of non-executive director fees. In line with the third-party external benchmarking exercise conducted for management, a similar benchmarking exercise by the same entity was conducted for non-executive directors in April 2023, such that both exercises are conducted in similar three-year cycles.
- Revision of the long service and share scheme awards. No revisions were effected in the current year.
- Review and discussion around the Lenmed organogram, this being a dynamic document guided by design and strategy.
- Review and discussion of executive and senior management succession planning.
- The share appreciations rights (SAR) 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 employees covered by medical aid (and how many remain without any cover), together with a review of the employer contribution to the scheme.
- Director training: Over the course of the year, directors were exposed to the workings of audit committees in Bangladesh, which provided valuable context and comparison. The Board received a presentation from an independent firm of attorneys on the workings of the National Health Insurance scheme and the Company Secretary has kept members updated on the latest work in the legislative and governance space, such as the Companies Amendment Bill. Directors attended various online training courses and discussion forums provided in the healthcare and auditing space.
- Review of staff pension fund and funeral arrangements. A new pension fund adviser was appointed to cover the South African facilities.
- Oversight of the remuneration and benefits policy.
- Oversight over minimum wages paid.
- 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 2024 Remco Work Plan.
- Consideration of the Companies Amendment Bill 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 people, it is the task of Remco to recommend strategies to attract, motivate, reward and retain employees 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 roles and 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 our people 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 the guaranteed portion of our remuneration packages are targeted to be at, on or slightly below the median. Conversely, with regard to the risk portion of the package, our policy is that this should be targeted to be equal to or higher than the median. Remco believes 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 general employees, assumes far greater responsibilities and accountability. Remco is cognisant of the wage gap between management and employees and, having oversight of both management and employee salary increases, deliberates and challenges these gaps to ensure fair remuneration. For example, while management and senior employees enjoy short-term incentive bonuses, general employees 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 people (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 employees are appropriately incentivised to maximise shareholder returns.

Guaranteed portion of package

The increase in remuneration packages of Lenmed executives was considered at the 20 February 2024 Remco meeting for implementation on 1 March 2024. 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 6.5% and, accordingly, a similar increase was applied to management.

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

Lenmed executives and other key employees 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. The key performance areas in both these schemes measure specific individual targets, align shareholder and individual goals based on a headline earnings per share (HEPS), return of equity and EBITDA growth targets and include a measure of the performance of the Group as a whole. 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) which is now in its 11th year of operation. The scheme is based on a SARs and a performance share scheme. Guidelines or practice notes are recorded as amendments are made to the scheme. These notes 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
- Because the low liquidity in the stock affects 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:
 - Category 1 – CEO
 - Category 2 – Direct reports to category 1
 - Category 3 – Direct reports to category 2

Scheme rules: In addition to the above:

- The performance criteria for the SARs are 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 Consumer Price Index (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 2023 meeting, (for the financial year ended February 2023), the seventh set of SARs were issued at R3.90, 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 R3.90 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 EBITDA multiples, and were consistent with previous years.
- The following SARs awards were allocated to executive management on 1 August 2023 for the financial year ended February 2023:
 - Amil Devchand: 6 000 000
 - Fredré Meiring: 3 000 000

The above SARs will vest on 31 July 2026.

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 employees who have worked for longer than 10 years
- A share award, to employees who have worked longer than 15 years.

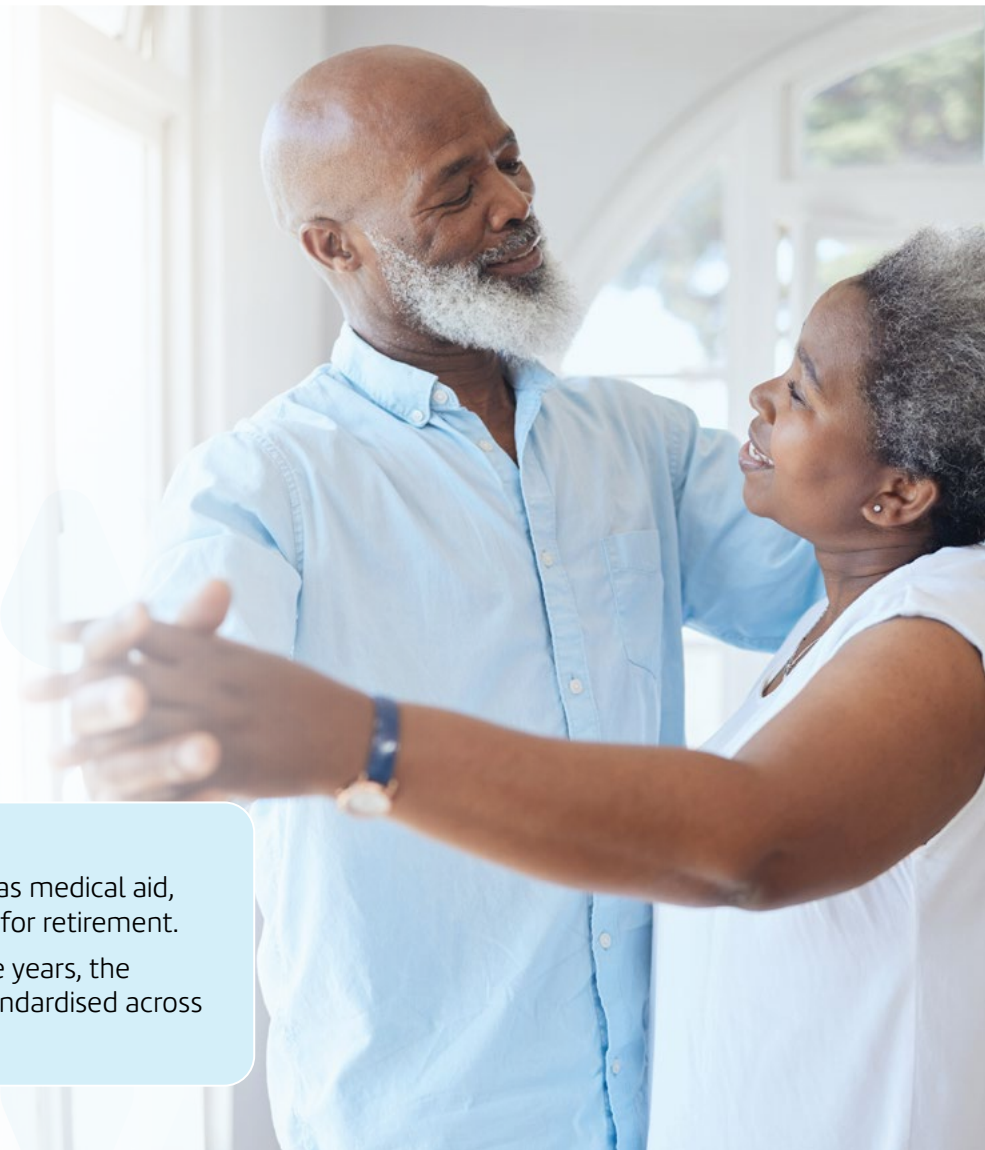
Under this scheme, employees are entitled to receive, on a one-off basis, R50 000 (pre-tax), either in cash or shares, provided they have attained a service record of 15 years as at December 2023. For the current year, only the cash settled option was offered, considering the lower share price. This benefit is over and above this cash award.

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

Other benefits

Employees enjoy other benefits such as medical aid, leave pay, funeral cover and planning for retirement.

As new hospitals are acquired over the years, the intention is that these benefits are standardised across Lenmed.



Non-executive directors

The two independent non-executive directors and one non-executive director 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.

In April 2023, management commissioned 21st Century to conduct a benchmark on Lenmed's non-executive director fees, considering its size, financials and operations (i.e. not compared to the three listed healthcare groups) and including a benchmark per role. The outcome was that Lenmed's fees to its non-executive directors are on the median.

In line with the above, for the 2024 AGM, it is proposed that the fees payable for the period from the 2024 to the 2025 AGM be increased as set out in the following table:

Name	Retainer fee	Meeting fee per meeting	Chairman fee
Bharti Harie	R275 000	R26 200	R26 200
Nomahlubi Simamane	R275 000	R26 200	R26 200
Prof. Bashkar Goolab	R275 000	R26 200	R26 200
Vaughan Firman	R275 000	R26 200	R26 200
Dr Gunvant Goolab	R275 000	R26 200	R26 200

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.

Implementation report

For total remuneration awarded to and realised by executive management during the financial year, please refer to Note 26.2 – page 117: Compensation paid to directors and prescribed officers (directors' emoluments) of the annual financial statements, which covers – for this and the previous year – total remuneration paid to directors, including the annual package, short-term bonuses and the fair value of shares that have vested under SARs. In the 2022 financial year, Remco decided to align the reporting of payment of short-term bonuses with the corresponding financial year in which they were earned. Typically, short-term bonuses earned for FY23 would have been reported in the FY24 annual financial statements as they would have been paid out in FY24. Accordingly, the short-term bonuses earned by management for FY24 and paid out in FY25, as well as the previous FY23 performance (for comparison) achieved by management, is contained below.

EXCO FY23 and FY24 SARs

Prakash Devchand does not receive any further SARs owing to his retirement as CEO on 29 February 2020. However, he is entitled to any SARs payments, which would have vested in his favour as a result of his continued employment at the company.

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 2024	Vesting/ expiry date
1 August 2021	11 200 000	R2.77	R4 677 415	31 July 2024
1 August 2022	13 300 000	R3.18	R3 157 549	31 July 2025
1 August 2023	21 100 000	R3.90	R1 181 144	31 July 2026

Exco performance review and bonus approvals against agreed FY22 and FY23 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 2024 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, to encourage delivery in these areas. The short-term targets for the year ending February 2025 should be similar to the previous year. The following table shows short-term bonuses earned by management for the year ended February 2023 (previously reported and for comparison) and February 2024.

	CEO	CFO
February 2023		
Percentage achieved	75.8%	75.8%
Bonus achieved	R4 131 100	R2 956 200
February 2024		
Percentage achieved	50%	50%
Bonus achieved	R3 500 000	R2 250 000

Nomination committee matters

Non-executive director succession planning

During the year, the committee conducted a Board skills analysis and continued discussions on non-executive director succession planning. This remains a focus area for FY2025.

In line with its planned non-executive director succession, Mike Meehan stepped down from the chairmanship of the Audit committee after the 2023 AGM and was succeeded by Vaughan Firman as Chair committee. Mike will retire as a board member after the 2024 AGM. Remco thanks Mike for his valuable contributions and dedication over his years of service at Lenmed.

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, Mike Meehan, Vaughan Firman, Dr Guvant Goolab and Nomahlubi Simamane.

Other matters

Other matters dealt with by the Nominations Committee included:

- 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 2025 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 FY25 strategy
- Continuous alignment of the Remco workplan to the Lenmed strategy
- Non-executive director succession planning for the financial year ending 2025, having regard to the skills gap matrix
- Recommending strategies to position Lenmed as an employer of choice
- Oversight over the implementation of the Group's new leadership culture and business operating model, as well as change management initiatives across the organisation

Social and ethics committee report

Report to shareholders

The Social and Ethics Committee is pleased to present to the shareholders of Lenmed Health Group its report for the financial year ended 29 February 2024.

This report is prepared in accordance with the requirements of the Companies Act, as amended and describes how the committee has discharged its statutory duties in terms of the Companies Act and its other 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:
 - i. Social and economic development
 - ii. Good corporate citizenship
 - iii. The environment, health and public safety
 - iv. Consumer relationships
 - v. 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.

Committee 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 eThekweni 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 human resources, 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 69.



Social and ethics committee report – continued

The committee's role and responsibilities

Role

The committee has an independent role with accountability to the Board. It 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
- Environmental, social and governance

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 the Board in this regard. The following

policies were reviewed, with no changes made: CSI policy, employee wellness and chronic illness policy, human rights policy, transformation policy, environmental policy and strategy, legal ethical policy, tax ethical policy, business integrity policy and the code of ethics.

The committee also reviewed the ESG policy and framework.

Furthermore, the Business unit heads updated the policy register and new policies were added including the employee bursary policy, and the employee relations policy. The policies are shared with the relevant employees so that they are aware of them and training on the policies is provided where appropriate.

In addition to confirming the employment equity policy, a review was undertaken of our compliance with the South African Employment Equity Amendment Act (EEAA) and what the implications would be for the business should it be passed as proposed, taking into account the introduction of significant amendments to the Employment Equity Act. It was signed into law by the president on 6 April 2023 and published in the *Government Gazette* on 14 April 2023.

Summary report

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

ESG

A self-assessment on various ESG aspects including management, human rights, labour, environment, and anti-corruption was previously undertaken, yielding a score of 94%. Another assessment is planned for later this year.

ESG has been expanded on the business strategy and includes site metrics and targets with these extending the responsibility of ESG to all employees.

Social and economic development

Human rights practices within the company

The committee reviewed and assessed compliance to the principles of the UN Global Compact, mapping Lenmed Group's practices and policies against these. The committee was satisfied 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 timeously.

Wellness days undertaken with Discovery Healthy Company were attended by employees with a focus on the improvement of employee health in areas of their emotional wellbeing, diabetes and hypertension.

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 (previously a Level 2). Initiatives on skills development continue via learnerships that include the disabled learnership programme and issuing of bursaries. The YES (Youth Employment Services) programme remains a specific focus for Lenmed. Preferential procurement including employment from local communities in the cleaning, catering and security areas continues.

Social and ethics committee report – continued

Corporate citizenship

Corporate social investment

The company's CSI spend 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 allow them access to good quality healthcare. 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. There has been collaboration between Lenmed and the Gift of the Givers on major catastrophes including the KwaZulu-Natal floods and the gas tanker explosion near Zamokuhle Hospital in Tembisa, where Lenmed provided essential healthcare consumables.

A revamp of Lenmed Ahmed Kathrada Private Hospital, including a tribute to Ahmed Kathrada, has been completed in collaboration with the Ahmed Kathrada Foundation. In Ghana, Lenmed is involved in the Living Kidney Transplant Programme.

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 whistleblower 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.

Safety, health, and environment

Environment, health and public safety

Reports on energy and water conservation initiatives were reviewed together with implementation plans, which require significant capex to install solar energy, generators and boreholes. Waste management, including general and medical waste, will be handled by a third party on behalf of Lenmed.

Comprehensive clinical governance reports were received, covering infection rates, group alerts, incidents, improvement initiatives and learnings, and healthcare waste disposal. There is a big focus on clinical outcomes and incident trends.

Lenmed fared well on inspections undertaken by the Office of Health Compliance Standards (OHCS) who has imposed stringent medical requirements.

Stakeholder relations

The stakeholder engagement strategic plan – which was updated the previous year and focused on understanding all the stakeholders, their needs, the Group's response and actions to be taken including key messages – is being implemented. The stakeholder framework is mapped back to Lenmed's strategic pillars.

Compliance with CPA, TCF, POPI, PAIA

The Group has committed to comply with all these acts. An assessment by an external party revealed the Group was largely in compliance with POPI.

Customer relations

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. A group-wide customer experience campaign was implemented.

Employee engagement and wellness

The enhanced employment equity policy focusing on transformation initiatives, including targets is being implemented. The Group continues to focus on improving disability statistics. The mandatory training continues and there is more emphasis on leadership development, particularly frontline leaders at a middle management level.

Feedback received from the Voice of the Employee (VOE) staff engagement survey has been noted and action plans have been developed for areas of improvement.

Legislation

Legislative compliance continues to be monitored in South Africa, Mozambique, Botswana and Ghana.

Lenmed's Sustainable Development Report reflects more detail relating to the company's activities and can be found on the company's website.

The committee considered the Companies Amendment Bill, specifically the impact on the committee's activities if passed in its current form.

Committee self-assessment

The committee's performance and effectiveness are undertaken every two years and the next one is scheduled to take place by the end of 2024. The committee chairman updates the Board on work done by the Social and Ethics Committee at every Board meeting.

Report to shareholders

The committee has reviewed and is satisfied with the content that is relevant to the activities and responsibilities of the committee contained in the Integrated Report.

The committee reports to Lenmed shareholders via the Integrated Report; however, all committee chairs attend the annual general meeting (next AGM is scheduled for 31 July 2024) and are available at the meeting to respond to questions from shareholders.

ANNUAL FINANCIAL STATEMENTS

Consolidated Annual Financial Statements

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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: THS 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.

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 86 to 87.

The consolidated annual financial statements set out on pages 88 to 122 which have been prepared on the going concern basis, were approved by the directors and were signed on 10 June 2024 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 and that they were properly appointed in terms of the Companies Act.

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 International Financial Reporting 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

10 June 2024

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 29 February 2024, 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

10 June 2024

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 90 to 122, which comprise the consolidated statement of financial position as at 29 February 2024, 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 29 February 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards 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.

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 29 February 2024" and in the document titled "Lenmed Investments Limited Separate Annual Financial Statements for the year ended 29 February 2024", 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 2024", 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 International Financial Reporting Standards 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.

Independent Auditor's Report *continued*

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PKF Durban has been the auditor of Lenmed Investments Limited for 16 years.



PKF Durban

Partner: R.C. Boulle
Registered Auditor
Durban

11 June 2024

Directors' Report

The directors present their report for the year ended 29 February 2024.

1. Review of activities

Main business and operations

The principal activities of the Group during the year were the provision of private patient healthcare, through management and ownership of hospitals and other related healthcare 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) amounted to R677.216 million (2023: R635.001 million).

Group's profit before taxation for the year amounted to R297.252 million (2023: R345.956 million) before taking into account taxation of R73.342 million (2023: R85.363 million), resulting in profit after taxation for the year of R223.910 million (2023: R260.593 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 10 June 2024, the same date as the consolidated annual financial statements. The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards.

3. Authorised and issued share capital

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 4.22 cents per share was declared by the Board on 25 May 2023 from profits accrued during the financial year ended 28 February 2023. The total cash dividend declared amounted to 4.22 cents per share. The dividend was paid on 6 July 2023 to shareholders who were on the register on 30 June 2023. This final dividend paid to shareholders amounted to R29.942 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.

Headline earnings

Headline earnings are determined in accordance with the Headline Earnings Circular issued by the South African Institute of Chartered Accountants (SAICA) from time to time and effective as at year end.

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

Mr V E Firman

Independent non-executive Director

Ms B Harie

Independent non-executive Director

Ms N V Simamane

Independent non-executive Director

Dr G Goolab

Independent non-executive Director

Prof B D Goolab

Non-executive Director

Directors' Report *continued*

7. Acquisition of business

During the current year, the Group acquired two businesses:

- The Group acquired 100% of MooiMed Operating Company (Pty) Ltd ("MooiMed"), an 87 bed acute private hospital in Potchefstroom effective 1 October 2023. This aligns with our strategies of growth and diversification across geographies. It is our second acquisition in the North West province of South Africa.
- The Group acquired 60% in Beira Private Hospital Limitada in the town of Beira in Mozambique effective 15 March 2023. The hospital comprises a 60-bed facility and an outpatient clinic. The acquisition of this stake aligns with our strategy of expanding our group's footprint in Mozambique. With this acquisition, we are confident that we can enhance our presence in the healthcare sector in Mozambique and provide quality healthcare services.

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. R.C. Boulle will be the individual registered auditor who will undertake the audit.

10. Events after reporting date

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

The Group concluded the refinancing of its debt facilities with effect of 12 March 2024. In addition to extending the tenure of the facilities, Lenmed increased the facility amount, creating additional capacity to fund our ongoing growth strategy. The terms of the R2.5 billion debt package are:

- A term loan of R1.7 billion with a 5-year maturity and at an interest rate of 2.15% over 3-month JIBAR
- A revolving credit facility of R550 million with a 5-year maturity and at an interest rate of 2.10% over 3-month JIBAR
- General banking facilities of R250 million, annually renewable and at interest rate of prime less 2%
- Original lenders include RMB, Absa, Ashburton and the IFC.

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	
		2024	2023
Revenue	4	4 669 628	3 972 201
Cost of sales		(1 458 762)	(1 224 669)
GROSS PROFIT		3 210 866	2 747 532
Other income	5	218 326	150 757
Expected credit losses raised	17.2	(105 089)	(84 691)
Operating costs	5	(2 843 526)	(2 340 119)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	5	480 577	473 479
Interest income	6	13 220	11 136
Finance costs	7	(196 714)	(141 328)
Share of profit from equity accounted investments		169	2 669
PROFIT/(LOSS) BEFORE TAX		297 252	345 956
Income tax expense	8	(73 342)	(85 363)
PROFIT/(LOSS) FOR THE YEAR		223 910	260 593
<i>Profit/(loss) for the year attributable to:</i>			
Owners of Parent		189 129	212 297
Non-controlling interest		34 781	48 296
		223 910	260 593
<i>Other comprehensive income</i>			
PROFIT FOR THE YEAR		223 910	260 593
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation reserve		29 214	104 036
Cash flow hedging reserve for interest rate hedging instrument		-	3 139
TOTAL OTHER COMPREHENSIVE INCOME		29 214	107 175
TOTAL COMPREHENSIVE INCOME		253 124	367 768
<i>Total comprehensive income attributable to:</i>			
Owners of parent		213 094	318 106
Non-controlling interests		40 030	49 662
		253 124	367 768
<i>Earnings per share attributable to owners of the parent during the year</i>			
Basic and diluted earnings per share (cents)	9	26.66	29.92

Statement of Financial Position

Figures in R'000	Notes	GROUP	
		2024	2023
Assets			
NON-CURRENT ASSETS			
Property, plant and equipment	11	3 635 557	3 185 853
Right-of-use assets	14	239 043	180 960
Goodwill	10	547 126	546 895
Intangible assets	12	42 803	37 675
Investments in associates	13	12 742	12 573
Deferred tax assets	15	96 482	73 272
		4 573 753	4 037 228
CURRENT ASSETS			
Inventories	16	119 064	98 643
Trade and other receivables	17	1 165 964	1 065 377
Current tax assets		4 392	-
Cash and cash equivalents	18	283 546	310 512
		1 572 966	1 474 532
TOTAL ASSETS		6 146 719	5 511 760
Equity and liabilities			
EQUITY			
Stated capital	19	426 006	426 006
Accumulated profits		1 943 507	1 784 320
Other reserves	20	290 816	266 851
Non-controlling interests		382 692	309 298
TOTAL EQUITY		3 043 021	2 786 475
Liabilities			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	15	251 063	237 145
Lease liabilities	14	272 482	212 849
Long-term liabilities	21	1 094 918	1 470 599
Loans from non-controlling interests	22	25 421	23 206
		1 643 884	1 943 799
CURRENT LIABILITIES			
Provisions	24	128 537	127 910
Trade and other payables	23	613 417	507 269
Current tax liabilities		-	2 015
Current portion of lease liabilities	14	16 767	12 599
Current portion of long-term liabilities	21	606 228	103 288
Loans from non-controlling interests	22	9 242	6 925
Bank overdraft	18	85 623	21 480
		1 459 814	781 486
TOTAL EQUITY AND LIABILITIES		6 146 719	5 511 760

Statement of Cash Flows

		GROUP	
Figures in R'000	Notes	2024	2023
Cash flows from operations			
PROFIT FOR THE YEAR		223 910	260 593
Income tax		73 342	85 363
Interest income		(13 220)	(11 136)
Finance costs		196 714	141 328
Depreciation and amortisation		196 639	161 522
Income from associates		(169)	(2 669)
Bargain purchase		(12 543)	-
Loss on disposal of plant and equipment		(864)	690
Working capital changes:			
Increase in inventories		(10 045)	(3 448)
Increase in trade and other receivables		(58 318)	(148 305)
Increase in trade and other payables		41 223	51 654
NET CASH FLOWS FROM OPERATIONS		636 669	535 592
Finance costs		(191 609)	(139 431)
Interest income		13 222	11 136
Income taxes paid	25.1	(89 636)	(64 989)
NET CASH FLOWS FROM OPERATING ACTIVITIES		368 646	342 308
Cash flows used in investing activities			
Cash flows used in obtaining control of subsidiaries or other businesses	28.2	(163 639)	(419 438)
Proceeds from sales of property, plant and equipment		20 905	10 326
Purchase of property, plant and equipment		(329 021)	(161 283)
- to maintain operating capacity		(298 237)	(143 529)
- to expand operating capacity		(79 848)	(39 162)
- instalment sale agreements (non-cash)		49 064	21 408
Purchase of intangible assets		(20 568)	(17 419)
CASH FLOWS USED IN INVESTING ACTIVITIES		(492 323)	(587 814)
Cash flows from financing activities			
Loans advanced	25.2	168 076	600 000
Loans repaid	25.2	(90 399)	(208 246)
Lease liabilities	14.3	(16 394)	(8 264)
Dividend paid to non-controlling interests		(6 168)	(4 302)
Dividends paid to shareholders		(29 942)	(24 834)
CASH FLOWS FROM FINANCING ACTIVITIES		25 173	354 354
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(98 504)	108 848
Effect of exchange rate changes on cash and cash equivalents		7 394	18 065
Cash and cash equivalents at beginning of the year		289 032	162 119
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	18	197 922	289 032

Statement of Changes in Equity

	GROUP						
Figures in R'000	Stated capital	Foreign currency translation reserve	Cash flow hedging reserve	Accumulated profits	Attributable to owners of the parent	Non-controlling interests	Total
BALANCE AT 1 MARCH 2022	426 006	164 181	(3 139)	1 596 857	2 183 905	244 563	2 428 468
Profit for the year	-	-	-	212 297	212 297	48 296	260 593
Other comprehensive income/(loss)	-	102 670	3 139	-	105 809	1 366	107 175
Dividend recognised as distributions to shareholders	-	-	-	(24 834)	(24 834)	-	(24 834)
Dividends paid to non-controlling interests	-	-	-	-	-	(4 367)	(4 367)
Acquisition of MMHS	-	-	-	-	-	19 440	19 440
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 interest	-	-	-	-	-	(6 121)	(6 121)
Acquisition of Beira	-	-	-	-	-	39 485	39 485
BALANCE AT 29 FEBRUARY 2024	426 006	290 816	-	1 943 507	2 660 329	382 692	3 043 021

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Accounting Policies

1. Basis of preparation and summary of material accounting policies

These consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), 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 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 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:

	29 February 2024			28 February 2023		
	BWP Pula	USD Dollar	MZN	BWP Pula	USD Dollar	MZN
Closing rate	R 1.41	R 19.23	R 0.30	R 1.37	R 17.89	R 0.29
Average rate	R 1.40	R 18.69	R 0.30	R 1.33	R 16.71	R 0.26

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.

Accounting Policies *continued*

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

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.

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 when the service is rendered. Non-tariff revenue is from ethical and medical consumables and is recognised at a point in time when consumed. 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.

1.4 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.

Accounting Policies *continued*

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

1.7 Leases *continued*

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.

Accounting Policies *continued*

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

1.9 Property, plant and equipment *continued*

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.

1.10 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.

Accounting Policies *continued*

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

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.

Hedge accounting

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- The hedging relationship consists only of eligible hedging instruments and eligible hedged items.
- At the inception of the hedge there is a formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge;
- The hedge relationship meets all of the hedge effectiveness requirements including that an economic relationship exists between the hedged item and the hedging instrument, the credit risk effect does not dominate the value changes, and the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Cash flow hedges

The effective part of hedging instruments designated as a hedge of the variability in cash flows of interest rate risk arising from fixed interest rate swaps are measured at fair value with changes in fair value recognised in other comprehensive income and accumulated in the cash flow hedge reserve. The Group used this contract to fix the cost of debt on some long term loans. The ineffective portion of gains and losses on derivatives used to manage cash flow interest rate risk are recognised in profit or loss within finance expense or finance income.

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.

Accounting Policies *continued*

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

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.

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.

Accounting Policies *continued*

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

1.17 Foreign currency translation *continued*

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 profit will be available against which the unused tax losses can be utilised. The Group considered the following criteria in assessing the probability that taxable profit will be available against which the unused tax losses can be utilised:

- Whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which will result in taxable amounts against which the unused tax losses can be utilised;
- Whether it is probable that the entity will have taxable profits before the unused tax losses expire; and
- Whether the unused tax losses result from identifiable causes which are unlikely to recur.

To the extent that it is not probable that taxable profits will be available against which the unused tax losses or unused tax credits can be utilised, the deferred tax asset is not recognised. To determine the probability that taxable profit will be available against which the unused tax losses can be utilised, the Group has reviewed its forecasts for the foreseeable future and compared that to its total tax losses.

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.

Accounting Policies *continued*

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 Residual values and useful lives of items of property, plant and equipment Buildings

The Group's estimate of the useful life of buildings is 50 years due to the specialised nature of the buildings. The residual value of buildings is determined by management taking into account significant judgements applied to various factors and external information available.

Plant and equipment

Due to the specialised nature of the Group's plant and equipment, the residual value attached to these assets has been estimated to be nil with useful lives of between 3 and 20 years.

2.5 Goodwill

Goodwill is tested for impairment at each statement of financial position date. The recoverable amounts of cash-generating-units have been estimated based on value-in-use calculations.

2.6 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
Supplier finance arrangements – amendment to IFRS 7 Financial Instruments: Disclosures	28 February 2025	Unlikely to be material
Lease liability in a sale and leaseback – amendment to IFRS 16 Leases	28 February 2025	Unlikely to be material
Introduces three sets of new requirements to improve companies' reporting of financial performance – new IFRS 18 Presentation and Disclosure in Financial Statements that will replace IAS 1 Presentation of Financial Statements	28 February 2028	Impact not yet assessed
Allows for the use of IFRS Accounting Standards with reduced disclosures – new IFRS 19 Subsidiaries without Public Accountability: Disclosures	28 February 2028	Impact not yet assessed
Classification of liabilities as current or non-current and non-current liabilities with covenants – amendments to IAS 1 Presentation of Financial Statements	28 February 2025	Unlikely to be material
Supplier finance arrangements – amendment to IAS 7 Statement of Cash Flows	28 February 2025	Unlikely to be material
Lack of exchangeability – amendment to IAS 21 The Effects Changes in Foreign Exchange Rates	28 February 2026	Unlikely to be material

Accounting Policies *continued*

3. New standards and interpretations *continued*

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
Creates one accounting model for all insurance contracts – new IFRS 17 insurance contracts	29 February 2024	Not material
Disclosure of accounting policies – amendment to IAS 1 Presentation of Financial Statements	29 February 2024	Not material
Definition of accounting estimates – amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	29 February 2024	Not material
Deferred tax related to assets and liabilities arising from a single transaction and international tax reform – pillar two model rules – amendments to IAS 12 Income taxes.	29 February 2024	Not material

Notes to the Consolidated Financial Statements

	GROUP	
Figures in R'000	2024	2023
4. Revenue		
AN ANALYSIS OF REVENUE IS AS FOLLOWS:		
Private healthcare services		
Non-tariff	1 778 796	1 269 620
Tariff	2 890 832	2 702 581
TOTAL REVENUE	4 669 628	3 972 201
There were no outstanding performance obligations at year end.		
5. Profit before interest and taxation		
Income		
Admin and management fees received	16 936	-
Bargain purchase arising on acquisition	12 543	-
Short term rental income – hospital space	105 254	84 718
Expenses		
Bad debts written off	16 628	11 005
Depreciation and amortisation on intangible assets, plant and equipment	175 662	140 105
Depreciation on right-of-use assets	20 977	21 417
Employee expenses – direct	852 184	720 192
Employee expenses – indirect	580 734	594 096
Loss on disposal of property, plant and equipment	(864)	690
Loss on foreign currency transactions	(2 328)	(749)
Short-term leases, low value leases and leases that do not depend on an index or rate		
Property	44 956	31 390
Equipment	6 743	8 649
Other	1 976	7 198
	53 675	47 237

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. The comparatives have likewise been split.

Notes to the Consolidated Financial Statements *continued*

		GROUP	
Figures in R'000		2024	2023
6. Interest income			
Interest received		13 220	11 136
7. Finance costs			
Long-term loans		166 671	115 549
Lease liabilities		18 683	16 069
Instalment sales agreements		266	104
Bank overdraft		11 094	9 606
TOTAL FINANCE COSTS		196 714	141 328
8. Income tax expense			
8.1 Income tax recognised in profit or loss:			
CURRENT TAX			
Current year		84 065	68 616
DEFERRED TAX			
Originating and reversing temporary differences		(11 421)	17 973
Arising from prior period adjustments		698	(1 226)
TOTAL DEFERRED TAX		(10 723)	16 747
TOTAL INCOME TAX EXPENSE		73 342	85 363
8.2 The income tax for the year can be reconciled to accounting profit/(loss) as follows:			
Income tax calculated at 27% (2023: 28%)		27,00%	28,00%
Tax effect of			
Under provision in prior year		(2,83%)	(0,35%)
Disallowed expenditure		0,85%	1,23%
Tax rate change		0,00%	(1,20%)
Income not taxable		(1,66%)	0,00%
Foreign tax rate difference		(1,08%)	(2,98%)
Effective tax rate		24,67%	24,70%
8.3 Estimated tax losses			
Utilised in the deferred tax balance		383 126	338 068
Unused tax losses available for set-off against future taxable income		383 126	338 068

		GROUP	
Figures in R'000		2024	2023
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		189 129	212 297
Weighted average number of ordinary shares used in the calculation of basic earnings per share		709 534	709 534
BASIC AND DILUTED EARNINGS PER SHARE (CENTS)		26,66	29,92
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		189 129	212 297
Adjusted for:			
(Profit)/Loss on disposal of property, plant and equipment		(864)	690
Bargain purchase arising on acquisition		(12 543)	-
Total tax effects of adjustments		233	(193)
HEADLINE EARNINGS FROM CONTINUING OPERATIONS		175 955	212 794
Weighted average number of ordinary shares used in the calculation of headline earnings per share		709 534	709 534
Headline earnings per share (cents)		24,80	29,99
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		29 942	24 934
Weighted average number of ordinary shares used in the calculation of dividends per share		709 534	709 534
Dividends per share (cents)		4,2	3,5

Notes to the Consolidated Financial Statements *continued*

10. Goodwill

10.1 Reconciliation of changes in goodwill

Figures in R'000	Goodwill
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
Reconciliation for the year ended 28 February 2023	
BALANCE AT 1 MARCH 2022	
At cost	318 871
Accumulated impairment	(10 343)
NET BOOK VALUE	308 528
Movements for the year ended 28 February 2023	
Acquisitions through business combinations – MMHS	238 367
GOODWILL AT THE END OF THE YEAR	546 895
Closing balance at 28 February 2023	
At cost	557 238
Accumulated impairment	(10 343)
NET BOOK VALUE	546 895

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 business acquisitions:

Figures in R'000	GROUP	
	2024	2023
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	-
	547 126	546 895

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 10.61% as at 29 February 2024 (2023: 10.12%)
- A market risk premium of 6.7% (2023: 6.7%), given the unlisted nature of the Group.
- Beta of 0.71 (2023: 0.72) 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 14.1% and 18.3% depending on the specific business unit (2023: 13.8% and 17.6%).

The net present value of these forecasts support the value of goodwill 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%, the recoverable amounts of the goodwill of any of the cash generating units would still exceed the carrying value.

Notes to the Consolidated Financial Statements *continued*

11. Property, plant and equipment

Balances at year end and movements for the year

	GROUP								
Figures in R'000	Land	Buildings	Leasehold improvements	Plant and equipment	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Total
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
Reconciliation for the year ended 28 February 2023									
CARRYING VALUE AT 1 MARCH 2022	301 422	2 033 633	202	423 278	2 480	53 079	2 100	29 886	2 846 080
Movements for the year ended 28 February 2023									
Additions from acquisitions	-	58 886	92	107 990	271	7 330	30	8 091	182 690
Acquisitions through business combinations	-	172 046	-	27 597	82	898	578	543	201 744
Increase/(decrease) through net exchange differences	18 236	43 192	-	13 804	15	8 604	800	(1 693)	82 958
Depreciation	-	(14 255)	(17)	(76 200)	(459)	(12 869)	(455)	(12 348)	(116 603)
Disposals	(7 128)	(2 288)	-	(1 467)	(1)	(87)	(16)	(29)	(11 016)
PROPERTY, PLANT AND EQUIPMENT AT THE END OF THE YEAR	312 530	2 291 214	277	495 002	2 388	56 955	3 037	24 450	3 185 853
Closing balance at 28 February 2023									
At cost	312 530	2 423 008	7 763	1 172 835	5 411	129 530	10 848	107 719	4 169 644
Accumulated depreciation	-	(131 794)	(7 486)	(677 833)	(3 023)	(72 575)	(7 811)	(83 269)	(983 791)
NET BOOK VALUE	312 530	2 291 214	277	495 002	2 388	56 955	3 037	24 450	3 185 853

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

Notes to the Consolidated Financial Statements *continued*

12. Intangible assets

Reconciliation of changes in intangible assets

Figures in R'000	GROUP			Total
	Computer software	Hospital licences	Management agreement	
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

Figures in R'000	GROUP			Total
	Computer software	Hospital licences	Management agreement	
Reconciliation for the year ended 28 February 2023				
CARRYING VALUE AS AT 1 MARCH 2022	14 229	2 479	27 050	43 758
Movements for the year ended 28 February 2023				
Additions	17 419	-	-	17 419
Amortisation	(17 600)	-	(5 902)	(23 502)
INTANGIBLE ASSETS AT THE END OF THE YEAR	14 048	2 479	21 148	37 675
Closing balance at 28 February 2023				
At cost or fair value	67 692	2 479	30 000	100 171
Accumulated amortisation	(53 644)	-	(8 852)	(62 496)
NET BOOK VALUE	14 048	2 479	21 148	37 675

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.

Notes to the Consolidated Financial Statements *continued*

13. Investment in subsidiaries and associates

13.1 Composition of the group

Information about the incorporation 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
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

Name of subsidiary	% shareholding
K2022820006 (Pty) Ltd	100
Perlucia (Pty) Ltd	64
Daleside Day Hospital (Pty) Ltd	51
Tech4Green (Pty) Ltd	51
Howick Private Hospital Holdings (Pty) Ltd	99
Howick Private Hospital (Pty) Ltd	99
Lenmed Health Laverna (Pty) Ltd	93
Lenmed Ethekwini Hospital and Heart 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).

Notes to the Consolidated Financial Statements *continued*

13. Investment in subsidiaries and associates *continued*

13.1 Composition of the group *continued*

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

	Lenmed Ethekwini Hospital and Heart Centre (Pty) Ltd	Lenmed Health Bokamoso Private Hospital (Pty) Ltd
Figures in R'000		
% of interest and voting rights held by non-controlling interests	23%	30%
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 from investing activities	(125 343)	60 403
Cash (outflow)/inflow from financing activities	(78 739)	5 809
NET CASH INFLOW	16 433	80 450

	Lenmed Ethekwini Hospital and Heart Centre (Pty) Ltd	Lenmed Health Bokamoso Private Hospital (Pty) Ltd
Figures in R'000		
AT 28 FEBRUARY 2023		
Extract from statement of financial position		
Non-current assets	909 888	257 788
Current assets	233 966	439 569
Non-current liabilities	(183 627)	(216 257)
Current liabilities	(100 236)	(198 066)
Accumulated non-controlling interests at the end of the reporting period	(195 740)	(89 329)
Extract from statement of comprehensive income		
Revenue	822 790	625 383
Profit or loss	101 025	69 354
Profit for the year allocated to non-controlling interests	23 326	20 806
Extract from statement of cash flows		
Cash inflow from operating activities	81 483	75 828
Cash outflow from investing activities	(30 242)	(33 968)
Cash outflow from financing activities	(23 992)	(7 361)
NET CASH (OUTFLOW)/INFLOW	27 249	34 499

Notes to the Consolidated Financial Statements *continued*

13. Investment in subsidiaries and associates *continued*

13.2 Investment in associates

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

Figures in R'000	GROUP	
	2024	2023
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	3 155	2 713
Share of associate earnings	70	442
CLOSING BALANCE	3 225	3 155
Renal Care Holdings (Pty) Ltd		
The Group owns 40% of Renal Care Holdings (Pty) Ltd, a renal dialysis holding company.		
Opening balance	9 418	7 184
Share of associate earnings	99	2 234
CLOSING BALANCE	9 517	9 418
INVESTMENT IN ASSOCIATES	12 742	12 573

Kitmar (Pty) Ltd

The Group acquired 30% of Kitmar (Pty) Ltd a radiology business in South Africa.

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

Figures in R'000	GROUP	
	2024	2023
14. Lease liabilities		
14.1 Amounts recognised in the statements of financial position		
Right-of-use assets		
Buildings	301 664	236 181
Accumulated depreciation	(62 621)	(55 221)
	239 043	180 960
Reconciliation of right-of-use asset:		
Opening carrying value	180 960	185 168
Additions	65 820	12 911
Depreciation	(20 977)	(21 418)
Reassessment of lease contract	-	(248)
Foreign currency exchange difference	13 240	4 547
CARRYING VALUE	239 043	180 960
Lease liabilities		
Non-current lease liability	272 482	212 849
Current portion of lease liability	16 767	12 599
	289 249	225 448

Lease liabilities represent the present value of future minimum lease payments discounted at a rate of between 6.5% and 9.5% (2023: 6.5% and 9.5%) after taking the lease term ranging between 1 and 19 years into account.

Notes to the Consolidated Financial Statements *continued*

	GROUP	
Figures in R'000	2024	2023
14. Lease liabilities <i>continued</i>		
14.1 Amounts recognised in the statements of financial position <i>continued</i>		
<i>Maturity analysis of future lease payments outstanding at the reporting date:</i>		
Total	289 249	225 448
Total future lease payments	472 383	343 922
Due within 1 year	35 710	27 015
Due between 2 and 5 years	100 631	79 373
Greater than 5 years	336 042	237 534
Total future finance costs	183 134	118 474
Due within 1 year	18 943	14 416
Due between 2 and 5 years	48 515	38 226
Greater than 5 years	115 676	65 832
Total lease liability	289 249	225 448
Due within 1 year	16 767	12 599
Due between 2 and 5 years	52 116	41 147
Greater than 5 years	220 366	171 702
Reconciliation of lease liabilities		
Opening carrying value	225 448	216 667
Additions	65 820	11 351
Lease payments	(16 394)	(8 264)
Foreign currency exchange difference	14 375	5 694
CARRYING VALUE	289 249	225 448

	GROUP	
Figures in R'000	2024	2023
14.2 Amounts recognised in the statements of profit or loss and other comprehensive income		
Depreciation		
Buildings	20 977	21 417
Other expenses and gains		
Interest expense	18 683	16 069
Short-term lease expenses	53 675	48 248
14.3 Amounts recognised in the statements of cash flows		
Cash flow from operations		
- Interest paid	(18 683)	(16 069)
Cash flow from financing activities		
- Lease liabilities	(16 394)	(8 264)
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	96 482	73 272
	96 482	73 272
Deferred tax liabilities:		
- Deferred tax liability to be paid	(251 063)	(237 145)
	(251 063)	(237 145)
NET DEFERRED TAX (LIABILITIES)/ASSETS	(154 581)	(163 873)

Notes to the Consolidated Financial Statements *continued*

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 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
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
Opening balance at 1 March 2022	(68 252)	48 082	111 643	(14 376)	7 022	(4 648)	1 220	80 691
(Charged)/credited to profit or loss	5 293	13 454	(30 759)	658	2 834	(1 573)	-	(10 093)
Credited to other comprehensive income	-	-	-	-	-	-	(1 220)	(1 220)
Acquisition through business combinations	432	193	146	-	-	(13)	-	758
Exchange difference	-	3 136	-	-	-	-	-	3 136
CLOSING BALANCE AT 28 FEBRUARY 2023	(62 527)	64 865	81 030	(13 718)	9 856	(6 234)	-	73 272

Reconciliation of deferred tax liability

Figures in R'000	Property, plant and equipment	Provisions	FV in Step acquisition	Lease smoothing adjustment	Assessed loss	Prepaid expense	Other*	Total
Opening balance at 1 March 2023	(213 026)	12 895	(46 817)	-	10 620	(631)	(186)	(237 145)
(Charged)/credited 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)
Opening balance at 1 March 2022	(202 546)	12 011	(46 817)	-	10 148	(925)	(2 362)	(230 491)
Credited/(charged) to profit or loss	(10 480)	884	-	-	472	294	2 176	(6 654)
CLOSING BALANCE AT 28 FEBRUARY 2023	(213 026)	12 895	(46 817)	-	10 620	(631)	(186)	(237 145)

* Other comprises of foreign currency translation on loan.

Deferred tax balances were remeasured in FY2023 as a result of the change in the tax rate from 28% to 27%.

GROUP

Figures in R'000	2024	2023
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	103 731	91 651

Deferred tax assets not recognised because of uncertainty of availability of future taxable profits amounts to nil (2023: nil).

Notes to the Consolidated Financial Statements *continued*

	GROUP	
Figures in R'000	2024	2023
16. Inventories		
Inventories comprise:		
Merchandise	122 631	99 690
Allowance for obsolete stock	(3 567)	(1 047)
	119 064	98 643
Allowance for obsolete stock		
Balance at beginning of year	1 047	1 054
Allowance raised	2 520	-
Stock written off	-	(7)
BALANCE AT END OF YEAR	3 567	1 047
17. Trade and other receivables		
17.1 Trade and other receivables comprise:		
Trade receivables	1 281 202	1 113 168
Allowance for expected credit loss	(282 930)	(190 954)
TRADE RECEIVABLES – NET	998 272	922 214
Sundry debtors	82 141	61 264
Doctors rental	41 020	40 033
Allowance for expected credit loss	(15 287)	(23 447)
SUNDRY DEBTORS – NET	107 874	77 850
RAF prefunding	33 381	39 027
Allowance for expected credit loss	(9 917)	(10 879)
RAF PREFUNDING – NET	23 464	28 148
Prepaid expenses	23 977	26 231
Deposits	12 377	10 934
TOTAL TRADE AND OTHER RECEIVABLES	1 165 964	1 065 377

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

	GROUP	
Figures in R'000	2024	2023
17.2 Movements in allowance for expected credit loss		
At the beginning of the year	225 280	259 387
Impairment raised	105 089	84 691
Written off during the year	(16 628)	(127 859)
Acquisition through business combination	(5 607)	9 061
AT THE END OF THE YEAR	308 134	225 280
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:		
GROUP		
<i>Allowance for expected credit losses for trade receivables and RAF prefunding:</i>		
Less than 30 days	14 596	11 985
30–59 days	7 483	7 242
60–89 days	7 681	6 922
90–119 days	10 071	8 126
120 days and over	253 016	167 558
	292 847	201 833

Notes to the Consolidated Financial Statements *continued*

	GROUP	
Figures in R'000	2024	2023
17. Trade and other receivables <i>continued</i>		
17.2 Movements in allowance for expected credit loss <i>continued</i>		
Weighted average allowance for expected credit losses rate for trade receivables and RAF prefunding:		
Less than 30 days	2%	2%
30-59 days	9%	7%
60-89 days	17%	8%
90-119 days	25%	12%
120 days and over	53%	48%
	24%	18%
18. Cash and cash equivalents		
18.1 Cash and cash equivalents included in current assets:		
Cash		
Cash on hand	338	1 000
Balances with banks	283 208	309 512
	283 546	310 512
18.2 Overdrawn cash and cash equivalents included in current liabilities		
Bank overdrafts	(85 623)	(21 480)
Current assets	283 546	310 512
Current liabilities	(85 623)	(21 480)
	197 923	289 032

Favourable cash balances to the value of R106.848 million (2023: R100.829 million) have been ceded to Rand Merchant Bank as security for facilities provided.

	GROUP	
Figures in R'000	2024	2023
19. Issued capital		
Authorised and issued share capital		
Authorised		
1 000 000 000 (2023: 1 000 000 000) ordinary shares at no par value.		
Issued		
709 533 909 ordinary shares at no par value (2023: 709 533 909 ordinary shares)	426 006	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.		
20. Reserves		
Foreign currency translation reserve	290 816	266 851
TOTAL RESERVES	290 816	266 851
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.		

Notes to the Consolidated Financial Statements *continued*

		GROUP	
Figures in R'000		2024	2023
21. Long term liabilities			
21.1 Secured loans			
Rand Merchant Bank		1 630 000	1 470 000
<p>These loans are secured by a first ranking mortgage bond over the Group's land and buildings with a carrying amount of R2.156 billion (2023: R1.949 billion) and a notarial bond of movable assets with a carrying value of R684.756 million (2023: R365.017 million). Interest has been charged at rates linked to JIBAR. The Group increased its debt during the year to maintain funding and liquidity headroom following the acquisition of Mooimed and Beira and is split in four facilities. Facility A is a 5 year term loan with 2 years remaining and with a balance outstanding of R150 million. Interest repayable quarterly and capital repayable every 6 months. Facility B is a 5 year term loan with 2 years remaining and with a balance outstanding of R650 million. Interest is payable quarterly with no capital repayments until the end of the term where the full capital is due to be repaid. Facility E is a 5 year term loan with 3 years remaining and with a balance outstanding of R330 million. Interest is payable quarterly with no capital repayments until the end of the term where the full capital is due to be repaid. Facility F is an 18 month term loan with its term ending in March 2024 and a balance outstanding of R500 million. Interest is payable quarterly with no capital repayments until the end of the term where the full capital is due to be repaid. These loans were refinanced subsequent to year end. Refer to note 34.</p>			
First National Bank Limited		8 430	15 441
<p>These loans from First National Bank are secured by land and buildings with a carrying amount of R47.585 million (2023: R90.399 million) (refer to note 11). Interest has been charged at rates linked to prime. This loan is repayable in monthly instalments of R0.151 million (2023: R1.355 million).</p>			
Aryan Benevolent Home Council		-	49 000
<p>This loan bore interest at 8.5% per annum and was secured by land and buildings with a book value of R50 million. This loan was repaid during the financial year.</p>			
		1 638 430	1 534 441

		GROUP	
Figures in R'000		2024	2023
21.2 Instalment sales agreements			
Wesbank, a division of FirstRand Bank Ltd		62 716	39 446
<p>Repayable in monthly instalments of R2.775 million (2023: R2.130 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 R97.680 million (2023: R63.319 million).</p>			
		1 701 146	1 573 887
<p>Non-current portion of long term liabilities</p>			
		1 094 918	1 470 599
<p>Current portion of long term liabilities</p>			
		606 228	103 288
		1 701 146	1 573 887

Notes to the Consolidated Financial Statements *continued*

Figures in R'000	GROUP	
	2024	2023
22. Loans from non-controlling interests		
Loans from non-controlling interests comprise:		
ATM Healthcare (Pty) Ltd	24 706	22 041
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	715	1 165
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	295	6 282
These loans are unsecured, bear no interest and are expected to be repaid within 12 months.		
Tech4Green (Pty) Ltd non-controlling shareholders	639	643
The loan is unsecured, has no fixed terms of repayment but are expected to be repaid within the next 12 months and bears no interest.		
Beira Private Hospital non-controlling shareholders	8 308	-
The loan is unsecured, has no fixed terms of repayment but are expected to be repaid within the next 12 months and bears no interest.		
	34 663	30 131
Non-current liabilities	25 421	23 206
Current liabilities	9 242	6 925
	34 663	30 131

Figures in R'000	GROUP	
	2024	2023
23. Trade and other payables		
23.1 Trade and other payables comprise:		
Trade creditors	539 800	478 069
Cash settled share based payments	9 016	11 939
Other payables	56 366	7 442
Value added tax	8 235	9 819
TOTAL TRADE AND OTHER PAYABLES	613 417	507 269
23.2 Cash-settled share based payments		
This is made up of three allocations of share appreciation rights (SARs):		
1) Nil (2023: 8.350 million) SARs		
9.650 million SARs were issued on 1st of August 2020 to two executive directors and twenty two members of senior management, at a price of R2.73 each. As at 29 February 2024, the rights had vested (2023: 8.350 million SARs were in issue).		
2) 9.650 million SARs (2023: 9.900 million) SARs		
11.200 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 29 February 2024, 9 650 million (2023: 9.900 million) SARs were in issue. The reduction from the prior is due to the senior management attrition during the year.		
3) 12.800 million SARs (2023: 13.300 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 29 February 2024, 12.800 million (2023: 13.300 million) SARs were in issue. The reduction from the prior is due to the senior management attrition during the year.		
4) 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.		

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 reversal of R2.923 million (2023: (R8 930 million – expense accrual)).

Notes to the Consolidated Financial Statements *continued*

23. Trade and other payables *continued*

23.2 Cash-settled share based payments *continued*

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

	2	3	4
Last determined price as at 29 February 2024	R3.23	R3.23	R3.23
Last determined price as at 28 February 2023	R3.34	R3.34	R3.34
Risk-free rate	10.61%	10.61%	10.61%
Volatility	12%	12%	12%
Dividend yield	1%	1%	1%
Long-term inflation	6%	6%	6%

The risk-free rate of 10.61% (2023: 10.11%) has been assumed based on the prevailing return on a five-year RSA Government Bond as at year end.

The volatility of 12% (2023: 17%) was determined based on the historic volatility of the Group's share price over the previous year.

23.3 Trade and other payables

The medical legal claims against the Group were previously disclosed under other payables. It has now been reclassified to Provisions in note 24. The comparative amounts have been reclassified.

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

	GROUP	
Figures in R'000	2024	2023
24. Provisions		
24.1 Provisions comprise:		
Provisions for employee benefits	84 548	90 538
Other provisions	43 989	37 372
	128 537	127 910

24.2 Reconciliation for provisions

	Leave pay provision	Bonus Provision	Other provisions	Total
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
Balance at 1 March 2022	40 922	56 243	11 965	109 130
Increase in existing provisions	37 234	41 173	56 130	134 537
Acquisitions through business combinations	7 507	3 199	13 492	24 198
Provisions utilised	(35 027)	(60 713)	(44 215)	(139 955)
BALANCE AT 28 FEBRUARY 2023	50 636	39 902	37 372	127 910

Included in other provisions are provisions for medical legal claims of R33.300 million (2023: R16.687 million).

Notes to the Consolidated Financial Statements *continued*

	GROUP	
Figures in R'000	2024	2023
25. Notes to statement of cash flows		
25.1 Income tax paid		
Amounts (payable)/receivable at the beginning of the year	(2 015)	7 952
Amounts (receivable)/payable at the end of the year	(4 392)	2 015
Taxation (expense)/credit	(73 342)	(85 363)
Acquisition of MMHS	-	(4 750)
Less deferred tax included in taxation expense	(10 723)	16 747
Foreign exchange movements	836	(1 590)
	(89 636)	(64 989)
25.2 Movement in long term loans		
Opening balance	1 604 018	1 182 740
Loans advanced	168 076	600 000
Loans repaid	(90 399)	(208 246)
Non-cash item	54 585	23 042
FCTR	(710)	6 482
CLOSING BALANCE	1 735 570	1 604 018

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 R1.517 million (2023: R1.675 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	2024	2023
Central City Investments (Pty) Ltd	Common director	Rental paid	1 517	1 675

26.2 Compensation paid to or receivable by directors and prescribed officers

Figures in R'000							Total
Name	Fees paid	Salaries and guaranteed remuneration	Bonuses	Share appreciation rights	Consulting fees	remuneration	
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
2023							
Mr P Devchand	-	2 400	-	2 500	-	-	4 900
Mr A Devchand	-	5 450	4 131	1 667	-	-	11 248
Mr F J Meiring	-	3 900	2 956	-	-	-	6 856
Mr M G Meehan	658	-	-	-	-	-	658
Mr V E Firman	512	-	-	-	113	-	625
Ms B Harie	572	-	-	-	-	-	572
Prof B D Goolab	513	-	-	-	-	-	513
Ms N V Simamane	563	-	-	-	-	-	563
Dr G Goolab	486	-	-	-	-	-	486
TOTAL COMPENSATION PAID TO OR RECEIVABLE BY DIRECTORS AND PRESCRIBED OFFICERS	3 304	11 750	7 087#	4 167	113	-	26 421

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

The bonuses disclosed are based on the performance for the period ended 28 February 2023 but paid after the financial year end.

Notes to the Consolidated Financial Statements *continued*

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 R58.397 million as at reporting date (2023: R24.055 million).

Within the framework of the annual review of contingent liabilities, medical malpractice contingent liabilities for a total amount of R39.026 million (2023: R39.223 million) have been identified at 29 February 2024. 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 R33.300 million (2023: R16.687 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. Business combinations

28.1 Details of acquisition

Name of acquiree	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %
Beira Private Hospital	Hospital	15/03/2023	60,00
MooiMed	Hospital group	01/10/2023	100,00

During the current year, the Group acquired two businesses:

- The Group acquired 100% of MooiMed Operating Company (Pty) Ltd ("MooiMed"), an 87 bed acute private hospital in Potchefstroom effective 1 October 2023. This aligns with our strategies of growth and diversification across geographies. It is our second acquisition in the North West province of South Africa.
- The Group acquired 60% in Beira Private Hospital Limitada in the town of Beira in Mozambique effective 15 March 2023. The hospital comprises a 60-bed facility and an outpatient clinic. The acquisition of this stake aligns with our strategy of expanding our group's footprint in Mozambique. With this acquisition, we are confident that we can enhance our presence in the healthcare sector in Mozambique and provide quality healthcare services.

28.2 Assets acquired and liabilities recognised at the date of acquisition

Figures in R'000	Beira Private Hospital	MooiMed	Total
NON-CURRENT ASSETS	98 714	130 984	229 698
Property, plant and equipment	94 594	111 968	206 562
Intangible assets	4 120	-	4 120
Deferred tax assets	-	1 079	1 079
Other non-current financial assets	-	15 954	15 954
Restricted cash	-	1 983	1 983
CURRENT ASSETS	-	55 317	55 317
Current inventories	-	9 150	9 150
Trade and other current receivables	-	13 199	13 199
Current tax assets	-	3 441	3 441
Cash and cash equivalents	-	29 527	29 527
NON-CURRENT LIABILITIES	-	8 020	8 020
Deferred tax liabilities	-	4 884	4 884
Provisions	-	3 136	3 136
CURRENT LIABILITIES	-	32 032	32 032
Trade and other current payables	-	14 743	14 743
Current tax liabilities	-	159	159
Provisions	-	860	860
Shareholders for dividends	-	16 270	16 270
ASSETS ACQUIRED AND LIABILITIES RECOGNISED AT THE DATE OF ACQUISITION	98 714	146 249	244 963
Goodwill/(bargain purchase) arising on acquisition.	231	(12 543)	
Non-controlling interest	(39 485)	-	
Consideration transferred	59 460	133 706	
Cash and cash equivalents at acquisition	-	(29 527)	
CASH OUTFLOW ON ACQUISITION	59 460	104 179	

28.3 Impact of acquisitions on the results of the group

Revenue since acquisition included in results	48 538	57 753
Profit or loss since acquisition included in results	(11 945)	5 157
Group revenue had the business combination been included for the full year	4 669 628	4 753 295
Group profit or loss had the business combination been included for the full year	223 910	229 677

Notes to the Consolidated Financial Statements *continued*

29. 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:

29.1 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	2024	2023
Interest bearing secured loans	1 638 430	1 534 441
Instalment sale liabilities	62 716	39 446
Loans from non-controlling interests	24 706	22 041
Bank overdraft	85 623	21 480
	1 811 475	1 617 408
Sensitivity analysis		
Increase of 100 basis points would result in a reduction in profit before tax of	(18 115)	(16 174)
Decrease of 100 basis points would result in an improvement in profit before tax of	18 115	16 174

29.2 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.

Notes to the Consolidated Financial Statements *continued*

29. Financial risk management *continued*

29.3 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.

29.3.1 Maturities of financial liabilities

The tables below analyses the group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

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

Figures in R'000	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 29 February 2024						
Trade and other payables excluding non-financial liabilities (Note 23)	605 182	-	-	-	605 182	605 182
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	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	1 341 985	267 239	1 309 239	25 421	2 943 884	2 715 863
Year ended 28 February 2023						
Trade and other payables excluding non-financial liabilities (Note 23)	497 450	-	-	-	497 450	497 450
Lease liabilities (Note 14)	27 015	79 373	237 534	-	343 922	225 448
Secured loans (Note 21)	222 486	726 225	917 123	-	1 865 834	1 534 441
Instalment sale agreements	25 047	14 032	3 267	-	42 346	39 446
Loans from non-controlling interests (Note 22)	6 925	25 575	-	-	32 500	30 131
Bank overdraft (Note 18)	21 480	-	-	-	21 480	21 480
TOTAL	800 403	845 205	1 157 924	-	2 803 532	2 348 396

Notes to the Consolidated Financial Statements *continued*

29. Financial risk management *continued*

29.4 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).

The debt to capital ratio at year end is as follows:

Figures in R'000	GROUP	
	2024	2023
Secured loans	1 638 430	1 534 441
Instalment sale agreements	62 716	39 446
Total interest bearing debt	1 701 146	1 573 887
Cash and cash equivalents	(197 923)	(289 032)
NET INTEREST BEARING DEBT	1 503 223	1 284 855
TOTAL CAPITAL	3 043 022	2 786 475
DEBT TO CAPITAL RATIO	49%	46%

29.5 Foreign currency risk

The Group is exposed to foreign currency risk through its offshore subsidiaries, Maputo Private Hospital SA (Maputo hospital), Lenmed Health Bokamoso Private Hospital (Pty) Ltd (Bokamoso hospital), Beira Private Hospital Limitada and Halcom Management Services Limited (HMS) which have different functional currencies. The Group does not formally hedge its foreign currency risk.

Foreign Currency Translation Reserve	290 816	266 851
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Refer to Note 1 for the exchange rates used to translate its foreign operations.

30. Financial assets

30.1 Carrying amount of financial assets by category

Figures in R'000	At amortised cost	Total
Year ended 29 February 2024		
Trade and other receivables excluding non-financial assets (Note 17)	1 141 987	1 141 987
Cash and cash equivalents (Note 18)	283 546	283 546
	1 425 533	1 425 533
Year ended 28 February 2023		
Trade and other receivables excluding non-financial assets (Note 17)	1 039 146	1 039 146
Cash and cash equivalents (Note 18)	310 512	310 512
	1 349 658	1 349 658

31. Financial liabilities

CARRYING AMOUNT OF FINANCIAL LIABILITIES BY CATEGORY

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	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)	605 182	605 182
Bank overdraft (Note 18)	85 623	85 623
	2 715 863	2 715 863
Year ended 28 February 2023		
Lease liabilities (Note 14)	225 448	225 448
Secured loans (Note 21)	1 534 441	1 534 441
Instalment sale agreements	39 446	39 446
Loans from non-controlling interests (Note 22)	30 131	30 131
Trade and other payables excluding non-financial liabilities (Note 23)	497 450	497 450
Bank overdraft (Note 18)	21 480	21 480
	2 348 396	2 348 396

Notes to the Consolidated Financial Statements *continued*

Figures in R'000	At amortised cost	Total
32. Commitments		
Capital commitments		
The construction, renovation and upgrading of hospital buildings	44 232	60 824
The acquisition of plant and equipment	96 363	65 673
Acquisition of Beira Private Hospital	-	59 460
	140 595	185 957

33. Segment information

33.1 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	
	2024	2023
Revenues from external customers		
South Africa	(3 491 750)	(2 906 544)
Outside of South Africa	(1 177 878)	(1 065 657)
Group total revenues from external customers	(4 669 628)	(3 972 201)
Non-current assets other than financial instruments and deferred tax assets		
South Africa	3 507 521	3 211 160
Outside of South Africa	969 750	752 796
GROUP TOTAL NON-CURRENT ASSETS OTHER THAN FINANCIAL INSTRUMENTS AND DEFERRED TAX ASSETS	4 477 271	3 963 956

34. 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.

The Group concluded the refinancing of its debt facilities with effect of 12 March 2024. In addition to extending the tenure of the facilities, Lenmed increased the facility amount, creating additional capacity to fund our ongoing growth strategy. The terms of the R2.5 billion debt package are:

- A term loan of R1.7 billion with a 5-year maturity and at an interest rate of 2.15% over 3-month JIBAR
- A revolving credit facility of R550 million with a 5-year maturity and at an interest rate of 2.10% over 3-month JIBAR
- General banking facilities of R250 million, annually renewable and at interest rate of prime less 2%;
- Original lenders include RMB, Absa, Ashburton and the IFC

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 INFORMATION

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 42nd Annual General Meeting ("AGM") of Lenmed Investments Limited ("the Company" or "Lenmed") in respect of the financial year ended 29 February 2024 will be held on **Wednesday, 31 July 2024 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 **Monday, 29 July 2024**, 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 29 February 2024, 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: Mr Mike Meehan retires at this AGM. Mr Meehan has served on the Lenmed board since 2010.

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

ORDINARY RESOLUTION NUMBER 2: RE-ELECTION OF DIRECTOR

"RESOLVED THAT Prakash Devchand 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 Nomahlubi Simamane 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 Vaughan Firman 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 Bharti Harie, Nomahlubi Simamane and Vaughan Firman all of whom are independent non-executive directors as prescribed by the Companies Act.

ORDINARY RESOLUTION NUMBER 5

"RESOLVED THAT Bharti 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 Nomahlubi 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 Vaughan 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 NUMBER 8: 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 R Boulle (IRBA number: 373 427) be and is hereby appointed as the designated audit partner for the financial year ending 28 February 2025.”

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

ORDINARY RESOLUTIONS NUMBERS 9.1 AND 9.2: NON-BINDING ADVISORY VOTE REMUNERATION POLICY AND IMPLEMENTATION REPORT ORDINARY RESOLUTION NUMBER 9.1:

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.

ORDINARY RESOLUTION NUMBER 9.2: 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 9.1 AND 9.2:

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 10

“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 foregoing 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.

Special resolutions

SPECIAL RESOLUTION NUMBER 1: APPROVAL OF FINANCIAL ASSISTANCE

“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; such authority to endure until the AGM of the Company for the year ended 29 February 2024.”

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

Motivation for special resolution number 1

Notwithstanding the title of section 45 of the Companies Act, being “Loans or other financial assistance to directors”, on a proper interpretation, the body of the section may apply 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 desirable 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 NUMBER 2: 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	R26 200	R275 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 R26 200 (in addition to committee member fee) per meeting
- Committee member R26 200 per meeting
- Fee for work not specified above R26 200 (per meeting rate)."

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

Motivation for special resolution number 2

The reason for special resolution 2 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.

SPECIAL RESOLUTION NUMBER 3: 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 3

The reason for special resolution 3 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.

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

01 July 2024

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")

For use at the **42nd Annual General Meeting (AGM)** of the Company to be held by electronic communication on **Wednesday, 31 July 2024 (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:

Ordinary resolutions

1. To receive the annual financial statements of the Company for the year ended 29 February 2024, including the directors' report and the report of the Audit and Risk Committee.
2. To re-elect Prakash Devchand as a director of the Company.
3. To re-elect Nomahlubi Simamane as a director of the Company.
4. To re-elect Vaughan Firman as a director of the Company.
5. To appoint Bharti Harie as a member of the Audit and Risk Committee.
6. To appoint Nomahlubi Simamane as a member of the Audit and Risk Committee.
7. To appoint Vaughan Firman as a member of the Audit and Risk Committee.
8. To re-appoint the external auditors of the Company, PKF Durban, and to appoint R Boule as the designated audit partner.
- 9.1 Non-binding advisory vote on the Company's Remuneration Policy.
- 9.2 Non-binding advisory vote on the Company's Remuneration Implementation Report.
10. Authority to act on behalf of the Company.

Special resolutions

1. Approval of financial assistance.
2. Approval of the future fees of non-executive directors.
3. Approval of the acquisition of shares in the Company.

	Number of votes		
	For	Against	Abstain
1. To receive the annual financial statements of the Company for the year ended 29 February 2024, including the directors' report and the report of the Audit and Risk Committee.			
2. To re-elect Prakash Devchand as a director of the Company.			
3. To re-elect Nomahlubi Simamane as a director of the Company.			
4. To re-elect Vaughan Firman as a director of the Company.			
5. To appoint Bharti Harie as a member of the Audit and Risk Committee.			
6. To appoint Nomahlubi Simamane as a member of the Audit and Risk Committee.			
7. To appoint Vaughan Firman as a member of the Audit and Risk Committee.			
8. To re-appoint the external auditors of the Company, PKF Durban, and to appoint R Boule as the designated audit partner.			
9.1 Non-binding advisory vote on the Company's Remuneration Policy.			
9.2 Non-binding advisory vote on the Company's Remuneration Implementation Report.			
10. Authority to act on behalf of the Company.			
1. Approval of financial assistance.			
2. Approval of the future fees of non-executive directors.			
3. Approval of the acquisition of shares in the Company.			

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 _____ 2024

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.

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 Monday, 29 July 2024 to Naushad Gany (naushad.gany@lenmed.co.za) and William Somerville (w.somerville@mweb.co.za), 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 Monday, 29 July 2024.
6. If you have any queries, please contact Naushad Gany (082 359 7007) or William Somerville (082 464 3673).



APPENDICES

Acronyms and glossary

ACC	American College of Cardiology	CPA	The South African Consumer Protection Act, 68 of 2008	HWSETA	Health and Welfare Sector Education and Training Authority, of South Africa
AFS	annual financial statements	CPI	consumer price index	IAS	International Accounting Standards
AGM	annual general meeting	CPR	cardiopulmonary resuscitation	IASB	International Accounting Standards Board
AI	artificial intelligence	CSI	corporate social investment	ICT	information and communication technology
AIR	annual integrated report	DCF	discounted cashflow	ICU	intensive care unit
AKPH	Ahmed Kathrada Private Hospital	DOH	Department of Health, of South Africa	IFC	International Finance Corporation
Ataata	A Mimecast-owned security awareness training and cyber risk management platform	DOL	Department of Employment and Labour, of South Africa	IFRS	International Financial Reporting Standards
B-BBEE	Broad-based Black Economic Empowerment	DSP	designated service provider	IFRS IC	International Financial Reporting Standards (IFRS) Interpretations Committee
BCA	Best Care Always	EBITDA	earnings before interest, taxation, depreciation and amortisation	IRBA Code	The Independent Regulatory Body for Auditors (IRBA)'s Code of Professional Conduct for Registered Auditors
BI	business intelligence	ECL	expected credit loss	ISA	Infrastructure South Africa
Board	Board of Directors	ECM	Environmental Committee	IT	information technology
BPH	Bokamoso Private Hospital	ED	emergency department	JIBAR	Johannesburg interbank average rate
BPHL	Beira Private Hospital Limitada	EEAA	The South African Employment Equity Amendment Act, 4 of 2022	JSE	Johannesburg Stock Exchange
CA (SA)	Chartered Accountant, as designated by the South African Institute of Chartered Accountants (SAICA)	EHHC	Ethekwini Hospital And Heart Centre	King IV	King IV™ Report on Corporate Governance for South Africa 2016
CCMA	Commission for Conciliation, Mediation and Arbitration, in South Africa	ERP	enterprise resource planning	km	kilometre
CCO	Chief Commercial Officer	ESG	environmental, social and governance	KPA	key performance area
CEO	Chief Executive Officer	EVP	employee value proposition	KW	kilowatt
CFO	Chief Financial Officer	Exco	executive committee	KZN	KwaZulu-Natal
CIMS	centralised incident management system	FY23	The full financial year ended 28 February 2023	LAP	Liquidity Alignment Plan
CIO	Chief Information Officer	FY24	The full financial year ended 29 February 2024	LenIRS	Lenmed clinical risk management system
CME	continuing medical education	GEMS	Government Employees Medical Scheme, in South Africa	LRD	living related donor
CMS	clinical management system	GHG	greenhouse gas	LTIS	long-term incentive scheme
COID	Compensation for Occupational Injuries and Diseases on Duty	GPs	general practitioners	LVAD	left ventricular assist device
Companies Act	The South African Companies Act, 71 of 2008, as amended	HASA	Hospital Association of South Africa	MAF	medical aid funders
COO	Chief Operations Officer	HF	heart failure	MANCO	management committee
		HR	human resources	MMHS	Matlosana Medical Health Services

MOH	Ministry of Health and Wellness, of Botswana
Mohamoso	Bokamoso Private Hospital
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
NMG	NMG Benefitd a subsidiary if the NMG Group
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
SAR	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
TCF	Treating Customers Fairly
TVET	technical and vocational education and training
UBI	universal basic income
UN	United Nations
USD	United States Dollar
VAT	value-added tax
VOE	voice of the employee
WACC	Weighted average cost of capital
WHO	World Health Organisation
YES	Youth Employment Service, of South Africa
ZPH	Zamokuhle Private Hospital

SASB disclosures

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)
Waste Management	Total amount of medical waste, percentage (a) incinerated, (b) recycled or treated, and (c) landfilled	Quantitative	Metric tons (t)
	Total amount of: (1) hazardous and (2) non-hazardous pharmaceutical waste, percentage (a) incinerated, (b) recycled or treated, and (c) landfilled	Quantitative	Metric tons (t), Percentage (%)
Patient Privacy & Electronic Health Records	Percentage of patient records that are Electronic Health Records (EHR) that meet "meaningful use" requirements	Quantitative	Percentage (%)
	Description of policies and practices to secure customers' protected health information (PHI) records and other personally identifiable information (PII)	Discussion and Analysis	n/a
	(1) Number of data breaches, (2) percentage involving (a) personally identifiable information (PII) only and (b) protected health information (PHI), (3) number of customers affected in each category, (a) PII only and (b) PHI ²	Quantitative	Number, Percentage (%)
	Total amount of monetary losses as a result of legal proceedings associated with data security and privacy ³	Quantitative	Reporting currency
Access for Low-Income Patients	Discussion of strategy to manage the mix of patient insurance status	Discussion and Analysis	n/a
	Amount of Medicare Disproportionate Share Hospital (DSH) adjustment payments received	Quantitative	Reporting currency
Quality of Care & Patient Satisfaction	Average Hospital Value-Based Purchasing Total Performance Score and domain score, across all facilities	Quantitative	Number
	Number of Serious Reportable Events (SREs) as defined by the National Quality Forum (NQF)	Quantitative	Number
	Hospital-Acquired Condition (HAC) Score per hospital	Quantitative	Number
	Excess readmission ratio per hospital	Quantitative	Ratio

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
	Magnitude of readmissions payment adjustment as part of the Hospital Readmissions Reduction Program (HRRP)	Quantitative	Reporting currency	HC-DY-250a.5
Management of Controlled Substances	Description of policies and practices to manage the number of prescriptions issued for controlled substances	Discussion and Analysis	n/a	HC-DY-260a.1
	Percentage of controlled substance prescriptions written for which a prescription drug monitoring program (PDMP) database was queried	Quantitative	Percentage (%)	HC-DY-260a.2
Pricing & Billing Transparency	Description of policies or initiatives to ensure that patients are adequately informed about price before undergoing a procedure	Discussion and Analysis	n/a	HC-DY-270a.1
	Discussion of how pricing information for services is made publicly available	Discussion and Analysis	n/a	HC-DY-270a.2
	Number of the entity's 25 most common services for which pricing information is publicly available, percentage of total services performed (by volume) that these represent	Quantitative	Number, Percentage (%)	HC-DY-270a.3
Employee Health & Safety	(1) Total recordable incident rate (TRIR) and (2) days away, restricted, or transferred (DART) rate	Quantitative	Rate	HC-DY-320a.1
Employee Recruitment, Development & Retention	(1) Voluntary and (2) involuntary turnover rate for: (a) physicians, (b) non-physician health care practitioners, and (c) all other employees	Quantitative	Rate	HC-DY-330a.1
	Description of talent recruitment and retention efforts for health care practitioners	Discussion and Analysis	n/a	HC-DY-330a.2
Climate Change Impacts on Human Health & Infrastructure	Description of policies and practices to address: (1) the physical risks due to an increased frequency and intensity of extreme weather events and (2) changes in the morbidity and mortality rates of illnesses and diseases, associated with climate change	Discussion and Analysis	n/a	HC-DY-450a.1
	Percentage of health care facilities that comply with the Centers for Medicare and Medicaid Services (CMS) Emergency Preparedness Rule	Quantitative	Percentage (%)	HC-DY-450a.2
Fraud & Unnecessary Procedures	Total amount of monetary losses as a result of legal proceedings associated with Medicare and Medicaid fraud under the False Claims Act ⁴	Quantitative	Reporting currency	HC-DY-510a.1
ACTIVITY METRIC		CATEGORY	UNIT OF MEASURE	CODE
Number of (1) facilities and (2) beds, by type		Quantitative	Number	HC-DY-000.A
Number of (1) inpatient admissions and (2) outpatient visits		Quantitative	Number	HC-DY-000.B

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

- Mr Mike Meehan (lead independent)
- Ms Bharti Harie (independent)
- Ms Nomahlubi Simamane (independent)
- Mr Vaughan Firman (independent)
- Prof Bhaskar Goolab
- Dr Guvant 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

Transfer secretary

**Singular Systems (Pty) Ltd
t/a Equity Express**

7 Junction Road
Bramley
Johannesburg
2001

