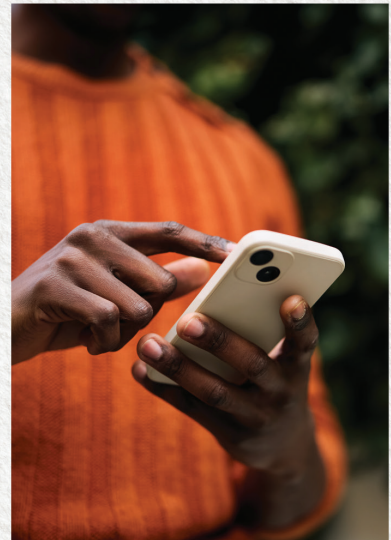




2025/26 Annual General Meeting Report

Your Pula goes a long way.

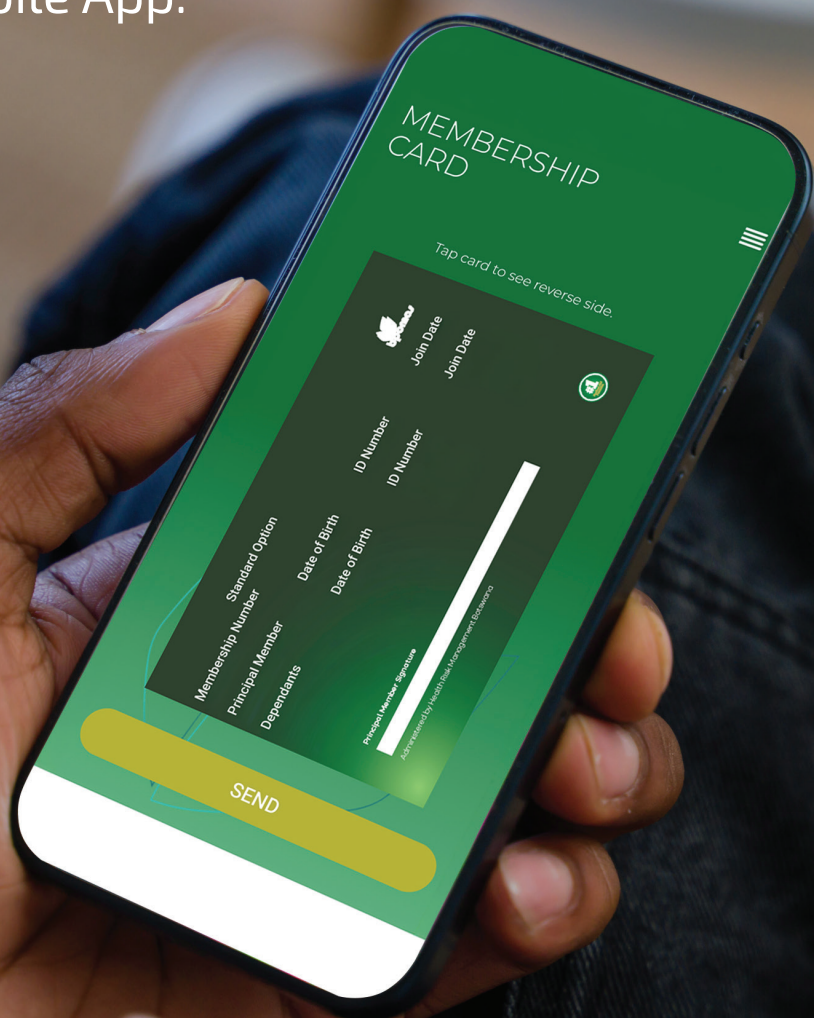


Care is in your pocket

Access your digital membership card in the BPOMAS Mobile App.

Keep your membership details close at all times.
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Take charge of your health.



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Who We Are

BPOMAS is Botswana's leading medical aid Scheme, dedicated to providing sustainable, accessible and quality healthcare benefits to public service employees, pensioners and their eligible dependants. Guided by sound governance, prudent financial stewardship and a member-centred approach, the Scheme continues to strengthen access to quality healthcare through an extensive network of accredited healthcare providers and innovative healthcare solutions.

As a trusted partner in healthcare financing, BPOMAS remains committed to improving the health and wellbeing of its members while creating long-term value for employers, healthcare providers and other stakeholders.



Our Mission

To provide access to affordable, quality, innovative and efficient healthcare solutions that meet your needs.



Our Values

Our values define our culture, shape our decisions and guide the way we serve our members and stakeholders every day.



Our Vision

Your number 1 partner in sustainable healthcare needs.



Professionalism

We uphold the highest standards of competence, ethics and integrity, delivering our responsibilities with diligence, respect and consistency.



Service Excellence

We are committed to delivering exceptional service by consistently exceeding expectations through quality, responsiveness and continuous improvement.



Accountability

We take ownership of our decisions and actions, ensuring transparency, responsible stewardship and measurable results in everything we do.



Team Orientation

We foster collaboration, recognising that working together strengthens our ability to deliver meaningful outcomes for our members and stakeholders.



Innovation

We embrace creativity, technology and continuous learning to develop solutions that enhance healthcare access and improve the member experience.



Botho

We embody the principles of Botho by treating everyone with dignity, compassion, empathy and respect, building relationships founded on trust and mutual care.

Living Our Purpose

At BPOMAS, our vision, mission and values are more than statements, they are the foundation of our strategy and the principles that guide every decision we make. Together, they inspire us to deliver sustainable healthcare solutions, strengthen member confidence and create lasting value for the communities we serve.



Your cover
goes further
than you think



Benefit Option	Standard Benefit Option
Cover Limit	Up to P30,000
Co-payment	No 10% Co-Payment
Hospitalisation Cover	Limited Hospitalisation Cover
Chronic Disease Cover	Chronic Disease Cover
Funeral Benefit	P5,000
24hr Emergency Medical Services	24hr Emergency Medical Services
Premium Waiver	6 months
24hr Mental Health Assistance	24hr Mental Health Assistance



NOTICE & AGENDA

Notice is hereby given that the 2025/26 Annual General Meeting (AGM) of members will be held at **Royal Aria, Tlokweng**, and at **Cresta Marang, Francistown** on the **25th September 2026 at 0900hrs**

AGENDA

1. NOTICE AND CONSTITUTION OF THE MEETING
2. ADOPTION OF AGENDA
3. APOLOGIES FOR NON - ATTENDANCE
4. CONSTITUTION OF THE MANAGEMENT COMMITTEE (MANCO)
5. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 20 MARCH 2026
6. MATTERS ARISING FROM THE MINUTES OF MEETING HELD ON 20 MARCH 2026
7. RECEIPT AND ADOPTION OF THE MANAGEMENT COMMITTEE (MANCO) REPORT FOR THE YEAR ENDED 31 MARCH 2026
8. RECEIPT AND ADOPTION OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026
9. RATIFICATION OF REMUNERATION OF THE MANAGEMENT COMMITTEE MEMBERS FOR THE YEAR ENDED 31 MARCH 2026
10. CONSIDERATION & APPROVAL OF THE REVISED GROUP REMUNERATION POLICY
11. RECEIPT AND ADOPTION OF THE PROPOSED RULE CHANGES
12. RATIFICATION OF REMUNERATION OF AUDITORS FOR THE YEAR ENDED 31 MARCH 2026
13. APPOINTMENT/RE-APPOINTMENT OF EXTERNAL AUDITORS FOR THE ENSUING YEAR 2026/27
14. ANY OTHER BUSINESS FOR WHICH DUE NOTICE HAS BEEN GIVEN (to be submitted seven (7) days before the AGM)*

**Notices of motions proposed to be placed before the meeting must reach the Scheme at agm@bpomas.co.bw or the office of the Administrators of the Scheme (Plot 54349, Ground Floor, West Wing, The Fields Precinct, CBD, Gaborone and Plot 44149, MVA Building, 3rd Floor, Francistown) not later than seven (7) days before the time for holding the Annual General Meeting.*

In terms of the Rules, a member may appoint a proxy to attend the Annual General Meeting and vote in his stead. A proxy form is attached and must be received by the Scheme Administrators, no less than 24hrs prior to the meeting.

QUESTION AND ANSWER SESSION

(There shall be a question and answer session after the meeting)

**BY ORDER OF
THE MANAGEMENT COMMITTEE (ManCo)**



APPOINTMENT OF PROXY FORM

If you cannot attend the 2025/26 Annual General Meeting of the Botswana Public Officers' Medical Aid Scheme (BPOMAS) to be held on the **25th SEPTEMBER 2026** at **0900hrs** at **Royal Aria, Tlokweng, Gaborone** and **Cresta Marang, Francistown**, and you are entitled to vote at the Annual General Meeting (i.e. member of the Scheme, whose contributions are not in arrears), you may appoint a proxy to vote on your behalf. Nomination of a proxy shall only be given to a member of the Scheme whose contributions are not in arrears. This proxy only applies to the Annual General Meeting, and any adjournment of that meeting.

YOUR DETAILS

FULL NAMES

MEMBERSHIP NO.

ID NO/PASSPORT NO.

WHO DO YOU WANT TO APPOINT AS YOUR PROXY

I appoint as my proxy (tick (✓) one (1) box only):

☐	Chairperson of the Annual General Meeting	If you appoint the Chairperson as your proxy, and direct the Chairperson on how to vote, the Chairperson must call a poll on that vote and must vote the way you direct.
OR		
☐	The following Person (Who is also a member of the Scheme, active and in good standing)	If you want to appoint someone else, give their details. If you do not provide a name, you will be taken to have appointed the Chairperson as your proxy.

FULL NAMES

MEMBERSHIP NO.

ID NO/PASSPORT NO.

Only tick (✓) the appropriate box if you want to direct your proxy how to vote. If you mark the ABSTAIN box, you are directing your proxy not to vote at the Annual General Meeting and your vote will not be counted when calculating whether the required majority of members have passed the resolution.

ORDINARY RESOLUTION 1: CONFIRMATION AND APPROVAL OF THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 20 MARCH 2026

Yes		No		Abstain	
-----	--	----	--	---------	--

ORDINARY RESOLUTION 2: RECEIPT AND ADOPTION OF THE MANAGEMENT COMMITTEE (ManCo) REPORT FOR THE YEAR ENDED 31 MARCH 2026

Yes		No		Abstain	
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ORDINARY RESOLUTION 3: RECEIPT AND ADOPTION OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

Yes		No		Abstain	
-----	--	----	--	---------	--

ORDINARY RESOLUTION 4: RATIFICATION OF REMUNERATION OF THE MANAGEMENT COMMITTEE MEMBERS FOR THE YEAR ENDED 31 MARCH 2026

Yes		No		Abstain	
-----	--	----	--	---------	--

ORDINARY RESOLUTION 5: CONSIDERATION & APPROVAL OF THE REVISED GROUP REMUNERATION POLICY

Yes		No		Abstain	
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ORDINARY RESOLUTION 6: RECEIPT AND ADOPTION OF PROPOSED RULE CHANGES

Yes		No		Abstain	
-----	--	----	--	---------	--

ORDINARY RESOLUTION 7: RATIFICATION OF REMUNERATION OF AUDITORS FOR THE YEAR ENDED 31 MARCH 2026

Yes		No		Abstain	
-----	--	----	--	---------	--

ORDINARY RESOLUTION 8: APPOINTMENT/RE-APPOINTMENT OF EXTERNAL AUDITORS FOR THE ENSUING YEAR 2026/27

Yes		No		Abstain	
-----	--	----	--	---------	--

Signature: _____

Date: _____

The instrument appointing the proxy must be deposited at **agm@bpomas.co.bw** or at the office of the Administrators of the Scheme at **Gaborone, Plot 54349, The Fields Precinct, CBD, West Wing** and **Francistown, Plot 44149, MVA Building, 3rd Floor** not later than 24hrs before the time for holding the Annual General Meeting.

Chairperson's Report

For the Financial Year Ended
31 March 2026





Dear Members,

It is my privilege to present to you the Chairperson's Report for the financial year ended 31 March 2026.

The year under review was one of renewed membership growth as BPOMAS built on the foundations laid in the previous reporting period. Following a year of significant transition and operational adjustment, this financial year was characterised by a return to positive membership growth and continued strengthening of governance, compliance and service delivery structures.

Despite persistently rising healthcare costs, BPOMAS remained steadfast in fulfilling its core mandate, providing sustainable quality medical cover to members and their dependants. Through disciplined financial management and a continued focus on member-centric service delivery, the Scheme was able to reverse the prior year's membership decline, expand digital service channels through the launch of the BPOMAS Mobile App, and improve its investment income position.

This report provides a summary of the Scheme's financial position, governance progress, membership trends and strategic focus areas for the year, and outlines the priorities that will guide BPOMAS into the year ahead.

1. Financial Performance Overview

Revenue Growth

I am pleased to report that the Scheme recorded insurance revenue of **P1.59 billion**, representing a **14%** increase from the prior year's **P1.39 billion**.

Claims and Healthcare Costs

- Insurance Service Expenses (Healthcare costs) continued to rise at a faster pace than revenue growth.
- Insurance service expenses (Healthcare Costs) increased by **16%**, closing at **P1.595 billion**.
- The claims ratio reached **100%**, compared to **99%** in the previous year.

The elevated claims ratio reflect increased utilisation of benefits and rising healthcare costs across the market. While members are accessing their benefits, the current cost trajectory continues to place pressure on long-term sustainability.

Net Financial Position

The Scheme recorded a **net loss of P45.1 million** for the year, compared to a loss of **P42.9 million** in the prior financial year. Encouragingly, at Group level, the loss before tax improved to **P40.1 million**, down from **P47.7 million** in the prior year, an improvement mainly attributable to a decrease in expected credit losses. Investment income also strengthened during the year, rising from **P5.8 million** to **P11.7 million**, partly supported by the Scheme's share of profits from its investment in Lenmed Hospital Bokamoso Private Hospital.

Administrative Efficiency

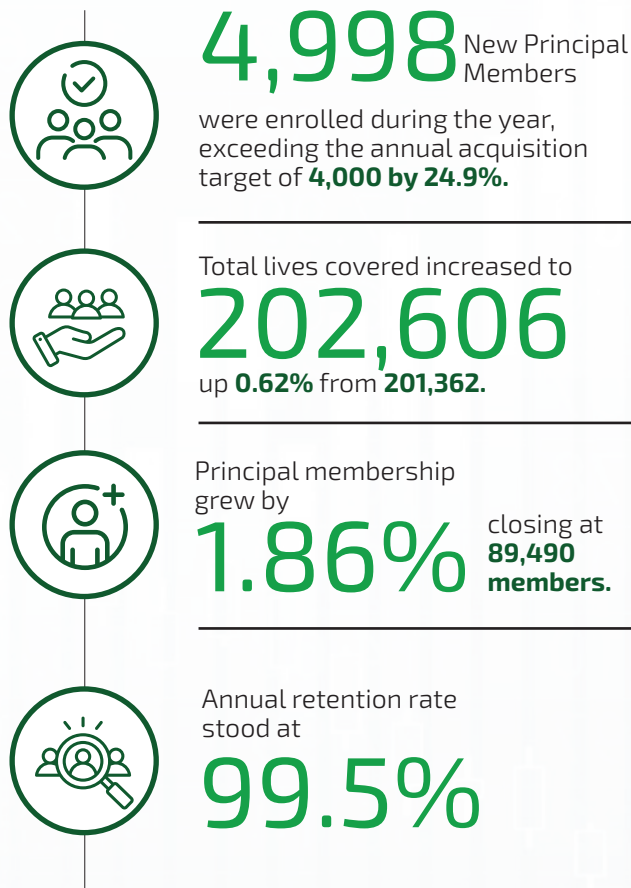
Administrative expenses remained well controlled despite membership growth:

- Gross Administrative Expenses stood at **P62.4 million**, up from **P61.0 million**.
- Administration costs represented **3.9%** of revenue (compared to 4.4% in the prior year). This reflects disciplined cost management despite operational pressures and membership fluctuations.
- This reflects continued disciplined cost management.

2. Membership Overview

Membership performance marked a strong recovery from the previous financial year's decline.

Key Highlights:



This growth was driven primarily by new principal member enrolment rather than dependant registrations, reflecting continued success in attracting economically active public officers. The recovery follows sustained employer engagement, targeted acquisition campaigns and stakeholder outreach.

Benefit Option Distribution

The High Benefit Option remains the dominant plan, covering **80%** of members, reflecting continued preference for comprehensive cover. The Standard Benefit Option recorded the strongest year-on-year growth, now representing **17%** of membership, signalling rising demand for more affordable healthcare solutions. The Premium Benefit Option accounts for the remaining **3%**.

The Scheme's principal membership carries an overall average age of **48.67 years**, underscoring the continued importance of strategies to attract younger members while maintaining benefit offerings responsive to an ageing membership base.

3. Member Value Initiatives

To improve access, convenience and service delivery, the Scheme successfully launched the BPOMAS Mobile App during the year, enabling members to access membership cards electronically, view benefit balances, and track claims. This was complemented by the Live Chat platform, providing real-time online assistance without the need to visit BPOMAS offices.

The Scheme also continued its outreach initiatives, engaging communities across Botswana and strengthening stakeholder relationships with key employer groups. These initiatives reflect our ongoing commitment to bringing services closer to members and deepening engagement nationwide.

4. Governance and Regulatory Compliance

The Management Committee (ManCo) continued to uphold high standards of corporate governance in alignment with:

- King IV principles
- The PULA Code of Corporate Governance (pending implementation)
- Regulatory requirements of NBFIRA
- Financial Intelligence Authority (FIA)
- Data Protection Act
- Anti-Money Laundering and Counter Terrorism Financing Legislation

The following Governance Enhancements were made during the Year:

- Rule amendment to provide for appointment of an independent Chairperson in line with best practice.
- Continued vetting of ManCo members by NBFIRA to ensure "fit and proper" status.
- Strengthening of compliance monitoring through the Compliance Risk Management Plan.
- Ongoing KYC drive to address regulatory compliance risk.
- Review of ICT Strategy to support technology governance in line with King IV Principle 12.
- Extension of the Human Resource Committee to include Social and Ethics.

Sub-Committees (Finance, Audit, Risk & Compliance; Investment; Human Resources, Social & Ethics; and Procurement) continued to discharge their mandates effectively and report quarterly to ManCo.

5. Risk Management and Sustainability

The Scheme operates within a formal Enterprise Risk Management Framework, aligned with ISO 31000, COSO and King IV principles.

Quarterly risk reporting to the Finance, Audit, Risk & Compliance Sub-Committee ensures oversight of:

- Top 10 strategic risks
- Risk register monitoring
- Key risk indicators
- Regulatory compliance exposure
- Business continuity readiness

ManCo has also approved a Business Continuity Management Framework incorporating:

- Emergency Response Planning
- Crisis Communication Planning
- Disaster Recovery Planning
- Business Continuity Planning

These measures strengthen resilience and ensure preparedness against operational disruptions.

6. Looking Ahead

While the financial year presented continued cost pressures, it also reinforced key priorities for the Scheme among which are:

- Strengthening sustainability through proactive cost management, given a claim's ratio of 100% against a target range of 80–85%.
- Deepening employer engagement and key account management to sustain membership growth.
- Accelerating digital engagement and utilisation of the BPOMAS Mobile App.
- Attracting younger members to rebalance the Scheme's demographic profile.
- Maintaining governance excellence and regulatory compliance.

The elevated claims ratio underscores the need for balanced utilisation, preventative health strategies, and collective responsibility between the Scheme and its members to ensure long-term sustainability.

Conclusion

BPOMAS remains financially disciplined, governance-focused and member-centred, as we continue to navigate a demanding operating environment shaped by rising healthcare costs, evolving member affordability pressures and the ongoing need for structural adjustment.

On behalf of the Management Committee, I wish to extend my sincere gratitude to our members for their continued trust and loyalty to the Scheme. I also thank our healthcare providers for their valued partnership in ensuring quality care for our members and their dependants. To the Executive Management and staff, I express my appreciation for their dedication, hard work and professionalism throughout the year.

As we look ahead to the new financial year, BPOMAS remains firmly committed to strengthening the Scheme's long-term sustainability, deepening good governance practices, and delivering meaningful, tangible value to our members.

Together, we will continue to build a resilient, responsible and forward-looking Scheme that withstand current and future challenges.

Chairperson
Management Committee
BPOMAS

Minutes of the

Annual General Meeting (AGM)

of Members For the Financial Year Ended
31 March 2025 Held on 20th March 2026,
at Avani Resort, Gaborone and Cresta,
Francistown at 0900hrs



2026

2025

2024

Minutes of the Annual General Meeting of Members For the Financial Year Ended 31 March 2025 Held on 20 March 2026, at Avani Resort, Gaborone, and Cresta Francistown, at 09:00hrs

1. PRESENT

MEMBERS

Three Hundred and Sixty-one (361) members personally present and One thousand one hundred and twenty-nine (1,129) by proxy.

MANAGEMENT COMMITTEE (MANCO)

M Jamba	Chairperson - Independent
O Lebotse	Vice Chairperson - Botswana Public Employees Union
T Matshitse	Member - Directorate of Public Service Management
M Ramotsababa	Member - Ministry of Health
H Molohe	Alternate to A Tokwe - Botswana Defence Force
G Ntereke	Alternate to S Keorapetse - Ministry of Finance
O Yane	Alternate to T Matshitse - Directorate of Public Service Management

HUMAN RESOURCE, SOCIAL & ETHICS SUBCOMMITTEE

R Nkolonyane	Chairperson - Independent
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FINANCE, AUDIT, RISK & COMPLIANCE SUBCOMMITTEE

A Motlanka	Acting Chairperson - Independent
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2. IN ATTENDANCE

PO'S OFFICE

T Molebatsi	Chief Executive Officer
T Lesejane	Chief Finance Officer
T Otlhogile	Acting Chief Operations Officer
L Keloneilwe	Head of Legal Risk & Compliance Corporate Secretary – Recording

3. ADMINISTRATORS - HEALTH RISK MANAGEMENT BOTSWANA

F Ketshogile	Managing Director
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BY INVITATION

A Venter	External Auditors – KPMG
----------	--------------------------

4. NOTICE AND CONSTITUTION OF THE MEETING

The notice of the meeting having been duly circulated was taken as read and approved following a proposal by M. Hobona, seconded by M. Joubert. The Legal Counsel and Corporate Secretary confirmed that the meeting was quorate with a total of Three Hundred and Sixty-one (361) members personally present and One thousand and one hundred and twenty-nine (1,129) proxies.

The Chairperson welcomed all those present and introduced ManCo members, Sub-Committee Chairpersons, External Auditors, Administrators and BPOMAS Management.

5. APOLOGIES FOR NON-ATTENDANCE

No apologies were received from the members.

6. ADOPTION OF THE AGENDA

The agenda was adopted as presented following a proposal by G. Keatudilwe, seconded by J. Poloko. It was highlighted and noted that the AGM was for the financial year ended 31 March 2025.

7. CHAIRPERSON'S OPENING REMARKS

The Chairperson welcomed members and stakeholders to the 2024/25 Annual General Meeting (AGM) of the Botswana Public Officers' Medical Aid Scheme. He noted that, although the reporting period was marked by various challenges, the Scheme remained resilient and proactive, implementing initiatives aimed at ensuring business continuity and the sustained provision of quality medical aid services to members. The Chairperson also expressed appreciation to attendees for taking time out of their busy schedules to participate in the AGM and for their continued support of the Scheme.

8. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 19 DECEMBER 2025

The minutes were considered and approved as a true record of the proceedings and would be signed by the Chairperson.

9. MATTERS ARISING FROM THE MINUTES

9.1. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 19 DECEMBER 2025

The minutes were considered and approved as a true record of the proceedings on proposal by K Batisani, seconded by K Sebolai and would be signed by the Chairperson.

- Done

9.2. RECOMMENDATION: RECEIPT AND ADOPTION OF THE REPORT OF THE MANAGEMENT COMMITTEE(MANCO) FOR THE YEARS ENDED 31 MARCH 2024

Resolution

It was **RESOLVED** that the Report of the Management Committee (ManCo) for the years ended 31 March 2024 be and are hereby adopted, following proposal by B. Elifasi and seconded by Gabatswale.

- Done

9.3. RECOMMENDATIONS: RECEIPT AND ADOPTION OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Resolution

It was **RESOLVED** that the Audited Financial Statements for the Year Ended 31 March 2024 be and are hereby adopted on proposal by T Fulele , seconded by M Segolodi.

- Done

9.4. CONSIDERATION AND NOTING/ADOPTION OF THE PROPOSED RULE CHANGES

Resolution

It was **RESOLVED** that the proposed rule changes be approved as presented. **Rule 17.9** be reviewed especially the word 'may' to assure a commitment to review incentives for those members that do not utilise their benefits.

- Done

9.5. RECOMMENDATIONS: RE-APPOINTMENT OF EXTERNAL AUDITORS

Resolution

It was **RESOLVED** that the appointment of the external auditors for the financial years 2023/2024 and 2024/2025 and remuneration for their services be ratified.

It was **FURTHER RESOLVED** that, upon completion of the procurement process, the Management Committee (ManCo) be authorized to appoint the successful bidder as the Scheme External Auditors for a period of three (3) years effective 01 January 2026, renewable annually at the AGM, subject to performance, to audit the following financial years;

- **2025/2026**
- **2026/2027**
- **2027/2028**

It was **FURTHER RESOLVED** that the Management Committee and/or the Principal Officer be authorized to do all that is necessary and sign any document necessary to give effect to these resolutions through proposal by O Muraga, seconded by G Kelebemang.

- Done – ManCo appointed Baker Tilly as External Auditors of the Scheme in line with the AGM Resolution

9.6. Motion #1: Member proposed that members be allowed to have an option to access all funds allocated in their benefit option available even if its above set tariffs and they should sign a waiver for that particular year.

Resolution

It was **RESOLVED** that the proposal would be considered by the Scheme in line with the Scheme's financial year and subject to Actuarial input and affordability by the Scheme.

- Noted - This was to be reviewed and subjected to Actuarial input/ assessment

9.7. Motion #2: Member proposed a motion to take into account the partial use of dread disease cover once AOL had been depleted. This would help members who were in distress and ended up with more hospital bills. Some members had never utilised the Dread Disease Benefit so it would be beneficial to allow them to use a portion of their Dread Disease Cover.

Resolution

It was **RESOLVED** that it would be considered by the Scheme in line with the Scheme's financial year and subject to Actuarial input and affordability by the Scheme.

- The Benefits were limited in terms of Rule 23 of the Rules, given that the Dread Disease list was defined as part of the Benefits (Rules). It would therefore be against the Rules, and contrary to

the cross-subsidy funding model that the Scheme was based on. However, the Scheme was currently reviewing the Dread Disease list.

9.8. The ManCo to start updating the members on the Administrator contract status.

- Noted: the Current Administration Agreement was slated to conclude at the end of June 2026 and the Scheme exercised the right to extend by a further 2 years effective 01 July 2026 as provided by the Agreement

9.9. Report of The Management Committee (ManCo) to include Scheme risks at high level/dashboard for member appreciation.

- Done - Forms part of the governance report

9.10. Acute disease benefit to be considered for increment as currently the benefit was deemed inadequate.

- To form part of next benefits review and reported at the next AGM

9.11. The Scheme to consider cosmetic procedures and other illnesses prone to women.

- To consider proposal subject to actuarial input and report at the next AGM

10. RECEIPT AND ADOPTION OF THE REPORT OF THE MANAGEMENT COMMITTEE(MANCO) FOR THE YEARS ENDED 31 MARCH 2025

The Report which had been circulated was noted and taken as read and presented by the Chairperson who highlighted the following:

10.1. Financial Performance Overview

10.1.1. Revenue Growth

The Scheme recorded insurance revenue of **P1.392 billion**, representing a **19%** increase from the prior year. This growth was largely driven by membership growth during the reporting period.

10.1.2. Claims and Health Care Costs

Healthcare costs, which reflected as the insurance service expense continued to rise at a faster pace than revenue growth.

- Insurance service expenses increased by **20%**, closing at **P1.378 billion**.
- The claims ratio reached **99%**, compared to **98%** in the previous year. This essentially meant that out of the contributions received by the Scheme, **99%** was geared

towards the total costs of claims (ie. service providers) and 1% towards operational expenses.

- This remained significantly above the Scheme's strategic target range of **80–85%**.
- This elevated claim ratio reflects increased utilisation of benefits and rising healthcare costs across the market. While members are accessing their benefits, the current cost trajectory places pressure on long-term sustainability.

10.1.3. Net Financial Performance

The Scheme recorded a net loss of **P42.9 million** for the year, compared to a surplus of **P23.4 million** in the prior financial year. The Group position reflected a loss before tax of **P47.7 million**, largely attributable to increased insurance service costs and reduced investment returns. Investment income declined from **P8.3 million to P5.8 million**, mainly due to reduced investable reserves as a result of high claims expenditure.

10.1.4. Membership Overview

Membership trends were influenced by both strategic interventions and administrative challenges.

Key Highlights:

- 3,669** new members were enrolled during the year.
- Total lives covered declined marginally from **202,379** to **201,362**.
- Principal membership declined by **0.71%**, closing at **87,859** members.
- Annual retention rate stood at **97%**, slightly below the **99%** target.

The marginal contraction was primarily due to:

- A deliberate membership clean-up campaign, which resulted in removal of over **1,000** non-paying members.
- Payroll deduction challenges affecting contributions.

Benefit Option Distribution

- The High Benefit Option remained the dominant plan, covering, **82%** of Members.
- The Standard Benefit Option recorded stronger year-on-year growth percentage-wise, signalling evolving member needs.

10.1.5. Member Value Initiatives

To improve access and service delivery, the Scheme introduced the BPOMAS Mobile Office initiative following the Change of Administrator roadshows.

The Mobile Offices were deployed to Charles Hill, Kasane, Mahalapye, Palapye and Serowe. Through this initiative, BPOMAS engaged thousands of members, conducted member education sessions, facilitated KYC updates, enrolled new members, and provided direct service access to other geographical locations

without access to the Scheme's offices. This initiative reflected our commitment to bringing services closer to members and strengthening member engagement.

10.1.6. Governance and Regulatory Compliance

The Scheme continued to be committed to principles and practices of fairness, openness, integrity and accountability in all its dealing with its stakeholders in line with approved corporate governance codes as well as regulatory requirements.

In line with King IV, ManCo conducts its affairs ethically and within an approved governance framework consisting of among others, Scheme Rules, ManCo and Sub-Committee Charters as well as approved policies.

Governance Enhancements During the Year:

- Rule amendment to provide for appointment of an independent Chairperson in line with best practice.
- Continued vetting of ManCo members by NBFIRA to ensure "fit and proper" status.
- Strengthening of Compliance Risk Monitoring through the Compliance Risk Management Plan.
- Ongoing KYC drive to verify member/provider identities and address the risk of money laundering in line with the Financial Intelligence Act.
- Appointment of a Data Protection Officer.
- Review of ICT Strategy to support technology governance in line with King IV Principle 12.

In line with the Scheme Rules, ManCo delegated some of its functions to Sub-Committees, which continued to discharge their duties effectively and reported to ManCo on a quarterly basis. The Steering Committee for the Change of Administrator project successfully completed its mandate and was formally dissolved in **January 2025**.

10.1.7. Risk Management and Sustainability

The Scheme operates within a formal Enterprise Risk Management Framework, aligned with ISO 31000, COSO and King IV principles. Quarterly risk reporting to the Finance, Audit, Risk & Compliance Sub-Committee ensured oversight of:

- Strategic Risk
- Level of Risk taking
- Regulatory Compliance Exposure
- Business Continuity Management Risk

ManCo approved a Business Continuity Management Framework incorporating:

- Emergency Response Planning
- Crisis Communication Planning
- Disaster Recovery Planning
- Business Continuity Planning

These measures strengthen resilience and ensure preparedness against operational disruptions.

10.1.8. Looking Ahead

While the financial year presented significant cost pressures, it also reinforced key priorities for the Scheme:

- Strengthening sustainability through proactive cost management.
- Embedding prevention and chronic disease management into benefit design.
- Enhancing data-driven decision-making.
- Improving member engagement and service accessibility.
- Maintaining governance excellence and regulatory compliance.

The **99%** claims ratio underscores the need for balanced utilisation, preventative health strategies, and collective responsibility between the Scheme and its members to ensure long-term affordability.

Resolution

It was **RESOLVED** that the Report of the Management Committee (ManCo) for the years ended **31 March 2025** be and is hereby adopted, following proposal by Mogorosi and seconded by T Moalosi.

11. RECEIPT AND ADOPTION OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

T Lesejane presented the Audited Financial Statements and highlighted the following:

11.1. That the total revenue increased to **P1.392 billion**, a **19%** growth from the prior year. She noted that insurance revenue rose from **P1.17 billion** to **P1.39 billion**, while rental income increased slightly from **P31.7 million** to **P32.2 million**.

11.2. That investment and other income declined significantly from **P17.1 million** to **P2.7 million**, primarily due to reduced invested funds and losses from an associate company.

11.3. That healthcare costs increased by **20%** to **P1.378 billion**, resulting in a claims ratio of **99%**, exceeding the target range of **80%-85%** and impacting the Scheme's long-term stability. She reported that the Scheme recorded a net loss of **P42.9 million** compared to a prior year surplus of **P23.4 million**, with a group loss before tax of **P47.7 million** driven by insurance service losses and reduced investment returns. She added that administrative expenses remained stable at **P61 million**,

representing **5%** of insurance revenue, well below the **12%** threshold.

11.4. That the statement of financial position showed a reduction in total assets from **P809 million** to **P665 million**, with cash and cash equivalents decreasing sharply from **P256 million** to **P25 million** due to increased claims payments. She noted that total liabilities also decreased from **P809 million** to **P665 million**, mainly due to a reduction in liabilities to future members from **P621 million** to **P578 million** following the group loss.

11.5. That the statement of cash flows indicated negative net cash flows from operating activities of **P242 million**, a significant reversal from positive cash flows of **P44 million** in the prior year, reflecting insufficient operational funds to cover expenses and reliance on investments to meet obligations.

11.6. Resolution

It was RESOLVED that the Audited Financial Statements for the Year Ended **31 March 2025** be and are hereby adopted on proposal by L. Tawana, seconded by M. Segolodi.

12. RATIFICATION OF REMUNERATION OF THE MANAGEMENT COMMITTEE MEMBERS FOR THE YEAR ENDED 31 MARCH 2025

12.1. M Jamba reported on the Management Committee remuneration for the year ended **31 March 2025**. He stated that sitting allowances were approved at the AGM held on **09 December 2022**, with rates set at **P7,500** for the Chairperson, **P6,500** for Sub-Committee Chairpersons, and **P5,000** for Members and Sub-Committee members.

12.2. It was reported that the total remuneration paid to ManCo, covering sitting allowances for quarterly meetings, special meetings, workshops, and strategy sessions, amounted to **P523,000** as at **March 2025**, reflecting a significant decrease from **P1,023,500** in **March 2024**.

12.3. It was reported that attendance at meetings was generally satisfactory, with an average of one apology per meeting. He explained that the remuneration framework aligns with King Code principles, emphasizing fair, responsible, and transparent compensation to promote the achievement of strategic objectives and positive outcomes.

12.4. It was confirmed that the ratification affirmed that the remuneration paid was consistent with approved policies and supports the effective functioning of the Management Committee.

12.5. Resolution

It was RESOLVED that the amount of **P523,000** being, sitting allowance for the ManCo members for the year ended **31 March 2025** be ratified, on proposal by T Moalosi, seconded by C Mosemesi.

13. REVIEW OF THE GROUP REMUNERATION POLICY (ManCo, Sub-Committees, BPOMAS PROPERTY HOLDINGS BOARD OF DIRECTORS)

13.1. The Chairperson reported that the review of the group remuneration policy for the Management Committee and its Sub-Committees was ongoing and would be tabled at the next AGM. He stated that an independent party would be appointed to conduct a review of the Group Remuneration Policy to ensure fairness, transparency, and reasonableness.

14. RE-APPOINTMENT OF EXTERNAL AUDITORS

T Lesejane reported that at the last AGM, held on **19 December 2025** the Management Committee was authorised to appoint or re-appoint the Scheme External Auditors following the completion of the procurement process and advise the members accordingly at the next AGM. The Management Committee and/or the Principal Officer was also authorised to do all that is necessary and sign any document necessary to give effect to these resolutions.

The Scheme in line with the internal procurement processes completed the tender evaluation and appointed the successful bidder, BakerTilly, for a period of three (3) years effective **01 January 2026** and renewable annually at the AGM, subject to performance. The auditor was appointed for the following financial years:

- **2025/2026**
- **2026/2027**
- **2027/2028**

14.1. Resolution

It was RESOLVED that the appointment of Baker Tilly as the Scheme External Auditors be and is hereby noted and endorsed as presented above.

15. DATE OF NEXT MEETING

The date of the next meeting would be communicated as soon as possible in line with the Scheme Rules.

16. CLOSURE

In the absence of further business, the meeting ended at 14:03hrs.

Action Sheet 20 MARCH 2026

	ACTION ITEM (Matters arising from the Minutes)	ACTION BY	UPDATE
1 	CARRIED FORWARD FROM 19 DECEMBER 2025 AGM 1. Motion #2: Member proposes a motion to take into account the partial use of dread disease cover once AOL has been depleted. This will help us members who are in distress and end up with more hospital bills. Some members have never utilised Dread Disease Benefit so it would be beneficial to allow them to use a portion of their Dread Disease Cover. It was RESOLVED that it would be considered by the Scheme in line with the Scheme's financial year and subject to Actuarial input and affordability by the Scheme. The ManCo to start updating the members on the administrator contract status. RESPONSE: The Benefits are limited in terms of Rule 23 of the Rules, as the Dread Disease list is defined as part of the Benefits (Rules). It would therefore be against the Rules, and also not be in keeping with the cross-subsidy funding model that the Scheme is based on. However, the Scheme is currently, in association with the Actuaries working to re-look at the Dread Disease list.	ManCo	Actuaries Engaged, Update to form part of Meeting
	2. Acute disease benefit be considered for increment as currently it is too low. RESPONSE: The Scheme has taken note of the submission to review and is working along with the Actuaries to do so.	ManCo	Actuaries Engaged, Update to form part of Meeting
	3. The Scheme to consider cosmetic procedures and other illnesses prone to women. RESPONSE: The Scheme has taken note of the submission to review and is working along with the Actuaries to do so.	ManCo	Actuaries Engaged, Update to form part of Meeting
2 	CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING (AGM) HELD ON 19 DECEMBER 2025 The minutes were considered and approved as a true record of the proceedings on proposal by K Batisani, seconded by K Sebolai and would be signed by the Chairperson.	Chairperson	Done, signed

Action Sheet 20 MARCH 2026

	ACTION ITEM (Matters arising from the Minutes)	ACTION BY	UPDATE
3 	RECOMMENDATION: RECEIPT AND ADOPTION OF THE REPORT OF THE MANAGEMENT COMMITTEE(MANCO) FOR THE YEARS ENDED 31 MARCH 2025 It was RESOLVED that the Report of the Management Committee (ManCo) for the years ended 31 March 2025 be and are hereby adopted, following proposal by Magoroso and seconded by T Moalosi.	ManCo	Done
4 	RECOMMENDATIONS: RECEIPT AND ADOPTION OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 It was RESOLVED that the Audited Financial Statements for the Year Ended 31 March 2025 be and are hereby adopted on proposal by L Tawana, seconded by M Segolodi.	ManCo	Done
5 	RATIFICATION OF REMUNERATION OF THE MANAGEMENT COMMITTEE MEMBERS FOR THE YEAR ENDED 31 MARCH 2025 It was RESOLVED that the amount of P523,000 being, sitting allowance for the ManCo members for the year ended 31 March 2025 be ratified, on proposal by T Moalosi, seconded by C Mosemesi.	ManCo	Done
6 	REVIEW OF THE GROUP REMUNERATION POLICY To be tabled at the next AGM	ManCo	Part of Agenda for Presentation
7 	RATIFICATION OF REMUNERATION OF THE AUDITORS FOR THE YEAR ENDED 31 MARCH 2025 It was RESOLVED that the amount of P1, 454,039 (excl tax) being, auditors remuneration for the year ended 31 March 2025 be ratified, on proposal by P Rramusu, seconded by B Matlotlo.	ManCo	Done
8 	RECOMMENDATIONS: APPOINTMENT OF EXTERNAL AUDITORS It was RESOLVED that the appointment of Baker Tilly as the Scheme External Auditors be and is hereby noted and endorsed as presented above.	ManCo	Done, Implemented

Report to the Members

Group Performance Overview

The Group reported total revenue of **P1,590,600,366** for the year, representing a **14%** increase from the prior year figure of **P1,392,434,646**. This top-line growth was primarily driven by a combination of membership base expansion and premium rate adjustments implemented during the year. Additionally, rental income from BPOMAS Property Holdings (BPH) contributed to the revenue increase, reflecting improved property portfolio performance during the period.

Investment income, which includes the Group's share of profits from its investment in Lenmed Hospital Bokamoso Private Hospital, increased substantially to **P11,657,932** in **2025/26**, up from **P5,843,627** in the prior year. This increase was driven by higher returns from fixed deposits with financial institutions (banks), as well as improved performance from other investment portfolios held by asset managers.

The Group recorded a loss before tax of **P40,071,372**, an improvement from the loss of **P47,729,009** reported in the **2024/25** financial year. This loss improvement was achieved despite a notable increase in claims costs, which rose due to higher member utilisation and tariff increases by healthcare providers. The improvement is also mainly attributable to a significant decrease in expected credit losses recognised during the year—a non-insurance expense that weighed less heavily on the current period's results—while administrative expenses remained broadly consistent with the prior year.

Scheme Performance

The Scheme's insurance revenue for the year stood at **P1,590,600,366**, reflecting a **14%** increase year-over-year, consistent with the Group's growth trajectory. This growth was underpinned by an expanded membership base and upward premium revisions.

Insurance service expense, representing the Health Care Cost (HCC), closed the **2025/26** year at **P1,595,243,116**—a **16%** increase from the **P1,377,566,252** reported in **2024/25**. This increase was primarily driven by higher utilisation of benefits by members, coupled with tariff increases from healthcare service providers. Consequently, the claims ratio for **2025/26** was **93%**, a slight increase from **92%** reported in the **2024/25** financial year. Management notes that these ratios remain above the strategic target range of **80–85%** and interventions are being implemented to address this.

Administrative Expenses (AE) amounted to **P62,354,622** in **2025/26**, compared to **P61,020,479** in **2024/25**, remaining broadly consistent year-on-year. As a percentage of revenue, AE improved to **3.9%** (down from **4.4%** in the prior year).

This improvement in the ratio is attributable to the revenue growth outpacing the marginal increase in absolute AE.

The Scheme recorded a loss of P45,109,616 for 2025/26, compared to a loss of P42,907,113 in 2024/25. The widening of the Scheme's loss was primarily driven by increased claims costs resulting from higher utilisation and tariff increases.

Key Group Highlights



Group Revenue Growth

14%



Group Loss Before Tax Decreased to:

P40,071,372



Lenmed Hospital Bokamoso Private Hospital Investment Income Increase

P11,657,932

Key Scheme Highlights



Insurance Revenue Increase by

14%



16% Health Care Cost increase

P1,377,566,252



Insurance Service Expense Claims Ratio

100%

DON'T WASTE CARE

**Fight medical aid fraud,
waste and abuse.**

**Report fraud, unethical billing,
benefit misuse or irregularities.**

Anonymous Hotline: Mascom: 71119602

BTC: 0800 600 644 | Orange: 11 44

Email: bpomas@tip-off.com





When life needs more cover, BPOMAS High meets you there

Benefit Option	High Benefit Option
Cover Limit	Up to P315,000
Co-payment	10% Co-Payment
Hospitalisation Cover	Comprehensive Hospitalisation Cover
Wellness (Screening & Preventative)	Wellness (Screening & Preventative)
Chronic Disease Cover	Chronic Disease Cover
Dread Disease Cover	Dread Disease Cover
Funeral Benefit	P10,000
24hr Emergency Medical Services	24hr Emergency Medical Services
Premium Waiver	6 months
24hr Mental Health Assistance	24hr Mental Health Assistance

1.0 Executive Summary

The **2025/26** financial year marked a return to positive membership growth for BPOMAS following the decline experienced during the previous financial year. The Scheme enrolled **4,998** new principal members, exceeding the annual target of **4,000** new members by **24.9%** to close the year with **89,490** principal members and **202,606** total lives covered. Membership retention remained strong at **99.7%**, reflecting continued confidence in the Scheme despite an increasingly competitive medical aid environment and prevailing economic conditions. The High Benefit Option remained the dominant option, while the Standard Benefit Option recorded the strongest growth, indicating increasing demand for affordable healthcare solutions. The Scheme continues to strengthen employer relationships, expand digital service delivery, and implement targeted acquisition strategies to sustain long-term membership growth.

2.0 Membership Highlights and Overview



Achieved **4,998**

New members during the financial year, exceeding the annual acquisition target of 4,000 by 24.9%.



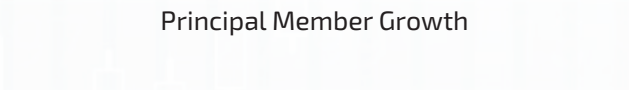
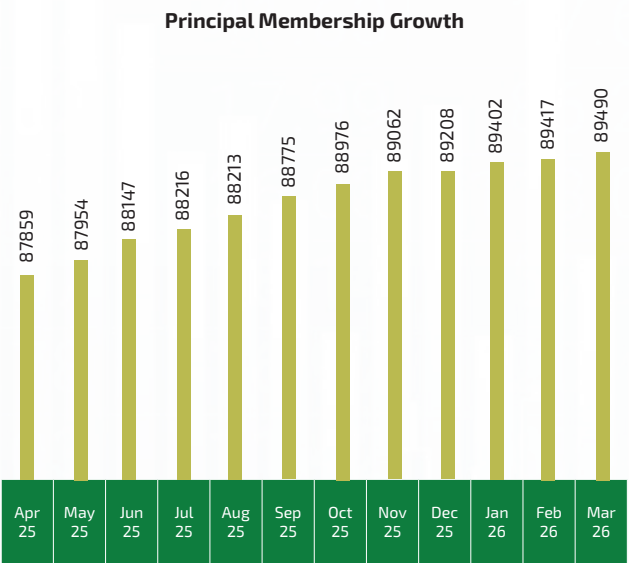
Principal membership increased by **1.86%**



Total lives covered increased to **202,606** from 201,362 of the previous Financial Year

3.0 Membership Movement

Although total lives covered increased by only **0.62%**, principal membership increased by **1.86%**, indicating that growth was driven primarily by the enrolment of new principal members rather than large increases in dependant registrations. This demonstrates continued success in attracting economically active public officers while maintaining a stable principal membership base.



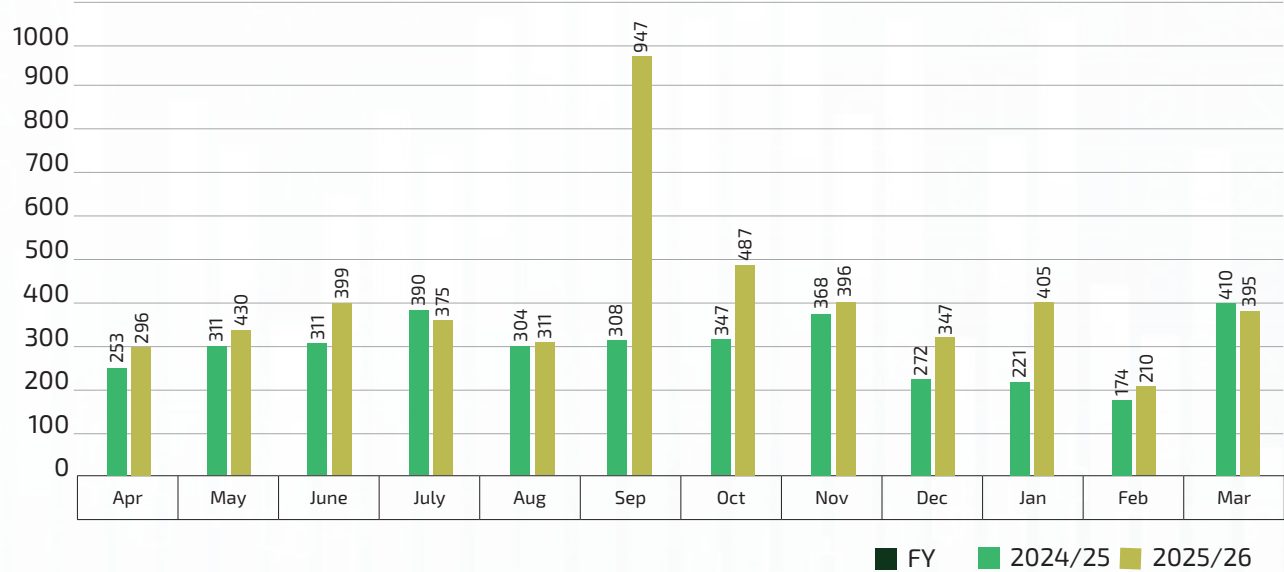
3.1 Key Insight

Membership growth during FY2025/26 was driven by sustained acquisition efforts. The consistent month-on-month increase demonstrated the effectiveness of BPOMAS' membership growth strategy and positioned the Scheme for continued sustainable growth. As part of this strategy, stakeholder engagements were undertaken across Botswana, including the Central District, the Greater Gaborone region, and numerous remote and underserved areas beyond the reach of BPOMAS offices. Through continuous employer group engagements, member education, and outreach activities, the Scheme strengthened its presence and accessibility nationwide.

4.0 New Membership Growth Analysis

The Scheme registered **4,998** new principal members during the **2025/26** financial year, closing the year with a total of **89,490** principal members. This represents a net membership growth of **1.86%** compared to the **2024/25** financial year, when the Scheme closed with **87,859** principal members. The previous financial year had recorded a **0.61%** decline in principal membership, making the **2025/26** performance a notable recovery in membership growth.

Fig 1. New Membership Growth per Financial Year



5.0 Benefit Option Analysis

The High Benefit Option remained the preferred plan among members. This trend has remained consistent over the past two financial years. This clearly demonstrated the value placed on comprehensive coverage. However, the Standard Benefit Option showed stronger growth year-on-year.

Benefit Option	Standard Benefit	High Benefit	Premium Benefit
FY 2023/24	12,549	72,980	2,958
% Share	14.20%	82.46%	3.35%
FY 2024/25	12,984	72,064	2,811
% Share	14.78%	82.02%	3.20%
FY 2025/26	14,861	72,042	2,587
% Share	16.61%	80.50%	2.89%

6.0 Demographic Profile

The Scheme has a target average age of **43 years** for principal members; however, the current principal membership has an average age of **48 years**, reflecting a relatively mature membership base. A breakdown by benefit option shows distinct demographic differences:

Benefit Option	Average Age	Analysis
Standard Benefit	43 years	Youngest membership profile
High Benefit	48 years	Closely aligned to the Scheme average
Premium Benefit	55 years	Oldest membership profile



The **Standard Benefit Option** has the youngest average membership age at **43 years**. This suggests that the option is more attractive to younger employees and members who are early or mid-way through their careers. The lower average age may also indicate lower healthcare utilisation compared to the other benefit options, making this option appealing from an affordability perspective.



The **High Benefit Option**, with an average age of **48 years**, closely mirrors the Scheme's overall average age. As the Scheme's largest benefit option, it represents a balanced demographic comprising both economically active members and those approaching retirement. This distribution indicates that the High Benefit Option continues to meet the needs of most of the Scheme's membership.



The **Premium Benefit Option** has the highest average age at **55 years**, demonstrating that it predominantly attracts older members. This trend is expected, as older members generally have greater healthcare needs and are more likely to opt for comprehensive medical cover. However, this demographic profile contributes to higher claims utilisation and increased healthcare expenditure within this option.

Overall, the average age of **48 years** indicates that the Scheme maintains a mature membership profile. This underscores the importance of implementing member acquisition and retention strategies focused on younger public officers while ensuring that benefit offerings remain responsive to the healthcare needs of older members.

7.0 Individual Membership Analysis

The **2025/2026** financial year recorded strong individual membership growth. The membership increased from a total of **4,020** members to **4,494** members in **March 2026**, representing a net increase of **474** members and overall growth of **11.8%**.

Individual Membership Analysis				
Category	FY 24/25	FY 25/26	Change	Growth
Adult Child Dependant	3,182	3,311	+129	4.10%
Grandchild Dependant	703	1,043	+340	48.40%
Parent Dependant	135	140	+5	3.70%

The growth reflects continued confidence in BPOMAS' healthcare solutions and highlights the importance of providing flexible dependant coverage options that respond to evolving member needs. In reference to the benefit option analysis the overall membership growth of **474** members was mainly driven by the

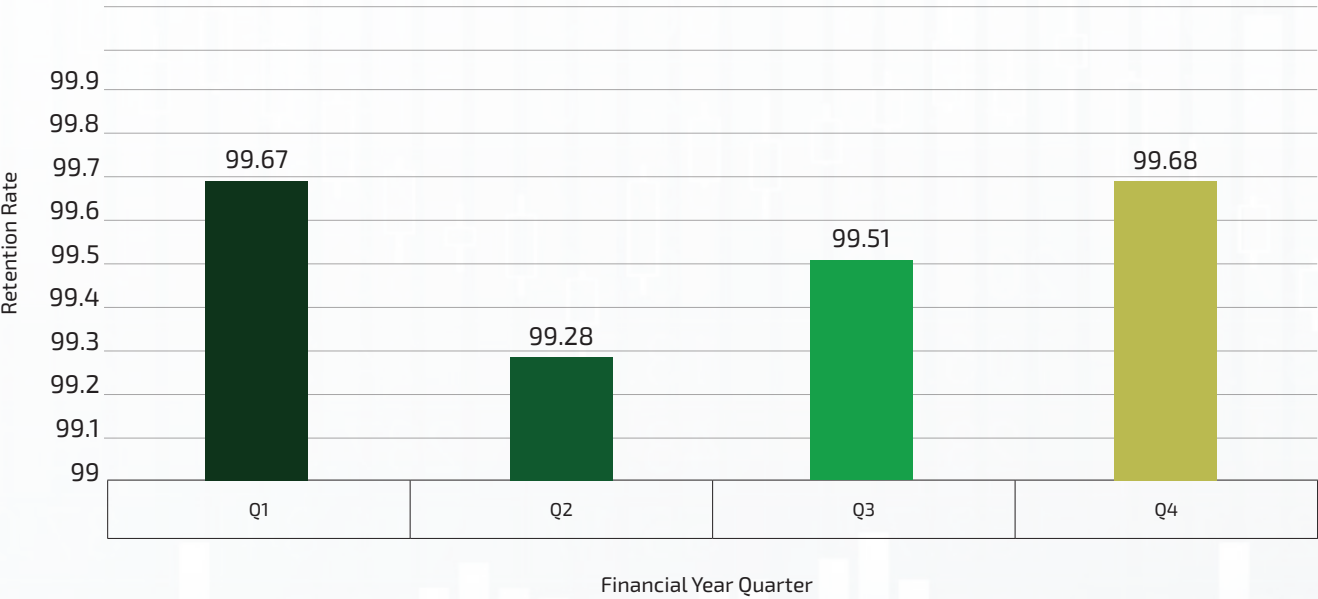
High Benefit Plan which contributed **70.3%** of the total growth. The Standard Benefit Plan also recorded growth while the Premium Plan experienced a slight decline. Overall, the growth reflects strong performance in the High and Standard Plans.

The significant increase in grandchild dependants demonstrates a growing demand for extended family healthcare support. BPOMAS continues to monitor membership trends, strengthen member value propositions, and identify opportunities to sustain growth while addressing areas requiring improvement.

8.0 Retention and Attrition Analysis

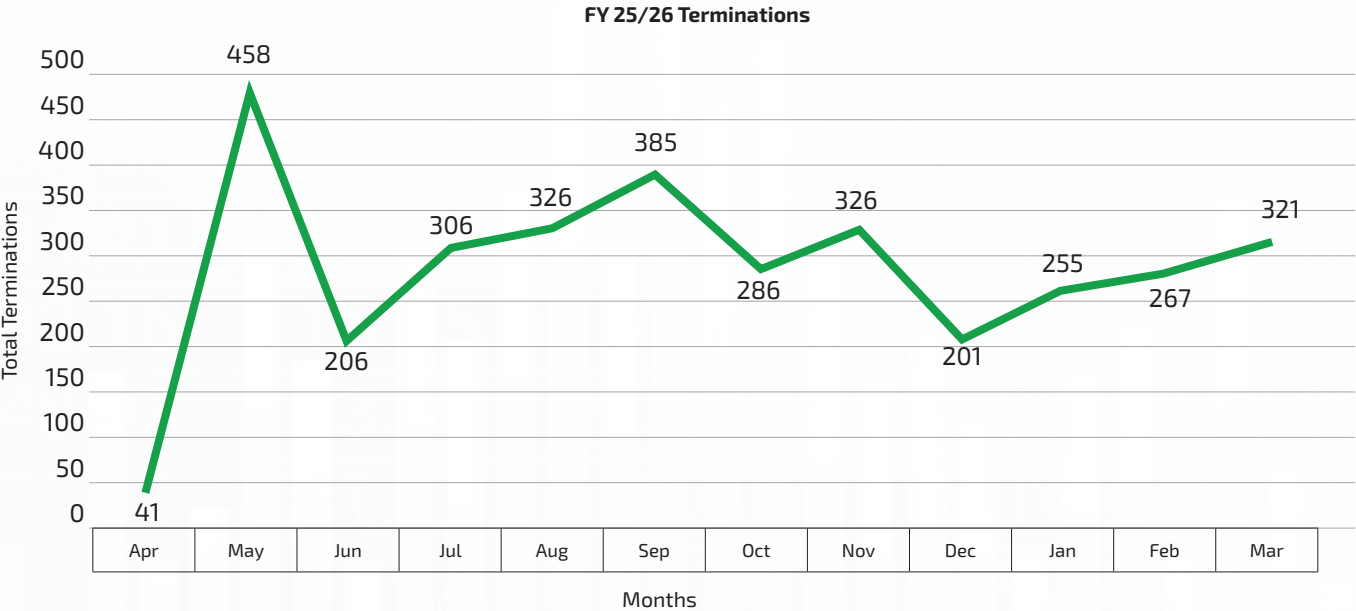
The analysis of client retention for the financial year reveals consistent trends across all four quarters, highlighting both the stability and fluctuations in membership levels.

Fig 2. Quarterly Retention Analysis – FY25/26



8.1 Suspensions & Terminations

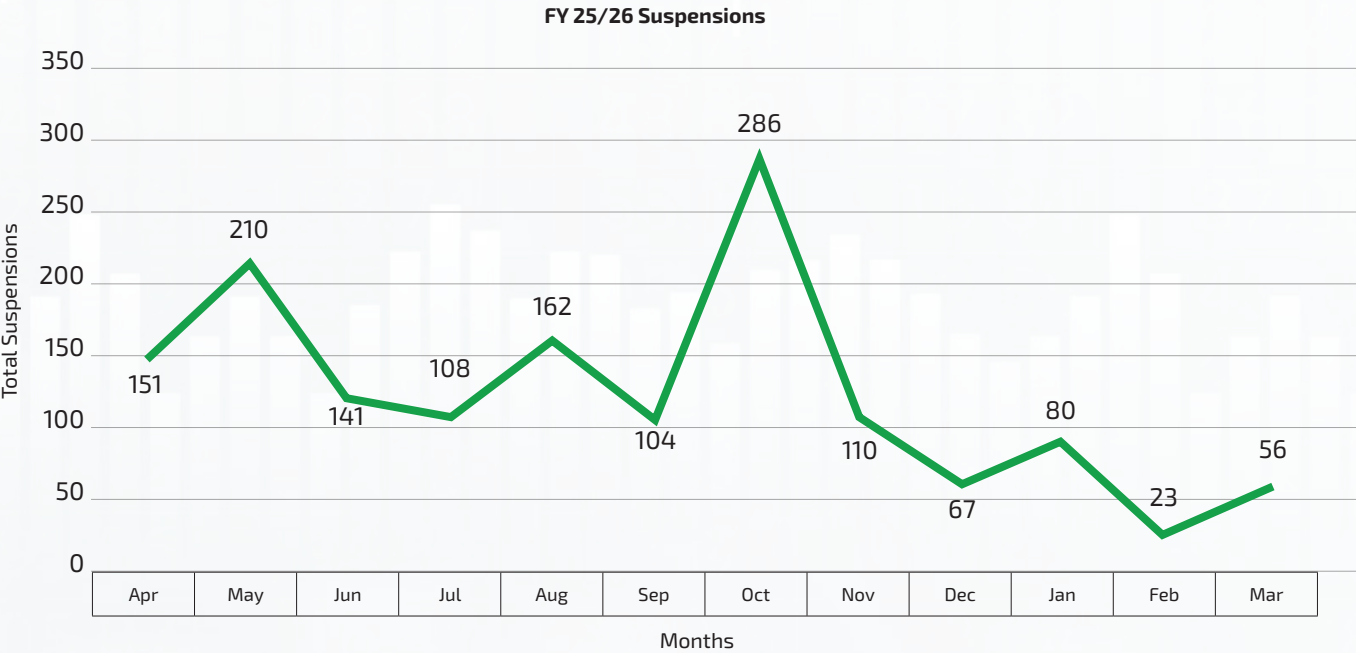
Terminations



The Scheme experienced fluctuating termination levels during **FY25/26**, with the highest terminations recorded in May (**458** members) and the lowest in April (**41** members). Following the May spike, terminations normalized but remained variable throughout the year, with notable increases in September and November. Although termination levels decreased towards December, a gradual upward trend emerged during the final quarter, culminating in **321** terminations in March.

The increase in member terminations was primarily driven by an increase in Scheme contributions, which affected affordability for some members and led to a higher-than-usual number of cancellations. Although terminations remained elevated in subsequent months, the May peak appears to have been a direct response to the contribution adjustment.

Suspensions



The Scheme recorded fluctuating suspension levels during **FY25/26**, with the highest number of suspensions recorded in **October 2025 (286 members)** and the lowest in **February 2026 (23 members)**. While suspension levels were elevated during the first half of the year due to the Administrator's clean-up project for both principal and individual memberships, a notable downward trend emerged after October 2025, resulting in fewer suspensions during the latter part of the financial year. This trend reflected an overall improvement in membership contribution adherence and account management.

9.0 Customer Experience

9.1 Botswana Consumer Fair

BPOMAS participated in the **2025 Botswana Consumer Fair (25–31 August 2025)** as part of its customer engagement and brand awareness efforts. The event enabled the Scheme to engage active/prospective members, employers, and the public — promoting products, digital services, and wellness initiatives, while responding to enquiries and conducting health screenings. The event also generated membership leads and strengthened stakeholder relationships. BPOMAS received an award for winning the Health Care - Medical Aid Services category for the third consecutive year.

9.2 Customer Service Week

The Scheme celebrated its inaugural Customer Service Week in **October 2025**, under the global theme **"Mission: Possible."** The week combined member engagement activities with employee appreciation initiatives, reinforcing the Scheme's commitment to service excellence and customer-centricity while recognising staff contributions to delivering strong member experiences.

9.3 Random Acts of Kindness

As part of its Corporate Social Investment programme, BPOMAS continued its Random Acts of Kindness initiative by visiting members undergoing renal and oncology treatment at Sidilega Private Hospital and Riverside Hospital. Through care hampers and personal engagement, the initiative demonstrated compassion and reinforced the Scheme's commitment to member-centred care.

9.4 Service Excellence Awards

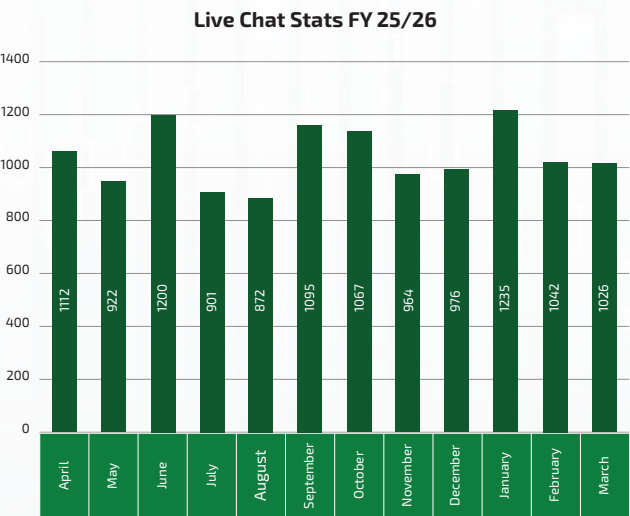
BPOMAS was nominated for the **2024/2025 Botswana Service Excellence Awards**, hosted by the Chartered Institute of Customer Management (CICM), with the ceremony held on **07 November 2025**. The awards gave the Scheme an opportunity to benchmark its service delivery and strengthen stakeholder relationships. BPOMAS was recognised as First Runner-Up in the Health Insurance Sector.

As part of the Scheme's customer engagement strategy, BPOMAS maintained regular communication with members through multiple channels including the Scheme's website, social media platforms, email, SMS notifications and customer support services. These channels ensured that members remained well informed about their benefits, wellness programmes, and Scheme developments.

To further improve accessibility and convenience, BPOMAS continued to invest in digital self-service solutions. The BPOMAS mobile app was setup to enable members to access their membership cards electronically, view benefit balances, track claims, and conveniently access Scheme information at any time.

10. Outlook and Strategic Priorities

The Live Chat platform was introduced to provide members with a convenient and efficient digital channel for accessing BPOMAS services in real time. It enables members to make enquiries, obtain information on benefits and claims, receive assistance with membership-related matters. The platform enhances accessibility, improves response times, and supports BPOMAS' commitment to delivering efficient, member-centred digital services.



Based on the chart, the live chat platform maintained consistently high interaction volumes throughout **FY 2025/26**, demonstrating that it remains a key digital service channel for BPOMAS members. The monthly interactions ranged from approximately **870** to **1,230**, with only moderate fluctuations during the year.

11.0 Key Membership Risks and Mitigation Measures

KEY RISK	POTENTIAL IMPACT	MITIGATION
MEMBER AFFORDABILITY	Rising economic pressures may result in increased resignations and reduced contribution income, affecting the Scheme's financial sustainability.	The Scheme continues to allow benefit option downgrades during approved windows, enabling members to remain on cover while selecting more affordable options.
SLOWER MEMBERSHIP GROWTH	Slower acquisition levels may weaken contribution income and reduce the strength of the Scheme's risk pool.	BPOMAS continues to strengthen employer engagement through, Mobile Office initiatives, stakeholder education, and targeted acquisition campaigns to attract and retain members.
AGEING MEMBERSHIP PROFILE	An older membership base may increase claims utilisation and healthcare expenditure over time.	The Scheme continues to target younger public officers through employer engagement and awareness campaigns while maintaining benefit offerings that meet the needs of existing members.
DIGITAL ADOPTION	Low utilisation of digital platforms may reduce service efficiency and member convenience.	Continued promotion of the BPOMAS Mobile App and Live Chat services through stakeholder engagements and digital awareness campaigns via Social Media Platforms.

12.0 Outlook and Strategic Priorities

Employer groups remain a cornerstone of our growth strategy. While we continue to expand into parastatals, we are equally focused on reinforcing relationships with our existing large employer groups such as Botswana Prisons, Botswana Police Services and the Botswana Defence Force. By deepening engagement and key account management, the Scheme will strengthen loyalty and ensure sustainable membership growth.

The launch of the BPOMAS App marks a significant step forward in our digital transformation journey. By reinforcing digital engagement, the Scheme ensures that members enjoy faster, more convenient and innovative service. The app not only improves efficiency but also strengthens our competitive positioning.

The Scheme will therefore increase efforts in encouraging members to utilize this application through both social media and in-person stakeholder engagements.

13.0 Conclusion

The 2025/26 financial year marked an important milestone in the Scheme's membership journey. Through sustained employer engagement, targeted acquisition initiatives and strong member retention, BPOMAS successfully reversed the decline experienced in the previous financial year and achieved positive membership growth. While opportunities remain to attract younger members, diversify benefit option uptake and strengthen digital engagement, the Scheme is well positioned to build on this momentum and continue delivering sustainable growth and value to members.

Other Healthcare Indicators

INDICATOR	2024/ 2025	2025/ 2026	PERCENTAGE MOVEMENT	COMMENT
Average age of principal members	47	47	0.00%	Stable age profile, indicating no significant change in the age profile
Average age of all beneficiaries	33	33	0.00%	Stable ageing population
Percentage of pensioners	8.1	7.58%	-6.40%	The proportion of pensioners slightly decreased, reflecting changes in the composition of the Scheme's membership.
Beneficiaries registered on NCD benefit management program	22,020	24 777	12.50%	Continued growth in members registered for NCD management.
Number of GP visits	370,492	372,266	0.50%	GP utilisation recorded a marginal increase, largely remaining the same YoY.
Number of Hospital Admissions	9390	8,670	-7.70%	Hospital admissions decreased, coinciding with GP utilisation increase
Admission rate per 1000 lives covered	3.9	3.8	-2.60%	The admission rate declined slightly, supporting the reduction in overall hospital admissions
Hospital average length of stay (LOS)	2.62	2.87	9.50%	The increase in average length of stay suggests that the cases requiring admission may be more complex
Number of maternity cases	1225	822	-32.90%	A significant reduction in maternity cases suggesting fewer pregnancies during the period.
C-Sections as percent of maternity cases	80.49%	68.00%	-15.50%	The rate declined significantly, coinciding with a reduction in maternity cases and indicating a positive shift in maternity utilisation.
Number of emergency medical cases(evacuation/reponses)	1267	1232	-2.80%	The reduction may indicate fewer emergency cases for this period.
Funeral Benefit Usage	4,426,450	4,168,050.00	-5.84%	A significant decrease of claims in December was noted

Corporate Governance Report



Overview



During the financial year ended 31 March 2026, the Scheme continued to strengthen its governance framework through the application of the principles of ethical leadership, accountability, transparency, integrity and responsible corporate citizenship in line with King IV Code of Corporate Governance. The Management Committee (ManCo), as the governing body of the Scheme, exercised its oversight responsibilities in accordance with the BPOMAS Rules, the ManCo Charter and approved governance policies and frameworks.

BPOMAS continues to apply the principles of the King IV (while preparing to adopt King V) and remains committed to adopting the Botswana PULA Code of Corporate Governance for Public Interest Entities once fully operational under the Financial Reporting Regulations, 2021. This demonstrates the Scheme's commitment to aligning its governance practices with recognised international and national governance standards.

Commitment to Good Corporate Governance

BPOMAS conducts its operations in accordance with internationally recognised principles of good corporate governance and sound business practice. The Scheme remains committed to operating ethically, responsibly and transparently while balancing the interests of members, regulators, employees, healthcare providers, suppliers and other stakeholders.

The Scheme continues to maintain constructive engagement with regulators and governance institutions, including:

- Non-Bank Financial Institutions Regulatory Authority (NBFIRA);
- Financial Intelligence Agency (FIA);
- Botswana Accountancy Oversight Authority (BAOA);
- Registrar of Societies (RoS);
- Companies and Intellectual Property Authority (CIPA); and other relevant statutory bodies.

During the reporting period, significant emphasis continued to be placed on maintaining compliance with applicable legislation and regulatory requirements, including the Financial Intelligence Act, the Data Protection Act, the Financial Reporting Act, the NBFIRA Act, the Societies Act and other legislation captured within the Compliance Risk Management Plan (CRMP). The Scheme also continued strengthening its governance practices through regular policy reviews, improved compliance monitoring, enhanced enterprise risk management, strengthened Anti-Money Laundering, Counter Financing of Terrorism and Counter Proliferation Financing (AML/CFT/CPF) controls and continuous monitoring of governance effectiveness.

Governance Framework

BPOMAS operates within an integrated governance framework designed to ensure effective oversight, responsible decision-making and sustainable value creation. The governance framework comprises, among others:

- BPOMAS Rules;
- ManCo Charter;
- Sub-Committee Terms of Reference;
- Delegation of Authority Framework;
- Enterprise Risk Management Framework;
- Compliance Risk Management Plan (CRMP);
- AML/CFT Policy/Framework;
- Risk Management System and Compliance Programme (RMSCP);
- Business Continuity Management Framework;
- Information and Communication Technology Governance Framework;
- Code of Conduct and Ethics.

Corporate Governance Report continued...

The governance framework supports the Scheme in achieving its strategic objectives while promoting ethical conduct, effective internal control, prudent risk management and regulatory compliance. Governance instruments continue to be reviewed periodically to ensure alignment with legislative developments, evolving governance expectations and organisational requirements. During the reporting period, the review of governance policies continued to ensure relevance and effectiveness.

Ethical Leadership and Corporate Governance

The ManCo recognises that ethical leadership is fundamental to effective governance and sustainable organisational performance. ManCo continues to promote an ethical organisational culture through:

- responsible leadership;
- transparency in decision-making;
- accountability at all organisational levels;
- integrity in conducting Scheme business;
- annual declarations of conflicts of interest;
- compliance with the Code of Conduct and Ethics; and
- continuous oversight of governance, risk and compliance matters.

Ethical leadership remains embedded throughout governance structures and decision-making processes, enabling the Scheme to maintain stakeholder confidence while supporting responsible corporate citizenship. The HR, Social and Ethics Sub-Committee is responsible for overseeing and enforcing ethical leadership across the BPOMAS Group.

ManCo Composition and Effectiveness

The ManCo is the governing body responsible for directing and controlling the affairs of BPOMAS. It provides strategic leadership, approves organisational strategy, oversees financial sustainability, ensures effective governance and monitors organisational performance. In fulfilling its fiduciary responsibilities, ManCo exercises oversight over strategic direction; corporate governance; financial stewardship; enterprise risk management; regulatory compliance; information and technology governance; organisational ethics; stakeholder engagement; and executive performance.

Operational management of the Scheme is delegated to the Principal Officer, who serves as Chief Executive Officer. The Principal Officer is responsible for implementing ManCo decisions, executing approved strategies and managing the day-to-day operations of the Scheme, supported by an Executive Management, while remaining accountable to ManCo. To ensure effective governance of the Scheme, members of the ManCo undergo a fit and proper assessment through a vetting process by NBFIRA before appointment.

The ManCo was constituted as per Table 1 below for the financial year 2025/26:

Table 1: ManCo Members

1.	Mr Morebodi Jamba	Independent - Chairperson
2.	Ms Onalethata Lebotse	Botswana Public Employees Union (BOPEU) - Vice Chairperson
3.	Ms Seabo Keorapetse	Ministry of Finance
4.	Mr Kumbulani Munamati	Independent member
5.	Ms Tebogo Matshitse	Directorate of Public Service Management (DPSM)
6.	Ms Agnes Tokwe	Disciplinary Forces (Botswana Police Service)
7.	Dr Harvey Molope (alternate to Ms Agnes Tokwe)	Disciplinary Forces (Botswana Defence Force)
8.	Mr Thatayaone Kesebonye (term expired in July 2025)	Botswana Land Board Local Authorities and Health Workers Union (BLLAHWU)
9.	Mr Motshidisi Mafoko (alternate to Mr Thatayaone Kesebonye – term expired in July 2025)	Botswana Land Board Local Authorities and Health Workers Union (BLLAHWU)
10.	Ms Grace Ntereke (alternate to Ms Seabo Keorapetse)	Ministry of Finance
11.	Ms Olebogeng Nnyana Yane (alternate to Ms Tebogo Matshitse)	Directorate of Public Service Management (DPSM)

Sub-Committees

While retaining overall accountability for governance, ManCo delegates specific responsibilities to Sub-Committees in accordance with approved Terms of Reference. These Sub-Committees enable detailed consideration of matters within their respective mandates while ensuring recommendations are presented to ManCo for approval where appropriate. The governance structure promotes independent judgement; segregation of responsibilities; effective oversight; transparency and timely decision-making. Each Sub-Committee reports quarterly to ManCo on activities undertaken, key decisions, emerging risks and matters requiring ManCo consideration. Currently the following Sub-Committees are in place: The governance structure promotes:

- Finance, Audit, Risk and Compliance Sub-Committee (FARC);

- Investment Sub-Committee (ISC);
- Human Resource, Social & Ethics Sub-Committee (HRSE); and
- Procurement Sub-Committee.

It is worth noting that terms of appointment of ManCo members on Sub-Committees (ie. those representing ManCo at sub-committee level) are tied to their appointment on ManCo, therefore their membership on Sub-Committees automatically ceases when their membership on ManCo ceases.

MEETINGS

ManCo Meetings

In line with the ManCo Charter, ManCo meets on a quarterly basis to consider quarterly reports and strategic issues of the Group. However, the Chairperson may convene a special meeting or upon requisition by a majority of the ManCo members, should the need arise, provided the matters to be discussed are clearly stated in the request. The ManCo held sixteen (16) meetings during the financial year. The meetings included quarterly meetings and special meetings, strategy retreats and trainings. All meetings were attended exceptionally well with an average of one (1) apology per meeting throughout the year.

Remuneration for ManCo and Sub-Committees

ManCo

Following the review of sitting allowances resolution dated 09 December 2022 AGM, all ManCo members are paid sitting allowance at a rate of **P7,500** (Seven Thousand Five Hundred Pula) and **P5,000** (Five Thousand Pula) for the Chairperson and Members respectively. The total remuneration for ManCo as at **March 2026** was **P815,500** compared to **P1,023,500** in **March 2025**. For the whole year, a total of was paid in sitting allowances.

Member	Attendance Pattern*	Total ●	Total ●	Attendance %
M Jamba	● × 16	16	0	100%
O Lebotse	● × 16	16	0	100%
M Ramotsababa	● × 15 ● × 1	15	1	94%
K Munamati	● × 14 ● × 2	14	2	88%
T Matshitse O Yane (Alt)	● × 16	16	0	100%
S Keorapetse G Ntereke (Alt)	● × 14 ● × 2	14	2	88%
A Tokwe H Molope (Alt)	● × 9 ● × 7	16	9	57%
T Kesebonye (Term ended) M Mafoko (Alt- Term ended)	● × 4 ● × 16	4	12	25%

Legend	
Present	●
Absent	●
Alternate Member	(Alt)

Investment Sub-Committee (ISC)

Table 2: ISC Members

Member	Representing
Mr Reuben Morapedi	Chairperson (Independent)
Ms Seabo Keorapetse (Alternate: Ms Grace Ntereke)	ManCo
Mr Thabo Mzwini	Independent
Mr Kumbulani Munamati	Independent
Mr Thulaganyo Molebatsi	Ex-Officio

The Investment Sub-Committee consists of five (5) members as shown on Table 2 above, one of which is an ex-officio member and is not entitled to a sitting allowance. One of the mandates of the ISC is to develop and implement investment objectives, policies, strategies and procedures. The ISC meets on a quarterly basis to execute its mandate. The ISC members eligible for remuneration were paid sitting allowance at a rate of **P6, 500** (Six Thousand Five Hundred Pula) and **P5,000** (Five Thousand Pula) for the Chairperson and members respectively, for quarterly meetings, special meetings and workshops/training. The total remuneration of the ISC as at March 2026 was **P143,000** compared to **P92,900** in March 2025.

Meeting Attendance

Member	Attendance Pattern*	Total ●	Total ●	Attendance %
R Morapedi	● ● ● ● ● ●	6	0	100%
K Munamati	● ● ● ● ● ●	4	2	67%
S Keorapetse G Ntereke (Alt)	● ● ● ● ● ●	5	6	83%
T Molebatsi	● ● ● ● ● ●	6	0	100%
T Mzwini	● ● ● ● ● ●	4	2	67%

Finance, Audit, Risk & Compliance Sub-Committee (FARC)

The Finance, Audit, Risk and Compliance Sub-Committee is among others responsible for monitoring the financial performance of the Scheme as a whole and its major business lines against approved budgets, long term trends and industry benchmarks. The FARC also oversees the Actuarial Services, Internal and External Auditors as well as Risk and Compliance management.

ENTERPRISE RISK MANAGEMENT



RISK MANAGEMENT

The Scheme is committed to implementing the process by which strategic, operational and project risks are identified, communicated, monitored, and regularly reported, as appropriate. To facilitate this, an Enterprise Risk management (ERM) Framework has been developed for BPOMAS to systematically identify, monitor, and manage risks. The ERM framework aligns with among others, the BOS ISO 31000:2018, Risk Management - Principle and Guidelines, Committee of Sponsoring Organizations (COSO) Risk Management Framework, **2004**, the King IV Report on Governance, the Botswana Financial Reporting Act - Amendment **2020** and other best risk management standards of practice. The Enterprise Risk Management (ERM) Framework reinforces the importance of a risk culture embedded in strategy formulation, execution, performance measurement and reporting.

The FARC oversees implementation of the Risk Management Framework through quarterly reporting. The Sub-Committee appraises the ManCo through elements of the ERM Framework such as the Risk Register, Top 10 Risk, Risk Profile as well the Key Risk Indicators report for monitoring the level of strategic risk taking across BPOMAS.



RISK MANAGEMENT CULTURE AND RESPONSIBILITIES

The Enterprise Risk Management Framework requires a risk management culture and awareness that permeates throughout BPOMAS. The management of risks is the responsibility of management. Risk owners use this framework to assist in identifying, measuring, analysing, monitoring, and reporting on risk. The Management Committee has the ultimate responsibility to oversee the risk management process.



BUSINESS CONTINUITY MANAGEMENT

ManCo has approved a Business Continuity Management Framework; cascaded through a (4) pronged approach that encapsulates the Emergency Response Planning (ERP), Crisis Communication Planning (CCP), Disaster Recovery Planning (DRP) and the Business Continuity Plan (BCP) in line with ISO 22301:2019 Business Continuity Management Standard. Business Continuity Management risk is continuously monitored and reported to the ManCo as appropriate.

TOP RISKS

The Scheme identifies key risks that materially influence its risk profile and ability to achieve strategic objectives. These risks are assessed, prioritised, and escalated through a structured process, with quarterly updates provided to ManCo via the Risk Register and Top 10 Risks Report.

Corporate Governance Report continued...

The principal risks for the reporting period were as follows:

				
RISK DESCRIPTION	RISK DESCRIPTION	RISK DESCRIPTION	RISK DESCRIPTION	RISK DESCRIPTION
Failure to collect enough subscriptions to fund business operations	Unsustainable Increase in Health Care Costs (HCC's)	Regulatory Compliance Risk	Poor Corporate Image by Key Stakeholders	Failure to Diversify Revenue
SOURCE	SOURCE	SOURCE	SOURCE	SOURCE
• Government Budgetary constraint • Late payments of Contributions	• Fraud Waste & Abuse (FWA) • Lack of Pricing regulation	• Legislative and Regulatory changes (e.g. Data Protection & AML Compliance) • Member KYC Non-Compliance	• Customer complaints from members and service providers following change of Administration.	• Product Development Constraints
MITIGATION	MITIGATION	MITIGATION	MITIGATION	MITIGATION
Continuous engagement of the Government and other key stakeholders.	Introduction of Health Risk Management and FWA initiatives	- Compliance Risk Management Planning monitoring and development of policies. - Continued enforcement of Member compliance.	- Intensified stakeholder engagement. - Intensified Customer Experience initiatives. - Change Management initiatives	- Product research and development Strategies - Implementation of the BPOMAS diversification strategy.
RATING	RATING	RATING	RATING	RATING

Legend

RISK RATING	RISK RATING	RISK RATING
HIGH	MEDIUM	LOW
(Assessment) Unacceptable	(Assessment) Acceptable with caution	(Assessment) Acceptable
(Required Management Action) Immediate implementation of corrective action plans	(Required Management Action) Address process gaps and monitoring of existing controls	(Required Management Action) Validation and optimization of controls



REGULATORY COMPLIANCE AND GOVERNANCE

Compliance with applicable legislation remains an integral component of the Scheme's governance framework and contributes to maintaining stakeholder confidence and organisational sustainability. The Compliance Risk Management Plan (CRMP) continues to serve as the primary mechanism for identifying, monitoring and reporting legislative compliance obligations across the Scheme. During the reporting period, the CRMP was further enhanced through the inclusion and monitoring of legislation including the Data Protection Act, NBFIRA Act, Financial Reporting Act, Companies Act, Societies Act and the amended Employment Act.



NON-BANK FINANCIAL INSTITUTIONS REGULATORY AUTHORITY (NBFIRA)

The Scheme continued to comply with the governance requirements administered by NBFIRA. All newly appointed ManCo members and relevant controllers continued to undergo Fit and Proper assessments before appointment, including acting executive appointments (i.e Acting PO/CEO, Acting Head of Legal, Risk and Compliance and Acting Chief Operations Officer) during Q3 and Q4 of the reporting period. All relevant organizational changes were accordingly reported to NBFIRA. Following approval of the annual Financial Statements for the year ended **31 March 2026**, Annual Returns were accordingly filed with the regulator.

FINANCIAL INTELLIGENCE AUTHORITY (FIA)



ANTI-MONEY LAUNDERING (AML), COMBATING THE FINANCING OF TERRORISM (CFT) AND COUNTER PROLIFERATION FINANCING (CPF)

BPOMAS remains committed to protecting the integrity of the Scheme and the financial system by maintaining a robust Anti-Money Laundering, Counter Financing of Terrorism and Counter Proliferation Financing (AML/CFT/CPF) governance framework. In terms of the Financial Intelligence Act, **2022**, the Scheme is classified as a Specified Party (Accountable Institution) and is therefore required to implement appropriate governance arrangements, risk management systems and

internal controls that are proportionate to its size, complexity and risk profile. During the reporting period, BPOMAS continued to strengthen its AML/CFT governance framework through the implementation of approved policies, procedures and monitoring mechanisms designed to identify, assess, monitor and mitigate financial crime risks.

The Scheme maintains the following approved policies and procedures to manage and monitor compliance and to ensure the Scheme is protected against financial crimes:

- AML/CFT Policy;
- Risk Management System and Compliance Programme (RMSCP);
- Institutional Risk Assessment (IRA); and
- Compliance Risk Management Plan (CRMP).

The Scheme monitors compliance to the obligations set out in the Financial Intelligence Act, among them being:

Know Your Customer (KYC)

Existing Members

The Scheme continued to implement and enhance its Know Your Customer (KYC) and Anti-Money Laundering (AML) controls in accordance with the requirements of the Financial Intelligence Act, **2022** of Botswana (FI Act), including customer due diligence, customer identification and verification, beneficial ownership verification, ongoing monitoring, record-keeping, and reporting obligations where applicable. The Act requires accountable institutions, such as BPOMAS, to conduct customer due diligence and ongoing monitoring to mitigate money laundering and terrorist financing risks.

ManCo wishes to remind members that the submission of prescribed KYC documentation is a legal and regulatory requirement under the FI Act, however despite repeated requests, some members have not yet complied with these requirements. The FI Act provides and expects the Scheme not to enter into business relationships with non-compliant members and/or service providers. In that regard, members and/or service providers who fail to provide the required documentation may be subject to restriction or suspension on certain member services or any other measures deemed necessary to ensure compliance with applicable law and regulatory directives. ManCo therefore urges all affected members to submit outstanding documentations as a matter of priority to avoid any service disruption.

New Members

New members continue to be required to submit prescribed KYC documentation before activation of membership, including proof of identity, proof of address and supporting information relating to source of income and wealth.

Member Concerns with respect to KYC

Members have at previous AGMs expressed concern over the KYC requirement and that it was not always easy for them to keep submitting same required documents, sometimes by different institutions, calling for and questioning why there was no integration with other government institutions. While the KYC requirement is a legal and regulatory requirement beyond the control of the Scheme; it is necessary and intended to protect the member and the Scheme, to ensure continued service and existence. To address member concerns, the Scheme, together with the Administrator, has revised the KYC collection exercise and will in the next financial year roll out a more flexible, automated and easily accessible approach. In the interim, the Scheme has increased resources and reach to members. Members are required to send their KYC documentation (i.e proof of identity, proof of address and supporting information relating to source of income and wealth) to kyc@bpomas.co.bw or physically submit the documents to the Administrator's office in Gaborone at Lot 54349, The Fields Precinct, Block A, Ground Floor, West Wing, CBD, Gaborone or Francistown Office, 3rd Floor, Lot 44149, MVA Fund Building.

The implementation of the KYC remediation programme will remain a priority and members are urged to continue cooperating by providing the Scheme with required documentation.

Regulatory Reporting

BPOMAS continues to fulfil its statutory reporting obligations under the Financial Intelligence Act. Cash Transaction Reports (CTRs) above the prescribed reporting threshold continue to be submitted through the GoAML reporting platform, supported by daily reporting from the Administrator.

Botswana Accountancy Oversight Authority (BAOA)

Financial Reporting Act

BPOMAS and its subsidiary, BPOMAS Property Holdings (BPH), remained compliant with the requirements of the Financial Reporting Act relating to Public Interest Entity registration. Both entities continued to hold valid Public Interest Entity registration certificates during the reporting period.

Registrar Of Societies

The Scheme continued to comply with its statutory obligations under the Societies Act. Following approval of the audited Annual Financial Statements, annual returns were submitted to the Registrar as required. The successful re-registration of the Scheme under the new Societies Act remained in effect during the reporting period.

Rules (Rules Review)

Generally, and in line with Rule 40.1, the Rules shall be reviewed on an annual basis without further approval by the employer or the member. Rules changes proposed for the period form part of this AGM report as a substantive Agenda item.

GOVERNANCE OF INFORMATION AND TECHNOLOGY

The Scheme recognises that effective governance of information and technology is fundamental to achieving the Scheme's strategic objectives, protecting information assets and maintaining resilient healthcare administration systems. Consistent with King IV Principle 12, the governing body continues to oversee technology and information in a manner that supports organisational performance, risk management and sustainable value creation.

Information Security

During the reporting period, the Scheme continued strengthening its cyber security environment through ongoing vulnerability monitoring; continuous malware protection; enhanced configuration management; strengthened access controls; privileged access monitoring; security awareness training; incident response monitoring; and disaster recovery preparedness. These initiatives continue to improve organisational resilience against evolving cyber threats while supporting the integrity, confidentiality and availability of information assets.

DATA PROTECTION

Overview

During the reporting period under review, the Scheme continued to strengthen its data protection and privacy framework to safeguard members', employees', and service providers' personal and health information. Efforts were focused on compliance, risk management, awareness, and enhancement of data security controls.

Key Activities Undertaken

Data Protection Governance

Given the assent of the Data Protection Act in January 2025, the Data Protection Office continued to strengthen the Scheme's privacy governance framework to ensure the lawful and responsible processing of personal information. Key activities included reviewing and updating data protection policies, procedures, and guidelines to align with regulatory requirements and industry best practices.

Regular compliance monitoring exercises were conducted to assess adherence to data protection obligations across business units and operational processes. The Data Protection Office also provided ongoing advisory support to management and departments on privacy-related matters, ensuring that data protection considerations were incorporated into decision-making processes, new initiatives, and operational activities. This initiative improved accountability, stronger governance oversight, and enhanced regulatory compliance across the organization.

The Data Protection Office provided regular advisory support to business units on privacy and data handling matters. The principle of Privacy by Design was instilled into the business departments to ensure that with the introduction of new products, processes and delivery channels, privacy risks were taken into consideration from the onset.

Privacy Risk Management

As part of the Scheme's risk management programme, privacy risks associated with new projects, technologies, products, and business processes were assessed to identify potential impacts on personal information. Privacy Impact Assessments (PIAs) and Transfer Impact Assessments (TIAs) were conducted for initiatives involving the collection, processing, storage, or sharing of member and employee information. Recommendations were provided to mitigate identified risks and ensure that privacy requirements were incorporated from the design stage of projects.

This proactive approach supported the adoption of Privacy by Design principle, where privacy considerations were embedded into systems and processes before implementation rather than being addressed after deployment. As a result, the Scheme realised reduced privacy risks, strengthened protection of member information, and improved compliance with data protection requirements.

Breach Incident Management

The Scheme maintained established procedures for identifying,

reporting, investigating, and managing data protection incidents. The Data Protection Office monitored reported incidents, conducted investigations where necessary, and worked with relevant stakeholders to implement corrective and preventive measures.

Lessons learned from incidents and near misses were incorporated into awareness initiatives and process improvements. Incident response procedures were also periodically reviewed to ensure readiness and effective management of potential privacy breaches.

Within the period under review, the Scheme did not experience data breach incidents that were of a substantial nature to both the data subject and the Scheme at large.

Awareness and Training

Recognizing that employees play a critical role in protecting personal information, the Data Protection Office implemented awareness and education initiatives throughout the year. Training sessions were conducted to increase understanding of privacy obligations, secure information handling practices, confidentiality requirements, data breach reporting procedures, and emerging threats such as phishing and social engineering attacks.

Awareness campaigns were delivered through workshops, emails, newsletters, and targeted communications to reinforce key data protection principles and responsibilities. This initiative increased employee awareness, strengthened privacy culture, and reduced the likelihood of human-error-related privacy incidents.

Third Party and Vendor Management

Given the reliance on the administrator, service providers, healthcare providers, and other external partners, the Data Protection Office continued to assess third-party compliance with data protection requirements. Activities included reviewing contractual data protection clauses, assessing information security safeguards, and providing guidance on appropriate data-sharing arrangements. Due diligence assessments were conducted to evaluate the adequacy of controls implemented by third parties that process personal information on behalf of the Scheme.

The Scheme also monitored compliance with confidentiality obligations and data processing agreements to ensure that member information remained protected throughout the data processing lifecycle.

Data Subject Rights Management

The Scheme continued to facilitate the exercise of data subject rights, including requests for access to personal information, correction of inaccurate records, and other privacy-related enquiries.

The Data Protection Office worked with relevant departments to ensure requests were processed within prescribed timelines and in accordance with legal requirements. Processes were continuously reviewed to improve efficiency and transparency in responding to members and stakeholders. This resulted in improved member trust, transparency, and accountability in the management of personal information.

Third Party and Vendor Management

The Data Protection Office continued to work closely with Information Security, Risk Management, Internal Audit, and Compliance functions to strengthen the organization's overall data protection posture. Joint activities included risk assessments, control reviews, security awareness initiatives, vulnerability management discussions, and oversight of

information governance practices. This collaborative approach helped ensure that privacy and security risks were managed in an integrated and effective manner whilst supporting effective organisational governance.

BPOMAS remains committed to protecting personal information entrusted to the Scheme by members, employees, healthcare providers and other stakeholders.

MANCO GOVERNANCE

As already reported, ManCo is the custodian of Corporate Governance. As is required by King Reports, ManCo "acts as the focal point of Corporate Governance" and they must "set the tone at the top" with the starting point being the Board Charter. In addition to the Board Charter (ManCo Charter), which sets out, among others, the roles and responsibilities of ManCo, ManCo has in place good governance structures, frameworks and policies to assist in the achievement of the Scheme strategy. Below is a table that shows performance of the Scheme against the Principles of the King IV Report and efforts for continuous improvement:

Table 7: King IV Gap Analysis

PRINCIPLES	STATUS	APPLY AND EXPLAIN
PART 5.1: LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP		
LEADERSHIP		
Principle 1: The governing body should lead ethically and effectively		Compliant: In terms of the Scheme Rules the ManCo members are expected to act in good faith and in the best interest of the Scheme in making their decisions and avoid conflict of interests at all costs. All Manco members before appointment underwent a fit and proper test by the Regulator. ManCo has adopted a Code of Conduct and Ethics Policy. ManCo evaluations are also carried out and cover accountability and governance principles/practices and ManCo involvement.
ORGANISATIONAL ETHICS		
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.		Compliant: ManCo is guided by the Rules and Code of Conduct and Ethics Policy. ManCo sets the tone at the top; declares Conflict of Interests annually and at the beginning of each meeting in relation to the Agenda. ManCo has since (July 2025) combined the Social and Ethics Committee with the Nominations, Remuneration, Social and Ethics Sub-Committee and renamed the Committee the HR, Social and Ethics Sub-Committee. The Committees are at Group Level.
RESPONSIBLE CORPORATE CITIZENSHIP		
Principle 3: The governing body should ensure that the organisation is, and is seen to be a responsible corporate citizen.		Compliant: The Group has a Corporate Social Responsibility Policy in place and follows it in assisting those in need in the community with a view to being a good corporate citizen.

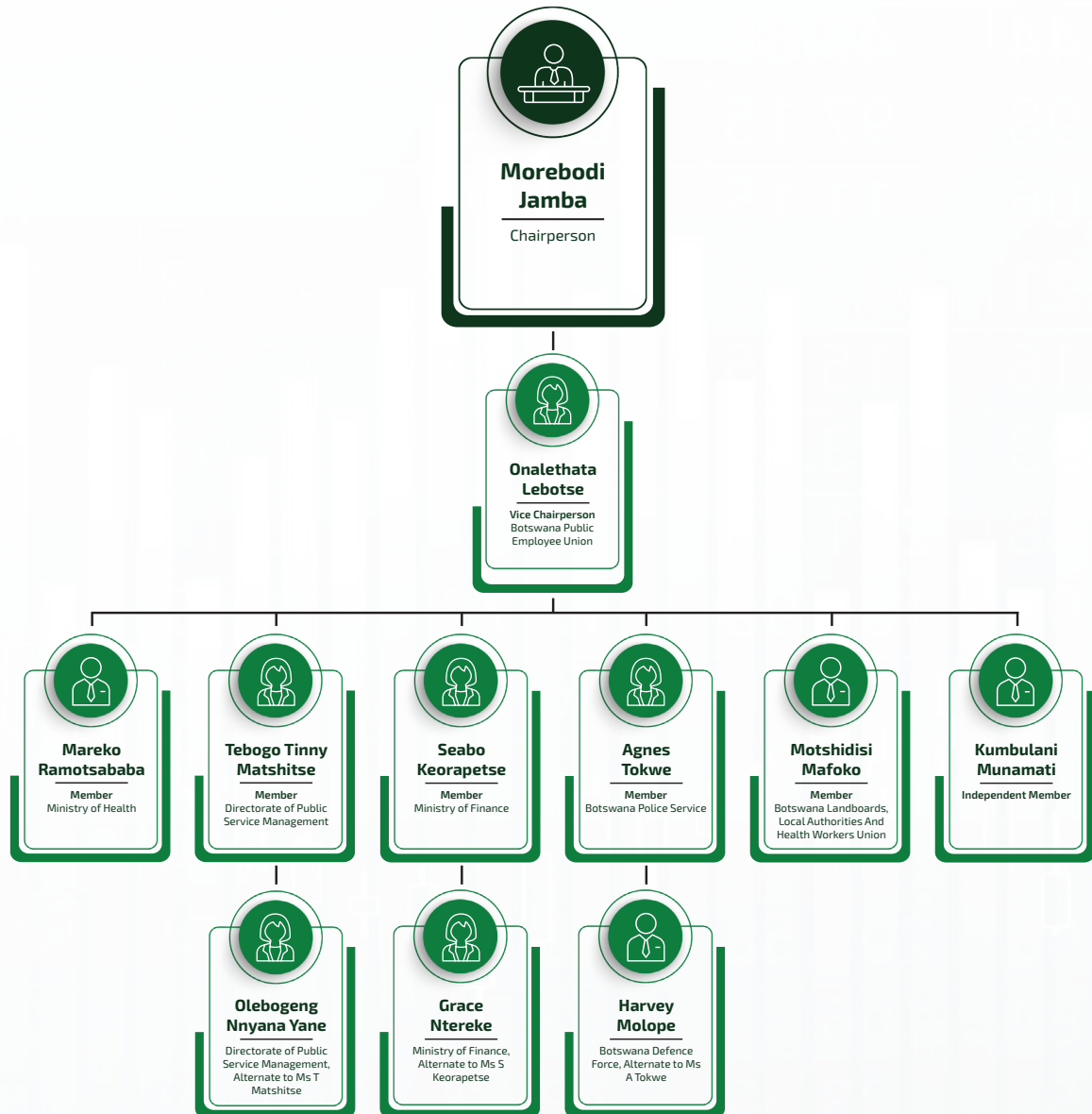
PART 5.2: STRATEGY, PERFORMANCE AND REPORTING		
STRATEGY AND PERFORMANCE		
Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	✓	Compliant: The Group's strategic objectives, priorities and risks are documented in the Strategy Document and Risk Framework. ManCo receives and considers regular (quarterly) reports on performance against Strategy as well as Risk assessment.
REPORTING		
Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.	✓	Compliant: The Audited Annual Financial Statements (AFS) of the Scheme are published in the Annual Report and presented to members at the Annual General Meeting (AGM). AGM reports go beyond presentation of AFS, but also report on performance against the Scheme's objectives. AGM reports covering Scheme financials as well as Scheme Rules are available on the Scheme website and for viewing at the Scheme office as and when requested by members.
PART 5.3: GOVERNING STRUCTURES AND DELEGATION		
PRIMARY ROLE AND RESPONSIBILITIES OF THE GOVERNING BODY		
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.	✓	Compliant: The ManCo sets the tone at the top and is committed to the corporate governance principles contained within King IV and applies them in the Scheme Policies and Frameworks as necessary.
COMPOSITION OF THE GOVERNING BODY		
Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	✓	Partially Compliant: The ManCo consists of not more than eight (8) members appointed by the Appointing Authority, six (6) of whom are representatives of critically essential major stakeholders and two (2) independent members with required skills, appointed by the Appointing Authority from time to time. The Scheme Rules provide for appropriate balance of knowledge, skills and experience requiring among others, skills in the area of Economics, Law, health services and Finance. While the requirement is to have a majority of members being independent members, considering the nature of the Scheme i.e medical aid Scheme established by a presidential directive, mainly for public servants; further engagements are necessary and will be undertaken and reported to the members at the next AGM. It is worth noting however that, majority of members of Sub-Committees are independent members.
COMMITTEES OF THE GOVERNING BODY		
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	✓	Compliant: Without abdicating its own overall responsibility, the ManCo delegates certain functions to sub-committees All sub-committees are governed by ManCo approved Terms of Reference). All the Sub-Committees report quarterly to ManCo. Majority of members of sub-committees are independent members. A Delegation of Authority Framework is in place to govern Delegation of Authority.

Corporate Governance Report continued...

PRINCIPLES	STATUS	APPLY AND EXPLAIN
EVALUATIONS OF THE PERFORMANCE OF THE GOVERNING BODY		
Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chairperson and its individual members, support continued improvement in its performance and effectiveness.	✓	Compliant: A formal evaluation of the ManCo and the individual members was initially done by an independent consultant. Evaluation was done during 2024/25. The evaluation was repeated during the 2025/26 financial year following departure of some members and/or incomplete responses. No significant concerns were identified during the evaluations.
APPOINTMENT AND DELEGATION TO MANAGEMENT		
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	✓	Compliant: The Scheme appointed a Principal Officer/CEO in 2016 and an Executive Office/Management subsequently established. A framework for delegation of authority was adopted and to provide role clarity and set out all authorities and/or signatories. ManCo approved an ExCo Charter to guide executive management in execution of their responsibilities.
PART 5.4: GOVERNANCE FUNCTIONAL AREAS		
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	✓	Compliant: The ManCo is responsible for the governance of risk in terms of the ERM Framework. The Finance, Audit, Risk & Compliance Sub-Committee is mandated to oversee the Group risk management and report to the ManCo on a quarterly basis.
TECHNOLOGY AND INFORMATION GOVERNANCE		
Principle 12: The governing body should govern technology and information in a way that supports the organization setting and achieving its strategic objectives.	✓	Compliant: The Group has approved an ICT Strategy with a view to achieving this strategic objective. The Group IT Governance is reported to the Finance, Audit, Risk & Compliance Sub-Committee who report to ManCo and the subsidiary Board on a quarterly basis.
COMPLIANCE GOVERNANCE		
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	✓	Compliant: Applicable laws are identified and tracked and changes in relevant legislation monitored and reported to the Finance, Audit, Risk & Compliance Sub-Committee who report to ManCo and the subsidiary Board under the Governance Report. A Compliance Risk Management Plan has been developed and monitors compliance risk. The King Code of Corporate Governance as well as the PULA Corporate Governance Code have been adopted as guiding tools.
REMUNERATION GOVERNANCE		
Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	✓	Compliant: ManCo, Board and Sub-Committee' remuneration is benchmarked against appropriate and relevant remuneration scales and guided by the Remuneration Policy. The remuneration is disclosed in the AGM Report, under the Governance Report section and the AFS. The remuneration is fair, responsible and transparent and approved by the members.
Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	✓	Compliant: The Finance, Audit, Risk & Compliance Sub-Committee evaluates and oversees the Internal and External Audit Function. The External Audit Scope includes their own quality assurance function. The Scheme also has an internal Risk and Assurance function to ensure effective control of the environment.

PRINCIPLES	STATUS	APPLY AND EXPLAIN
STAKEHOLDERS		
Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.		Compliant: Important stakeholder groups have been identified in the Stakeholder Management Plan and include members, government bodies, regulators employees, suppliers and Healthcare Providers. A Stakeholder Engagement Plan is in place and closely monitored.
RESPONSIBILITIES OF INSTITUTIONAL INVESTORS		
Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote good governance and the creation of value by the companies in which it invests.		Compliant: In terms of how the Scheme performs against this principle, the Investment Sub-Committee 's role is to set the investment policies and strategies, work with appointed asset consultants and asset managers, as well as monitor their performance against adopted investment strategies and policy. The ISC reports quarterly to ManCo and the Board.

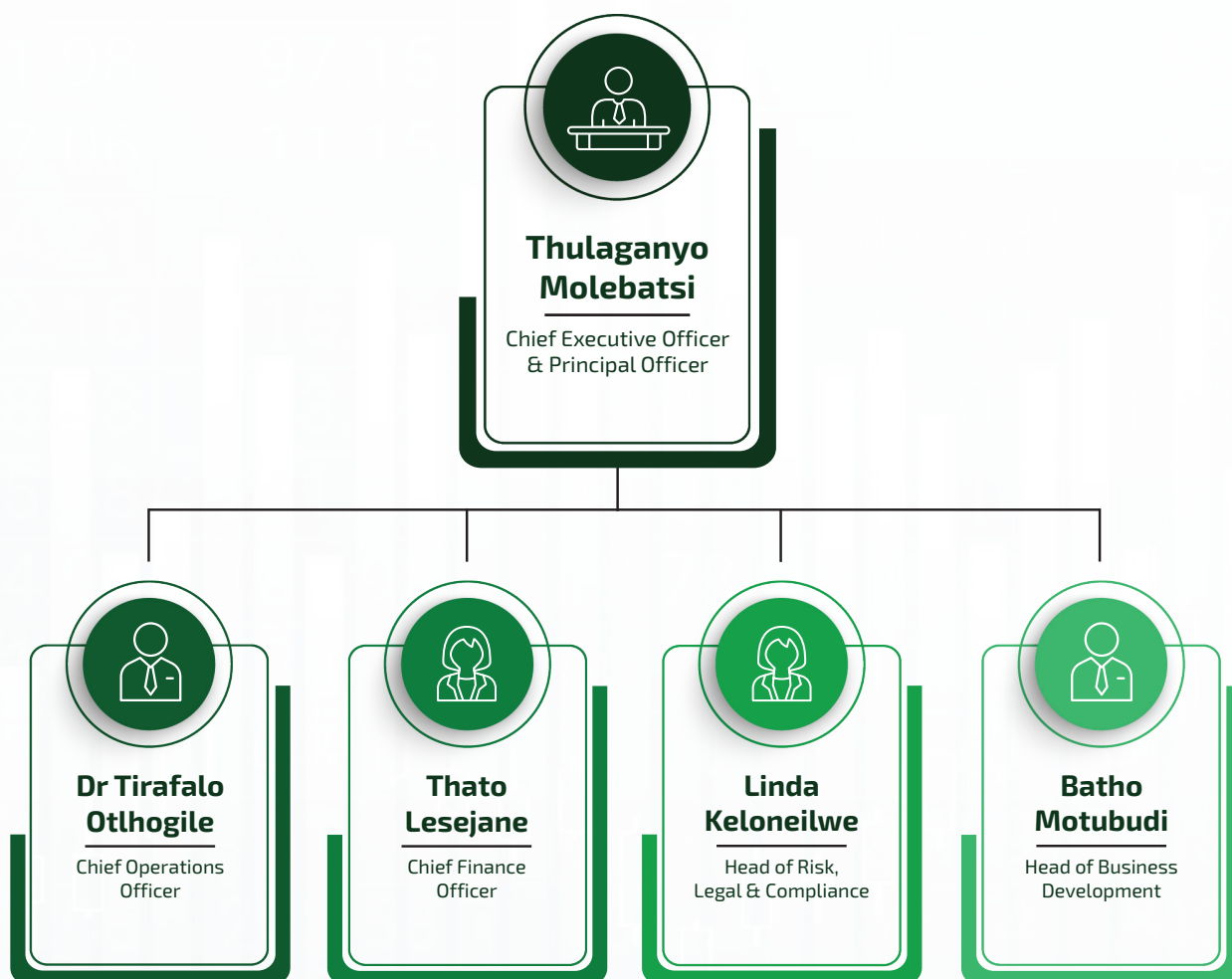
Management Committee (ManCo)



The BPOMAS Management Committee is responsible for the executive leadership and day-to-day management of the Scheme, ensuring that the strategic direction set by the Board of Trustees is effectively implemented. Led by the Chairperson, the Committee provides oversight of operational performance, financial sustainability, service delivery, risk management and regulatory compliance, while fostering a culture of accountability, innovation and service excellence. Working collaboratively across all business functions, the Management Committee translates

strategy into action by driving key initiatives that enhance member value, strengthen stakeholder relationships and improve organisational performance. Through sound governance, informed decision-making and a commitment to continuous improvement, the Committee plays a pivotal role in ensuring that BPOMAS remains a sustainable, responsive and trusted medical aid scheme, delivering quality healthcare solutions for the benefit of its members and stakeholders.

Executive Committee (ExCo)



The BPOMAS Executive Committee serves as the Scheme's senior leadership team, providing strategic direction, executive oversight and coordinated leadership across the organisation. Comprising the Chief Executive Officer/Principal Officer and Heads of Department, the Committee is responsible for translating the Management Committee's strategic objectives into actionable plans, ensuring alignment between scheme priorities, operational performance and member expectations.

The Executive Committee drives strategic initiatives, monitors organisational performance, oversees enterprise risk and resource management, and fosters a culture of innovation, accountability and collaboration. Through collective leadership and informed decision-making, the Committee ensures the effective delivery of the Scheme's mandate, strengthens organisational resilience and supports the long-term sustainability and growth of BPOMAS for the benefit of its members and stakeholders.

Connecting you to care



Stay connected with BPOMAS through our convenient and accessible communication channels. Whether you need assistance with membership, claims, authorisations, or general enquiries, we offer multiple platforms designed to serve you efficiently anytime, anywhere. Explore the channels below to find the best way to reach us.

CLIENT SERVICES

Service	Access/ Contact Details	Operating Hours/Availability
Membership Related Services	Tel: +267 316 8900 Email: clientservices@bpomas.co.bw membership@bpomas.co.bw	Monday - Friday 9am – 5pm
General Enquiries	clientservices@bpomas.co.bw	Monday - Friday 9am – 5pm
Onboarding	join@bpomas.co.bw	Monday - Friday 9am – 5pm
Complaints & Compliments	Tel: +267 316 8900 Email: feedback@bpomas.co.bw	Monday - Friday 9am – 5pm
Know Your Customer (KYC)	Tel: +316 8900 Email: kyc@bpomas.co.bw	Monday - Friday 9am – 5pm
Data Protection Related Enquiries	Tel: +267 370 2900 Email: dataprotection@bpomas.co.bw	Monday - Friday 9am – 5pm
BPOMAS Facebook Page	Botswana Public Officers' Medical Aid Scheme	Responds Monday - Friday 9am – 5pm
BPOMAS Instagram Page	bpomas_officialbw	Monday - Friday 9am – 5pm
BPOMAS YouTube Page	BpomasOfficial	Monday - Friday 9am – 5pm
BPOMAS TikTok	@bpomas_official	Monday - Friday 9am – 5pm
BPOMAS Website	www.bpomas.co.bw	Available 24 Hours
Mobile App	Available on Google Play and App Store	Available 24 Hours
Online Chat	www.bpomas.co.bw	Monday - Friday 9am – 5pm
Chronic Medication Benefit Registration	chronicmedsreg@bpomas.co.bw	Monday - Friday 9am – 5pm

SERVICE PROVIDER

Service	Access/ Contact Details	Operating Hours/Availability
Chronic Care Program (Enrolment & authorizations)	Tel: +267 316 8944 Email: diseasemanagement@bpomas.co.bw	Monday - Friday 9am – 5pm
Pharmaceutical Benefit Management (Medicine pre-authorization and price queries)	Tel: +267 316 3116 Email: preauth@mediscor.co.za	Monday - Friday 9am – 5pm
Hospital Admissions & Authorisations	Tel: +267 316 8900 Email: preauthorisations@bpomas.co.bw	Monday - Friday 9am – 5pm
Standby Hospital Admissions & Authorisations	Tel: +267 77 925 107 Email: preauthorisations@bpomas.co.bw	After hours & Public Holidays
Fraud, Waste & Abuse (Reporting suspicious claims)	Mascom: 7119602 BTC: 0800 600 644 Orange: 1144 Email: bpomas@tip-offs.com	Monday - Friday 9am – 5pm
Service Provider Assistance	Registration & KYC: Tel: +267 316 8900 Email: providerreg@bpomas.co.bw	Monday - Friday 9am – 5pm
	Queries: Set-up meeting using google calendar Email: providerqueries@hrmb.co.bw	Monday - Friday 9am – 5pm

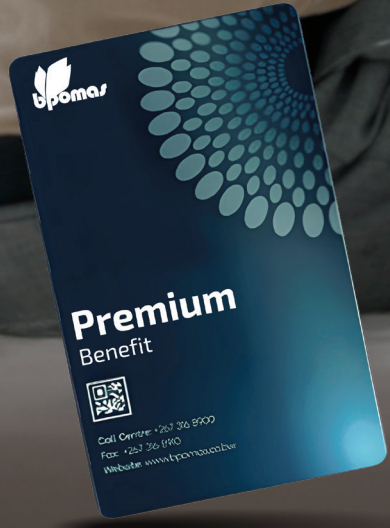
BPOMAS Head Office

Gaborone
Plot 70667, Fairscape Precinct
The Tower, 3rd Floor, Fairgrounds
Francistown
3rd Floor, Plot 44149, MVA Fund Building

Monday -Friday
8am to 5pm



It's not just
Medical Aid.
It's peace of mind.



Benefit Option	Premium Benefit Option
Cover Limit	Up to P500,000
Co-payment	10% Co-Payment
Hospitalisation Cover	Comprehensive Hospitalisation Cover
Wellness (Screening & Preventative)	Wellness (Screening & Preventative)
Chronic Disease Cover	Chronic Disease Cover
Dread Disease Cover	Dread Disease Cover
Funeral Benefit	P12,500
24hr Emergency Medical Services	24hr Emergency Medical Services
Premium Waiver	6 months
24hr Mental Health Assistance	24hr Mental Health Assistance

Consolidated & Separate

Financial Statements

for year ended 31st March 2026



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Memo

FROM: MANAGEMENT COMMITTEE
TO: BPOMAS MEMBERS
DATE: 11 FEBRUARY 2026
RE: **RECEIPT AND ADOPTION OF THE MANAGEMENT COMMITTEE REPORT FOR YEAR ENDED 31 MARCH 2026**

Purpose

The purpose of this memorandum is to formally present the Audited Financial Statements of the Botswana Public Officers Medical Aid Scheme for the financial year ended 31 March 2026 to the members, and to record their adoption and approval of the statements in accordance with the Scheme Rules, applicable provisions of the NBFIRA legislative framework and governance obligations of the Management Committee.

The Management Committee is required to maintain adequate accounting records and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Management Committee to ensure that the financial statements fairly present the consolidated and separate Scheme financial statements that are free from material misstatement as at the end of the financial year under review.

The consolidated and separate financial statements are prepared in accordance with IFRS Accounting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The audited financial statements were prepared by management and audited by the external auditors, Baker Tilly Certified Auditors, who have issued an unqualified audit opinion. The financial statements presented include:

- 1. Management Committee Responsibility and Approval of the Financial Statements**
- 2. Independent Auditor's Report**
- 3. Statements of Financial Position**
- 4. Statement of Profit or Loss**
- 5. Statement of Cash Flows**
- 6. Material Accounting Policies**
- 7. Notes to the Consolidated and Separate Financial Statements**

RECOMMENDATION

The Management Committee recommends that members adopt the Audited Consolidated and Separate Financial Statements for the financial year ended 31 March 2025 as presented.

REQUESTED RESOLUTION

It is Resolved that the Group and Scheme Audited Financial Statements for the financial year ended 31 March 2025, be hereby adopted.

General Information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Providing health care services and letting of property
Management committee	Mr Morebodi Jamba Chairperson Ms Onalethata Lebotse Mr Kumbulani Munamati Ms Seabo Keorapetse Ms Tebogo Matshitse Mr Thatayaone Kesebonye Term ended 13 July 2025 Ms Agnes Tokwe Mr Motshidisi Mafoko <i>The following alternates' terms ended on 13 July 2025:</i> Ms Grace Ntereke Alternate to Ms Seabo Keorapetse Ms Olebogeng Yane Alternate to Ms Tebogo Matshitse Dr Harvey Molope Alternate to Ms Agnes Tokwe
Principal officer	Thulaganyo Molebatsi
Registered office	Plot 70667, The Fairscape Princinct The tower Third Floor, Fairgrounds Gaborone Botswana
Postal address	Private Bag 00477 Gaborone Botswana
Bankers	First National Bank Of Botswana Limited Absa Bank Botswana Limited Access Bank Botswana Limited Bank Gaborone Limited
Auditors	Baker Tilly Certified Auditors Kgwebo@ Fairgrounds Plot 64515, Fairgrounds Gaborone Botswana
Legal advisors	Armstrongs Attorneys
Asset manager	African Alliance Botswana Management Company Proprietary Limited Botswana Insurance Fund Management Limited Morula Capital Partners Proprietary Limited IPRO Botswana Money Market Fund
Administrators	Health Risk Management Botswana Proprietary Limited
Functional and presentation currency	Botswana Pula (BWP)

Management Committee's Responsibility and Approval of the Consolidated and Separate Financial Statements

The Management Committee is responsible for the preparation and fair presentation of the consolidated and separate financial statements ("financial statements") of Botswana Public Officers' Medical Aid Scheme, comprising the consolidated and separate statements of financial position as at 31 March 2026, the consolidated and separate statements of profit or loss and other comprehensive income and cash flows for the year then ended, and a summary of material accounting policies and other explanatory information, in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The Management Committee is required by the Scheme's Rules, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group and Scheme as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS Accounting Standards.

The Management Committee's responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The consolidated and separate financial statements are prepared in accordance with IFRS Accounting Standards and in the manner required by the Scheme's Rules and the Societies Act of Botswana and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Management Committee's responsibilities also include maintaining adequate accounting judgements and an effective system of risk management as well as the preparation of the supplementary schedules included in these consolidated and separate financial statements. The Management Committee acknowledges that they are ultimately responsible for the system of internal financial control established by the Scheme and place considerable importance on maintaining a strong control environment. To enable the Management Committee to meet these responsibilities, the Management Committee sets 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 Scheme'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.

Management has assessed the Group and the Scheme's ability to continue operating as a going concern, as fully explained in note 38. Based on this assessment, which considers current cash and investment levels, expected receipts from major debtors, and projected cash flows, management is satisfied that the Group and the Scheme have adequate resources to continue operating for the foreseeable future. However, the assessment remains sensitive to the assumed timing of Government settlements, and the Group is dependent on these settlements being received as forecast. Should these receipts not materialise as expected, a material uncertainty may arise regarding the Group and the Scheme's ability to settle their current liabilities in the normal course of business. The consolidated and separate financial statements have therefore been prepared on a going concern basis.

The independent auditors are responsible for independently auditing and reporting on the Group's consolidated and separate financial statements. The consolidated and separate financial statements have been audited by the Group's independent auditors and their report is presented on pages 4 to 7.

Approval of the consolidated and separate financial statements of the Scheme

The consolidated and separate financial statements set out on pages 8 to 68, which have been prepared on the going concern basis, were approved and authorised for issue on 28 July 2026 by the Management Committee and were signed on its behalf by:


Committee member


Committee member

Independent Auditor's Report



Certified Auditors
Kgwebo @ Fairgrounds
Plot 64515 Fairgrounds,
Gaborone, Botswana
T: +267 3916650, +267 3916659

info@bakertilly.co.bw
www.bakertilly.co.bw

To the members of Botswana Public Officers' Medical Aid Scheme

Report on the Audit of the Consolidated and Separate Annual Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Botswana Public Officers' Medical Aid Scheme (the Group and Scheme), set out on pages 56 to 79, which comprise the statement of financial position as at 31 March 2026, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Botswana Public Officers' Medical Aid Scheme as at 31 March 2026, and of its consolidated and separate financial performance and consolidated and separate cashflows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Scheme in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 38 of the consolidated and separate financial statements, which indicates that the Group and Scheme incurred a net loss of P 45,109,616 (2025: P 42,907,113) during the year ended 31 March 2026 and, as of that date, the Group and Scheme incurred positive operating cash flows of P100,700,098 (Group) and P107,237,819 (Scheme) (2025: negative operating cash flows of P238,781,373 for Group and P234,848,676 for Scheme) respectively. As stated in Note 38, these events or conditions, along with other matters set forth in Note 38, indicate that a material uncertainty exists that may cast significant doubt on the Group and Scheme's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

ADVISORY • AUDIT • TAX • ACCOUNTING

Partners: Samuel N. Njanji CA (Z), FCPA, MBL; Jean Jones CA(Z), FCPA; Phibion P. Gwatidzo FCPA, FZICA, CA(Z); Tumo Mphothwe FCCA, ACPA, CPFAcct
Baker Tilly Botswana trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd, the members of which are separate and independent legal entities

Independent Auditor's Report



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of the insurance contract liability, specifically the provision for outstanding claims and risk adjustment included within the liability for incurred claims

Refer to the following:

- Material accounting policies – the critical accounting estimates for IFRS 17 – Insurance Contracts in the significant judgements and sources of estimation uncertainty (Note 1.5) and IFRS 17 – Insurance Contracts (Note 1.22).
- Notes to the financial statements – Insurance contract liabilities (Note 21).

Applicable to the consolidated and separate financial statements

Key Audit Matter,	How the matter was addressed in the audit
As at 31 March 2026, the Group and Scheme had a provision for outstanding claims amounting to BWP 163,552,099 and a non-financial risk adjustment of BWP 12,907,806, both included within the Liability for Incurred Claims (LIC). The Management Committee engaged an independent actuarial expert to assess the adequacy of the valuation due to the complexity of the valuation models. Management applies significant judgements and assumptions in the determination of the provision for outstanding claims and the non-financial risk adjustment included within the LIC. The key assumptions made in the valuation of the provision for outstanding claims and the non-financial risk adjustment, included within the LIC relate to: • estimate of fulfilment cash flows, including the effect of financial risks; and • uncertainty about the amount and timing of cash flows that arises from non-financial risks, such as being exposed to the insurance risks (catastrophe and expense risks). Given the complexities and the significant judgements and estimation uncertainties in the determination of the provision for outstanding claims and the non-financial risk adjustment included within the LIC, we considered this to be a key audit matter.	Our procedures include the following: • Assessing the design and implementation of controls related to the recognition, measurement and recording of claims within the operational systems. • Evaluating the professional competence, capabilities and objectivity of the actuarial expert engaged by the Management Committee through inspection of their curriculum vitae, professional actuarial qualifications, relevant experience in valuing medical insurance liabilities under IFRS 17 and consideration of their independence and objectivity in relation to the Scheme. • Engaging our actuarial specialist to assess the appropriateness of the methodology, key assumptions and models used by management's actuarial expert, including evaluating the integrity of the models and their compliance with the requirements of IFRS 17 Insurance Contracts. • Engaging our own actuarial specialist in assessing the appropriateness of the risk adjustment for non-financial risk in accordance with IFRS 17. • Testing the completeness and accuracy of the claims data used to estimate the provision for outstanding claims for the entire population through the use of data and analytics, which included the following: ▶ extracted the data from the administrator's IT system and compared it to the accounting records of the Scheme; ▶ compared the total claims paid against the claims expense recorded;

Independent Auditor's Report



1. Valuation of the insurance contract liability, specifically the provision for outstanding claims and risk adjustment included within the liability for incurred claims

Refer to the following:

- Material accounting policies – the critical accounting estimates for IFRS 17 – Insurance Contracts in the significant judgements and sources of estimation uncertainty (Note 1.5) and IFRS 17 – Insurance Contracts (Note 1.22).
- Notes to the financial statements – Insurance contract liabilities (Note 21).

Applicable to the consolidated and separate financial statements

Key Audit Matter,	How the matter was addressed in the audit
Given the complexities and the significant judgements and estimation uncertainties in the determination of the provision for outstanding claims and the non-financial risk adjustment included within the UC, we considered this to be a key audit matter.	▶ for a sample of submitted claims we assessed the accuracy of the information by agreeing it to the underlying invoices; ▶ Further assessed whether the approved claim amounts were consistent with the Scheme's Benefit Guide for all the claims submitted to the Scheme's administrator. For medicine claims administered through a separate administrator, a sample of claims paid was tested against the Scheme's Benefit Guide.

Other information

The Management Committee is responsible for the other information. The other information comprises the General Information and Management Committee's Responsibility and Approval of the Consolidated and Separate Financial Statements but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 and separate 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 and separate 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 management Committee for the consolidated and separate financial statements

The Management Committee is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and for such internal controls as the Management Committee determine, is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Management Committee is responsible for assessing the Group and Scheme'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 Management Committees either intends to liquidate the Group and Scheme or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Independent Auditor's Report



Auditors' Responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.
- Conclude on the appropriateness of the Management Committee's 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 and Scheme'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 and separate 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the group, as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the

We communicate with those charged with governance 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.

Baker Tilly

Baker Tilly
Firm of Certified Auditors
Practicing Member: Samuel Njanji (CAP 0054 2026)

28/07/2026

Gaborone

Statements of Financial Position as at 31 March 2026

		Group			Scheme
Figures in Pula	Note(s)	2026	2025	2026	2025
Assets					
Property, plant and equipment	5	2,695,912	573,294	2,695,912	573,294
Right-of-use assets	6	3,526,465	5,292,793	3,526,465	5,292,793
Investment property	7	353,820,000	357,190,000	-	-
Investment in linked units	8	-	-	398,258,602	401,463,707
Investments in associate	9	64,289,558	66,962,024	64,289,558	66,962,024
Investments at fair value through profit or loss	10	186,284,491	75,677,547	142,997,444	44,491,229
Prepayments	11	14,735,904	14,694,665	-	-
Interest receivable from investments in linked units	12	-	-	-	4,533,682
Trade and other receivables	13	34,701,227	56,142,772	14,119,414	44,643,943
Current tax receivable		-	780,319	-	-
Insurance contract assets	21	-	62,092,469	-	62,092,469
Reinsurance contract assets	22	1,248,408	741,990	1,248,408	741,990
Cash and cash equivalents	14	10,579,362	25,307,297	10,284,114	24,534,286
Total Assets		671,881,327	665,455,170	637,419,917	655,329,417
Liabilities					
Liability to future members	15	533,040,768	578,150,384	533,040,768	578,150,384
Borrowings	16	572,489	14,093,376	572,489	14,093,376
Loan from subsidiary	17	-	-	-	20,000,000
Lease liabilities	6	4,185,349	5,908,065	4,185,349	5,908,065
Deferred tax	18	23,239,879	24,809,599	-	-
Trade and other payables	19	32,158,707	42,493,746	24,939,940	37,177,592
Current tax payable		4,002,764	-	-	-
Insurance contract liabilities	21	74,681,371	-	74,681,371	-
Total Liabilities		671,881,327	665,455,170	637,419,917	655,329,417

Statements of Profit or Loss for the year ended 31 March 2026

Figures in Pula	Note(s)	Group		Scheme	
		2026	2025	2026	2025
Insurance revenue	23	1,590,600,366	1,392,434,646	1,590,600,366	1,392,434,646
Insurance service expenses	24	(1,595,243,116)	(1,377,566,252)	(1,595,243,116)	(1,377,566,252)
Net expenses from reinsurance contracts held	25	(1,682,189)	(1,110,389)	(1,682,189)	(1,110,389)
Insurance service result		(6,324,939)	13,758,005	(6,324,939)	13,758,005
Rental income	26	32,416,433	32,262,368	-	-
Movement in expected credit losses	13	(15,128,125)	(58,810,897)	12,623,369	(25,084,940)
Fair value gains/(losses)	28	916,215	17,692,738	1,081,110	(2,056,000)
Other income	27	6,457,061	10,997,297	6,900,742	12,048,792
Administrative expenses	24	(66,113,592)	(66,280,790)	(62,534,984)	(61,020,479)
Operating loss before investment income		(47,776,947)	(50,381,279)	(48,254,702)	(62,354,622)
Interest revenue calculated using the effective interest method	29	4,124	738,443s	-	-
Investment income	29	11,657,932	5,843,627	7,101,567	23,377,309
Finance costs	30	(1,284,015)	(1,587,068)	(1,284,015)	(1,587,068)
Share of income/(loss) from equity accounted investments	9	(2,672,466)	(2,342,732)	(2,672,466)	(2,342,732)
Loss before taxation		(40,071,372)	(47,729,009)	(45,109,616)	(42,907,113)
Taxation	31	(5,038,244)	4,821,896	-	-
Loss for the year		(45,109,616)	(42,907,113)	(45,109,616)	(42,907,113)
Transfer to liability to future members		45,109,616	42,907,113	45,109,616	42,907,113
Total comprehensive loss for the year		-	-	-	-

The accounting policies on pages 11 to 30 and the notes on pages 31 to 68 form an integral part of the consolidated and separate annual financial statements. The Group does not report other comprehensive income because it does not have any items that qualify for inclusion in other comprehensive income.

Statements of Cash Flows for the year ended 31 March 2026

Figures in Pula	Note(s)	Group		Scheme	
		2026	2025	2026	2025
Cash flows from operating activities					
Cash generated from/(used in) operations	32	100,700,098	(238,781,373)	107,237,819	(234,848,676)
Tax paid	33	(1,369,245)	(3,481,523)	-	-
Net cash from /(to) operating activities		99,330,853	(242,262,896)	107,237,819	(234,848,676)
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(2,375,622)	(163,743)	(2,375,622)	(163,743)
Proceeds from sale of property, plant and equipment	5	-	105,266	-	105,266
Purchases of investments at fair value	10	(397,400,000)	(277,673,417)	(380,400,000)	(247,000,000)
Proceeds from sale of investments	10	295,180,000	294,470,000	286,180,000	294,470,000
Interest income received from bank deposits	29	4,124	738,443	-	-
Income received from investments at fair value		7,101,567	655,884	7,101,567	655,884
Dividend received from subsidiary		-	-	-	100,000
Capital prepayment		(41,239)	-	-	-
Interest received from investments in linked units		-	-	4,533,682	12,900,000
Net cash (to)/from investing activities		(97,531,170)	18,132,433	(84,960,373)	61,067,407
Cash flows from financing activities					
Borrowings repayment	16	(13,295,638)	(4,095,422)	(13,295,638)	(4,095,422)
Repayment of loan from subsidiary	17	-	-	(20,000,000)	20,000,000
Repayment of leases	6	(1,722,716)	(1,421,487)	(1,722,716)	(1,421,487)
Interest paid	30	(1,509,264)	(1,137,151)	(1,509,264)	(1,137,151)
Net cashflow (to)/from financing activities		(16,527,618)	(6,654,060)	(36,527,618)	13,345,940
Total cash movement for the year					
Cash and cash equivalents at the beginning of the year		25,307,297	256,091,820	24,534,286	184,969,615
Cash and cash equivalents at the end of the year	14	10,579,362	25,307,297	10,284,114	24,534,286

Material Accounting Policies

Reporting entity

Botswana Public Officers' Medical Aid Scheme (the "Scheme") was registered on 31 July 1990 under the Societies Act No 18:01 of 1972 to assist members of the Scheme and their dependents in defraying expenditure incurred in connection with medical and related services. The Scheme is domiciled in Botswana. The Scheme has a 100% stake in BPOMAS Property Holdings Proprietary Limited, a limited liability company incorporated in Botswana, which is in the business of letting out of properties and a 30% stake in Lenmed Health Bokamoso Private Hospital Proprietary Limited, a limited liability company incorporated in Botswana, which provides private healthcare services. The annual consolidated financial statements comprise the consolidated financial position and results of the Scheme, the subsidiary and associate company (together referred to as the "Group"). The Scheme's registered office address and principal place of business is Plot 54349, The Fields Precinct, Block A, Ground Floor, West Wing, CBD, Gaborone, Botswana.

1. Material accounting policies

Management has considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements, and only those accounting policies which are considered material have been presented in these consolidated and separate financial statements.

1.1 Basis of preparation and statement of compliance

The consolidated and separate financial statements have been prepared on the going concern basis in accordance and compliance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and effective at the time of preparing these consolidated and separate financial statements.

1.2 Basis of measurement

The financial statements are prepared on the historical cost basis except for certain financial instruments and investment property and buildings which are stated at fair value. All the other accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

1.3 Functional and presentation currency

These consolidated and separate financial statements are presented in and rounded to the nearest Pula, which is the Group's functional currency.

1.4 Consolidation

Basis of consolidation

Interest in subsidiaries

The consolidated and separate financial statements incorporate the consolidated and separate financial statements of the Scheme and all its subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the Group.

The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated and separate financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All inter-company transactions, balances, and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Material Accounting Policies

1.4 Consolidation (continued)

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to liability to future members). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Interest in equity-accounted investees

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting where investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.5 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board, requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Key sources of estimation uncertainty

Valuation of investment property

The fair value of investment property is determined by an independent valuer.

Use of the most appropriate method: the valuer considers outputs from a range of methods, including income capitalisation and depreciated replacement cost and comparable market values to determine the fair value of the investment property.

Unobservable inputs:

- Future rental cash inflows: based on the actual location, type and quality of the property and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.
- Capitalisation rates: based on actual location, size and quality of the property and taking into account market data at the valuation date;
- Cost per Sqm: the current market cost of reproduction or replacement of an asset specific to the nature of the property, components and structure of the property; and
- The adjustment of recently transacted prices of similar properties to reflect the uniqueness of the company's properties.

Material Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing of assets

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its plant and equipment. This estimate is based on projections about the continued existence of a market for its products and the ability of the Group to penetrate a sufficient portion of that market in order to operate profitably. The Group increases the depreciation charge where the useful lives are less than previously estimated, or it will appropriately impair technically obsolete or non-strategic assets that have been abandoned or identified for sale.

Residual values are based on current estimates of the value of these assets at the end of their useful lives. The final determined figures for property, plant and equipment are disclosed in note 5.

Allowance for credit losses

The primary sources of estimation uncertainty for the allowance for expected credit losses (ECL) relate to the Group's rental income from Lenmed Health Bokamoso Hospital Proprietary Limited and administration fees charged to The Ministry of Health (MOH). The credit loss risk for these receivables is estimated by assessing the debtors' financial health and operational stability, taking into account historical payment patterns and relevant forward-looking economic conditions at each reporting period end.

An allowance for credit losses is created where there is objective evidence, such as probability of insolvency or significant financial difficulties of the debtor, that the Scheme will not be able to collect the amount due under the original terms of the invoice. An estimate is made with regard to the probability of insolvency and the estimated amount of debtors who will not be able to pay. Provisions are inherently based on assumptions and estimates using the best information available.

The final determined figures for trade receivables are disclosed in note 13.

IFRS 17 - Insurance contracts

(a) Classification

The Scheme applies IFRS 17 to insurance contracts it issues and reinsurance contracts held. The Scheme applied judgement in determining whether insurance contracts issued by the Scheme and reinsurance contracts held transfer significant insurance risk. The Scheme uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which there is a possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. Once a contract has been classified as an insurance contract the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the terms of the contract are modified.

The Scheme applied judgement in determining whether one or more components embedded within the insurance contracts are distinct. In making this assessment, the Scheme evaluated contractual terms and conditions. The Scheme concluded that there are no distinct components that would be within the scope of another Standard.

(b) Level of aggregation (unit of account)

Judgement is applied to determine IFRS 17 insurance contracts. These groups are divided into: (i) onerous contracts; (ii) contracts that do not have a significant possibility of becoming onerous; and (iii) remaining contracts. Contracts measured applying the PAA are assumed not to be onerous unless facts and circumstances indicating otherwise have been identified. The Scheme determined that it meets the definition of a mutual entity (refer to note 1.5) and concluded that there are adequate reserves available to offset the losses should there be any loss-making contracts, and therefore, during the year, no contracts were deemed to be onerous.

Material Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Judgement is applied in determining whether the contracts have similar risks and are managed together for identification of portfolios. The Scheme concluded that the insurance contracts benefit options transfer the same risks and are monitored for profitability and performance together on a Scheme level; therefore, contracts issued will form part of the same portfolio at a Scheme level.

(c) *Recognition, modification and derecognition*

During the year, there were no contracts identified to have been significantly modified.

(d) *Measurement*

Other directly attributable expenses:

The Scheme performs regular expense analysis and applies judgement to determine the extent to which overheads are directly attributable to fulfilling insurance contracts. These directly attributable expenses are included in the measurement of insurance contracts.

Contract boundaries:

The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract in the scope of IFRS 17. The Scheme applied judgement to assess if the Scheme has the practical ability to reprice the entire contract to reflect the reassessed risks. In making this assessment, the Scheme evaluated all contractual substantive rights and obligations. The Scheme has determined that contract boundaries range from one year to more than one year.

Initial and subsequent measurement:

The Scheme determined that the premium waiver benefit embedded within the contracts extends the contract boundaries and coverage period to more than 12 months. The Scheme concluded that the LRC measured applying GMM principles would not materially differ from the one produced applying the PAA principles; and therefore measures the insurance contracts issued and reinsurance contracts held applying the PAA.

Critical accounting estimates for IFRS 17 - insurance contracts

(a) *Discount rates*

The Scheme concluded that cashflows related to the premium waiver benefit are not significant and significant cashflows are expected to be resolved within 12 months. The Scheme elected not to discount insurance contracts and reinsurance contracts measured applying the PAA, as the time between the date the services are provided and the premiums are received (or paid) and the date that the claims are incurred and the cash flows are expected to be paid (or received) is less than a year.

(b) *Estimate of fulfilment cashflows*

Included in the measurement of each group of insurance contracts in the scope of IFRS 17 are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows.

Expenses directly attributable to insurance contracts are identified and allocated to groups of insurance contracts. The Scheme has adopted a method to identify directly attributable expenses by the nature of these expenses. The Scheme expenses insurance acquisition cash flows as incurred for contracts with a coverage period of one year or less. For contracts with a coverage period exceeding one year, including premium waiver products, insurance acquisition cash flows are allocated to the respective group of insurance contracts and amortised over the coverage period.

(c) *Risk adjustment for non-financial risk*

The insurance liability (asset) carrying amount includes an explicit component called the risk adjustment for non-financial risk that allows for the compensation required for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk, such as being exposed to the insurance risks (catastrophe and expense risks), contained within the Scheme's insurance contracts. The Scheme determines the risk adjustment for non-financial risk using the Value-at-Risk (VaR) method for LIC. The confidence level has been set at the 75th percentile.

Material Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

d) *Mutual entity considerations*

The Scheme has determined that it provides economic benefits directly to its members. Profits generated by the Scheme are reserved for servicing insurance contract obligations, including claims, any other expenses relating to insurance contracts, and future insurance contracts.

The Scheme has concluded that it meets the definition of a mutual entity (as defined in IFRS 3) based on the following:

- Profits and surpluses are not distributed to members or other external stakeholders but are retained within the Scheme to benefit current and future members.
- Upon liquidation, residual assets, after settling all liabilities, are not attributable to the government, current, or former members. Instead, these assets are distributed to a tax-exempt organisation with a similar mutual purpose, as governed by the Scheme's constitution.
- The Botswana Government may on six (6) month's written notice given to the Management Committee, terminate the Scheme, provided that if two-thirds of the members present at a duly constituted meeting of members called by the Management Committee for the purpose in terms of Rule 39 elect to continue the Scheme without the employer's contributions, the Rules shall be amended and the Scheme shall be continued.

Where facts and circumstances indicate that a group of insurance contracts may be onerous, losses identified are offset against the liability to future members. This approach aligns with the mutual nature of the Scheme, ensuring that current and future members are not unduly disadvantaged by deficits arising from onerous contracts.

Valuation of insurance liabilities

The Scheme's actuarial insurance contract liabilities have been valued by Deloitte, an independent firm of qualified actuaries accredited globally and experienced in the valuation of medical Scheme liabilities. The valuation covers all components of the liability for incurred claims, incurred but not reported (IBNR) and the related risk adjustment. Deloitte applied generally accepted actuarial techniques using the Scheme's historical claims experience, membership data, and approved benefit structures as at the reporting date.

In determining the best estimate liability, a combination of recognised actuarial methods was used, including claims development (triangulation) techniques and expected-claims approaches. These methods incorporate assumptions regarding claim development patterns, utilisation trends, seasonality, and other factors that influence the timing and amount of future claim payments.

A risk adjustment was also included to reflect non-financial risk and the inherent uncertainty associated with estimating future claims. The resulting valuation is management's best estimate of the Scheme's insurance liabilities as at the reporting date, based on advice received from Deloitte.

1.6 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Scheme, is classified as investment property.

Investment property comprises leasehold land and buildings. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in profit or loss in the year in which they arise.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Scheme and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred.

Material Accounting Policies

1.6 Investment property (continued)

The final determined figures for investment property are disclosed in note 7.

Reclassification

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the value of this item at the date of transfer is recognised in other comprehensive income.

Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

1.7 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Computer equipment	Straight line	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in the profit and loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Material Accounting Policies

1.8 Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint arrangement. 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. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any impairment losses.

The Group's share of post-acquisition profit or loss is recognised in profit or loss and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in an associate in excess of the Group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items which were previously accumulated in liability to future members to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss.

1.9 Investments in linked units

Investments in linked units are classified as financial assets measured at fair value through profit or loss. These investments are considered debt instruments and are carried at fair value, with changes in fair value recognised in profit or loss under other operating gains.

Fair value gains and losses include adjustments arising from changes in the estimation of interest income cash flows.

1.10 Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or

These financial assets measurements fair value hierarchy is as disclosed in note 10.

Material Accounting Policies

1.10 Financial instruments (continued)

The Group's investment strategy is primarily aimed at long-term capital growth, while maintaining a balanced risk profile. The Group holds a portfolio of financial assets including equities, balanced portfolios, and unit trusts, with the objective of generating returns through both capital appreciation and income generation. The business model is to hold these investments with the intention to sell when necessary to fund operations or capitalise on favourable market conditions. Specifically, the Group does not have the business model of holding financial assets to collect solely principal and interest (SPPI) cash flows.

The classification of financial assets is determined based on both the business model and the contractual cash flow characteristics of the assets. The financial assets in the Group's portfolio, such as equities and unit trusts, do not meet the criteria for SPPI. These assets are not solely designed to generate cash flows consisting of principal and interest payments. Instead, they are designed to generate returns from market price changes and other capital appreciation, which indicates that their cash flows are not solely principal and interest. Therefore, the Group concludes that the investments do not pass the SPPI test. Based on the Group's business model of holding these investments with the intention of generating capital appreciation, interest and dividends and income through market fluctuations, and given that the contractual cash flows do not solely consist of principal and interest, these financial assets are classified as Fair Value Through Profit or Loss (FVTPL). All changes in the fair value of these investments, including both unrealised gains and losses and realised gains and losses on disposal, are recognised directly in the profit or loss.

Financial liabilities

The Group's financial liabilities comprises of financial liabilities at amortised cost.

Note 3 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market-place.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 13).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Material Accounting Policies

1.10 Financial instruments (continued)

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 29).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment of financial assets

The Group applies the simplified approach permitted by IFRS 9 to measure the loss allowance for expected credit losses (ECL) on all trade and other receivables, excluding VAT and prepayments. This includes rental income from Lenmed Health Bokamoso Hospital Proprietary Limited and administration fees from The Ministry of Health (MOH). Accordingly, the ECL for these receivables is measured at an amount equal to lifetime expected credit losses, and the amount is re-measured at each reporting date.

The ECL is estimated on a forward-looking basis, which involves assessing the probability of default and the loss given default over the expected life of the receivable.

Write off policy

The Group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the profit or loss.

Investments in equity instruments at fair value through profit or loss

Classification

Investments in equity instruments are presented in note 10. They are classified as mandatorily at fair value through profit or loss.

Recognition and measurement

Investments in equity instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. All transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss.

Dividends received on equity investments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (note 29).

Impairment

Investments in equity instruments are not subject to impairment provisions.

Material Accounting Policies

1.10 Financial instruments (continued)

Derecognition

The Group derecognition investments in equity instruments at fair value through profit or loss when the Group loses control over the contractual rights associated with it. This happens when the investment is sold, when the rights to its cash flows expire, or when the Group transfers the investment to another party along with all the associated risks and rewards of ownership.

Investments in debt instruments at fair value through profit or loss

Classification

Certain investments in debt instruments are classified as mandatorily at fair value through profit or loss. These investments do not qualify for classification at amortised cost or at fair value through other comprehensive income because either the contractual terms of these instruments do not give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, or the objectives of the Group business model are met by selling the instruments rather than holding them to collect the contractual cash flows.

Recognition and measurement

Investments in debt instruments at fair value through profit or loss are recognised when the Group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Fair value gains or losses are recognised in other operating gains/(losses) (note 28).

Impairment

Investments in debt instruments at fair value through profit or loss are not subject to impairment provisions.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Investments in debt instruments at fair value through profit or loss are derecognised when the Scheme's rights to receive cash flows from the instrument have expired or when the instrument has been transferred and the Scheme has transferred substantially all risks and rewards of ownership.

Loans from related parties

Classification

Loans from related parties (note 12) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Loans from related parties are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 30.)

Derecognition

Loans from related parties are derecognised when the obligation is discharged, cancelled, or expires.

Material Accounting Policies

1.10 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 19), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Trade and other payables are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 30).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 3 for details of risk exposure and management thereof.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are measured at amortised cost which approximates fair value.

Derecognition

Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Material Accounting Policies

1.10 Financial instruments (continued)

Reclassification

Financial assets

The Group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.11 Tax

Current tax assets and liabilities

All Group entities are subject to taxation except for the Scheme which is exempt from income taxation in terms of the second schedule of the Botswana Income Tax Act (Chapter 52:01).

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

Tax expenses

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items recognised in other comprehensive income, in which case the tax is also recognised in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

Material Accounting Policies

1.11 Tax (continued)

Current tax and deferred taxes are charged or credited directly to liability to future liabilities if the tax relates to items that are credited or charged, in the same or a different period, directly in liability to future liabilities.

1.12 Leases

The Scheme assesses whether a contract is, or contains a lease, at the inception of the contract following the IFRS 16 guidance.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Scheme has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term.

Scheme as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Scheme is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Scheme recognises the lease payments as an operating expense (note 24) 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 asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the Scheme has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Scheme is a lessee are presented in note 6 (Leases).

Lease liability

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 Scheme uses its incremental borrowing rate.

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

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 24).

The lease liability is presented as a separate line item on 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 lease payments made. Interest charged on the lease liability is included in finance costs (note 30).

Material Accounting Policies

1.12 Leases (continued)

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

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial 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);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

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

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits from the use of the underlying asset are diminished. Operating lease income is included in other operating income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income. Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.13 Finance costs

The Group's finance costs are recognised in profit or loss using the effective interest rate method.

1.14 Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Material Accounting Policies

1.14 Impairment of non-financial assets (continued)

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.15 Short-term employee benefits

The Scheme has defined contribution pension schemes which are funded through payments to a pension scheme. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. Contributions to an approved defined contribution pension plan are recognised in profit or loss in the year to which these costs relate. Employees who are not members of these approved pension funds and are not entitled to gratuities per their employment contracts, are entitled to severance benefits as regulated by the Employment Act Chapter 47:01 (2003) of Botswana. Employee entitlements to annual leave, bonuses, medical aid, pension contributions and housing benefits are recognised when they accrue to employees and an accrual is recognised for the estimated liability as a result of services rendered by employees up to the reporting date.

1.16 Revenue from contracts with customers

Insurance revenue

Insurance revenue comprises premiums earned from members applying the premium allocation approach (PAA). Premiums are recognised as revenue in the period in which the insurance coverage is provided, reflecting the period over which the associated insurance services are rendered. The Scheme determines the contract boundary for insurance contracts, ensuring that revenue is recognised only for coverage that extends to the reporting date, while any premiums received for future periods are deferred and recognised as part of the liability for remaining coverage (insurance contract liability) on the statement of financial position.

1.17 Rental income

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

1.18 Investment income

Investment income comprises interest receivable on funds invested and realised investment value. Interest income is recognised in profit and loss using the effective interest rate method, and taking into account the expected timing and amount of cash flows. Interest income includes the amortisation of any discounts or premiums or other difference between initial carrying amount of an interest-bearing instrument and its amount at maturity, calculated on an effective interest rate method.

The accumulated fair value adjustments are included in profit or loss as gains and losses from the investment securities.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method. The Group has presented Interest income on financial assets as part of finance income because it does not consider it as part of its revenue-generating activities but rather investing activities. Therefore, this is presented in the statement of cashflows as interest received under investing activities.

1.19 Other operating income

Other operating income is recognised in profit or loss when it is earned, and is measured at the fair value of the consideration received or receivable. Other operating income comprises of administration fees and sundry income.

Material Accounting Policies

1.20 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pulas, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period foreign currency monetary items are translated using the closing rate.

1.21 Related parties

Related parties are defined as those parties related to the reporting entity directly or indirectly through one or more intermediaries which:

(A) A person or a close member of that person's family is related to a reporting entity if that person:

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(B) An entity is related to a reporting entity if any of the following conditions applies:

- The entity and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- The entity is controlled or jointly controlled by a person identified in (a)
- A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

1.22 Insurance contracts

(A) Definition, scope and separation of components

Products sold by the Scheme are classified as insurance contracts when the Scheme accepts significant insurance risk from a policyholder (member) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. The Scheme determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Scheme to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance. Products and services provided by the Scheme and reinsurance agreements held were assessed on a contract by contract basis to determine whether they meet the requirements to be considered insurance contracts under IFRS 17. In making this assessment, the Scheme assessed all substantive rights and obligations, including those arising from laws and/or regulations. It was determined that all products issued by the Scheme and related reinsurance agreements held meet the IFRS 17 definition of insurance contracts.

Through the contracts issued, the Scheme undertakes to compensate the member for medical and/or funeral costs should an uncertain event specified by the contracts occur. The Scheme, therefore, accepts morbidity and mortality risks. In the normal course of business, the Scheme uses reinsurance to mitigate its risk exposures. A reinsurance contract held transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, the related reinsurance contracts held transfer morbidity and mortality risks.

When the contract has met the requirements of IFRS 17 - Insurance contracts and is classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, unless the contractual terms are significantly modified.

Material Accounting Policies

1.22 Insurance contracts (continued)

An insurance contract may contain one or more components that would be within the scope of another Standard if they were separate contracts. These components could relate to distinct investment components, embedded derivatives not closely related to host insurance contract, or distinct goods and services. An investment component is distinct if, the investment component and the insurance component are not highly interrelated; and a contract with equivalent terms is sold, or could be sold, separately in the same market or the same jurisdiction, either by entities that issue insurance contracts or by other parties. In some instances, the Scheme compensates the member by providing some of the medical services through a facility the Scheme owns instead of covering medical costs provided by a third party. However; the Scheme does not compensate the member for all the risks embedded within the contracts by providing services. As such, this cannot be regarded as provision of distinct goods and services. The Scheme determined that there are no distinct components that would be within the scope of another Standard.

(B) Level of aggregation (unit of account)

A portfolio of insurance contracts issued comprise of contracts subject to similar risks and managed together. Contracts issued by the Scheme provide the following benefit options:

- Premium benefit option (including: medical aid benefits, premium waiver benefit, funeral benefit, critical illness benefit, travel insurance benefit and emergency medical service benefit)
- High benefit option (including: medical aid benefits, premium waiver benefit, funeral benefit, critical illness benefit, travel insurance benefit and emergency medical service benefit)
- Standard benefit option (including: medical aid benefits, premium waiver benefit, funeral benefit, critical illness benefit, travel insurance benefit and emergency medical service benefit)

These benefit options are monitored for profitability and performance together on a Scheme level, making use of the same management reports. Contracts issued (in accordance with benefit options) transfer the same risks (mortality and morbidity).

As such, contracts issued will form part of the same portfolio at a Scheme level (i.e., the Scheme is a portfolio). The Scheme holds four reinsurance contracts, transferring risks in respect of different types of benefits offered by the Scheme's insurance contracts (i.e., premium waiver benefit, travel insurance benefit, funeral benefit and emergency medical service benefit). These reinsurance contracts are managed individually. The Scheme concluded that each reinsurance contract forms a portfolio on its own.

The Scheme divides a portfolio of insurance contracts issued into a minimum of a group of contracts that are onerous at initial recognition, if any; a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and a group of the remaining contracts in the portfolio, if any. The Scheme further subdivides to more granular groups should a need be identified. The Scheme did not identify a need to further sub-divide into more granular groups.

The Scheme is a mutual entity as defined in IFRS 3, it has determined that there are adequate reserves available to offset the losses should there be any loss-making contracts. During the year, no contracts were deemed to be onerous.

The Scheme does not include contracts issued more than one year apart in the same group. This is achieved by determining annual cohorts, which the Scheme defines as April 1st to March 31st.

These groups represent the level of aggregation at which insurance revenue is measured. Such groups are not subsequently reconsidered.

Material Accounting Policies

1.22 IFRS 17 - Insurance contracts (continued)

(C) Recognition, modification and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the beginning of the coverage period; the date when the first payment from the policyholder is due or actually received, if there is no due date; and when it is determined that a group of contracts has become onerous. The Scheme recognises the group of profitable insurance contracts at the beginning of the coverage period as this is the earlier date; and a group of onerous contracts when facts and circumstances indicating that the group has become onerous have been identified.

The Scheme recognises a group of reinsurance contracts held from the earlier of the following:

- (a) the beginning of the coverage period of the group of reinsurance contracts held; and
- (b) the date the Scheme recognises an onerous group of underlying insurance contracts.

For reinsurance contracts measured using the premium allocation approach, the Scheme adjusts the asset for remaining coverage of the group of reinsurance contracts held, and as a result recognises income when the Scheme recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group.

The Scheme derecognises a contract when the contract's coverage period has come to an end or when the policy has been cancelled. There were no contracts identified to be significantly modified as at 31 March 2026 (2025: 31 March 2025).

(D) Measurement

(i) Fulfilment cash flows within contract boundary

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Scheme has a substantive obligation to provide the policyholder with insurance services. In assessing contract boundaries for insurance contracts issued and reinsurance contracts held, the Scheme assessed substantive contractual rights and obligations. The Scheme determined the contract boundaries for insurance contracts issued and reinsurance contracts held to range from less than one year to more than a year. Fulfilment cash flows are determined separately for insurance contracts issued and reinsurance contracts held. Fulfilment cash flows are allocated to groups of insurance contracts for measurement purposes.

On initial recognition, a group of insurance contracts is measured as the total of fulfilment cash flows (estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows, and a risk adjustment for non-financial risk); and contractual service margin (for contracts not measured applying the PAA).

When estimating future cash flows, the Scheme includes all cash flows within the contract boundary including:

Insurance contracts issued:

- Premiums due and received
- Claims paid, including the claims paid as a result of a premium waiver benefit
- Claims incurred but not reported and claims reported but not yet settled
- Insurance acquisition cash flows
- Other directly attributable expenses

Reinsurance contracts held:

- Reinsurance recoverable due and received
- Reinsurance payable and paid
- Other directly attributable expenses

Material Accounting Policies

1.22 IFRS 17 - Insurance contracts (continued)

(ii) Initial and subsequent measurement

The IFRS 17 default measurement approach is the general measurement approach (GMM); this applies to insurance contracts issued as well as reinsurance contracts held. The Scheme simplifies the measurement of a group of insurance contracts using the premium allocation approach (PAA) if the Scheme reasonably expects that the simplification would produce a measurement (applied GMM principles) of the liability for remaining coverage (LRC) for the group that would not differ materially from the one that would be produced applying the PAA principles.

The Scheme's insurance contracts have a premium waiver benefit embedded within them; where when a principal member dies, the remaining dependents will continue receiving medical benefits at no additional costs for a period of 6 months. Additionally, members have an option of purchasing an extended premium waiver benefit within their contracts. An extended premium waiver benefit allows members to increase their existing premium waiver by 12 months, 24 months or 36 months. The premium waiver benefit extends the contract boundaries and coverage period to more than 12 months. The Scheme has determined that the LRC measured applying GMM principles would not materially differ from the one produced applying the PAA principles. As such, the Scheme measures insurance contracts issued and related reinsurance contracts held applying the PAA.

(iii) Liability for remaining coverage and liability for incurred claims

LRC - measured applying the PAA:

On initial recognition the Liability for remaining coverage (LRC) is the premiums received at initial recognition, minus any insurance acquisition cash flows not recognised as expense when incurred, plus or minus any amount arising from the derecognition of insurance acquisition cash flows and any other asset or liability previously recognised for cash flows related to the group of contracts. At the end of the period the LRC is determined by the premiums received during the period, minus insurance acquisition cash flows not recognised as expense, plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as an expense in the reporting period, minus the amount recognised as insurance revenue for services provided in that period.

LIC - measured applying the Premium Allocation Approach ("PAA"):

The LIC is determined by fulfilment cash flows relating to past service allocated to the group of insurance contracts. The LIC is changed by recognition of insurance service expenses in respect of claims and expenses incurred during the period and any changes in relation to claims and expenses, and the effect of financial risk.

(iv) Insurance acquisition cashflows

In respect of insurance contracts measured applying the Premium Allocation Approach (PM), the Scheme has an accounting policy choice regarding the treatment of insurance acquisition cash flows (IACF). For insurance contracts measured using the Premium Allocation Approach (PM), the Scheme expenses insurance acquisition cash flows (IACF) as incurred for contracts with a coverage period of one year or less. For contracts with a coverage period exceeding one year, including premium waiver products, IACF are capitalised and amortised over the coverage period.

The Scheme does not have any insurance contracts measured applying the General Method Model (GMM).

(v) Other directly attributable expenses

All policy administration and maintenance expenses determined to be directly attributable to insurance contracts are assumed to be due to current service provision. No liability is raised in advance of these types of expenses incurring. As each month's expenses are incurred, these amounts are raised within the LIC and released from the LIC to insurance service expense.

(vi) Risk adjustment for non-financial risk

The Scheme applies the risk adjustment for non-financial risk to the LIC for the groups of insurance contracts measured applying the PM. The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Non-financial risks imbedded in the Scheme's insurance contracts include catastrophe risks and expense risks.

Material Accounting Policies

1.22 IFRS 17 - Insurance contracts (continued)

(vii) Discount rates

The Scheme's cashflows, except for those cashflows related to the premium waiver benefit are expected to be resolved within 12 months. The cashflows related to the premium waiver benefit have been determined to be insignificant to the overall measurement of the insurance contracts. The Scheme has elected not to discount insurance contracts and reinsurance contracts measured applying the PAA due to the short term nature of the significant contractual cashflows of these contracts.

(viii) Insurance finance income or expenses

The impact of the time value of money on the net carrying amount of insurance contracts is presented under insurance finance income and expenses. The Fund has elected not to disaggregate this impact between profit or loss and other comprehensive income. The Scheme elected to recognise insurance finance income/expenses in profit or loss.

Notes to the Consolidated And Separate Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

The Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after
• Lack of exchangeability - amendments to IAS 21	01 January 2025

The above amendments did not have a material impact on these financial statements.

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 April 2026 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures

Amendments were made to this disclosure-based Standard, resulting in further changes to the disclosures required of subsidiaries qualifying under IFRS 19. The amendments to IFRS 19 become effective concurrently with the original Standard.

The amendment is effective for years beginning on or after 01 January 2027 and the Group expects to adopt the amendment for the first time in the Group's 2028 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

This is a new standard which may be applied by subsidiaries which do not have public accountability. It is a disclosure only standard and provides for reduced disclosures for qualifying subsidiaries to apply, while still remaining compliant with the recognition, measurement and presentation requirements of IFRS Accounting Standards. The reduced disclosures provided in IFRS 19 may be applied by the subsidiary in their consolidated, separate or individual financial statements, provided that the ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. A subsidiary has public accountability, and may not apply IFRS 19, if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market, or if it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

The amendment is effective for years beginning on or after 01 January 2027 and the Group expects to adopt the amendment for the first time in the Group's 2028 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

Notes to the Consolidated And Separate Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements

This is a new standard which replaces IAS 1 Presentation of Financial Statements and introduces several new presentation requirements. The first relates to categories and subtotals in the statement of financial performance. Income and expenses will be categorised into operating, investing, financing, income taxes and discontinued operations categories, with two new subtotals, namely "operating profit" and "profit before financing and income taxes" also being required. These categories and sub totals are defined in IFRS 18 for comparability and consistency across entities. The next set of changes requires disclosures about management-defined performance measures in a single note to the financial statements. These include reconciliations of the performance measures to the IFRS defined subtotals, as well as a description of how they are calculated, their purpose and any changes. The third set of requirements enhance the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

IFRS 18 introduces changes to the structure and presentation of the statement of profit or loss, including defined categories and subtotals. The standard does not impact the recognition or measurement of assets, liabilities, income or expenses. The impact on the Group is therefore expected to be limited to presentation, with certain existing line items being reclassified within operating, investing and financing categories, together with the introduction of related subtotals. The Group has not yet commenced its transition to IFRS 18 but has developed an implementation approach. Implementation will be undertaken in a phased manner, with the mapping and repositioning of existing line items within the revised structure planned for the 2028 financial year, which will serve as the comparative period.

The amendment is effective for years beginning on or after 01 January 2027 and the Group expects to adopt the amendment for the first time in the Group's 2028 consolidated and separate financial statements. The Group will also assess the quantitative impact of IFRS 18 during the 2027 financial year, with the results expected to be disclosed in the 2027 financial statements, ahead of full application upon adoption.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards

Annual Improvements to IFRS Accounting Standards - Volume 11 - Hedge Accounting by a First-time Adopter - Amendment to reduce inconsistency in wording of the requirements in IFRS 9 Financial Instruments in relation to hedge accounting requirements for a first-time adopter.

The amendment is effective for years beginning on or after 01 January 2026 and the Group expects to adopt the amendment for the first time in the Group's 2027 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

Amendments to IFRS 7 Financial Instruments: Disclosures

Annual Improvements to IFRS Accounting Standards - Volume 11 - Gain or loss on derecognition - Amendment to delete an obsolete reference that remained in IFRS 7 after the publication of IFRS 13 Fair Value Measurement, as well as to improve consistency of wording of the requirements of IFRS 7 with IFRS 13 concepts regarding disclosure of a gain or loss on derecognition.

The amendment is effective for years beginning on or after 01 January 2026 and the Group expects to adopt the amendment for the first time in the Group's 2027 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

Amendments to IFRS 9 Financial Instruments

Annual Improvements to IFRS Accounting Standards - Volume 11 - Derecognition of lease liabilities. The amendment clarifies that if a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss in profit or loss.

The amendment is effective for years beginning on or after 01 January 2026 and the Group expects to adopt the amendment for the first time in the Group's 2027 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

Amendments to IFRS 9 Financial Instruments

Annual Improvements to IFRS Accounting Standards - Volume 11 - Transaction price. The amendment clarifies that trade receivables must be measured initially, in accordance with IFRS 9, at the amount determined by applying IFRS 15 Revenue from Contracts with Customers.

Notes to the Consolidated And Separate Financial Statements

The amendment is effective for years beginning on or after 01 January 2026 and the Group expects to adopt the amendment for the first time in the Group's 2027 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

Amendment to IFRS 9 and IFRS 7

Two amendments were made which deal with contracts referencing nature-dependent electricity and may not be applied to other contracts by inference. In terms of these contracts, buyers of nature-dependent electricity may have no practical ability to avoid making sales of unused electricity.

In the first instance, the amendments allow for entities to satisfy the "own-use" requirement when considering whether contracts to buy or sell non-financial items fall within the scope of IFRS 9. This will apply if the entity is, or expects to be a net purchaser of electricity. If the contract qualifies under the amendment, then the "own-use" requirement will be met and the contract will fall outside the scope of IFRS 9.

The second amendment deals with hedge accounting. It allows an entity to designate as the hedged item a variable nominal amount of forecast electricity transactions that is aligned with the variable amount of nature-dependent electricity expected to be delivered by the generation facility.

Additional disclosure will be required relating to each of these amendments.

The amendment is effective for years beginning on or after 01 January 2026 and the Group expects to adopt the amendment for the first time in the Group's 2027 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

Amendments to IFRS 10 Consolidated Financial Statements

Annual Improvements to IFRS Accounting Standards - Volume 11 - Determination of a 'de facto agent'. The amendment is to clarify whether a party acts as a de facto agent in assessing control of an investee.

The amendment is effective for years beginning on or after 01 January 2026 and the Group expects to adopt the amendment for the first time in the Group's 2027 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

Amendments to IAS 7 Statement of Cash Flows

Annual Improvements to IFRS Accounting Standards - Volume 11 - Cost method - Amendment to replace the term 'cost method' with 'at cost' following the earlier removal of the definition of cost method from IFRS Accounting Standards.

The amendment is effective for years beginning on or after 01 January 2026 and the Group expects to adopt the amendment for the first time in the Group's 2027 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments

The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendment also clarifies the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.

The amendment is effective for years beginning on or after 01 January 2026 and the Group expects to adopt the amendment for the first time in the Group's 2027 annual consolidated and separate financial statements. The amendment is unlikely to have a material impact on the Group's annual consolidated and separate financial statements.

Notes to the Consolidated And Separate Financial Statements

3. Financial instruments and risk management

Categories of financial assets - In Pula

Group - 2026 - In Pula	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investments at fair value	10	186,284,491	-	186,284,491	186,284,491
Trade and other receivables	13	-	34,323,780	34,323,780	34,323,780
Cash and cash equivalents	14	-	10,579,362	10,579,362	10,579,362
		186,284,491	44,903,142	231,187,633	231,187,633

Group - 2025 - In Pula	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investments at fair value	10	75,677,547	-	75,677,547	75,677,547
Trade and other receivables	13	-	56,003,377	56,003,377	56,003,377
Cash and cash equivalents	14	-	25,307,297	25,307,297	25,307,297
		75,677,547	81,310,674	156,988,221	156,988,221

Scheme - 2026 - In Pula	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investment in linked units	8	398,258,602	-	398,258,602	398,258,602
Investments at fair value	10	142,997,444	-	142,997,444	142,997,444
Trade and other receivables	13	-	13,741,967	13,741,967	13,741,967
Cash and cash equivalents	14	-	10,284,114	10,284,114	10,284,114
		541,256,046	24,026,081	565,282,127	565,282,127

Scheme - 2025 - In Pula	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investment in linked units	8	401,463,707	-	401,463,707	401,463,707
Interest receivable from investments in linked units	12	-	4,533,682	4,533,682	4,533,682
Investments at fair value	10	44,491,229	-	44,491,229	44,491,229
Trade and other receivables	13	-	44,504,548	44,504,548	44,504,548
Cash and cash equivalents	14	-	24,534,286	24,534,286	24,534,286
		445,954,936	73,572,516	519,527,452	519,527,452

Notes to the Consolidated And Separate Financial Statements

Categories of financial assets - In Pula

Group - 2026 - In Pula	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	19	25,395,714	25,395,714	25,395,714
Borrowings	16	572,489	572,489	572,489
		25,968,203	25,968,203	25,968,203
Group - 2025 - In Pula	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	19	34,670,797	34,670,797	34,670,797
Borrowings	16	14,093,376	14,093,376	14,093,376
		48,764,173	48,764,173	48,764,173
Scheme - 2026 - In Pula	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	19	18,217,542	18,217,542	18,217,542
Borrowings	16	572,489	572,489	572,489
		18,790,031	18,790,031	18,790,031
Scheme - 2025 - In Pula	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	19	29,422,737	29,422,737	29,422,737
Borrowings	16	14,093,376	14,093,376	14,093,376
Loan from subsidiary	17	20,000,000	20,000,000	20,000,000
		63,516,113	63,516,113	63,516,113

Notes to the Consolidated And Separate Financial Statements

Capital risk management

The Scheme's objective when managing capital (which includes working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The Group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The capital structure and gearing ratio of the Group at the reporting date was as follows:

Figures in Pula	Note(s)	Group		Scheme	
		2026	2025	2026	2025
Loan from subsidiary	17	-	-	-	20,000,000
Borrowings	16	572,489	14,093,376	572,489	14,093,376
Lease liabilities	6	4,185,349	5,908,065	4,185,349	5,908,065
Trade and other payables	19	32,158,707	42,493,746	24,939,940	37,177,592
Total liabilities		36,916,545	62,495,187	29,697,778	77,179,033
Cash and cash equivalents	14	(10,579,362)	(25,307,297)	(10,284,114)	(24,534,286)
Investments at fair value, excluding restricted funds		(186,284,491)	(75,677,547)	(142,997,444)	(44,491,229)
Net liabilities		(159,947,308)	(38,489,657)	(123,583,780)	8,153,518
Liability to future members	15	533,040,768	578,150,384	533,040,768	578,150,384
Gearing ratio		(30)%	3 %	(23)%	1 %

Financial risk management

Overview

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The management committee has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk on trade and other receivables as well as cash and cash equivalents.

Notes to the Consolidated And Separate Financial Statements

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The Group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well established financial institutions. The banks in Botswana are not rated but are regulated by the Bank of Botswana and some are subsidiaries of internationally reputable financial institutions. The Ministry of Health (MOH) is also unrated but is a Government entity that, while historically slow in payments, ultimately settles its obligations. Lenmed, an associate of the Scheme, is not independently rated. However, the Scheme closely monitors the credit quality of Lenmed's debts due to its significant influence over Lenmed's operations. The Scheme has access to Lenmed's regular reports, strategic initiatives, and any potential risks identified by its Board, with its financial results regularly reported to BPOMAS through monthly management accounts.

The Group recognizes expected credit losses on its rental receivables from the hospital tenant and project management fees from the Ministry of Health (MOH) by using a forward-looking approach that considers the probability of default (PD) and the loss given default (LGD).

The maximum exposure to credit risk is presented in the table below:

Group - In Pula		2026			2025		
	Note(s)	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	13	108,550,285	(74,226,505)	34,323,780	115,101,757	(59,098,380)	56,003,377
Cash and cash equivalents	14	10,579,362	-	10,579,362	25,307,297	-	25,307,297
Investments at fair value	10	186,284,491	-	186,284,491	75,677,547	-	75,677,547
		305,414,138	(74,226,505)	231,187,633	216,086,601	(59,098,380)	156,988,221

Scheme - In Pula		2026			2025		
	Note(s)	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Interest receivable from investments in linked units	12	-	-	-	4,533,682	-	4,533,682
Trade and other receivables	13	26,203,538	(12,461,571)	13,741,967	69,589,488	(25,084,940)	44,504,548
Cash and cash equivalents	14	10,284,114	-	10,284,114	24,534,286	-	24,534,286
Investments at fair value	10	142,997,444	-	142,997,444	44,491,229	-	44,491,229
		179,485,096	(12,461,571)	167,023,525	143,148,685	(25,084,940)	118,063,745

Bank balances

The Scheme assesses its exposure to credit risk and the recognition of expected credit losses (ECL) in accordance with IFRS

9. ECL on bank balances is deemed immaterial as these assets are deemed to have low credit risk based on the following factors:

- The credit quality of banks holding the Scheme's cash and cash equivalents is considered strong. These banks are at least two tier, subject to regulatory oversight by the Bank of Botswana, and meet the capital adequacy requirements. Additionally, some banks of the banks are subsidiaries of internationally reputable banking institutions, further mitigating credit risk. Due to these factors, the Scheme considers the risk of default on bank balances to be negligible and deems the ECL on bank balances to be immaterial.

Notes to the Consolidated And Separate Financial Statements

Liquidity risk

The Group is exposed to liquidity risk, which is the risk that the Group will encounter difficulties in meeting its obligations as they become due.

The Group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2026 - In Pula	Note(s)	Less than 1 year	2 to 5 years	Total	Carry-ing amount
Borrowings	16	572,489	-	572,489	572,489
Lease liabilities	6	2,216,516	2,305,150	4,521,666	4,185,349
Trade and other payables	19	25,395,714	-	25,395,714	25,395,714
		28,184,719	2,305,150	30,489,869	30,153,552

Group - 2025 - In Pula	Note(s)	Less than 1 year	2 to 5 years	Total	Carry-ing amount
Borrowings	16	9,582,127	-	9,582,127	14,093,376
Lease liabilities		2,082,579	4,521,673	6,604,252	5,908,065
Trade and other payables	19	34,670,797	-	34,670,797	34,670,797
		46,335,503	4,521,673	50,857,176	54,672,238

Scheme - 2026 - In Pula	Note(s)	Less than 1 year	2 to 5 years	Total	Carry-ing amount
Borrowings	16	572,489	-	572,489	572,489
Lease liabilities	6	2,216,516	2,305,150	4,521,666	4,185,349
Trade and other payables	19	18,217,542	-	18,217,542	18,217,542
		21,006,547	2,305,150	23,311,697	22,975,380

Scheme - 2025 - In Pula	Note(s)	Less than 1 year	2 to 5 years	Total	Carry-ing amount
Non-current liabilities					
Borrowings	16	9,582,127	-	9,582,127	14,093,376
Loan from subsidiary	17	20,000,000	-	20,000,000	20,000,000
Lease liabilities	6	2,082,579	4,521,673	6,604,252	5,908,065
Trade and other payables	19	29,422,737	-	29,422,737	29,422,737
		61,087,443	4,521,673	65,609,116	69,424,178

Notes to the Consolidated And Separate Financial Statements

Foreign currency risk

The Group is exposed to foreign currency risk for transactions that are denominated in a currency other than Pula. The Group does not take cover on foreign currency as it regards the Pula as a stable currency.

The net carrying amounts, in Pula equivalent, are denominated in South African Rand. The amounts have been presented in Pula by converting Rand amounts at the closing rate at the reporting date:

Exposure in Pula

Current liabilities in Pula

Insurance contract liabilities (foreign claims) - Rands	4,481,174	620,020	4,481,174	620,020
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Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

Current liabilities:

Insurance contract liabilities (foreign claims) - Rands	6,089,982	828,285	6,089,982	828,285
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Exchange rates

The following closing exchange rates were applied at reporting date:

Current liabilities:

Insurance contract liabilities (foreign claims) - Rands	1.275	1.336	1.275	1.336
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Foreign currency sensitivity analysis

The following information presents the sensitivity of the Group to a 10% increase or decrease in the Rupee and the Rand.

Group and Scheme	2026	2026	2025	2025
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
South African Rand denominated balances	(608,998)	608,998	(82,828)	82,828

Interest rate risk

As the Group has interest-bearing assets and liabilities the Group's policy is to minimise interest rate risk exposure on these financial assets and financial liabilities. The Group's investments are considered long term and short term strategic investments. During the year, the Group was exposed to changes in the market interest rates through bank borrowings and short term investments.

Notes to the Consolidated And Separate Financial Statements

Interest rate profile

The Group invests with reputable institutions and is subject to normal interest rate risk. The effective annual interest rates on the financial instruments noted above are as follows:

Note	Average effective interest rate		Carrying amount	
	2026	2025	2026	2025
Group - In Pula			Pula	Pula
Variable rate instruments:				
Assets				
Money markets	0.70 %	2.00 %	783	880
Listed bonds	9.27 %	7.66 %	6,529,970	7,015,479
Bank call accounts	0.70 %	2.00 %	12,387,592	25,391,852
			18,918,345	32,408,211

Fixed rate instruments:

Assets

Money markets	0.70 %	7.50 %	4,035	291,775
Listed bonds	10.20 %	8.97 %	8,224,642	16,230,539
			8,228,677	16,522,314

Liabilities

Borrowings	16	8.00 %	8.00 %	572,489	14,093,376
Lease liabilities	6	7.00 %	7.00 %	4,185,349	5,908,065
				4,757,838	20,001,441

	Note	Average effective interest rate		Carrying amount	
Scheme		2026	2025	2026	2025
Variable rate instruments:				Pula	Pula
Assets					
Money markets	10	0.70 %	2.00 %	783	880
Listed bonds		9.27 %	7.66 %	6,529,970	7,015,480
Bank call accounts		0.70 %	2.00 %	10,282,919	24,531,395
				16,813,672	31,547,755

Fixed rate instruments:

Assets

Money markets	10	0.70 %	7.50 %	4,035	290,895
Listed bonds		10.20 %	8.97 %	8,224,642	9,215,059
				8,228,677	9,505,954

Liabilities

Borrowings	16	8.00 %	8.00 %	572,489	14,093,376
Lease liabilities	6	7.00 %	7.00 %	4,185,349	5,908,065
				4,757,838	20,001,441

Notes to the Consolidated And Separate Financial Statements

Interest rate sensitivity analysis

A change of 50 basis points in interest rates during the reporting period would have increased/(decreased) the profit before taxation by an equal amount in either direction, as shown below.

Note	2026		2025	
Group - In Pula	Increase	Decrease	Increase	Decrease
Increase or decrease in rate				
Impact on profit or loss:				
Bank call accounts	4,336	(4,336)	126,959	(126,959)
Money markets	1	(1)	4	(4)
Listed bonds	30,281	(30,281)	35,077	(35,077)
	34,618	(34,618)	162,040	(162,040)

Note	Average effective interest rate		Carrying amount	
Scheme - In Pula	2026	2026	2025	2025
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Bank call accounts	3,599	(3,599)	122,657	(122,657)
Money markets	1	(1)	4	(4)
Listed bonds	30,281	(30,281)	35,077	(35,077)
	33,881	(33,881)	157,738	(157,738)

Price risk

The Group is exposed to price risk because of its investments in equity instruments which are measured at fair value. The exposure to price risk on equity investments is managed through a diversified portfolio.

Price risk sensitivity analysis

A change of 10% in the equity and unit Scheme prices during the reporting period would have increased/(decreased) the profit before taxation by an equal amount in either direction, as shown below:

Group and Scheme - In Pula	2026	2026	2025	2025
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Listed equities	224,961	(224,961)	2,185,312	(2,185,312)
Unit trusts	16,891,617	(16,891,617)	3,730,211	(3,730,211)
	17,116,578	(17,116,578)	5,915,523	(5,915,523)

Notes to the Consolidated And Separate Financial Statements

4. Reinsurance and insurance contracts risk management

Credit risk

Credit risk refers to the risk that policyholders and reinsurers will default on their contractual obligations, resulting in financial loss to the Scheme. As at 31 March 2026, the Scheme's maximum exposure to credit risk, which could result in financial loss due to failure to discharge obligations by policyholders and reinsurers, arises from the carrying amount of the Reinsurance contract asset and the assets included in Insurance contract liability.

IFRS 17 inherently incorporates the probability of default when determining the fulfilment cash flows of insurance contracts and reinsurance contracts. Therefore, no separate impairment loss allowance is recognised under IFRS 17, as credit risk is factored into the measurement of these assets and liabilities.

The table below represents the credit risk exposure of the Scheme, which equals the maximum exposure to credit risk, considering the ability to set off, where applicable, under the insurance and reinsurance contracts.

Group and Scheme	2025	2026
	Carrying amount	Carrying amount
Reinsurance contract asset	1,247,014	1,247,014
Assets included in Insurance contract liability	121,296,687	242,504,062
	122,543,701	243,751,076

The Scheme holds reinsurance contracts to mitigate its exposure to insurance risk. As at 31 March 2026, the credit quality of reinsurance contract assets is assessed based on the financial strength and credit ratings of the counterparties. The Scheme engages with reinsurers who are regulated and possess strong credit ratings, ensuring their ability to meet contractual obligations.

Credit Assessment

The Scheme evaluates the creditworthiness of its reinsurers using the following criteria:

- **Credit Ratings:** Reinsurers are required to have a minimum credit rating of "A" or equivalent from an internationally recognised credit rating agency.
- **Regulatory Oversight:** All reinsurers are subject to strict regulatory requirements in their jurisdictions, which include capital adequacy and solvency standards.
- **Historical Performance:** The Scheme considers the claims settlement history of each reinsurer, ensuring no significant defaults or delays in the past.

Current Credit Risk Exposure

As at 31 March 2026, the carrying amount of reinsurance contract assets stood at P1,247,014 (2025: P1,247,014). The counterparties associated with these contracts maintain high credit quality, with no identified defaults or expected credit losses factored into the measurement of these assets.

The Scheme continuously monitors the financial strength of its reinsurers and adjusts its risk management practices to mitigate any potential exposure to credit risk.

Notes to the Consolidated And Separate Financial Statements

Liquidity risk

The Group is exposed to liquidity risk, which is the risk that the Group will encounter difficulties in meeting its obligations as they become due.

Liquidity Risk Management

Liquidity risk is the risk that the Scheme may be unable to meet its obligations as they fall due. The Scheme employs the following measures to manage its liquidity risk effectively:

- **Actuarial Valuation of Liabilities:** The Scheme undertakes regular actuarial valuations to assess its liabilities accurately and to ensure that adequate funding levels are maintained.
- **Predictable Cash Flow Cycle:** The Scheme monitors and enforces agreed turnaround times for claims processing, enabling the prediction and management of cash flows effectively.
- **Contribution Collection and Suspension Policy:** Contributions are closely monitored, with policies in place to suspend benefits for members who fail to pay on time, ensuring timely inflows and reducing potential cash flow mismatches.
- **Claims Expiry Policy:** The Scheme has implemented a policy where claims not submitted within a stipulated timeframe are forfeited. This measure prevents unexpected outflows and ensures a clear understanding of cash flow requirements.
- **Adequate Reserve Management:** The Scheme maintains sufficient reserves to cover claims in the event of unforeseen spikes, ensuring liquidity is preserved during periods of increased claims activity.
- **Actuarial Determination of Benefit Limits:** Benefit limits are actuarially determined, aligning them with the Scheme's ability to meet claims obligations while maintaining liquidity stability.

The following tables present the remaining contractual discounted cash flows arising from insurance and reinsurance contract liabilities.

Group and Scheme - 2026 - In Pula

Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
(74,681,371)	-	-	(74,681,371)	(74,681,371)

Group and Scheme - 2025 - In Pula

Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
-	-	-	-	-

Notes to the Consolidated And Separate Financial Statements

5. Property, plant and equipment

Reconciliation of property, plant and equipment - Group and Scheme

In Pula	Furniture and fixtures	IT equipment	Work in progress	Total
Cost				
At 01 April 2024	2,635,546	1,212,682	-	3,848,228
Additions	2,525	161,218	-	163,743
At 31 March 2025	2,638,071	1,373,900	-	4,011,971
Additions	-	194,954	2,180,668	2,375,622
At 31 March 2026	2,638,071	1,568,854	2,180,668	6,387,593
Accumulated depreciation				
At 01 April 2024	(2,229,889)	(991,890)	-	(3,221,779)
Depreciation charge	(91,510)	(125,388)	-	(216,898)
At 31 March 2025	(2,321,399)	(1,117,278)	-	(3,438,677)
Depreciation charge	(91,637)	(161,367)	-	(253,004)
At 31 March 2026	(2,413,036)	(1,278,645)	-	(3,691,681)
Carrying amount				
Cost	2,638,071	1,373,900	-	4,011,971
Accumulated depreciation	(2,321,399)	(1,117,278)	-	(3,438,677)
Net book value at 31 March 2025	316,672	256,622	-	573,294
Cost	2,638,071	1,568,854	2,180,668	6,387,593
Accumulated depreciation	(2,413,036)	(1,278,645)	-	(3,691,681)
Net book value at 31 March 2026	225,035	290,209	2,180,668	2,695,912

6. Right of use assets and lease liabilities

The Scheme maintains two cancellable leases for buildings, with terms of three and five years, respectively, and includes options for renewal. Lease payments are subject to renegotiation upon renewal to align with current market rental rates. The Scheme is prohibited from entering into sub-lease agreements. At the close of the reporting period, one lease had been terminated and a new lease was added.

A weighted average incremental borrowing rate of 7% (2025:7%) was applied in the calculation of the discounted present value of the lease liabilities on 31 March 2026.

Group and Scheme

Figures in Pula

	2026			2025		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Buildings	8,541,813	(5,015,348)	3,526,465	8,541,813	(3,249,020)	5,292,793

Notes to the Consolidated And Separate Financial Statements

Right-of-use asset reconciliation - Group and Scheme

2026 - In Pula

Balance at 1 April 2025
Current depreciation charge

Balance at 31 March 2026

Buildings	Total
5,292,793	5,292,793
(1,766,328)	(1,766,328)
3,526,465	3,526,465

2025 - In Pula

Balance at 1 April 2024
Additions
Terminated
Current depreciation charge

Balance at 31 March 2025

Buildings	Total
4,442,474	4,442,474
2,865,280	2,865,280
(344,090)	(344,090)
(1,670,871)	(1,670,871)
5,292,793	5,292,793

Lease liabilities - Group and Scheme

Minimum lease payments due:

Within one year
Two to five years

Less: future finance charges

Present value of minimum lease payments

2026	2025
2,216,516	2,082,579
2,305,150	4,521,673
4,521,666	6,604,252
(336,317)	(696,187)
4,185,349	5,908,065

Present value of minimum lease payments due

Within one year
Two to five years

1,808,902	1,722,708
2,376,447	4,185,357
4,185,349	5,908,065

Reconciliation of lease liability

Opening balance
Additions
Terminated
Finance costs
Repayments

5,908,065	4,822,808
-	2,865,280
-	(358,536)
359,866	441,509
(2,082,582)	(1,862,996)
4,185,349	5,908,065

Current liabilities
Non-current liabilities

1,808,902	1,722,708
2,376,447	4,185,357
4,185,349	5,908,065

Other disclosures

Interest expense on lease liabilities
Principal lease payments

Total lease payments

359,866	441,509
1,722,716	1,421,487
2,082,582	1,862,996

Notes to the Consolidated And Separate Financial Statements

7. Investment property - Group

Investment property comprise Tribal lot 4769 Mmopane which is held under a 50 year leasehold, set to expire on 12 September 2057. The property is utilised as a private hospital with residential blocks and ancillary facilities.

Investments consists of:

- (i) Bokamoso Private Hospital
- (i) Undeveloped land

	2026	2025
	320,700,600	325,044,700
	33,119,400	32,145,300
	353,820,000	357,190,000

Reconciliation of investment property

Balance at 01 April
Fair value adjustments
Balance at 31 March

	357,190,000	348,130,000
	(3,370,000)	9,060,000
	353,820,000	357,190,000

Amounts recognised in profit or loss:

Direct operating expenses

Premises insurance
Repairs and maintenance
Valuation fees

	189,422	189,302
	1,944,539	2,240,766
	33,600	38,800
	2,167,561	2,468,868

7.1 Details of valuation

The independent valuation was performed by Mr Pumulo M. Kathurima of Willy Kathurima Associates Limited to determine the fair value of the investment property as at 31 March 2026 (2025: 31 March 2025). He holds recognised relevant professional qualifications and he is a member of the Real Estate Institute of Botswana (MREIB). The valuer has relevant experience for the investment property valued. Significant judgement is required to determine the fair value of the investment property, especially with respect to the determination of appropriate capitalisation rates. The significant assumptions associated with determining the fair values of investment property are disclosed in the accounting policies under Significant judgements.

Valuation method

(i) Bokamoso Private Hospital

The investment property was valued on the net income capitalisation method.

This net income capitalisation method provides an indication of value by converting future cash-flow to a single current value. This is done through capitalisation of current income by predetermined capitalisation rate into perpetuity. Then a time and reversion discounted cash flow is used to discount perceived future income stream to a net present value.

Management have elected to measure the investment property using the net income capitalisation valuation method due to the following key reasons:

- Rental determination for hospitals is very individualised and depend on the license, type of clinic or hospital, amount and quality of theatres and wards, location, age of building etc. Therefore, no specific rule of thumb or market norm can be deduced from applying a comparable basis.
- This investment property is directly income generating as there is a long-term lease contract that assures the Group of maximum possible revenue regardless of vacancy. Due to the long-term nature of the rental agreements, management are of the opinion that reasonable projections can be derived from the contracts with both the amounts and timing of future income.
- Further, due to the specialised nature of the hospital, it cannot be easily recreated with the same utility for immediate use without incurring significant premiums and legal restrictions such as change of land use.

Notes to the Consolidated And Separate Financial Statements

On the basis of the foregoing, the use of the net income capitalisation method is therefore more appropriate to the market comparison or replacement cost basis.

(ii) Undeveloped land

The undeveloped land was independently valued at P33,119,400 (2025: P32,145,300) on the open market value basis at 31 March 2026 (2025: 31 March 2025).

The open market value basis is defined as the estimated amount for which the property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties each acted knowledgeably, prudently and without compulsion.

- The revaluation gain arising from the change in fair value was included in profit or loss.

7.2 Information about fair value measurements using significant unobservable inputs (Level 3) 2026

The investment property fair value measurement falls into level 3 (valuation using significant unobservable inputs). A capitalisation rate of 8.86% on the expected net annual accruing income was applied in the calculation of the investment property valuation.

Valuation technique	Valuation	Estimate	Impact Lower	Impact Higher
Income capitalisation: Bokamoso Private Hospital	320,700,600	Capitalisation rate +/- 10%	(35,633,661)	29,154,813
Market value: Undeveloped land	33,119,400	Land value per sqm +/- 10%	(3,311,940)	3,311,940

Information about fair value measurements using significant unobservable inputs (Level 3) 2025

The investment property fair value measurement falls into level 3 (valuation using significant unobservable inputs). A capitalisation rate of 8.80% on the expected net annual accruing income was applied in the calculation of the investment property valuation.

Valuation technique	Valuation	Estimate	Impact Lower	Impact Higher
Income capitalisation: Bokamoso Private Hospital	325,044,700	Capitalisation rate +/- 10%	(36,115,565)	29,549,098
Market value: Undeveloped land	32,145,300	Land value per sqm +/- 10%	(3,214,530)	3,214,530

These following tables summarises the key financial and valuation figures for the years 2026 and 2025, as well as the significant unobservable inputs affecting the calculations of fair value.

Notes to the Consolidated And Separate Financial Statements

Fair value calculation

	2026	2025
Gross income	P31,162,720	P30,958,837
Vacancy provision	1.50% (P73,636)	1.50% (P71,215)
Net income (after vacancies)	P28,414,281	P28,210,398
Landlord's expenses (total)	P2,748,438	P2,748,438
Capitalisation rate	8.86%	8.80%
Capitalised value	P320,700,600	P325,044,700
Value of Undeveloped Land	P33,119,400 (P 680/sqm)	P32,145,300.00 (P 660/sqm)
Estimated market value	P353,820,000	P357,190,000

Significant unobservable inputs

	2026	2025
Capitalisation rate	8.86%	8.80%
Vacancy provision	1.50%	1.50%
Land rate for undeveloped land	P680/sqm	P660/sqm
Gross income	P31,162,720	P30,958,837
Landord's expenses	P2,748,438	P2,748,438

7.3 Sensitivity analysis

Capitalisation rate:

Refer to section 7.2 above for the capitalisation rate sensitivity analysis.

Vacancy provision:

A 10% increase would decrease market value by approximately P83,111 (2025: P539,506). A 10% decrease would increase market value by approximately P83,111 (2025: P539,506).

Land rate:

A 5% increase would increase market value by approximately P1,655,970 (2025: P1,607,265). A 5% decrease would decrease market value by approximately P1,655,970 (2025: P1,607,265).

The Group leases out the investment property to the associate (Lenmed Health Bokamoso Private Hospital). The lease is cancelable and runs for a period of 15 years with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rental prices. The lessee is restricted from any sub-lease agreements. As at end of the reporting period, there were four (4) years remaining on the rental lease period.

Notes to the Consolidated And Separate Financial Statements

8. Investment in linked units

Scheme - In Pula	% Holding 2026	% Holding 2025	Number of linked units 2026	Number of linked units 2025
BPOMAS Property Holdings Proprietary Limited (incorporated in Botswana)	100%	100%	178,300,000	178,300,000

The Scheme invested in linked units of BPOMAS Property Holdings Proprietary Limited (BPH). The linked units consist of ordinary shares in BPH which are linked to debentures. These linked units are measured at fair-value at each reporting date. The expected future cash-flows are reassessed at each reporting date in determining the fair-value of future cash-flows. Linked units are classified as level 3 on the fair value hierarchy as the inputs used in determining the fair value of linked units are based on significant unobservable market data. Refer to note 28 for fair value gains in linked units.

The following table reports the fair value of linked units as at reporting date:

Figures in Pula	2026	2025
Opening balance	401,463,707	411,639,544
Fair value losses	(3,205,105)	(10,175,837)
	398,258,602	401,463,707

9. Investments in associate

The following table lists all of the associates in the Group:

Group and Scheme Figures in Pula		% ownership interest 2026	% ownership interest 2025	Carrying amount 2026	Carrying amount 2025
Name of company	Held by				
Lenmed Health Bokamoso Private Hospital Proprietary Limited	Botswana Public Officers' Medical Aid Scheme	30 %	30 %	64,289,558	66,962,024

Reconciliation of investment in associate

Opening balance	66,962,024	69,304,756
Share of loss from associate	(2,672,466)	(2,342,732)
Closing balance	64,289,558	66,962,024

Notes to the Consolidated And Separate Financial Statements

The Scheme holds a strategic investment entered into during the year 2012. The entity provides private healthcare services and its principal place of business is Mmopane Block 1, Molepolole road. Lenmed Health Bokamoso Private Hospital has a 28th February year end and no dividends (2025: Pnil) were received for the reporting period.

The associate's financial year ends on February 28, while the Scheme's financial year ends on March 31. Due to this difference in the reporting periods, the Scheme accounts for the associate's financial information using the most recent available audited financial statements, adjusted for any significant transactions or events occurring between the associate's and the Scheme's reporting dates. The most recent available audited financial statements used to account for the associate's financial information were for the year ended 28 February 2026 (2025: 28 February 2025). Management has determined that the impact of the difference in reporting dates is not material to the Scheme and Group's financial statements because there were no significant transactions or events occurring between the associate's year-end and the Scheme's reporting date.

Summarised financial information of material associates

Summarised statements of profit or loss and other comprehensive income

Figures in Pula

Revenue

Other income and expenses

Loss before tax

Income tax credit/(expense)

Loss from continuing operations

Total comprehensive loss

Dividends received from associate

Income from equity accounted investment:

Share of current year loss

Summarised Statement of Financial Position

Assets

Non-current

Current

Total assets

Liabilities

Non-current

Current

Total liabilities

Total net assets

Lenmed Health Bokamoso Private Hospital Proprietary Limited (incorporated in Botswana)	
2026	2025
432,413,282	390,664,910
(443,770,228)	(396,843,642)
(11,356,946)	(6,178,732)
2,448,726	(1,630,373)
(8,908,220)	(7,809,105)
(8,908,220)	(7,809,105)
-	-
(2,672,466)	(2,342,732)
2026	2025
203,482,267	195,256,477
447,837,602	367,059,736
651,319,869	562,316,213
134,282,153	141,204,522
294,930,084	197,904,943
429,212,237	339,109,465
222,107,632	223,206,748

Notes to the Consolidated And Separate Financial Statements

The associate's financial year ends on February 28, while the Scheme's financial year ends on March 31. Due to this difference in the reporting periods, the Scheme accounts for the associate's financial information using the most recent available audited financial statements, adjusted for any significant transactions or events occurring between the associate's and the Scheme's reporting dates. The most recent available audited financial statements used to account for the associate's financial information were for the year ended 28 February 2026 (2025: 28 February 2025). Management has determined that the impact of the difference in reporting dates is not material to the Scheme and Group's financial statements because there were no significant transactions or events occurring between the associate's year-end and the Scheme's reporting date.

The Scheme subscribed to linked unit debentures during the year 2015 at an issue price of P0.99 per debenture to the amount of P176,517,000. The linked unit debentures are redeemable on demand on and after 1 January 2044 if so determined by special resolution at the option of the debenture holders. The option expires on 1 January 2054 at which date the debentures shall be redeemed.

The fair value of investments in linked units is based on the net asset value (NAV) of the subsidiary holding the linked units, calculated as the estimated fair value of the subsidiary assets less the estimated fair value of its liabilities. The linked units are classified under Level 3 because the fair value is determined based on a significant unobservable inputs which is the NAV of the subsidiary, derived from unobservable values of the underlying assets.

Investment property represents a significant portion of the subsidiary's assets. Its fair value, as detailed in note 7, is a key component of the NAV calculation. Other subsidiary's net assets are primarily short-term in nature, with trade and other receivables, deposits to acquire property, cash and cash equivalents, and trade and other payables all approximating fair value due to their short maturity or fixed willing parties contractual amounts.

The subsidiary's net asset value (NAV) aggregates several underlying assets and liabilities, so changes in fair value reflect combined movements in items such as investment properties, receivables and payables. As these inputs cannot be isolated into a single observable variable, a separate numerical sensitivity analysis is not considered meaningful.

Notes to the Consolidated And Separate Financial Statements

10. Investments at fair value through profit or loss

Figures in Pula

Designated at fair value through profit or loss:

	Group		Scheme	
	2026	2025	2026	2025
Money markets	4,818	291,775	4,818	291,775
Listed bonds	14,754,612	16,230,539	14,754,612	16,230,539
Listed equities	2,249,617	21,853,124	2,249,617	21,853,124
Unit trusts	169,275,444	37,302,109	125,988,397	6,115,791
	186,284,491	75,677,547	142,997,444	44,491,229
	186,284,491	75,677,547	142,997,444	44,491,229

Split between non-current and current portions

Non-current	142,997,444	44,491,229	142,997,444	44,491,229
Current	43,287,047	31,186,318	-	-
	186,284,491	75,677,547	142,997,444	44,491,229

Investments reconciliation

Opening balance	75,677,547	78,653,649	44,491,229	78,653,649
Fair value gain	4,286,215	8,632,738	4,286,215	8,119,837
Investment income for the year	4,556,365	5,843,627	-	5,843,627
Purchases of investments at fair value	397,400,000	277,673,417	380,400,000	247,000,000
Proceeds from sale of investments	(295,180,000)	(294,470,000)	(286,180,000)	(294,470,000)
Investment income received	-	(655,884)	-	(655,884)
Withholding tax on investment income	(455,636)	-	-	-
	186,284,491	75,677,547	142,997,444	44,491,229

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

- Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.
- Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).
- Level 3 applies to unobservable inputs for the asset or liability.

The entity's financial assets classified under Level 2 of the fair value hierarchy include money market investments and investments in unit trusts. These assets are measured at fair value based on observable market inputs such as quoted prices for similar assets or directly observable market data, but not quoted prices in active markets.

Money Market Investments

The fair value of money market investments is determined using observable inputs such as interest rates for similar instruments or market data from reputable sources. These instruments include short-term debt securities, government bonds, and other debt instruments with similar risk profiles and maturities. The fair value is derived using market interest rates, credit spreads, and discounted cash flow models based on observable inputs available in the market.

Investments in Unit Trusts

The fair value of investments in unit trusts is determined using the net asset value (NAV) provided by the fund manager or administrator. The NAV is calculated based on the fair value of the underlying assets within the unit trust, which includes both debt instruments and equity securities. The NAV is based on observable market prices for these underlying assets. In some cases, the entity may use observable pricing models or quotes for similar assets to determine the fair value of the unit trust investments.

Notes to the Consolidated And Separate Financial Statements

	Group		Scheme	
Figures in Pula	2026	2025	2026	2025

Investments in Balanced Portfolio, excluding unit trusts measured under level 2

The portfolio is a segregated fund comprising of a diversified mix of listed bonds and equities. The investments held within the Scheme are traded in active and liquid markets, and their fair values are based on quoted market prices, which are classified as Level 1 inputs under the fair value hierarchy. The objective of the portfolio is to maintain a balanced approach to yield, risk, and return. To achieve this, the Scheme is actively managed to optimise the allocation between fixed income and equity instruments, ensuring a prudent balance between capital preservation and capital appreciation.

- Level 3 applies inputs which are not based on observable market data. Refer to note 8 for investment in linked units.

Level 1

Listed equities	2,249,617	21,853,124	2,249,617	21,853,124
Listed bonds	14,754,612	16,230,539	14,754,612	16,230,539
	17,004,229	38,083,663	17,004,229	38,083,663

Level 2

Unit trusts	169,275,444	37,302,109	125,988,397	6,115,791
Money markets investments	4,818	291,775	4,818	291,775
	169,280,262	37,593,884	125,993,215	6,407,566

Total investments	186,284,491	75,677,547	142,997,444	44,491,229
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Restricted investments

IPRO Botswana Money Market Fund*	14,885,894	14,885,894	-	-
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*A portion of the Group's unit trust investments includes funds of P14,885,894 that are restricted as they have been reserved to settle an outstanding deposit relating to the acquisition of the BCL Mine Hospital. Although these funds are invested in a liquid, low-risk unit trust portfolio and are redeemable on short notice, they are not freely available for general use. In accordance with the sale and purchase agreement, the seller required a guarantee over the unpaid balance. To meet this requirement, the Group invested the full outstanding amount in a designated unit trust portfolio and a formal guarantee has been issued by the Scheme's subsidiary enabling settlement of the obligation within two business days upon notification. The restriction will remain in place until completion of the property transfer.

11. Prepayments

Prepayments	14,735,904	14,694,665	-	-
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The Group entered into a contract to purchase a hospital and selected equipment from BCL Limited. The total purchase price for the hospital, including certain equipment, is P29,389,330. As part of this agreement, the Group has paid a deposit of P14,735,904. As of the reporting date, the purchase has not yet fulfilled all the conditions precedent stipulated in the contract. Consequently, the legal and substantial rewards and risks associated with ownership have not yet passed to the Group. The deposit paid of P14,735,904 is recorded as a prepayment under current assets in the financial statements. This prepayment reflects an advance payment for the acquisition of the hospital and associated equipment and is reasonably expected to be utilised within a year of the reporting period.

Subsequent to the reporting date, there were still some outstanding conditions precedent, and the purchase process is ongoing. Therefore, no disclosable or adjusting events are applicable to the financial statements. When the purchase is finalised and the acquisition is complete, the cost of the assets will be capitalised and a payable recognised for the purchase price, less any deposits on or before the finalisation date.

Notes to the Consolidated And Separate Financial Statements

		Group		Scheme
Figures in Pula	2026	2025	2026	2025

12. Interest receivable from investments in linked units

Interest receivable from investments in linked units	-	-	-	4,533,682
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The amount relates to interest receivable on linked units debentures as at the reporting date. The debentures do not carry a fixed interest rate, instead, interest is declared by the issuer (BPH Property Holdings Proprietary Limited) based on the availability of cash flows. The linked unit debentures are redeemable on demand on and after 1 January 2044 if so determined by special resolution at the option of the Scheme. The option expires on 1 January 2054 at which date the debentures shall be redeemed.

Split between non-current and current portions

Current assets	-	-	-	4,533,682
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13. Trade and other receivables

Financial instruments at amortised cost:

Trade receivables	82,346,247	45,509,247	-	-
Allowance for expected credit losses	(61,764,934)	(34,013,440)	-	-
Trade receivables at amortised cost	20,581,313	11,495,807	-	-
MOH - Chronic medications project	24,923,142	68,518,291	24,923,142	68,518,291
Expected credit loss allowance on MOH - Chronic medications project	(12,461,571)	(25,084,940)	(12,461,571)	(25,084,940)
Other receivables	1,280,396	1,074,219	1,280,396	1,071,197
Sundry receivable	500	-	-	-
Non-financial instruments:				
Prepayments	377,447	139,395	377,447	139,395
Total trade and other receivables	34,701,227	56,142,772	14,119,414	44,643,943

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	34,323,780	56,003,377	13,741,967	44,504,548
Non-financial instruments	377,447	139,395	377,447	139,395
	34,701,227	56,142,772	14,119,414	44,643,943

Trade and other receivables largely comprise the following:

Other receivables - Amounts due from the Ministry of Health (MOH):

These receivables arise from the Scheme's role in administering a chronic medication project on behalf of the MOH. The receivable represents non-insurance income under an administrative arrangement. Payment terms are agreed upon with the MOH and are due in full within 3 months from invoicing.

Notes to the Consolidated And Separate Financial Statements

Trade receivables - rentals due from Lenmed Bokamoso Hospital:

This receivable pertains to lease income due from Lenmed Bokamoso Hospital, which rents a hospital property owned by the Scheme's subsidiary, BPOMAS Property Holdings Limited. Rentals are contractually due at the end of each calendar year. However, the hospital also makes periodic payments throughout the year as part of its liquidity risk management strategy.

The rent for each calendar year is due in full and payable in arrears by 31 December of that calendar year. Rental payments for the 2025 calendar year should have been settled by December 2025, and for the 2026 calendar year, payments are due by December 2026. Due to ongoing delays in government payments experienced by the tenant, the lessee has negotiated to settle the outstanding balances as payments are received from the government. The delayed payments are a broader challenge affecting medical service providers.

The carrying amounts of trade and other receivables are considered to approximate their fair values.

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if debtors fail to make payments as they fall due.

The average credit period on trade receivables is 30 days (2026: 30 days). No interest is charged on outstanding trade receivables.

A loss allowance is recognised for Lenmed Health Bokamoso Hospital Proprietary Limited and The Ministry of Health (MOH) and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

Notes to the Consolidated And Separate Financial Statements

	Group		Scheme	
Figures in Pula	2026	2025	2026	2025

Management has reassessed the ECL model to incorporate recent historical loss experience and updated forward-looking macro-economic factors. Accordingly, lifetime ECLs are recognised for those receivable balances where credit risk has increased significantly, ensuring the valuation reflects current expectations of recoverability.

The loss allowance provision is determined as follows:

Expected credit loss rate:

Lenmed Health Bokamoso Hospital Proprietary Limited

Current: 2% (2025: 31.28%)

30 days past due: 8% (2025: 36.60%)

60 days past due: 20% (2025: 0%)

90 days past due: 60% (2025: 53.80%)

More than 120 days past due: 85% (2025: 87.8%)

2026	2026	2025	2025
Gross carrying amount at default	Lifetime expected credit loss)	Gross carrying amount at default	Lifetime expected credit loss)
3,836,772	(76,735)	3,115,100	(974,484)
3,011,854	(225,889)	3,002,735	(978,804)
3,011,854	(602,371)	3,002,735	(1,141,023)
3,011,854	(1,807,112)	3,002,735	(1,605,724)
69,473,913	(59,052,827)	33,385,940	(29,313,405)
82,346,247	(61,764,934)	45,509,245	(34,013,440)

The Ministry of Health (MOH)

Current: 0% (2025: 0.5%)

30 days past due: 0% (2025: 1%)

60 days past due: 0% (2025: 3%)

90 days past due: 0% (2025: 10%)

More than 120 days past due: 50% (2025: 50%)

-	-	5,210,219	(26,051)
-	-	4,602,300	(46,023)
-	-	5,089,435	(152,683)
-	-	4,869,965	(486,997)
24,923,142	(12,461,571)	48,746,372	(24,373,186)
24,923,142	(12,461,571)	68,518,291	(25,084,940)
107,269,389	(74,226,505)	114,027,536	(59,098,380)

Total

During the current year, management refined its ECL assessment based on updated payment history, subsequent collections and evidence of deterioration in credit quality. This resulted in revised loss rates across the ageing buckets. The most significant percentage movements occurred in the Current to 90-day buckets, which contain relatively low outstanding balances. Accordingly, while the percentages changed materially, the impact on the overall ECL provision was not significant, as the majority of the receivables continue to fall within the over 120-day category, where the loss rate remained broadly consistent with the prior year.

Notes to the Consolidated And Separate Financial Statements

	Group		Scheme	
Figures in Pula	2026	2025	2026	2025

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

Opening balance	(59,098,380)	(287,483)	(25,084,940)	-
Provision raised on new trade receivables	(15,128,125)	(58,810,897)	12,623,369	(25,084,940)
Closing balance	(74,226,505)	(59,098,380)	(12,461,571)	(25,084,940)

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,887	2,875	2,887	2,875
Bank balances	10,576,475	25,304,422	10,281,227	24,531,411
	10,579,362	25,307,297	10,284,114	24,534,286

The bank balances are held with First National Bank Botswana, ABSA Bank Botswana Limited, Access Bank Botswana Limited and Bank Gaborone Limited. These financial institutions are highly reputable and are registered with and regulated by the Bank of Botswana. The credit quality of the bank balances is considered high, and as such, the expected credit loss (ECL) provision is deemed immaterial; therefore, no provision for expected credit losses has been recognised in respect of the Scheme's bank balances. Cash and cash equivalents are held at an average interest rate of 0.7% (2025: 0.71%).

15. Liability to future members

Reconciliation of liability to future members

Opening balance	578,150,384	621,057,497	578,150,384	621,057,497
Loss for the year transferred to liability to future members	(45,109,616)	(42,907,113)	(45,109,616)	(42,907,113)
	533,040,768	578,150,384	533,040,768	578,150,384

16. Borrowings

Group and Scheme

Botswana Government Loan	572,489	14,093,376	572,489	14,093,376
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Split between non-current and current portions

Current liabilities	572,489	14,093,376	572,489	14,093,376
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Notes to the Consolidated And Separate Financial Statements

	Group		Scheme	
Figures in Pula	2026	2025	2026	2025

The Government loan was obtained in 2010. The loan was unsecured and was repayable in 26 semi-annual instalments of P4,791,214 each, with repayments commencing in June 2013 following a three-year grace period. The loan bore a fixed interest rate of 8% per annum (2025: 8%).

During the current year, the outstanding loan principal was fully repaid. As at the reporting date, only late payment charges amounting to P572,489 remained outstanding.

Maturity profile of borrowings

Amounts due within one year	572,489	14,458,376	572,489	14,458,376
	572,489	14,458,376	572,489	14,458,376
Less future finance charges	-	(365,000)	-	(365,000)
	572,489	14,093,376	572,489	14,093,376

Borrowings comprises:

Accrued interest	572,489	797,738	572,489	797,738
Principal borrowings	-	13,295,638	-	13,295,638
	572,489	14,093,376	572,489	14,093,376

Current and non-current

Current

Accrued interest	572,489	797,738	572,489	797,738
Principal borrowings	-	13,295,638	-	13,295,638
Total current	572,489	14,093,376	572,489	14,093,376

Reconciliation of borrowings:

Opening balance	14,093,376	17,738,881	14,093,376	17,738,881
Interest expense	365,000	1,145,559	365,000	1,145,559
Late payment cost	559,149	-	559,149	-
<i>Repayment:</i>				
Interest paid	(1,149,398)	(695,642)	(1,149,398)	(695,642)
Principal borrowings repaid	(13,295,638)	(4,095,422)	(13,295,638)	(4,095,422)
	572,489	14,093,376	572,489	14,093,376

Interest paid

Opening accrued interest	797,738	347,821	797,738	347,821
Interest expense	924,149	1,145,559	924,149	1,145,559
Closing accrued interest	(572,489)	(797,738)	(572,489)	(797,738)
Interest paid	1,149,398	695,642	1,149,398	695,642

17. Loan from subsidiary

BPOMAS Property Holdings Proprietary Limited	-	-	-	20,000,000
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Notes to the Consolidated And Separate Financial Statements

Figures in Pula	Group		Scheme	
	2026	2025	2026	2025

BPOMAS Property Holdings Proprietary Limited extended a cash advance of P20,000,000 to BPOMAS in February 2025. The advance was interest-free and was scheduled to be repaid in three equal monthly installments of P6,666,667, beginning in April 2025. Given the short-term nature of the arrangement, no discounting was, as the impact was considered immaterial. The advance was fully repaid during the year.

18. Deferred tax

Deferred tax liability

Investment property	(36,764,918)	(32,229,309)	-	-
Provision for expected credit losses	13,525,039	7,419,710	-	-
Total deferred tax liability	(23,239,879)	(24,809,599)	-	-

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction.

Reconciliation of deferred taxation

At beginning of year	(24,809,599)	(31,112,548)	-	-
Movement per profit or loss	1,569,720	6,302,949	-	-
	(23,239,879)	(24,809,599)	-	-

19. Trade and other payables

Financial instruments at amortised cost:

Trade payables	6,910,571	5,470,852	6,910,571	5,470,852
Trade payables - related parties	6,831,208	4,738,655	-	-
Sundry payables	11,580,815	24,343,842	11,306,971	23,951,885
Administration fees payable	73,120	117,448	-	-

Non-financial instruments:

Provision for employee benefits	6,722,398	7,754,855	6,722,398	7,754,855
VAT	40,595	68,094	-	-
	32,158,707	42,493,746	24,939,940	37,177,592

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	25,395,714	34,670,797	18,217,542	29,422,737
Non-financial instruments	6,762,993	7,822,949	6,722,398	7,754,855
	32,158,707	42,493,746	24,939,940	37,177,592

Sundry payables include amounts received on behalf of Ministry of Health for their chronic medication healthcare program administered by the Scheme and accrued audit fees, annual general meeting expenses all of which are ordinarily settled within a month from receipt of invoice.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

Notes to the Consolidated And Separate Financial Statements

20. Analysis of insurance and reinsurance contracts assets and liabilities

Group		2026			2025		
Figures in Pula	Note	Liabilities	Assets	Net amount	Liabilities	Assets	Net amounts
Liability to future members	15	533,040,768	-	533,040,768	578,150,384	-	578,150,384
Insurance contracts issued	21	74,681,371	-	74,681,371	-	(62,092,469)	(62,092,469)
Reinsurance contracts held	22	-	(1,248,408)	(1,248,408)	-	(741,990)	(741,990)
		607,722,139	(1,248,408)	606,473,731	578,150,384	(62,834,459)	515,315,925

Scheme		2026			2025		
Figures in Pula	Note	Liabilities	Assets	Net amount	Liabilities	Assets	Net amounts
Liability to future members	15	533,040,768	-	533,040,768	578,150,384	-	578,150,384
Insurance contracts issued	21	74,681,371	-	74,681,371	-	(62,092,469)	(62,092,469)
Reinsurance contracts held	22	-	(1,248,408)	(1,248,408)	-	(741,990)	(741,990)
		607,722,139	(1,248,408)	606,473,731	578,150,384	(62,834,459)	515,315,925

Non-current and current portions:

Group		2026			2025		
Non-current		Liabilities	Assets	Net amount	Liabilities	Assets	Net amount
Liability to future members		533,040,768	-	533,040,768	578,150,384	-	578,150,384
Current							
Insurance contracts issued		74,681,371	-	74,681,371	-	(62,092,469)	(62,092,469)
Reinsurance contracts held		-	(1,248,408)	(1,248,408)	-	(741,990)	(741,990)
		607,722,139	(1,248,408)	606,473,731	578,150,384	(62,834,459)	515,315,925

Scheme		2026			2025		
Non-current		Liabilities	Assets	Net amount	Liabilities	Assets	Net amount
Liability to future members		533,040,768	-	533,040,768	578,150,384	-	578,150,384
Current							
Insurance contracts issued		74,681,371	-	74,681,371	-	(62,092,469)	(62,092,469)
Reinsurance contracts held		-	(1,248,408)	(1,248,408)	-	(741,990)	(741,990)
		607,722,139	(1,248,408)	606,473,731	578,150,384	(62,834,459)	515,315,925

Notes to the Consolidated And Separate Financial Statements

21. Insurance contract (liabilities)/assets

Group and Scheme - 2026 - In Pula	Liability for Remaining Coverage	Liability for incurred claims		
Reconciliation of insurance contracts	Excluding loss component	Present value of future cash flows	Risk adjustment for non- financial risk	Total
Opening balance - insurance contracts assets	242,504,062	(167,867,164)	(12,544,429)	62,092,469
Opening balance - insurance contracts liabilities	-	-	-	-
Net balance as at 1 April 2025	242,504,062	(167,867,164)	(12,544,429)	62,092,469
	-	-	-	-
Amounts per statement of comprehensive income:				
Insurance revenue	1,590,600,366	-	-	1,590,600,366
Insurance service expenses:				
-Incurred claims	-	(1,489,891,083)	-	(1,489,891,083)
-Other directly attributable expenses (maintenance costs)	-	(104,988,656)	-	(104,988,656)
-Adjustment to LIC	-	-	(363,377)	(363,377)
Insurance service result	1,590,600,366	(1,594,879,739)	(363,377)	(4,642,750)
Cash flows:				
-Premiums received	(1,711,807,741)	-	-	(1,711,807,741)
-Claims and other directly attributable expenses paid	-	1,579,676,651	-	1,579,676,651
Total cash flows	(1,711,807,741)	1,579,676,651	-	(132,131,090)
Closing balance - Insurance contract liabilities	121,296,687	(183,070,252)	(12,907,806)	(74,681,371)
Closing balance - Insurance contract assets	-	-	-	-
Net balance as at 31 March 2026	121,296,687	(183,070,252)	(12,907,806)	(74,681,371)

Notes to the Consolidated And Separate Financial Statements

Group and Scheme - 2025 - In Pula	Liability for Remaining Coverage	Liability for incurred claims		
Reconciliation of insurance contracts	Excluding loss component	Present value of future cash flows	Risk adjustment for non- financial risk	Total
Opening balance - insurance contracts assets	-	-	-	-
Opening balance - insurance contracts liabilities	2,880,093	(110,903,698)	(10,145,546)	(118,169,151)
Net balance as at 1 April 2025	2,880,093	(110,903,698)	(10,145,546)	(118,169,151)
Amounts per statement of comprehensive income:				
Insurance revenue	1,392,434,646	-	-	1,392,434,646
Insurance service expenses:				
-Incurred claims	-	(1,272,059,638)	-	(1,272,059,638)
-Other directly attributable expenses (maintenance costs)	-	(103,107,731)	-	(103,107,731)
-Adjustment to LIC	-	-	(2,398,883)	(2,398,883)
Insurance service result	1,392,434,646	(1,375,167,369)	(2,398,883)	14,868,394
Cash flows:				
-Premiums received	(1,152,810,677)	-	-	(1,152,810,677)
-Claims and other directly attributable expenses paid	-	1,318,203,903	-	1,318,203,903
Total cash flows	(1,152,810,677)	1,318,203,903	-	165,393,226
Closing balance - Insurance contract liabilities	242,504,062	(167,867,164)	(12,544,429)	62,092,469
Closing balance - Insurance contract assets	-	-	-	-
Net balance as at 31 March 2026	242,504,062	(167,867,164)	(12,544,429)	62,092,469

The Liability for Incurred Claims comprises the following:

	Group		Scheme	
	2026	2025	2026	2025
Provision for outstanding claims	163,552,099	139,997,587	163,552,099	139,997,587
Other payables for the maintenance and administration of insurance policies	26,323,808	37,445,203	26,323,808	37,445,203
	189,875,907	177,442,790	189,875,907	177,442,790
Risk adjustment	12,907,806	12,544,429	12,907,806	12,544,429
	202,783,713	189,987,219	202,783,713	189,987,219

Notes to the Consolidated And Separate Financial Statements

22. Re-insurance contract assets

Group and Scheme - 2026 - In Pula	Asset for Remaining Coverage	Asset for Incurred Claims		
Reconciliation of reinsurance contracts held	Excluding loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening balance - reinsurance contracts assets	(505,024)	1,247,014	-	741,990
Net balance as at 1 April 2025	(505,024)	1,247,014	-	741,990
Amounts per statement of comprehensive income:				
-Allocation of reinsurance premium paid	13,557,989	-	-	13,557,989
-Recoveries of incurred claims and other insurance service expenses	-	(11,875,800)	-	(11,875,800)
Reinsurance service result	13,557,989	(11,875,800)	-	1,682,189
Cash flows:				
-Premiums paid	(13,051,571)	-	-	(13,051,571)
-Reinsurance recoveries	-	11,875,800	-	11,875,800
Total cash flows	(13,051,571)	11,875,800	-	(1,175,771)
Closing balance - reinsurance contract liabilities	-	-	-	-
Closing balance - reinsurance contract assets	1,394	1,247,014	-	1,248,408
Net balance as at 31 March 2026	1,394	1,247,014	-	1,248,408

Group and Scheme - 2025 - In Pula	Asset for Remaining Coverage	Asset for Incurred Claims		
Reconciliation of reinsurance contracts held	Excluding loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening balance - reinsurance contracts assets	(511,568)	1,247,014	-	735,446
Net balance as at 1 April 2024	(511,568)	1,247,014	-	735,446
Amounts per statement of comprehensive income:				
-Allocation of reinsurance premium paid	13,297,531	-	-	13,297,531
-Recoveries of incurred claims and other insurance service expenses	-	(12,187,142)	-	(12,187,142)
Reinsurance service result	13,297,531	(12,187,142)	-	1,110,389
Cash flows:				
-Premiums paid	(12,785,963)	-	-	(12,785,963)
-Reinsurance recoveries	-	10,940,128	-	10,940,128
Total cash flows	(12,785,963)	10,940,128	-	(1,845,835)
Closing balance - reinsurance contract liabilities	(505,024)	1,247,014	-	741,990
Closing balance - reinsurance contract assets	-	-	-	-
Net balance as at 31 March 2026	(505,024)	1,247,014	-	741,990

Notes to the Consolidated And Separate Financial Statements

	Group		Scheme	
Figures in Pula	2026	2025	2026	2025

23. Insurance revenue

Insurance revenue from contracts measured under Premium Allocation Approach ("PAA")	1,590,600,366	1,392,434,646	1,590,600,366	1,392,434,646
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24. Insurance service and administration expenses

24.1 Insurance service expenses

Claims	1,489,891,083	1,272,059,638	1,489,891,083	1,272,059,638
Other directly attributable expenses - maintenance	104,988,656	103,107,731	104,988,656	103,107,731
Adjustment to LIC	363,377	2,398,883	363,377	2,398,883
	1,595,243,116	1,377,566,252	1,595,243,116	1,377,566,252

24.1.1 Claims

Claims expenses	1,489,891,083	1,272,059,638	1,489,891,083	1,272,059,638
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24.1.2 Other directly attributable expenses - maintenance

Actuarial consultancy fees	1,304,806	1,242,672	1,304,806	1,242,672
Administration fees	64,089,010	63,786,365	64,089,010	63,786,365
Customer acquisition and retention fees	-	29,100	-	29,100
Dental health risk management	7,185,738	7,151,805	7,185,738	7,151,805
Disease management program	7,577,839	6,723,682	7,577,839	6,723,682
Health risk management	23,145,742	22,533,209	23,145,742	22,533,209
Managed care fees	1,590,087	1,582,578	1,590,087	1,582,578
Other expenses*	95,434	58,320	95,434	58,320
	104,988,656	103,107,731	104,988,656	103,107,731

* Other expenses include various individually small attributable costs, such as member communication expenses (related to claims), claims administration expenses, and other similar attributable items.

Changes in risk adjustment for non financial risk

Risk adjustment	363,377	2,398,883	363,377	2,398,883
Total insurance service expenses	1,595,243,116	1,377,566,252	1,595,243,116	1,377,566,252

Notes to the Consolidated And Separate Financial Statements

Figures in Pula	Group		Scheme	
	2026	2025	2026	2025
24.2 Administration expenses				
Annual general meeting expenses	(175,188)	1,452,616	(175,188)	1,452,616
AML formulation	4,305,668	2,175,841	4,305,668	2,175,841
Administration and management fees	4,622,143	5,635,513	4,622,143	5,635,513
Advertising and promotion	1,753,309	1,735,348	1,753,309	1,735,348
Bank charges	671,288	582,240	669,784	576,786
Consulting and professional services	2,672,534	2,644,865	2,085,532	2,342,405
Depreciation of right of use assets	1,766,328	1,670,871	1,766,328	1,670,871
Depreciation on property, plant and equipment	253,004	216,897	253,004	216,897
Employee costs, excluding pension	26,435,475	20,648,135	26,435,475	20,648,135
Financial statement audit fees*	1,750,693	1,747,925	1,569,820	1,590,425
Insurance	626,335	647,842	436,913	458,540
IT expenses	1,416,399	1,326,803	1,368,440	1,290,291
Internal auditor's fees	250,916	432,218	250,916	348,218
Management committee expenses	112,548	905,254	79,503	460,458
Motor vehicle expenses	493,042	452,425	493,042	452,425
Pension contributions	1,848,369	1,412,322	1,848,369	1,412,322
Project management costs	3,964,822	5,104,294	3,964,822	5,104,294
Repairs and maintenance	1,950,334	3,053,622	5,795	6,164
Risk management and compliance costs	620,443	905,271	620,443	905,271
Directors and management committees sitting allowances	2,158,000	1,417,500	1,820,000	948,000
Subscriptions	3,216,388	3,514,574	3,216,388	3,514,574
Travel and accommodation	493,892	515,517	476,585	312,423
Other operating expenses **	4,906,850	8,082,897	4,667,893	7,762,662
	66,113,592	66,280,790	62,534,984	61,020,479

* Represents fees for the audit of the Scheme and Group's financial statements only; no other services were provided by the external auditor.

Financial statement audit fees comprise the audit engagement-letter fee together with VAT and audit-related disbursements, as the Scheme is not registered for VAT. The consolidated financial statement audit fees comprises the engagement-letter fee of P1,174,409 (2025: P1,453,038) and VAT and disbursements of P191,183 (2025: P294,887). For the Scheme, the 2026 financial statement audit fees amounted to P1,159,397 (2025: P1,590,425), comprising an engagement-letter fee of P997,082 (2025: P1,263,006) and VAT and disbursements of P162,316 (2024: P327,419). The comparative figures reflect the prior year's financial statement audit fees arrangements, inclusive of the effect of the prior-year overprovision.

** Other operating expenses comprise of individually immaterial expenses such as telephone, transport, stationery and other miscellaneous office administration expenses.

Notes to the Consolidated And Separate Financial Statements

	Group		Scheme	
Figures in Pula	2026	2025	2026	2025
25. Net income/(expense) from the reinsurance contracts held				
Reinsurance recoveries	11,875,800	12,187,142	11,875,800	12,187,142
Reinsurance premium expenses	(13,557,989)	(13,297,531)	(13,557,989)	(13,297,531)
	(1,682,189)	(1,110,389)	(1,682,189)	(1,110,389)
Reinsurance recoveries				
Funeral policy premium recoveries	4,168,050	4,446,450	4,168,050	4,446,450
Medical evacuation premium recoveries	7,474,496	6,327,686	7,474,496	6,327,686
Premium waiver recoveries	233,254	1,413,006	233,254	1,413,006
	11,875,800	12,187,142	11,875,800	12,187,142
Reinsurance premium expenses				
Funeral policy premium	(6,083,493)	(6,144,455)	(6,083,493)	(6,144,455)
Medical evacuation premium	(7,474,496)	(7,153,076)	(7,474,496)	(7,153,076)
	(13,557,989)	(13,297,531)	(13,557,989)	(13,297,531)
26. Rental income				
Rental income from investment property	32,416,433	32,262,368	-	-

Operating leases – as lessor (income)

The Group leased out property to Lenmed Health Bokamoso Hospital Proprietary Limited under three cancelable operating leases, two hospital lease agreements and a residential lease agreement. The lease terms are disclosed below:

Hospital leases

Main hospital wing: The Group leases its hospital property to Lenmed Health Bokamoso Private Hospital. The lease is cancelable and has a duration of 15 years, with an option to renew after the initial term. Lease payments are renegotiated every five years to align with prevailing market rental rates. As of the end of the reporting period, three years remain on the lease. An annual rent of P25 million (2025: P25 million) is payable each December.

Additional hospital wing: The time period of rental agreement is from March 2012 to February 2037. Monthly rental installments of P124,637 (2025: P106,866.55) are paid in full and in advance on or before the third day of each succeeding month. Rental arrears are subject to a 2% above First National Bank's prime interest rate calculated daily and compounded monthly. Rent to be escalated in accordance with the Botswana Consumer Price Index prevailing at the relevant time.

Residential lease

The effective date of the lease is 1 August 2013. Monthly rental installments of P494,767 (2025: P305,000) are paid on or before the seventh day of every month. Rental arrears are subject to a 10% annual interest reckoned from the due date until they are paid. Rent to be escalated in accordance with the Botswana Consumer Price Index prevailing at the relevant time and/or as maybe negotiated and agreed by the parties.

Notes to the Consolidated And Separate Financial Statements

Figures in Pula		Group		Scheme	
		2026	2025	2026	2025
27. Other income					
Administration fees		5,519,967	10,684,726	6,829,119	11,943,526
Other sundry income		937,094	207,305	71,623	-
Gain on disposal of property, plant and equipment		-	105,266	-	105,266
		6,457,061	10,997,297	6,900,742	12,048,792
28. Fair value gains					
Fair value (loss)/gain on investment property	7	(3,370,000)	9,060,000	-	-
Fair value loss on investments in linked units	8	-	-	(3,205,105)	(10,175,837)
Fair value gain on investments at fair value through profit or loss	10	4,286,215	8,632,738	4,286,215	8,119,837
		916,215	17,692,738	1,081,110	(2,056,000)
29. Investment income					
Interest income - investments		11,662,056	6,582,070	7,101,567	23,377,309
Interest income consists of:					
Interest revenue calculated using the effective interest method - call accounts and bank deposit		4,124	738,443	-	-
Interest income from investments at fair value		11,657,932	5,843,627	7,101,567	23,277,309
Dividend income from investments at fair value		-	-	-	100,000
		11,662,056	6,582,070	7,101,567	23,377,309
30. Finance costs					
Interest on lease liabilities		359,866	441,509	359,866	441,509
Interest expense on borrowings		924,149	1,145,559	924,149	1,145,559
		1,284,015	1,587,068	1,284,015	1,587,068
Interest paid in the cashflow statement comprises:					
Interest paid on borrowings	16	1,149,398	695,642	1,149,398	695,642
Interest paid on leases	6	359,866	441,509	359,866	441,509
Total interest paid for the year		1,509,264	1,137,151	1,509,264	1,137,151
31. Taxation					
Major components of the tax expense (income)					
Current taxation		6,607,964	1,481,053	-	-
Deferred taxation		(1,569,720)	(6,302,949)	-	-
		5,038,244	(4,821,896)	-	-

Notes to the Consolidated And Separate Financial Statements

	Group		Scheme	
Figures in Pula	2026	2025	2026	2025
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax ex-pense.				
Accounting profit (loss)	(40,071,372)	(47,729,009)	(45,109,616)	(42,907,113)
Tax at the applicable tax rate of 22% (2025: 22%)	(8,815,702)	(10,500,382)	(9,924,116)	(9,439,565)
Tax effect of adjustments on taxable income				
Permanent differences from scheme loss/(income)	10,553,078	7,635,093	9,924,116	9,439,565
Non taxable capital gain	3,300,868	(1,956,607)	-	-
	5,038,244	(4,821,896)	-	-
32. Cash generated from/(used in) operations				
Loss before taxation	(40,071,372)	(47,729,009)	(45,109,616)	(42,907,113)
Adjustments for non-cash items:				
Depreciation and amortisation	2,019,332	1,887,769	2,019,332	1,887,769
Gains on disposal of asset	-	(105,266)	-	(105,266)
Gain on termination of leases	-	(14,446)	-	(14,446)
Fair value (gains) /losses	(916,215)	(17,692,738)	(1,081,110)	2,056,000
Income from equity accounted investments	2,672,466	2,342,732	2,672,466	2,342,732
Movement in expected credit losses	15,128,125	58,810,897	(12,623,369)	25,084,940
Adjust for items which are presented separately:				
Investment income	(11,662,056)	(6,582,070)	(7,101,567)	(23,377,309)
Finance costs	1,284,015	1,587,068	1,284,015	1,587,068
Changes in working capital:				
Trade and other receivables	6,313,420	(78,571,951)	43,147,898	(46,219,521)
Trade and other payables	(10,335,039)	27,553,805	(12,237,652)	25,084,634
Insurance contract assets	62,092,469	(62,092,469)	62,092,469	(62,092,469)
Insurance contract liabilities	74,681,371	(118,169,151)	74,681,371	(118,169,151)
Reinsurance contract assets	(506,418)	(6,544)	(506,418)	(6,544)
	100,700,098	(238,781,373)	107,237,819	(234,848,676)
33. Tax paid				
Balance at beginning of the year	780,319	(1,220,151)	-	-
Current tax recognised in profit or loss	(6,607,964)	(1,481,053)	-	-
Withholding tax on investment income	455,636	-	-	-
Balance at end of the year	4,002,764	(780,319)	-	-
	(1,369,245)	(3,481,523)	-	-

Notes to the Consolidated And Separate Financial Statements

34. Related parties

Relationships

Subsidiary of Botswana Public Officers' Medical Aid Scheme

BPOMAS Property Holdings Proprietary Limited

Associate of Botswana Public Officers' Medical Aid Scheme

Lenmed Health Bokamoso Private Hospital Proprietary Limited

Members of key management

(refer to general information page)

Related party balances

Amounts due from related parties

Lenmed Health Bokamoso Private Hospital Proprietary Limited	82,346,247	45,509,247	-	-
BPOMAS Property Holdings Proprietary Limited	-	-	597	-
	82,346,247	45,509,247	597	-

Amounts due from related parties are interest free, unsecured and without repayment terms.

Amounts due to related parties

BPOMAS Property Holdings Proprietary Limited*	-	-	-	-
Directors sitting allowances	-	(42,000)	-	-
Lenmed Health Bokamoso Private Hospital Proprietary Limited**	(6,830,612)	(4,696,653)	-	-
	(6,830,612)	(4,738,653)	-	-

* Amounts due to related parties were interest free and unsecured. The advance was fully repaid during the year.

** The amount payable represents reimbursements outstanding at the reporting date due to Bokamoso Hospital for repair and maintenance costs that the hospital settled on behalf of BPOMAS Property Holdings Proprietary Limited. The amounts are interest-free and have no fixed repayment terms.

Investment in associate company

Lenmed Health Bokamoso Private Hospital	9	-	-	64,289,558	66,962,024
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Related party transactions

Amounts received from BPOMAS Property Holdings Proprietary Limited

Dividend income	-	-	-	100,000
Investment income from investment in linked units	-	-	-	17,433,682

Notes to the Consolidated And Separate Financial Statements

Rental income from related party

Lenmed Health Bokamoso Private Hospital Proprietary Limited	32,416,433	32,262,368	-	-
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Management fees received from related parties

BPOMAS Property Holdings Proprietary Limited	-	-	1,309,152	1,258,800
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The investments in subsidiary represents 100% holdings in BPOMAS Property Holdings, a company incorporated in Botswana which is in the business of letting out of properties.

Transactions with its key management personnel:

Directors and management committee meetings sitting allowance	2,158,000	1,417,500	1,820,000	948,000
Sub-committee sitting allowance	-	379,000	-	379,000

Key Management personnel

Management of the Scheme, in terms of the Rules, is performed by the Management Committee. As defined by the Scheme rules, "the affairs of the Scheme shall be managed according to these Rules by a Management Committee consisting of not more than eight (8) members, six (6) of whom shall be representatives of critically essential major stakeholders appointed by the Appointing Authority and two (2) independent members with required skills, to be appointed by the Appointing Authority from time to time."

35. Commitments

The Scheme's subsidiary is obligated to settle the remaining balance of P14,735,904 for the acquisition of the BCL Mine Hospital. All conditions precedent were fulfilled subsequent to the reporting date. The required funds have been placed in a designated special-purpose investment account, with a guarantee issued against these funds. Payment will be effected once the transfer of the property is finalised.

The management committee is not aware of any other commitments that existed as at the financial reporting date not dealt with in these financial statements.

36. Contingent liabilities

The management committee is not aware of any contingent liabilities that existed as at the financial reporting date.

37. Events after the reporting period

BCL Mine Hospital Acquisition Update

Subsequent to the reporting date, the conveyancing process in respect of the acquisition of the BCL Mine Hospital property remains ongoing. During the current financial year, all key conditions precedent to the transaction were fulfilled, and the parties continue to progress the legal transfer of ownership.

Management continues to evaluate potential amendments to the existing hospital structure to align the facility with its intended operational requirements. Preliminary drawings for certain proposed modifications have been prepared and approved, and initial cost estimates indicate potential capital expenditure of approximately P40 million (inclusive of the purchase consideration of P29 million). As at the date of approval of these financial statements, no contracts have been entered into in respect of the proposed modifications.

The project committee established during the prior financial year continues to oversee the acquisition and to evaluate the feasibility and business case for the proposed development. The committee is also monitoring prevailing macro-economic conditions and assessing their potential impact on the transaction, the proposed modifications to the hospital and the intended operating model. These evaluations remain ongoing as at the date of approval of the financial statements.

Notes to the Consolidated And Separate Financial Statements

Receivables balances due from Lenmed Bokamoso Private Hospital

The Scheme's subsidiary continues to engage with its major debtor, regarding the recovery of its long-outstanding rental receivables. Subsequent to the reporting date, the debtor has sought shareholder financial support through a proposed P100 million funding facility, which remains under consideration. The proposed funding is intended to strengthen the debtor's liquidity position and support its ongoing operations. The debtor has also received partial settlement of amounts due from the Government of Botswana, providing some improvement in its operational cash flow. Management continues to monitor these developments and assess the recoverability of the outstanding receivable based on the latest available information.

Management has evaluated these subsequent developments and concluded that they represent a continuation of the recovery process and do not change the basis on which the receivable was measured at the reporting date. Accordingly, no adjustment has been made to the amounts recognised in these financial statements.

38. Going concern

The Group and Scheme recorded a loss of P45,109,616 (2025: P42,907,113), driven primarily by the significant increase in claims cost which resulted in a negative insurance service result in 2026.

In addition, both the Group and the Scheme incurred positive operating cash flows of P100,700,098 (Group) and P107,237,819 (Scheme) (2025: negative operating cash flows of P238,781,373 for Group and P234,848,676 for Scheme) respectively. The improvement from the prior year and the generation of positive operating cash flows demonstrate the Group's and the Scheme's ability to fund their operations from internally generated resources. While delays in the settlement of amounts due from Government and Lenmed Bokamoso continue to impact working capital, management remains engaged with these counterparties and expects the outstanding balances to be recovered.

Management has assessed the implications of these conditions on the Group's and Scheme's ability to continue as going concerns and notes the following:

- Cash-flow forecasts prepared for a period of at least 12 months from the reporting date indicate that the Group and Scheme will be able to meet their obligations, based on the assumption that the Government honours its premium obligations timely, and outstanding balances are settled within the projected timeframes.
- The expected credit losses recognised at both Group and Scheme level relate primarily to two significant debtors. The underlying balances are not disputed, and management continues to actively engage with both parties. Management is confident in the potential for full recovery, supported by the easing of government liquidity constraints and shareholder interventions at Lenmed Bokamoso Hospital. The timing of these receipts is a critical assumption in the cash-flow forecasts.
- The Group and the Scheme possess substantial liquid assets that may be readily converted to cash to meet short-term liabilities.
- Management is continuing to pursue measures to improve future cash flows. The expected acquisition of the BCL Mine Hospital is anticipated to introduce an additional income stream for the Group.
- Further, actuarial services are available to support the recalibration of contributions, tariffs and benefit limits to protect the Scheme from unsustainable losses, if required.

Based on current cash and investment balances, the expected recoveries from major debtors, and the prepared cash-flow forecasts, the Management Committee is satisfied that the Group and the Scheme have adequate resources to continue operating for the foreseeable future. As a result, the financial statements have been prepared on a going concern basis.

However, the Group and Scheme's ability to meet its obligations and ability to continue operating as going concerns is heavily dependent on the timely receipt of premiums and outstanding balances owing by Government. Should there a significant delay in Government settling the premiums and outstanding balances on a continuous basis, a material uncertainty exist that which cast significant doubt on the Group's and Scheme's ability to continue as going concerns and therefore that it may be unable to realise its assets and settle its liabilities in the normal course of operation.

Memo

FROM: MANAGEMENT COMMITTEE (MANCO)
TO: MEMBERS
DATE: 27 AUGUST 2026
RE: **RE - APPOINTMENT OF EXTERNAL AUDITORS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2027**

Background

BPOMAS, as a regulated entity, is required to prepare and publish audited financial statements annually, to provide its members and relevant regulatory authorities with an independent assessment of the it's financial position and performance. In that regard, BPOMAS is required to appoint external auditors.

At the Annual General Meeting held on **20 March 2026**, members approved the appointment of **Baker Tilly Certified Auditors** as the Scheme's External Auditors for the audit of the financial years ending 31 March 2026, 31 March 2027 and 31 March 2028, renewable annually at the AGM subject to satisfactory performance.

Baker Tilly Certified Auditors have subsequently completed the audit of the Scheme's financial statements for the financial year ended **March 2026**. The audit was completed satisfactorily. Based on their satisfactory performance and continued suitability to provide the required external audit services, **Manco recommends the re-appointment of Baker Tilly Certified Auditors** as the Scheme's External Auditors for the financial year ending **31 March 2027**.

RECOMMENDATION

It is recommended that Baker Tilly Certified Auditors be re-appointed as the External Auditors of BPOMAS for the audit of the Scheme's financial statements for the financial year ending **31 March 2027**.

It is **further recommended** that **Mr Thulaganyo Molebatsi**, in his capacity as the Principal Officer/CEO, be and is hereby authorised to do all that is necessary and sign any document necessary to give effect to this resolution.

REQUESTED RESOLUTION (APPROVAL)

It is **RESOLVED that Baker Tilly Certified Auditors** be re-appointed as the External Auditors of BPOMAS for the audit of the Scheme's financial statements for the financial year ending **31 March 2027**, following the satisfactory completion of the audit for the financial year ended 31 March 2026 on the same terms and conditions.

It is **FURTHER RESOLVED** that **Mr Thulaganyo Molebatsi**, in his capacity as the Principal Officer/CEO, be and is hereby authorised to do all that is necessary and sign any document necessary to give effect to this resolution.

Memo

FROM: MANAGEMENT COMMITTEE (MANCO)
TO: MEMBERS
DATE: 25 AUGUST 2026
RE: AMENDMENT/REVIEW OF SCHEME RULES

Background

In terms of Rule 30 of the BPOMAS Rule Book, any matters not specifically covered by the Rules shall be left to the discretion of the Management Committee, provided that the decision of the Management Committee shall not be inconsistent with the provisions of the Rules.

The Rules (41) further provide that unless otherwise provided for in the Rules, the Management Committee shall be entitled to alter or rescind any Rule or Annexure or to make any additional Rule or Annexure; provided that no alteration, rescission or addition which affects the objects of the Scheme, or which increases the rates of contribution or decreases the extent of benefits by more than 25 percent during any financial year shall be valid, unless it has been approved by a majority of members present or represented by proxy at a meeting of members convened in the manner provided for in the Rules.

In addition, Rule 41.1.1 provides that no alteration, rescission or addition, which affects the objects of the Scheme, or which increases or decreases the rates of contributions, or which increases or decreases the extent of benefits shall be valid unless approved by the employer (i.e. Botswana Government). Without detracting from the generality of the Rules, but subject always to Rule 41.1.1 and 41.1.2, the Management Committee may in its discretion amend these Rules from time to time to improve the efficiency of the Scheme.

THE PROPOSED AMENDMENTS TO THE SCHEME RULES ARE SET OUT IN ANNEXURE 1 BELOW.

Annexure 1 – Proposed Scheme Rule Amendments

#	RULE AS PER THE RULE BOOK	PROPOSED AMENDMENT/ PROPOSED NEW RULE	REASON FOR PROPOSED AMENDMENT
1	Rule 4 – Definitions New Rule New Rule	Rule 4.* – Personal Data: "Personal Data" shall have the meaning assigned to it under the Data Protection Act, 2024 or any subsequent amendments from time to time. Rule 4.* – Health Information: "Health Information" shall mean personal data relating to the physical or mental health of a member or dependant, including clinical records, treatment plans, prescriptions, radiographs, photographs, laboratory reports, diagnostic information and claims information. Rule 4.* – Fraud, Waste and Abuse (FWA): shall mean any act or omission resulting in inappropriate utilisation of benefits, financial loss to the Scheme, patient harm, duplicate billing, over-servicing, misrepresentation or abuse of benefits. Rule 4.* – Personal Data Breach: shall mean any unauthorised access, disclosure, alteration, destruction, loss or misuse of personal data.	Current Rule Book contains no definitions for Personal Data, Fraud, Waste and Abuse or Personal Data Breach New Rule provides foundation for governance, FWA, managed care and data protection provisions. (Numbering to following Rule Book format & sequence under Rule 4.)
2	Rule 4.13 – Date of Service – New Rule	Rule 4.13.5: In the case of appliances, prostheses, crowns, bridges, dentures, orthodontic appliances, implants or any treatment rendered in stages, the date of service shall be the date on which the appliance, prosthesis or treatment phase is completed, fitted, inserted, delivered or otherwise rendered to the member or dependant.	Clarifies service dates for staged treatment and prevents premature billing.
3	4.14.5 parent dependant: a member's biological or adoptive mother or father, or a biological or adoptive mother or father of a member's spouse, who is not a pensioner as defined under Rule 4.29 and is not more than sixty-five (65) years of age at the time of entry.	4.14.5 parent dependent: a member's biological or adoptive mother or father, or a biological or adoptive mother or father of a member's spouse, who is not more than sixty-five (65) years of age at the time of entry.	The rule has been enhanced to remove Rule 4.29 which excludes government pensioners from being added as parent dependents.
4	Rule 6.3 After consideration of the information referred to in Rule 6.2, the Management Committee may decline the application for membership or may limit or exclude benefits for a period not exceeding two (2) years in respect of a particular disease, disorder or disability, with the exception of HIV/AIDS, which existed at the time of admission of the person as a member or dependant, subject to Rule 7.2. New Rule	Rule 6.3.1: Notwithstanding any waiting period, benefits may be considered for emergency treatment required to preserve life, prevent serious deterioration of health, manage severe pain, control acute infection or treat accidental injury or trauma, subject to Scheme Rules and available benefits. Rule 6.3.2 Emergency treatment shall not include elective, cosmetic, planned or non-urgent treatment capable of being deferred until expiry of the applicable waiting period. Rule 6.3.3 The Scheme shall apply 12 months waiting periods to all new members that may need to undergo an elective procedure that will require a major intervention within three months of joining.	Current Rules are silent on emergencies during waiting periods. The Management Committee may limit or exclude benefits for pre-existing conditions.

Annexure 1 – Proposed Scheme Rule Amendments

5	7.5.2 A grandchild dependant who is under the age of twenty-one (21) years, who is unmarried and who is not in receipt of regular remuneration. An application for a grandchild dependant where such dependant is not covered under the adult child dependant must be accompanied by a letter from the member detailing the reason for inclusion of the dependant under the membership together with a police affidavit confirming the relationship between the member and the dependant	7.5.2 A members grandchild dependant who is unmarried and who is not in receipt of regular remuneration. An application for a grandchild dependant where such dependant is not covered under the adult child dependant must be accompanied by an affidavit confirming the relationship between the member and the dependant.	The rule has been simplified and age removed. The Grandchild can be added for as long as needed.
6	Rule 10.2 Notwithstanding the provisions of Rule 10.1 above, should the member lose his membership card and/or request for an additional card, he shall be charged a fee as may be determined by the Management Committee from time to time for the replacement and/or additional card.	Rule 10.2 Notwithstanding the provisions of Rule 10.1 above, should the member lose his/ her membership card and/or request for an additional card, he shall be charged a fee as may be determined by the Principal Officer from time to time for the replacement and/or additional card.	Determination of the fee for card duplicates has been changed from the Management Committee to the Principal Officer as it is an operational function that falls within the responsibilities of the Principal Officer per Delegation of Authority.
7	Rule 7.4 Widow/Widower The surviving spouse (widow or widower as the case may be) of a deceased member, who is registered with the Scheme as the deceased spouse's dependant at the time of such member's death, shall upon request be admitted as a member of the Scheme, provided that the deceased member was a member of the Scheme at the time of his/ her death and the surviving spouse continues to pay hundred percent (100%) contribution. Such surviving spouse member shall be notified by the Scheme of his or her right to membership and of the contribution payable in respect thereof. 7.4.1 If the surviving spouse (widow or widower) is a Government employee or a pensioner and decides to take over the account, the member is entitled to the Government (50%) contribution. 7.4.2 If the surviving spouse is also a non-government employee or pensioner, they will pay hundred percent (100%) contribution. Such surviving spouse member shall be notified by the Scheme of his or her right to membership and of the contribution payable in respect thereof.	7.4 Registered Dependants 7.4 The registered dependant (surviving widow or widower, as the case may be) of a deceased member, or any remaining dependent(s) of the deceased member who were registered with the Scheme at the time of such member's death, shall upon request be admitted as a member of the Scheme, provided that the deceased member was a member of the Scheme at the time of his or her death and that such surviving spouse or remaining dependent(s) were registered as dependants of the deceased member at the time of such member's death. Such surviving spouse or remaining dependent member shall be notified by the Scheme of his or her right to membership and of the contribution payable in respect thereof. 7.4.1 If the registered dependant (surviving widow or widower) is a government employee or a pensioner and decides to take over the account, the member shall be entitled to the Government (50%) contribution. 7.4.2 If the registered dependent, (widow, child or individual member) is also a non-government employee or pensioner, they may opt to continue with the membership by paying hundred percent (100%) contribution.	This amendment will ensure continuity of healthcare benefits for affected dependants, reduce the risk of members losing access to medical cover following the death of a principal member, and align the Scheme's rules with principles of fairness, inclusivity, and member welfare. Furthermore, as the surviving dependant will be required to pay 100% of the applicable contributions, the amendment is not expected to create any additional financial burden on the Scheme. The effect of this Rule is that it opens wider, the window of the Scheme allowing non-government employees to be members

Annexure 1 – Proposed Scheme Rule Amendments

8	New Rule – Add to Rule 15	Rule 15.3 Where a member has outstanding contributions or amounts due to the Scheme, the Scheme may, at its discretion, approve a payment arrangement subject to terms and conditions determined by the Scheme. Rule 15.3.1 Any approved payment arrangement shall be documented and monitored in accordance with the Scheme's related operational procedures. Rule 15.3.2 Members who default on an approved payment arrangement may be suspended or terminated in accordance with the Scheme Rules.	There is currently no provision within the Scheme Rules governing payment plans, arrears repayment arrangements, credit management The proposed rule provides the necessary governance framework for the administration of payment arrangements, strengthens controls and ensures that operational processes are supported by Scheme Rules.
9	Rule 17.3 Notwithstanding the provisions of Rule 17.2 above, a member who meets the criterion set for HIV/ AIDS and chronic disease monitoring and/or treatment, may at any given time during the course of the Scheme's financial year, and at the discretion of the Management Committee, transfer from the Standard Benefit Option to any of the high benefit options. However, the option to transfer from the Standard Benefit Option to any of the benefit options for chronic diseases other than HIV/ AIDS monitoring and/or treatment, shall only be exercised subject to two (2) years prior membership of the Scheme.	Rule 17.3 Notwithstanding the provisions of Rule 17.2 above, a member who meets the criterion set for chronic disease as determined by the Scheme from time to time, in relation to the management and monitoring and/ or treatment may at any given time during the course of the Scheme's financial year, and at the discretion of the Principal Officer upgrade from one benefit option to another for chronic disease monitoring and/or treatment, this shall only be exercised subject to two (2) years prior membership of the Scheme.	The consideration for upgrades has been changed from Management Committee to the Principal Officer
10	Rule 18.1 The Scheme reserves the right to register, refuse registration and/ or de-register any service provider and introduce risk management interventions.	Rule 18.1: The Scheme reserves the right to register, refuse registration, suspend, restrict participation of or de-register any service provider. The Scheme further reserves the right to introduce managed care programmes, clinical governance measures, utilisation management initiatives, quality assurance programmes, claims verification processes, audits, fraud prevention measures and healthcare risk management interventions as it deems necessary to protect the member and the Scheme, promote patient safety and ensure compliance with Scheme Rules and applicable legislation.	Strengthens authority for managed care and risk management.

Annexure 1 – Proposed Scheme Rule Amendments

11	Rule 18.2 The Scheme reserves the right to suspend any service provider from providing service to BPOMAS members and to withhold payments of services rendered at the time of discovery of possible fraud or any professional misconduct for a period not exceeding six (6) months.	Rule 18.2: The Scheme reserves the right to suspend, terminate, restrict or impose conditions upon a service provider's participation or to withhold payments where there is reasonable suspicion of fraud, waste, abuse, professional misconduct, record deficiencies, non-compliance with Scheme Rules, clinical protocols, contractual obligations, statutory requirements or any conduct exposing the Scheme to financial, clinical or reputational risk. In the event that the Scheme has suspended any service provider from providing service to BPOMAS members and withheld payments of services rendered, this process shall not exceed a period of six (6) months, provided that the service provider has cooperated during the investigations.	Expands grounds for intervention.
12	New Rule	Rule 18.3 – Audit and Verification Rights The Scheme, Administrator, Risk Managers, Managed Care Partners, Auditors or authorised representatives may conduct audits, inspections, utilisation reviews, clinical reviews, claims verification exercises and investigations relating to services rendered to members and dependants.	Creates explicit audit authority.
13	New Rule	Rule 18.4 – Clinical Records Service providers shall maintain complete, accurate and contemporaneous clinical records sufficient to substantiate all services billed to the Scheme for a period allowed by the legislation, in whatever form they are captured in. The format of the clinical record shall include, but not limited to digital radiographs, scanned documents, clinical photographs and electronic treatment records. Rule 18.5 Supporting Documentation, The Scheme may require clinical notes, treatment plans, radiographs, referral letters, laboratory prescriptions, quotations, invoices, consent documentation and any other supporting records relevant to a claim under review.	Strengthens evidentiary requirements.

Annexure 1 – Proposed Scheme Rule Amendments

14	Rule 19.1–19.3 Payment of Accounts. 19.1 The liability of the Scheme to reimburse any member shall lapse six (6) months from the date on which the services were rendered provided the services were not paid for by the member at the time of service. Where a member has paid upfront for such claims a member shall submit claims for reimbursement within three (3) months of such service. 19.2 The liability of the Scheme to pay the account directly to any service provider shall lapse three (3) months from the date on which the services were rendered. 19.3 Where a claim is submitted more than three (3) months from the date on which the services were rendered, benefits shall be granted only at the discretion of the Management Committee. Where a claim is submitted more than three (3) months from the date on which the services were rendered, benefits shall be granted only at the discretion of the Management Committee, provided the claims are not more than twelve (12) months from the date the services were rendered.	Rules 19.1: Claims should be submitted within three (3) months of date of service. Claims submitted after three months of date of service shall not be considered for payment. Claims submitted after three (3) months but within twelve (12) months may be considered upon written motivation and at the discretion of the Principal Officer. Claims older than twelve (12) may be considered at the discretion of the Management Committee	Removes ambiguity between 3-month and 6-month limits. Combines Rules 19.1 – 19.3
15	New Rule	New Rule 19.2 No benefit shall be payable in respect of anticipated treatment, incomplete treatment, laboratory work in progress, appliances not yet delivered or services not yet rendered, regardless of pre authorisation.	Prevents premature billing.

Annexure 1 – Proposed Scheme Rule Amendments

16	Rule 21.1 Every claim, submitted to the Scheme in respect of the rendering of any service, or the supply of any medicine, requirements, or accommodation in a hospital or nursing home, shall be accompanied by an invoice, signed by the member or dependant certifying the validity thereof. New Rule New Rule	Replace Rule 21.1 with: 21.1 Submission of Claims 21.1 Every claim submitted to the Scheme shall be accompanied by such information, records and supporting documentation as may reasonably be required by the Scheme for purposes of claims assessment, benefit administration, healthcare risk management, utilisation review, fraud prevention, audit, quality assurance and compliance with applicable legislation. 21.1.1 The Scheme shall reserve the right to require submission of clinical records, treatment plans, radiographs, diagnostic reports, referral letters, laboratory prescriptions, quotations, invoices, consent documentation and any other information reasonably necessary to substantiate a claim or verify the appropriateness, occurrence or accuracy of services rendered. 21.1.2 The Scheme may reject, defer or request further information in respect of any claim where the information submitted is incomplete, inaccurate, inconsistent or insufficient to permit proper assessment of the claim.	Establishes a clear legal basis for collection and processing of information required for claims administration, managed care, fraud prevention, healthcare risk management and quality assurance. Aligns Rule 21 with the proposed Data Protection and Information Governance Framework under Rule 42 and provides clarity regarding supporting documentation requirements.
17	Rule 21.3.13 – in respect of orthodontic treatment; a statement containing the following shall accompany the first account: (c) the tariff code in accordance with the scale of benefits for the treatment. (d) treatment plan indicating the following: i) the total cost to be charged for the treatment by the orthodontist. ii) the duration of the treatment. iii) the initial primary amount payable by the member. iv) the monthly amount that the member shall pay.	Rule 21.3.13: In respect of specialized, high-cost, staged or pre-authorised treatment, the first claim shall be accompanied by a treatment plan containing such information as the Scheme may reasonably require, including treatment objectives, estimated costs, duration of treatment, supporting diagnostics and member financial obligations.	Removes orthodontic-only governance and applies consistently across disciplines.
18	New Rule	21.3.15 – Clinical Protocols and Managed Care Requirements The Scheme may prescribe clinical protocols, treatment pathways, utilisation management criteria, pre-authorisation requirements and supporting documentation requirements for any category of healthcare service, this may change from time to time.	Creates authority for broader clinical governance.

Annexure 1 – Proposed Scheme Rule Amendments

19	New Rule	Rule 42 – Data Protection, Confidentiality and Information Governance	Current Rule Book contains no comprehensive framework governing the processing, disclosure, retention and protection of personal and health information. The Scheme routinely processes sensitive personal information and should align its Rules with the Data Protection Act, 2024.
20	New Rule	42.1 Data Protection Compliance The Scheme, its Management Committee, Principal Officer, Administrator, Risk Managers, Managed Care Partners, employees, contractors, service providers and any person acting on behalf of the Scheme shall process personal data in accordance with the Data Protection Act, 2024 and any other applicable legislation.	Establishes Scheme-wide compliance obligations.
21	New Rule	42.2 Purpose of Processing Personal data may be processed for purposes including membership administration, verification of eligibility and benefits, claims assessment, claims adjudication, payment of benefits, managed care, healthcare risk management, utilisation review, fraud prevention, clinical governance, quality assurance, legal compliance and any other lawful purpose connected with administration of the Scheme.	Establishes lawful processing purposes.
22	New Rule	42.3 Authorised Disclosure Personal and health information may be disclosed where reasonably necessary for claims administration, managed care, healthcare risk management, utilisation review, audit, fraud prevention, legal proceedings, regulatory compliance, quality assurance or where otherwise required by law. Any person having access to personal or health information shall maintain strict confidentiality and shall not disclose such information except as permitted by these Rules or by law	Creates clear legal authority for operational activities.
23	New Rule	42.4 Disclosure to Authorised Parties The Scheme may share personal and health information with its Administrator, Risk Managers, Managed Care Organisations, auditors, actuaries, legal advisers, regulators, healthcare professionals and other duly authorised representatives where reasonably necessary for administration of Scheme benefits and fulfilment of Scheme functions.	Explicitly authorises disclosures to SHSB and other contracted entities.

Annexure 1 – Proposed Scheme Rule Amendments

24	New Rule	42.5 Data Breaches Any actual or suspected Personal Data Breach affecting Scheme information shall be reported immediately to the Principal Officer and managed in accordance with applicable legislation and approved breach management procedures.	Establishes breach reporting obligations.
25	New Rule	42.6 Third Party Processing Any person or organisation processing personal information on behalf of the Scheme shall be subject to written confidentiality, security and data protection obligations.	Extends compliance throughout the Scheme ecosystem.
26	New Rule	42.7 Cross-Border Information Transfers Personal information may only be transferred outside Botswana where permitted by law and where appropriate safeguards exist to protect the information concerned.	Addresses treatment outside Botswana and international administrators/providers.

Notes

Notes



Gaborone

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