

MESSAGE FROM OUR CHAIRMAN AND CEO

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

LENMED'S OPERATING ENVIRONMENT IN FY25

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

Lenmed Investments Ltd

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EXECUTING OUR STRATEGY AND DELIVERING PERFORMANCE

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

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

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

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

RISKS AND OPPORTUNITIES

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

SUSTAINABILITY

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

- **Our people:** Lenmed's employees and contractors are strategic enablers of our success. We are focused on cultivating a resilient workforce through leadership development, optimising human capital processes, nurturing a strong organisational and ethical culture, and enhancing the employee experience. Initiatives include refining our organisational culture and values, repositioning the employee value proposition, nurturing talent development, and investing in leadership programmes.
- **Our relationships:** Building and maintaining strong relationships with our stakeholders – including shareholders, the Board, investors, debt providers, funders, patients, employees, doctors, communities, and media – is crucial for Lenmed's social license to operate and long-term success. Lenmed's stakeholder engagement framework guides our interactions by addressing their needs and fostering trust. Supporting various community-level initiatives reflects our ethos of being

born out of and serving the community. We have achieved real success in terms of doctor recruitment, which is a testament to Lenmed's strategy.

- **Our planet:** We are dedicated to balancing economic and environmental considerations. Progress was made in reducing energy and water usage in the past year, and we plan to accelerate investment in this area. We are also developing a greenhouse gas emissions (GHG) reduction strategy and continue seeking opportunities to reduce medical and general waste.
- **Corporate governance:** Strong corporate governance, ethical leadership, transparency, and accountability are foundational principles guiding our operations and building trust with stakeholders. Lenmed's governance structure, overseen by the Board and various committees including Audit and Risk, Remuneration and Nominations, Social and Ethics, Clinical Governance, and Innovation and Disruption, ensures oversight and adherence to relevant frameworks like King IV and the Companies Act.

OUTLOOK

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

ACKNOWLEDGEMENTS

At Lenmed we are deeply grateful to Mike Meehan, who retired from the Board on 31 July 2024 after years of exemplary service. Mike was highly influential in the evolution of Lenmed's corporate governance policies and our reporting of Lenmed results to shareholders and stakeholders. He played

a key role for several years as Lenmed's lead independent director. Nomahlubi Simamane has now taken on the role of Lenmed's lead independent director, and we wish her every success in fulfilling this vital position.

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

Prakash Devchand
Chairman

Amil Devchand
Chief Executive Officer

MESSAGE FROM OUR CFO

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

STATEMENT OF COMPREHENSIVE INCOME

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

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

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

Net finance costs grew by only 4.0% (2024: 40,9%) as a result of robust capital management and continued strong cash generation despite some challenges that remain in our Botswana operations.

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

South African operations

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

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

Operations outside of South Africa

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

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

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

KEY METRICS

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

STATEMENT OF CASH FLOWS

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

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

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

STATEMENT OF FINANCIAL POSITION

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

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

EVENTS AFTER THE REPORTING DATE

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

OUTLOOK

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

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

- Exploring expansion opportunities in higher-growth international markets, particularly the Middle East

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

Fredré Meiring
Chief Financial Officer