2023

Netcare Limited

Summarised Audited Group Results

for the year ended 30 September 2023

Providing YOU with the best and safest care.

NETCARE

Contents

Our purpose and promise

Our purpose

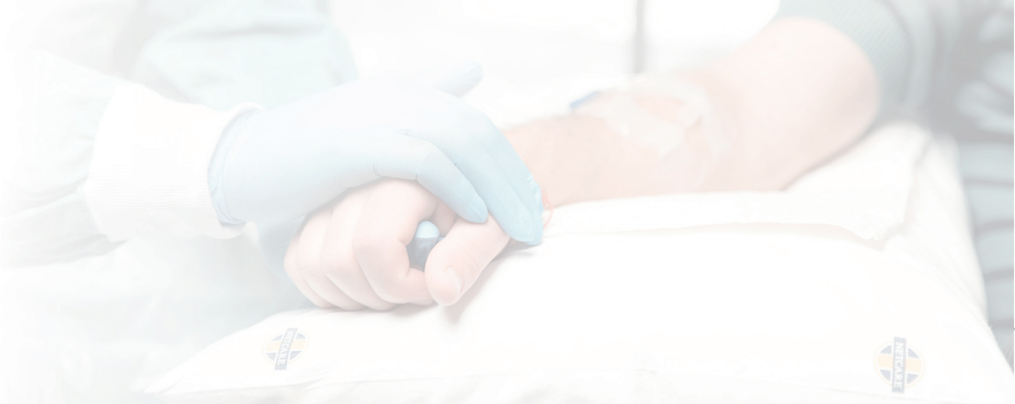
Providing **YOU** with the best and safest care

Our promise

We promise to care for you, and about you, in a manner that places you and your family at the centre of everything we do. We recognise that you are an individual with unique needs and expectations. We recognise the importance of your family and loved ones in your healing process. We are here to ensure that we provide you with the best and safest care, when you need it and in a way that we would wish for our loved ones.

Our values

Our core value is **CARE**. We care about the **DIGNITY** of our patients and all members of the Netcare family. We care about the **PARTICIPATION** of our people and our partners in everything that we do. We care about the **TRUTH** in all our actions. We engage everyone with empathy and respond with acts of **COMPASSION** in all interactions with our patients and their families.



Commentary

NETCARE LIMITED
(Registration number 1996/008242/06)
JSE ordinary share code: NTC
ISIN: ZAE000011953
JSE preference share code: NTCP
ISIN: ZAE000081121
A2X share code: NTC
("Netcare" or the "Group")

Results for the year ended 30 September 2023 and Executive leadership and Board sub-committee changes

To aid comparability, the commentary that follows excludes the impact of exceptional items unless otherwise indicated.

Salient features
- 9.5% increase in Group revenue to R23 699 million
- 17.7% growth in normalised Group EBITDA, demonstrating strong operating leverage
- 120 basis point improvement in normalised Group EBITDA margin to 17.4%
- 27.0% increase in adjusted HEPS to 105.7 cents
- 100.5% cash conversion ratio
- 1.2 times net debt to EBITDA ratio
- R1.1 billion returned to shareholders in dividends and share buybacks
- 30.0% increase in total dividends to 65.0 cents

Key financial results

Rm	30 September 2023	30 September 2022	% change
Revenue	**23 699**	21 636	9.5
Normalised EBITDA[1]	**4 115**	3 496	17.7
Normalised operating profit[1]	**2 841**	2 293	23.9
Normalised profit before taxation[1]	**1 932**	1 545	25.0
Normalised taxation[1]	**(504)**	(460)	(9.6)
Normalised profit after taxation[1]	**1 428**	1 085	31.6
Exceptional items:			
Impairment of properties	**(125)**	(11)	
Change in corporate tax rate		(24)	
Taxation on exceptional items	**33**		
Profit for the year	**1 336**	1 050	27.2
Normalised EBITDA margin[1] (%)	**17.4**	16.2	
Adjusted HEPS (cents)	**105.7**	83.2	27.0
ROIC (%)	**10.8**	8.8	

[1] *Normalised to exclude exceptional items comprising property impairments in FY 2023 and FY 2022, and corporate tax rate change in FY 2022*

Note:
The normalised information for the year ended 30 September 2023 has been presented on a consistent basis with the normalised financial information published for the year ended 30 September 2022.

Commentary continued

Overview

The Group reported a robust financial performance, delivering on all operational and strategic targets for FY 2023.

Notwithstanding the constrained macro environment, we are encouraged by the ongoing normalisation and resilient demand for private healthcare services, allowing the Group to continue on the solid trajectory reported in H1 2023. Total paid patient days ("PPD"), inclusive of acute and mental health, increased by 6.7% with improved occupancies of 64.4% for FY 2023 (FY 2022: 60.1%).

The sustained improvement in activity, off a largely organic base, supported revenue growth of 9.5%. Coupled with tight cost control notwithstanding the high inflationary environment, this resulted in excellent operating leverage, reflected in the 23.9% growth in operating profit.

Excellent progress has been made in implementing key strategic projects in FY 2023. The CareOn digitisation project is nearing completion and has been successfully rolled out at 38 acute hospitals to date, covering 90% of beds. The project is delivering tangible benefits for patients across the Netcare ecosystem. The gross financial benefits of R104 million in FY 2023 have exceeded expectations.

Similarly, our environmental sustainability strategy continued to deliver tangible financial savings and plays a pivotal role in reducing exposure to the impacts of the instability of the national electricity grid. In line with our 2030 sustainability strategy, the Group concluded an agreement for a Renewable Energy ("RE") supply arrangement with NOA Group Trading, a renewable energy trader. This agreement will increase the proportion of Netcare's total energy consumption derived from RE sources to c.26% and represents an important step towards Netcare's goal of achieving 100% reliance on RE sources by 2030. We are currently exploring further grid-wheeling opportunities that will potentially increase our RE-derived energy to c.40%.

In order to address the growing demand for mental healthcare in South Africa, we successfully commissioned Netcare Akeso Gqeberha (72 beds)

in May 2023. Sales of NetcarePlus products to the retail and corporate segments continue to gain traction, contributing to the Netcare ecosystem through increased access to private health beyond traditional medical schemes and the increased use of our facilities. Netcare Diagnostics progressed with the rollout of validated and quality-assured Point of Care devices across Netcare's ICU, high care, theatres, emergency departments and Medicross medical and dental centres.

We remain committed to our Consistency of Care strategy, broadening the measurement of clinical outcomes and patient experience to ensure we deliver on our core purpose of providing the best and safest care to our patients.

The Group's statement of financial position remains solid, with a net debt to EBITDA ratio of 1.2 times (FY 2022: 1.4 times), while cash generation remains strong with a cash conversion ratio of 100.5%.

In line with our capital allocation strategy of returning excess cash to shareholders, the Group executed a share buyback programme whereby a total of 24.4 million shares were acquired in the market at an average price of R13.11 up to 30 September 2023, and a further 9.3 million shares were purchased at an average price of R13.19 per share post year-end. Collectively, the share buyback entailed the repurchase of 33.7 million shares at a cost of R444 million. Similarly, in line with our dividend policy, where we aim to provide shareholders with a sustainable dividend of 50% – 70% of earnings, the board of directors of Netcare ("Board") has declared a final dividend of 35.0 cents per share. This, together with our interim dividend of 30.0 cents per share represents 61.5% of adjusted headline earnings per share ("HEPS") and an increase of 30.0% over FY 2022.

Group financial overview

Netcare is encouraged by the ongoing improvement in the Group's financial performance as demand continues to normalise from the impact of the COVID-19 pandemic.

Group revenue for FY 2023 increased by 9.5% to R23 699 million (FY 2022: R21 636 million) and normalised Group EBITDA for FY 2023 improved by 17.7% to R4 115 million (FY 2022: R3 496 million).

The higher activity levels, coupled with ongoing efficiencies, resulted in strong operating leverage and an improvement in Group EBITDA margins of 120 basis points to 17.4% from 16.2% in FY 2022.

In FY 2023, the Group incurred operational costs relating to strategic projects of R258 million (FY 2022: R249 million). Pleasingly, normalised EBITDA margins, excluding these strategic costs, improved by 120 basis points from 17.3% to 18.5%. We experienced an average of Stage 3.6 load shedding across our facilities during the year, resulting in a sharp increase in generator diesel costs to R124 million from R37 million in FY 2022. EBITDA margins excluding strategic and generator diesel costs increased by 150 basis points from 17.5% to 19.0%.

Normalised operating profit increased by 23.9% to R2 841 million (FY 2022: R2 293 million).

Net interest paid, excluding interest on lease liabilities, increased to R466 million (FY 2022: R359 million) reflecting the higher average cost of debt of 8.9% (FY 2022: 7.7%).

The contribution to earnings from associates and joint ventures increased from R21 million in FY 2022 to R40 million, primarily due to a stronger performance from a number of the associate entities.

Normalised profit before taxation increased by 25.0% to R1 932 million (FY 2022: R1 545 million). The normalised taxation charge amounted to R504 million (FY 2022: R460 million), reflecting an effective tax rate of 26.1% (FY 2022: 29.8%). The lower tax rate is attributable to the change in the statutory tax rate from 28% in 2022 to 27% with effect from FY 2023, as well as the partial utilisation of tax losses within the Group.

Exceptional items amounted to R125 million (R92 million net of tax), comprising provisions for impairment of property assets.

Profit after tax and exceptional items increased by 27.2% to R1 336 million (FY 2022: R1 050 million) and adjusted HEPS increased by 27.0% to 105.7 cents (FY 2022: 83.2 cents).

Financial position

Rm	**30 September 2023**	30 September 2022
Assets		
Property, plant, equipment, goodwill and intangible assets	**15 760**	15 312
Right of use assets	**4 073**	3 770
Deferred tax assets	**854**	1 040
Other non-current assets	**688**	710
Current assets	**4 149**	3 939
Cash and cash equivalents	**2 279**	1 499
Total assets	**27 803**	26 270
Equity and liabilities		
Total shareholders' equity	**11 041**	10 944
Borrowings	**7 307**	6 374
Lease liabilities – long and short term	**4 992**	4 488
Deferred tax liabilities	**254**	319
Other liabilities	**4 209**	4 145
Total equity and liabilities	**27 803**	26 270

At 30 September 2023, total assets increased to R27 803 million from R26 270 million in the previous year.

Total shareholders' equity increased to R11 041 million from R10 944 million, notwithstanding the payment of ordinary and preference dividends totalling R858 million and share buybacks up to 30 September 2023 of R321 million. The Group's return on invested capital improved to 10.8% (FY 2022: 8.8%).

Total capex, including strategic projects, amounted to R1.5 billion for the year, of which R136 million related to expansionary projects including the completion of construction of the Netcare Akeso Gqeberha facility and R82 million invested in the CareOn hospital digitisation project.

At 30 September 2023, the Group's cash resources and available undrawn committed facilities amounted to R3.7 billion. Group net debt (exclusive of IFRS 16 lease liabilities) increased marginally to R5.0 billion from R4.9 billion at 30 September 2022.

The increase in net debt during FY 2023 is due to ongoing capital expenditure, the payment of ordinary and preference dividends and share buybacks, partially offset by higher operating profit. The net debt to EBITDA ratio at 30 September 2023 was 1.2 times, improving from 1.4 times at 30 September 2022. EBITDA/net interest cover remains strong at 4.5 times (FY 2022: 4.5 times).

Cash generated from operations increased to R4 135 million (FY 2022: R3 950 million). The cash conversion ratio amounted to 100.5% (FY 2022: 113.0%).

Divisional review

Hospital and emergency services

Hospital and emergency services comprise acute and mental health hospitals, as well as emergency and ancillary services.

Rm	**30 September 2023**	30 September 2022	% change
Revenue	**23 050**	21 024	9.6
Normalised EBITDA[1]	**3 947**	3 333	18.4
Normalised operating profit[1]	**2 759**	2 221	24.2
Normalised EBITDA margin (%)	**17.1**	15.9	
Normalised operating profit margin (%)	**12.0**	10.6	
Total occupancy (%)	**64.4**	60.1	
Occupancy (full week) – acute hospital (%)	**63.5**	59.3	
Occupancy (weekday) – acute hospital (%)	**68.3**	63.9	
Occupancy (full week) – mental health (%)	**72.7**	68.1	
Percentage change in:			
Patient days – total	**6.7**		
Patient days – acute hospital	**6.1**		
Patient days – mental health	**12.7**		

1. Normalised to exclude the impact of exceptional items
Note: Non-financial information excludes Netcare Bougainville and Netcare Ceres hospitals

The segment delivered a steady performance for FY 2023, driven by continued recovery in demand and further normalisation of the post COVID-19 operating environment.

Revenue for the segment increased by 9.6% to R23 050 million (FY 2022: R21 024 million) and total patient days increased by 6.7% to 2 447 494 days in FY 2023 (FY 2022: 2 293 344 days). The steady increase in activity contributed to higher occupancy levels with total occupancy of 64.4% (FY 2022: 60.1%).

Notwithstanding the changes in various networks that were effective from January 2023, a milder flu season and extended vacations by specialists, acute hospital patient days increased by a solid 6.1% against FY 2022, equating to 95.1% of FY 2019 with ICU and high care PPDs being 10.1% higher than pre-pandemic levels.

In line with the trend reported in H1 2023, year-to-date growth in medical PPDs of 8.5% continued to outpace surgical PPD growth of 3.9%. Medical PPDs have recovered to 99.0% of 2019 levels, while surgical PPDs continue to be impacted by sector trends, *inter alia*, declining maternity cases, as well as an outmigration of lower margin day cases, and have recovered to 91.7% of pre-pandemic levels. Total surgical cases comprised 51.5% of patient days (FY 2022: 52.6%; pre-pandemic levels: 53.4%) and medical cases 48.5% (FY 2022: 47.4%; pre-pandemic levels: 46.6%). Surgical cases continue to contribute more than 70% of revenue.

Acute revenue per PPD for FY 2023 increased by 2.9% compared to FY 2022. The first half of the year reflected the ongoing post-pandemic case mix recovery, which resulted in acute revenue PPD increasing by 0.7%. This stabilised in the second half with growth in acute revenue per PPD of 4.9%.

The higher complexity cases in both categories is reflected in the increased length of stay of 4.4 days (FY 2022: 4.3 days).

Full week occupancy for FY 2023 within acute hospitals increased to 63.5% from 59.3% in FY 2022 (FY 2019: 66.3%), with weekday occupancy increasing to 68.3% from 63.9% in FY 2022 (FY 2019: 71.8%).

Demand for mental healthcare remains strong with mental health patient days increasing by 12.7% compared to FY 2022. The newly opened Netcare Akeso Gqeberha facility contributed 2.3% of this growth. Activity has surpassed pre-pandemic levels by 5.4% (same store) and 11.6% inclusive of the 36-bed Netcare Akeso Richards Bay facility (commissioned in May 2022) and the 72-bed Netcare Akeso Gqeberha facility (commissioned in May 2023).

The strong increase in mental healthcare activity has resulted in occupancies improving to 72.7% (73.5% excluding Netcare Akeso Gqeberha) in FY 2023 from 68.1% in FY 2022 (FY 2019: 71.6%).

Normalised EBITDA for the segment increased by 18.4% to R3 947 million from R3 333 million in FY 2022.

The improved activity levels and ongoing efficiencies are reflected in the EBITDA margin, which increased to 17.1% from 15.9% reported for FY 2022. Underlying EBITDA margin (excluding operational costs of R253 million (FY 2022: R245 million) related to strategic projects, and generator diesel costs of R117 million (FY 2022: R36 million) continued to improve and strengthened to 18.7% in FY 2023 from 17.2% in FY 2022.

The FY 2023 EBITDA margin within the hospital and pharmacy operations sub-segment, normalised for strategic costs of R189 million (FY 2022: R192 million) and generator fuel costs of R111 million (FY 2022: R35 million), continued to improve to 19.0% from 17.5% reported in FY 2022.

In 2023, Netcare Christiaan Barnard Memorial Hospital received Level One trauma accreditation from the Trauma Society of South Africa, which is aligned to the American Trauma Society accreditation principles. There are only four hospitals in South Africa that have achieved this status, all of which are in the Netcare Group. Our geographic footprint, Electronic Medical Record ("EMR") offering and highly accredited facilities allow the Group to continue attracting specialists and a net 124 doctors were granted admission rights at acute and mental health facilities during FY 2023.

Primary care

Rm	**30 September 2023**	30 September 2022	% change
Revenue	**663**	634	4.6
EBITDA	**168**	163	3.1
Operating profit	**82**	72	13.9
EBITDA margin (%)	**25.3**	25.7	
Operating profit margin (%)	**12.4**	11.4	

Total GP and dental visits have decreased by 3.1% in FY 2023 compared to FY 2022. The decline in visits is predominantly attributable to the higher base in FY 2022, which was boosted by increased COVID-19 GP visits during the Omicron–driven fourth wave. Notwithstanding the decline in visits, revenue increased by 4.6% to R663 million from R634 million in FY 2022. EBITDA margins in FY 2023, were positively impacted by a capital profit of R2 million relating to the sale of property. In addition, margins were adversely impacted by diesel fuel costs of R7 million (FY 2022: R1 million). Underlying EBITDA margins excluding these items amounted to 26.1% (FY 2022: 25.9%).

Strategic update

We have made excellent progress in the implementation of our key strategic projects and are now well placed to benefit from the rapidly changing dynamics driving demand in the healthcare sector as we enter the operational phase of our person centred health and care strategy that is digitally enabled and data driven.

In FY 2023, the Group invested capital expenditure of R163 million (FY 2022: R159 million) and incurred operational costs of R258 million (FY 2022: R249 million) on various strategic projects.

Digitisation

Significant progress has been made in the implementation of our CareOn hospital EMR which is a major focus of the digitisation strategy. This new way of care has been successfully implemented at 38 of the 45 Netcare hospitals to date, comprising 8 645 beds (90% of registered beds). In addition, over 28 000 healthcare professionals, comprising nurses, doctors, allied health professionals and pharmacists, are actively using the system. Rollout to the final seven hospitals (943 beds) will be completed by April 2024.

The completion of this project in April 2024 will mark an inflection point for the business. As we enter the final phase of our most ambitious healthcare digitisation project, we remain confident that this investment will create a sustainable competitive advantage for the Group and will prove pivotal in laying the foundations in achieving our strategy of person centred health and care that is digitally enabled and data driven. With more than 28 GB of patient data generated per day the future of predictive analytics is now becoming a reality, benefiting our patients and healthcare professionals throughout the Netcare ecosystem.

In addition to the numerous clinical benefits, the gross financial savings and benefits of R104 million in FY 2023, have exceeded expectations.

Furthermore, digitisation has been completed across all our ancillary businesses in the Netcare ecosystem spanning Netcare Akeso, Medicross, Netcare 911, National Renal Care and Cancer Care radiotherapy.

Netcare App

We successfully launched the new Netcare App in July 2023, which represents the next phase of our strategy to enable digital engagement with our patients and clients. We are pleased with the robust take-up of this app, which allows online preadmissions, doctor appointments, the ability for Netcare 911 to geolocate someone in an emergency, access to a summary of care and the ability to purchase NetcarePlus policies, with further services to be added in future.

Promoting access to healthcare

NetcarePlus has a portfolio of innovative healthcare products and funding solutions that promote access to affordable, quality healthcare in South Africa. In FY 2023, we launched additional pre-paid procedures and completed enhancements to NetcarePlus GapCare and NetcarePlus Accident Cover, and launched a new primary care offering. The Group benefits from the sale of NetcarePlus products to the retail and corporate segments, as well as the contribution through the increased use of the Netcare ecosystem. NetcarePlus was recently placed in the top three in the Ask Afrika Orange Index amongst Medical Insurers and in the top 10 overall for consistent client experience.

Netcare Diagnostics

Netcare Diagnostics, which supports a Black female owned pathology service provider, Dr Esihle Nomlomo Inc., is gaining traction and made a positive contribution to EBITDA. The first stage rollout of 122 blood gas analysers at Netcare's intensive care and high care units has been completed, with a further 70 point of care devices commissioned at ten emergency departments. Additionally, the service has been rolled out at ten Medicross facilities to date and will be extended to further sites in FY 2024.

Environmental sustainability

The first phase of our environmental sustainability strategy commenced in 2013. Since then, energy intensity per bed has reduced by 39%, exceeding the initial 10-year target. Similarly, the Group has exceeded its 2023 financial targets, achieving cumulative operational savings and benefits of more than R1.5 billion to date, yielding an IRR of 40%.

The Just Energy Transition Plan ("JET IP") developed by the Presidential Climate Commission was approved by Cabinet in September 2022 and highlights a shift in focus for South Africa and a period of intensified climate action. We fully support these initiatives, and our environmental sustainability strategy and goals are well aligned with those of the JET IP. In 2021, we embarked on the second phase of our strategy with a primary target of reducing Scope 2 emissions to zero by 2030 and Scope 1 and 3 emissions by a combined 84%. The Group's 2030 strategy aims to achieve 100% utilisation requirements from renewable sources, with zero waste to landfill and an additional 20% reduction of impact on water sources.

The proposed legislative changes and policies outlined in the JET IP have further enabled Netcare's transition to renewables, and the Group has concluded an agreement for a Renewable Energy supply arrangement with NOA Group Trading, a renewable energy trader. The transaction covers six Netcare facilities, whose power is currently supplied by Eskom's coal-fired power stations. From Q1 2026, up to 100% of these sites' energy consumption (comprising c.11% or 22 GWh/annum of the Group's total energy consumption) will be supplied from a combination of wind and solar farms through "Energy Wheeling" over the national electricity grid. In combination with other initiatives already implemented under Netcare's sustainability programme, this agreement will increase the proportion of our total energy consumption that is derived from RE sources to c.26%. This transaction represents an important step towards our goal of achieving 100% reliance on RE sources by 2030.

For FY 2024, we have allocated approximately R77 million in capex and R16 million in operational costs towards achieving these targets set for 2030.

Outlook and Guidance

We are confident that our strategy remains relevant and we remain committed to realising growth opportunities, improving returns and the successful completion and execution of our key strategic projects. Notwithstanding the fluid economic environment, we expect ongoing improvements in the operational and financial performance of the business in FY 2024 and beyond.

Although the macro environment remains impacted by national power grid load shedding, global supply chain constraints, a constrained consumer, and high levels of unemployment, we have a number of measures in place to mitigate these challenges and will remain focused on optimising the progress made in FY 2023. Furthermore, our environmental sustainability projects will continue to mitigate the significant escalation in costs associated with increased reliance on diesel powered generators resulting from the instability of the national electricity grid.

The enduring weak macroeconomic environment and the increased pressure on disposable income continue to drive growth in affordable restricted network plans. Our significant geographic footprint, coupled with NetcarePlus GapCare products, enable us to retain a steady portion of patients in these networks. Netcare remains focused on driving efficiencies to mitigate the impact of the lower tariffs related to these contracts.

In addition, although there has been limited growth in medical scheme membership, the pool of covered lives remains resilient and underscores the sustainable demand for quality private healthcare which is exacerbated by the growing disease burden and ageing insured population.

For FY 2024, the Group expects revenue growth of between 7.5% and 9.5%. Total patient days are expected to grow by between 2.5% and 3.5% off a largely normalised base. The increased activity will drive further EBITDA margin expansion, improved earnings and higher ROIC.

The final implementation costs associated with the CareOn EMR project of approximately R57 million will be incurred in FY 2024. The project will be earnings accretive from FY 2024 and we expect to realise gross savings of approximately R120 million.

Other strategic costs of R75 million will be incurred in FY 2024 for environmental sustainability and NetcarePlus, which are all critical enablers of our strategy, reducing to approximately R60 million in FY 2025.

Total capital expenditure for FY 2024 of R1.4 billion will be incurred.

Following the successful commissioning of Netcare Akeso Gqeberha (72 beds), we will continue to explore opportunities to meet the demand for mental healthcare and plan to expand Akeso's footprint further by adding 164 beds. Construction of the new Netcare Akeso Polokwane (77 beds) and Alberlito (87 beds) facilities will commence in FY 2024.

We will continue to maintain an optimal capital structure, and the strength of the statement of financial position and the ongoing improvement in operational performance in the underlying businesses will continue to support dividend payments in line with our dividend policy, where we seek to return between 50% – 70% of adjusted headline earnings to shareholders. Additionally, the Group will continue to return excess cash to shareholders by way of share buybacks or special dividends.

The forecast financial information above has not been reviewed or reported on by the company's external auditors.

Acknowledgement

We express our thanks and appreciation to our staff and clinicians for their unwavering commitment and dedication in supporting our core purpose of delivering the best and safest care and enabling us to achieve our Group's strategic and operational goals.

Executive leadership and Board sub-committee changes

After an extensive search, Netcare has identified a preferred CEO candidate. Given that the candidate is unavailable for an extended period, details will remain confidential at this stage. At the Board's request, Dr Richard Friedland has agreed to continue as CEO beyond September 2024 for a further six months.

With effect from 01 January 2024, Mr I Kirk joins the Risk Committee as chairperson and the Remuneration Committee as a member, and Mr A Maditse joins the Nominations Committee as a member.

With effect from 05 February 2024, Ms L Stephens will assume the role of chairperson of the Remuneration Committee.

Dividend

Declaration of dividend number 26

Notice is hereby given of the declaration of a gross final dividend of 35.0 cents per ordinary share in respect of the year ended 30 September 2023. The dividend has been declared from income reserves and is payable to shareholders recorded in the register at the close of business on Friday, 26 January 2024. The number of ordinary shares (inclusive of treasury shares) in issue at the date of this declaration is 1 439 090 009. The dividend will be subject to a local dividend withholding tax at a rate of 20%, which will result in a net final dividend to those shareholders not exempt from paying dividend withholding tax of 28.0 cents per ordinary share and 35.0 cents per ordinary share for those shareholders who are exempt from dividend withholding tax.

Commentary continued

The Board has confirmed by resolution that the solvency and liquidity test as contemplated by the Companies Act 71 of 2008 (as amended) has been duly considered, applied and satisfied.

The salient dates applicable to the dividends are as follows:

Last day to trade cum dividend	Tuesday, 23 January 2024
Trading ex-dividend commences	Wednesday, 24 January 2024
Record date	Friday, 26 January 2024
Payment date	Monday, 29 January 2024

Share certificates may not be dematerialised nor rematerialised between Wednesday, 24 January 2024 and Friday, 26 January 2024, both dates inclusive.

On Monday, 29 January 2024, the dividends will be electronically transferred to the bank accounts of all certificated shareholders. Holders of dematerialised shares will have their accounts credited at their participant or broker on Monday, 29 January 2024.

Netcare Limited's tax reference number is 9999/581/71/4.

The normalised information contained in this announcement is the responsibility of the directors of Netcare, has been prepared for illustrative purposes only and, because of its nature, may not fairly present Netcare's financial position, changes in equity, results of operations or cash flows.

16 November 2023

Sponsor
Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Independent auditor's report on summarised financial statements

To the shareholders of netcare limited

Opinion

The summarised consolidated financial statements of Netcare Limited, which comprise the summarised consolidated statement of financial position as at 30 September 2023, the summarised consolidated statement of profit or loss, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Netcare Limited for the year ended 30 September 2023.

In our opinion, the summarised consolidated financial statements included on pages 12 to 28 are consistent, in all material respects, with the audited consolidated financial statements of Netcare Limited, in accordance with the requirements of the JSE Limited Listings Requirements for summarised financial statements, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other matters

We have not audited future financial performance and expectations by management included in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

Summarised Consolidated Financial Statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Netcare Limited and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 17 November 2023. That report also includes, the communication of a key audit matter as reported in the auditor's report of the audited financial statements.

Directors' Responsibility for the Summarised Consolidated Financial Statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for summarised financial statements set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

The Listings Requirements require summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and also contain the information required by IAS 34, *Interim Financial Reporting*.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements.*

DocuSigned by:
Deloitte & Touche
C068A3D5910E408...

Deloitte & Touche
Registered Auditor
Per: Spiro Tyranes
Partner
17 November 2023

5 Magwa Crescent
Waterfall City
Waterfall
2090

Summarised Group statement of profit or loss

for the year ended 30 September

Rm	Notes	2023	2022
Revenue[1]		**23 699**	21 636
Cost of sales		**(11 937)**	(11 085)
Gross profit		**11 762**	10 551
Other income		**466**	435
Administrative and other expenses		**(9 371)**	(8 524)
Impairment of financial assets		**(141)**	(180)
Operating profit	2	**2 716**	2 282
Investment income		**144**	115
Finance costs	3	**(1 064)**	(885)
Other financial gains – net		**2**	1
Attributable earnings/(losses) of associates		**2**	(23)
Attributable earnings of joint ventures		**38**	44
Impairment of long-term interests and investment in associates		**(31)**	—
Profit before taxation		**1 807**	1 534
Taxation	4	**(471)**	(484)
Profit for the year		**1 336**	1 050
Attributable to:			
Owners of the parent		**1 271**	975
Preference shareholders		**50**	38
		1 321	1 013
Non-controlling interests		**15**	37
		1 336	1 050
Cents			
Basic earnings per share		**94.5**	72.3
Diluted earnings per share		**93.5**	71.7

1. Refer to segment report on page 20 for detail on the disaggregation of revenue

Summarised Group statement of comprehensive income

for the year ended 30 September

Rm	2023	2022
Profit for the year	**1 336**	1 050
Items that will not subsequently be reclassified to profit or loss	**53**	(21)
Remeasurement of post employment benefit obligation	**72**	—
Fair value adjustment on equity investments	**—**	(21)
Taxation on items that will not subsequently be reclassified to profit or loss	**(19)**	—
Items that may subsequently be reclassified to profit or loss	**(6)**	62
Effect of cash flow hedge accounting	**(8)**	85
Amortisation of the cash flow hedge accounting reserve	**(27)**	43
Change in the fair value of cash flow hedges	**19**	42
Taxation on items that may subsequently be reclassified to profit or loss	**2**	(23)
Other comprehensive income for the year	**47**	41
Total comprehensive income for the year	**1 383**	1 091
Attributable to:		
Owners of the parent	**1 318**	1 016
Preference shareholders	**50**	38
Non-controlling interests	**15**	37
	1 383	1 091

Summarised Group statement of financial position

at 30 September

Rm	Notes	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment		**13 887**	13 469
Right of use assets		**4 073**	3 770
Goodwill		**1 606**	1 606
Intangible assets		**267**	237
Equity-accounted investments, loans and receivables	5	**606**	594
Financial assets	6	**63**	99
Deferred lease assets		**19**	17
Deferred taxation		**854**	1 040
Total non-current assets		**21 375**	20 832
Current assets			
Loans and receivables	5	**27**	59
Financial assets	6	**15**	2
Inventories		**556**	562
Trade and other receivables		**3 542**	3 288
Taxation receivable		**9**	28
Cash and cash equivalents		**2 279**	1 499
Total current assets		**6 428**	5 438
Total assets		**27 803**	26 270
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital		**4 297**	4 297
Treasury shares		**(3 926)**	(3 504)
Other reserves		**526**	473
Retained earnings		**9 479**	8 980
Equity attributable to owners of the parent		**10 376**	10 246
Preference share capital and premium		**644**	644
Non-controlling interests		**21**	54
Total shareholders' equity		**11 041**	10 944
Non-current liabilities			
Long-term debt	7	**6 057**	5 265
Long-term lease liabilities		**4 334**	3 906
Post-employment healthcare benefit obligations		**495**	533
Deferred taxation		**254**	319
Provisions		**19**	22
Total non-current liabilities		**11 159**	10 045
Current liabilities			
Trade and other payables		**3 657**	3 521
Short-term debt	7	**1 249**	1 105
Short-term lease liabilities		**658**	582
Financial liabilities	6	**12**	20
Taxation payable		**26**	49
Bank overdrafts		**1**	4
Total current liabilities		**5 603**	5 281
Total equity and liabilities		**27 803**	26 270

Summarised Group statement of cash flows

for the year ended 30 September

Rm	2023	2022
Cash flows from operating activities		
Cash received from customers	**23 338**	21 522
Cash paid to suppliers and employees	**(19 203)**	(17 572)
Cash generated from operations	**4 135**	3 950
Interest paid on debt	**(516)**	(419)
Interest paid on lease liabilities	**(454)**	(409)
Taxation paid	**(374)**	(439)
Ordinary dividends paid by subsidiaries	**(47)**	(25)
Ordinary dividends paid	**(808)**	(728)
Preference dividends paid	**(50)**	(38)
Distribution paid to beneficiaries of the HPFL B-BBEE[1] trusts	**(6)**	(8)
Net cash from operating activities	**1 880**	1 884
Cash flows from investing activities		
Advances to associates	**(25)**	(30)
Advances (to)/from joint ventures	**(20)**	17
Payments for acquisition of property, plant and equipment	**(1 443)**	(1 382)
Payments for additions to intangible assets	**(64)**	(14)
Proceeds on disposal of property, plant and equipment and intangible assets	**101**	35
Payments for investments and loans	**(45)**	(8)
Interest received	**144**	115
Dividends received	**46**	19
Net cash from investing activities	**(1 306)**	(1 248)
Cash flows from financing activities		
Proceeds on disposal of treasury shares	**49**	29
Acquisition of treasury shares	**(510)**	(29)
Debt raised	**2 080**	1 903
Debt repaid	**(1 174)**	(2 325)
Payments for equity interests in subsidiaries	**(8)**	—
Payment for acquisition of non-controlling interests	**(2)**	—
Proceeds from issue of shares to non-controlling interests	**—**	2
Payment of principal elements of lease liabilities	**(226)**	(177)
Net cash from financing activities	**209**	(597)
Net increase in cash and cash equivalents	**783**	39
Cash and cash equivalents at the beginning of the year	**1 495**	1 456
Cash and cash equivalents at the end of the year	**2 278**	1 495
Consisting of		
Cash on hand and balances with banks	**2 279**	1 499
Bank overdrafts	**(1)**	(4)
	2 278	1 495

1. Health Partners for Life Broad-based Black Economic Empowerment

Summarised Group statement of changes in equity

for the year ended 30 September

Rm	Ordinary share capital	Treasury shares	Cash flow hedge accounting reserve
Balance at 1 October 2021	4 297	(3 557)	(31)
Sale of treasury shares	—	82	—
Purchase of treasury shares	—	(29)	—
Acquisition of subsidiaries	—	—	—
Transfer[1]	—	—	—
Share-based payment reserve movements	—	—	—
Preference dividends paid	—	—	—
Ordinary dividends paid	—	—	—
Other reserve movements	—	—	—
Distributions to beneficiaries of the HPFL B-BBEE[2] trusts	—	—	—
Tax recognised in equity	—	—	—
Changes in equity interests in subsidiaries	—	—	—
Total comprehensive income for the year	—	—	62
Profit for the year	—	—	—
Other comprehensive income	—	—	62
Balance at 1 October 2022	**4 297**	**(3 504)**	**31**
Sale of treasury shares	**—**	**78**	**—**
Purchase of treasury shares	**—**	**(510)**	**—**
Transfer[1]	**—**	**10**	**—**
Share-based payment reserve movements	**—**	**—**	**—**
Preference dividends paid	**—**	**—**	**—**
Ordinary dividends paid	**—**	**—**	**—**
Other reserve movements	**—**	**—**	**—**
Distributions to beneficiaries of the HPFL B-BBEE[2] trusts	**—**	**—**	**—**
Tax recognised in equity	**—**	**—**	**—**
Changes in equity interests in subsidiaries	**—**	**—**	**—**
Total comprehensive income for the year	**—**	**—**	**(6)**
Profit for the year	**—**	**—**	**—**
Other comprehensive income	**—**	**—**	**(6)**
Balance at 30 September 2023	**4 297**	**(3 926)**	**25**

1. Transfer of treasury shares and share-based payment reserve in respect of vested shares
2. Health Partners for Life Broad-based Black Economic Empowerment

Share-based payment reserve	Retained earnings	Equity attributable to owners of the parent	Preference share capital and premium	Non-controlling interests	Total shareholders' equity
444	8 780	9 933	644	12	10 589
—	(53)	29	—	—	29
—	—	(29)	—	—	(29)
—	(1)	(1)		17	16
(42)	42	—	—	—	—
41	—	41	—	—	41
—	—	—	(38)	—	(38)
—	(728)	(728)	—	(25)	(753)
(1)	8	7	—	—	7
—	(8)	(8)	—	—	(8)
—	(2)	(2)	—	—	(2)
—	(12)	(12)	—	13	1
—	954	1 016	38	37	1 091
—	975	975	38	37	1 050
—	(21)	41	—	—	41
442	**8 980**	**10 246**	**644**	**54**	**10 944**
—	**(29)**	**49**	**—**	**—**	**49**
—	**—**	**(510)**	**—**	**—**	**(510)**
(39)	**29**	**—**	**—**	**—**	**—**
98	**—**	**98**	**—**	**—**	**98**
—	**—**	**—**	**(50)**	**—**	**(50)**
—	**(808)**	**(808)**	**—**	**(47)**	**(855)**
—	**(8)**	**(8)**	**—**	**—**	**(8)**
—	**(6)**	**(6)**	**—**	**—**	**(6)**
—	**(3)**	**(3)**	**—**	**—**	**(3)**
—	**—**	**—**	**—**	**(1)**	**(1)**
—	**1 324**	**1 318**	**50**	**15**	**1 383**
—	**1 271**	**1 271**	**50**	**15**	**1 336**
—	**53**	**47**	**—**	**—**	**47**
501	**9 479**	**10 376**	**644**	**21**	**11 041**

Headline earnings

for the year ended 30 September

Rm	2023	2022
Reconciliation of headline earnings		
Profit for the year	**1 336**	1 050
Adjusted for:		
Dividends paid on shares attributable to the Forfeitable Share Plan, Single Incentive Plan and HPFL B-BBEE[1] Trust units	**(14)**	(8)
Preference shareholders	**(50)**	(38)
Non-controlling interest	**(15)**	(37)
Profit for the purposes of basic and diluted earnings per share	**1 257**	967
Adjusted for:		
Profit on disposal of property, plant and equipment and intangible assets	**(23)**	(2)
Loss on disposal of property, plant and equipment and intangible assets	**9**	9
Recognition of impairment of property, plant and equipment in operating profit and equity accounted earnings	**130**	13
Recognition of impairment of investment in associate	**2**	3
Tax effect of headline adjusting items	**(32)**	—
Headline earnings	**1 343**	990

1. Health Partners for Life Broad-based Black Economic Empowerment

Headline earnings continued

for the year ended 30 September

Rm	2023	2022
Adjusted headline earnings		
Headline earnings	**1 343**	990
Adjusted for:		
Amortisation of cash flow hedge accounting reserve	**3**	8
Fair value gains on derivative financial instruments	**—**	(2)
Modification loss	**7**	—
Impairment of financial assets	**27**	40
De-designation of portion of hedging instrument	**(2)**	—
Ineffectiveness losses on cash flow hedges	**—**	2
Impairment of loan to joint venture	**—**	1
Restructure costs	**—**	2
Impairment of associate loans	**31**	48
Tax rate change	**—**	24
Tax effect of headline adjusting items	**(3)**	—
Adjusted headline earnings	**1 406**	1 113
Cents		
Headline earnings per share	**101.0**	74.0
Diluted headline earnings per share	**99.9**	73.4
Adjusted headline earnings per share	**105.7**	83.2
Diluted adjusted headline earnings per share	**104.5**	82.6

Adjusted headline earnings per share is a measurement used by the chief operating decision maker as a key measure of sustainable earnings from trading operations. The calculation of adjusted headline earnings per share excludes non-trading and/or non-recurring items, and is based on the adjusted profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year. The presentation of adjusted headline earnings is not an IFRS requirement, nor a JSE Listings Requirement.

Adjusted headline earnings represent headline earnings which have been adjusted for specific items of a non-trading and/or non-recurring nature, including:

- Gains or losses on financial instruments;
- Impairments and reversal of impairments on loans;
- Acquisition costs;
- Regulatory inquiry costs;
- Onerous lease provisions;
- Significant restructuring costs;
- New business development costs;
- Realisation of reserves through profit or loss;
- B-BBEE transaction costs;
- Changes in tax rates;
- Other non-trading items; and
- Other non-recurring items.

Summarised segment report

for the year ended 30 September

Hospital and emergency services

This segment is further disaggregated into Hospital and pharmacy operations, covering our private acute hospital network and day clinics, and Non-acute services. The Non-acute services include the provision of emergency services, the operation of private mental health clinics, cancer care, diagnostics services and the sale of healthcare products and vouchers.

Primary Care

This segment offers comprehensive primary healthcare services, employee health and wellness services, and administrative services to medical and dental practices.

Rm	Hospital and pharmacy operations	Non-acute services	Hospital and emergency services	Primary Care	Inter-segment elimination[1]	Total
30 September 2023						
Statement of profit or loss						
Revenue	**21 472**	**1 578**	**23 050**	**663**	**(14)**	**23 699**
EBITDA[2]	**3 661**	**168**	**3 829**	**161**		**3 990**
Depreciation and amortisation	**(1 046)**	**(142)**	**(1 188)**	**(86)**	**—**	**(1 274)**
Operating profit	**2 615**	**26**	**2 641**	**75**	**—**	**2 716**
Additional segment information						
Impairment of property, plant and equipment	**(118)**	**(5)**	**(123)**	**(7)**	**—**	**(130)**

1. Relates to revenue earned in the Hospital and emergency services segment
2. Earnings before interest, tax, depreciation and amortisation

Rm	Hospital and pharmacy operations	Non-acute services	Hospital and emergency services	Primary Care	Inter-segment elimination[1]	Total
30 September 2022						
Statement of profit or loss						
Revenue	19 733	1 291	21 024	634	(22)	21 636
EBITDA[2]	3 211	111	3 322	163	—	3 485
Depreciation and amortisation	(929)	(183)	(1 112)	(91)	—	(1 203)
Operating profit/(loss)	2 282	(72)	2 210	72	—	2 282
Additional segment information						
(Impairment)/reversal of impairment of property, plant and equipment	(13)	2	(11)	—	—	(11)

1. Relates to revenue earned in the Hospital and emergency services segment
2. Earnings before interest, tax, depreciation and amortisation

Notes to the summarised Group financial statements

for the year ended 30 September

1. Basis of preparation and accounting policies

The summarised consolidated financial statements have been prepared in accordance with the framework concepts, recognition and measurement criteria of IFRS and its interpretations adopted by the International Accounting Standards Board in issue and effective for the Group at 30 September 2023 and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The results contain the information as required by IAS 34 and comply with the JSE Listings Requirements and the Companies Act. These summarised consolidated financial statements, and the audited consolidated financial statements from which they have been derived, were compiled under the supervision of Mr KN Gibson (CA) SA, Group Chief Financial Officer.

The accounting policies and methods of computation applied in the preparation of these results are in accordance with IFRS. All policies are consistent in all material respects with those applied in the audited consolidated financial statements for the year ended 30 September 2022.

Audit opinion

The external auditor, Deloitte & Touche, has issued their opinion on the Group's consolidated financial statements for the year ended 30 September 2023. The audit was conducted in accordance with International Standards on Auditing. The auditor responsible for the audit is Mr S Tyranes. The annual financial statements were audited by Deloitte & Touche, who expressed an unmodified opinion and communication of a key audit matter as reported in the auditor's report of the audited consolidated financial statements.

A copy of the audit report, together with the accompanying consolidated financial statements is available for inspection at the Company's registered office with the head of investor relations **(ir@netcare.co.za)** as well as online at **www.netcare.co.za/Netcare-Investor-Relations/Reports/Financial-Results**. Any reference to future financial performance included in this announcement has not been audited and reported on by the Group's external auditor.

The directors take full responsibility for the preparation of the summarised consolidated financial statements which have been extracted from and are consistent in all material respects with the Group's consolidated financial statements.

Notes to the summarised Group financial statements continued

	Rm	2023	2022
2.	**Operating profit**	**2 716**	2 282
	After including:		
	Depreciation and amortisation	**(1 274)**	(1 203)
	Depreciation and amortisation of property, plant and equipment and intangibles assets	**(844)**	(787)
	Depreciation of right of use assets	**(428)**	(410)
	Amortisation of cash flow hedge accounting reserve	**(2)**	(6)
	Impairment of property, plant and equipment	**(130)**	(11)
	Impairment of financial assets	**(141)**	(180)
	Movements in expected credit losses and bad debts related to trade and other receivables	**(114)**	(112)
	Impairment of loans	**(27)**	(68)
	Operating lease charges	**(173)**	(190)
	Net profit/(loss) on disposal of property, plant and equipment	**14**	(11)

Operating profit is defined as the profit generated from the core business activities of the Group. Operating profit is derived after general and administrative expenses, including impairment of financial assets, have been deducted from gross profit and other income. Operating profit excludes investment income, and is stated before finance costs and before other net financial gains/losses are added/deducted. Due to their nature, these items are not classified as being part of the core operating activities of the Group.

Operating profit only includes profit from entities which are controlled by the Group in accordance with IFRS 10: Consolidated Financial Statements, and excludes amounts from entities where we share control or have significant influence. The Group, therefore, excludes from operating profit, income and expense items relating to associates and joint ventures, such as its share of earnings/losses of associates and joint ventures, impairments of investments in associates and joint ventures, profit/loss on disposal of investments in associates and joint ventures, and impairments of long-term interest in associates and joint ventures.

Revenue, income or expense items that would otherwise be presented within gross profit or operating profit, are separately disclosed and appropriately described when, by virtue of their nature or amount, they require separate disclosure on the statement of profit or loss.

Notes to the summarised Group financial statements continued

Rm	2023	2022
3. Finance costs		
Interest on bank loans and other	**(91)**	(108)
Interest expense on lease liabilities	**(454)**	(409)
Interest on promissory notes	**(456)**	(310)
Total funding finance costs	**(1 001)**	(827)
Amortisation of cash flow hedge accounting reserve	**(1)**	(2)
Post-employment benefit plan finance costs	**(62)**	(56)
	(1 064)	(885)

Rm	2023	2022
4. Taxation		
South African normal and deferred taxation		
Current year	**(498)**	(514)
Prior years	**33**	34
Capital gains tax	**(2)**	—
	(467)	(480)
Foreign normal and deferred taxation		
Current year	**(2)**	—
Prior years	**(2)**	(4)
Total taxation per the statement of profit or loss	**(471)**	(484)

	Rm	2023	2022
5.	**Equity-accounted investments, loans and receivables**		
	Non-current		
	Associated companies	**166**	200
	Joint ventures	**217**	218
	Loans and receivables	**223**	176
		606	594
	Current		
	Loans and receivables	**27**	59
	Total equity-accounted investments, loans and receivables	**633**	653

	Rm	Level	2023	2022
6.	**Financial assets/liabilities**			
	Derivative financial assets			
	Interest rate swaps	**2**	**35**	45
	Non-derivative financial assets			
	Investment in Cell Captive	**2**	**5**	18
	Investment in equity instruments[1]	**3**	**38**	38
			78	101
	Included in:			
	Non-current assets		**63**	99
	Current assets		**15**	2
			78	101
	Derivative financial liabilities			
	Interest rate swaps	**2**	**—**	1
	Inflation rate swaps	**2**	**—**	7
	Written put option over non-controlling interest	**3**	**12**	12
			12	20
	Included in:			
	Current liabilities		**12**	20

1. The Group designates investments in equity instruments held at fair value through other comprehensive income

Investment in equity instruments

The valuations are based on the estimated liquidation values determined for the net assets on the balance sheet of each entity. The main objective of these entities is the investment in start-up businesses. Given the difficulty in obtaining reliable forward-looking cash flow forecasts for new businesses of this nature, it is challenging to determine a reliable fair value for the underlying investments, and therefore a liquidation basis approach to the valuation has been adopted.

6. Financial assets/liabilities continued

Written put option over non-controlling interest

The fair value of the put option is based on the following formula: annual rent of the entity in which shares will be purchased when the option is exercised, divided by 10% yield (before tax) divided by 100 to derive the value per percentage shareholding. As at 30 September 2023 the annual rental was obtained from the entity and the fair value of the put option was calculated using the formula above. The fair value of the put option is therefore directly impacted by fluctuations in the annual rent of the entity.

Rm	**2023** Interest rate swaps	**2023** Inflation rate swaps	**2023** Total	2022 Interest rate swaps	2022 Inflation rate swaps	2022 Total
Recognised in profit or loss						
De-designation of portion of hedging instrument[1]	**2**	**—**	**2**	—	—	—
Hedge ineffectiveness[1]	**—**	**—**	**—**	(1)	—	(1)
Reclassification into profit or loss[2]	**30**	**(3)**	**27**	(35)	(8)	(43)
	32	**(3)**	**29**	(36)	(8)	(44)
Recognised in other comprehensive income						
Fair value movements	**19**	**—**	**19**	42	—	42
Reclassification into profit or loss	**(30)**	**3**	**(27)**	35	8	43
	(11)	**3**	**(8)**	77	8	85
Cash flow hedge reserve						
Gross	**34**	**—**	**34**	44	(3)	41
Deferred tax	**(9)**	**—**	**(9)**	(12)	1	(11)
Net	**25**	**—**	**25**	32	(2)	30

1. Amounts included in other financial gains - net in the statement of profit or loss
2. Amounts included in interest and depreciation

Fair value hierarchy

Financial instruments measured at fair value are grouped into the following levels based on the significance of the inputs used in determining fair value:

Level 1: Fair value is derived from quoted prices (unadjusted) in active markets for identical instruments.

Level 2: Fair value is derived through the use of valuation techniques based on observable inputs, either directly or indirectly.

Level 3: Fair value is derived through the use of valuation techniques using inputs not based on observable market data.

The Group has no financial instruments measured at fair value categorised as Level 1. There were no transfers between categories in the current year.

Notes to the summarised Group financial statements continued

	Rm	2023	2022
7.	**Debt**		
	Long-term debt	**6 057**	5 265
	Short-term debt	**1 249**	1 105
	Total debt	**7 306**	6 370
	Comprising:		
	Unsecured liabilities		
	Bank loans	**2 414**	1 505
	Promissory notes and commercial paper in issue	**4 888**	4 860
	Other	**4**	5
		7 306	6 370

Maturity Profile[1]

Rm	Total	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	>4 years
30 September 2023	**9 022**	**1 828**	**2 017**	**2 505**	**1 300**	**1 372**
30 September 2022	7 622	1 529	1 923	1 458	1 224	1 488

1. This maturity analysis includes the contractual undiscounted cash flows, represented by gross commitments, including finance charges. These amounts are different to those reflected in the statement of financial position, which are based on discounted cash flows

Rm		2023	2022
8.	**Commitments**		
	Capital expenditure commitments	**1 560**	1 858
	Authorised and contracted for		
	Land and buildings	**260**	412
	Computer equipment	**21**	58
	Plant and equipment	**9**	22
	Medical equipment	**129**	106
	Other (including furniture and fittings)	**—**	3
	Equity investments	**—**	83
	Authorised but not yet contracted for		
	Land and buildings	**755**	588
	Plant and equipment	**145**	114
	Computer equipment	**104**	236
	Medical equipment	**97**	206
	Other (including furniture and fittings)	**40**	30

	Rm	2023	2022
9.	**Contingent liabilities**		
	Guarantees in favour of municipalities and other beneficiaries	**29**	32

10. Going concern

The directors have reviewed the Group and Company budget and cash flow forecasts and have satisfied themselves that the Group and Company are in a sound financial position and that they have access to sufficient borrowing facilities to meet their foreseeable cash requirements.

On the basis of this review, the Netcare directors have concluded that there is a reasonable expectation that the Group will continue to meet its financial covenants and meet its obligations as they fall due for at least the next 12 months from the date of approval of these financial statements. The directors consider it appropriate to adopt the going concern basis in preparing the Group and Company annual financial statements.

11. Significant transactions

Impairment of properties

In the current period, due to change in usage, three properties have been impaired to their fair value less costs of disposal. As such, impairments of R125 million (2022: R11 million) were recognised.

12. Events after the reporting period

Shareholders are advised that an ordinary dividend of 35.0 cents per share was declared by the Board of Netcare Limited on 16 November 2023.

Shareholders are advised that with effect from 01 January 2024, Mr I Kirk joins the Risk Committee as chairperson and the Remuneration Committee as a member, and Mr A Maditse joins the Nominations Committee as a member. With effect from 05 February 2024, Ms L Stephens will assume the role of chairperson of the Remuneration committee.

Shareholders are advised that after an extensive search, Netcare has identified a preferred CEO candidate. Given that the candidate is unavailable for an extended period, details will remain confidential at this stage. At the Board's request, Dr Richard Friedland has agreed to continue as CEO beyond September 2024 for a further six months.

The directors are not aware of any other matters or circumstances arising since the end of the financial year, not otherwise dealt with in the Company's annual financial statements, which significantly affect the financial position at 30 September 2023 or the results of its operations or cash flows for the year then ended.

Salient features

	2023	2022
Share statistics		
Ordinary shares		
Shares in issue (million)	**1 439**	1 439
Shares in issue net of treasury shares (million)	**1 305**	1 338
Weighted average number of shares (million)	**1 330**	1 338
Diluted weighted average number of shares (million)	**1 345**	1 348
Market price per share (cents)	**1 350**	1 372

Corporate information

Netcare Limited
Registration number: 1996/008242/06
(Incorporated in the Republic of South Africa)
JSE ordinary share code: NTC
ISIN: ZAE000011953
JSE preference share code: NTCP
ISIN: ZAE000081121
Listed on the JSE and the A2X Exchanges
("Netcare" or "the Company" or "the Group")

Registered office
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KN Gibson (Chief Financial Officer)

Non-executive directors
MR Bower (Chair), B Bulo,
L Human, I Kirk, A Maditse, R Phillips, L Stephens

Company Secretary
Charles Vikisi

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