NETCARE

Netcare Limited
Summarised Audited Group Results

for the year ended 30 September 2022

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 people and all members of the Netcare family. We care about the **PARTICIPATION** of our people and healthcare partners in everything that we do. We care about the **TRUTH** in all our actions. We are **PASSIONATE** about quality care and professional excellence. We listen with empathy and respond with acts of **COMPASSION**.

Commentary

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

Results for the year ended 30 September 2022 and changes to the Board

Netcare's results for the year ended 30 September 2022 reflect an improved financial performance and excellent progress on the delivery of our strategic objectives.

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

Salient features

- 3.0% increase in Group normalised revenue to R21 636 million, ahead of FY 2019 pre-pandemic revenue
- 9.5% growth in Group normalised EBITDA, demonstrating strong operating leverage
- 100 basis point improvement in Group normalised EBITDA margin to 16.2%
- 23.4% increase in adjusted HEPS to 83.2 cents
- 113.0% cash conversion ratio
- 1.4 times net debt to EBITDA ratio
- 30.0 cents per share final dividend declared

Key financial results

Rm	**30 September 2022**	30 September 2021	% change
Normalised revenue[1]	**21 636**	21 005	3.0
Normalised EBITDA[1]	**3 496**	3 193	9.5
Normalised operating profit[1]	**2 293**	2 025	13.2
Normalised profit before taxation[1]	**1 545**	1 284	20.3
Normalised taxation[1]	**(460)**	(380)	(21.1)
Normalised profit after taxation[1]	**1 085**	904	20.0
Exceptional items:			
Lesotho PPP termination		(35)	
Impairment of properties	**(11)**	(73)	
Change in corporate tax rate	**(24)**		
Taxation on exceptional items		(36)	
Profit for the year	**1 050**	760	38.2
Adjusted HEPS (cents)	**83.2**	67.4	23.4
ROIC (%)	**8.8**	7.9	

[1] *Normalised to exclude the impact of exceptional items comprising property impairments and corporate tax rate change, and the termination of the Lesotho PPP in FY 2021.*

Commentary continued

Note:
The accounting policies applied in preparing the audited Group financial statements are consistent in all material respects with those applied in the audited Group financial statements for the year ended 30 September 2021.

Overview

The Group delivered an improved financial performance for FY 2022 and executed well on its strategic projects, despite a challenging macroeconomic environment and lingering pandemic impacts.

Results in the comparative year included the impact of two severe COVID-19 waves.

Activity in H1 2022 was negatively affected by the fourth COVID-19 wave, which was driven by the milder Omicron variant resulting in a decoupling of community transmission and hospitalisation, with only 'incidental' COVID-19 admissions and low mortality. The subsiding of the fourth wave in late January 2022 and subsequent relaxation of the national lockdown regulations resulted in a strong improvement in demand and activity in H2 2022 driving a robust improvement in operational and financial performance in FY 2022 when measured against FY 2021.

The Group has not experienced further COVID-19 related disruptions since the fourth wave subsided and ended the financial year on a strong note, with activity in the month of September 2022 being ahead of, or in line with, pre-pandemic 2019 levels across all segments. Moreover, COVID-19 activity is currently at the lowest level since the start of the pandemic and has largely been incorporated into daily operations. We are encouraged by the continuous improvement in the post-COVID-19 environment experienced to date in FY 2023.

The Group has made substantial progress in executing its digitisation strategy, which will secure its competitive advantage of delivering person centred health and care that is digitally enabled and data driven. The digitisation project

to implement fully integrated Electronic Medical Healthcare Records across the Netcare ecosystem is on track with all FY 2022 objectives achieved within scheduled timeframes and budget. Similarly, the Group's environmental sustainability strategy is delivering tangible financial and operational benefits and continues to achieve national and international recognition. NetcarePlus successfully launched additional innovative solutions promoting access to affordable healthcare for the employed but uninsured market. We remain committed to our Consistency of Care strategy, whereby we continue to broaden our 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 1.4 times (FY 2021: 1.7 times), while cash generation remains strong with a cash conversion of ratio of 113.0%.

The Board has declared a final dividend of 30.0 cents per share, which, together with the interim dividend declared in H1 2022 of 20.0 cents per share, represents 60.0% of adjusted Headline Earnings per Share ("HEPS") for FY 2022.

Group financial overview

Since late January 2022 Netcare enjoyed a sustained period of operation free from COVID-19 disruptions, which allowed the recovery towards normalisation to gain traction. The trend of improving performance continued in H2 2022. Resultantly, Group revenue, EBITDA and EBITDA margins showed steady sequential improvement in H2 2022 when benchmarked against H1 2022 and H2 2021 and reflect a strong improvement in the year-on-year financial results.

Normalised Group revenue for FY 2022 increased by 3.0% to R21 636 million (FY 2021: R21 005 million).

Normalised Group EBITDA for FY 2022 improved by 9.5% to R3 496 million (FY 2021: R3 193 million). This is notwithstanding the impact of the pandemic in H1 2022.

The higher activity levels in H2 2022, coupled with lower COVID-19 costs and ongoing efficiencies, resulted in strong operating leverage and an improvement in Group EBITDA margins of 100 basis points to 16.2% from 15.2% in FY 2021.

In FY 2022, the Group incurred operational costs relating to strategic projects of R249 million (FY 2021: R172 million). Pleasingly, normalised EBITDA margins, excluding these strategic costs, improved by 130 basis points from 16.0% to 17.3%.

Normalised operating profit increased by 13.2% to R2 293 million (FY 2021: R2 025 million).

Net interest paid, excluding interest on lease liabilities, declined to R359 million (FY 2021: R413 million) reflecting the benefit from a lower level of average net debt during the year, partially offset by the higher average cost of debt.

The contribution to earnings from associates and joint ventures declined to R21 million from R45 million in FY 2021, primarily due to the termination of the Lesotho Public Private Partnership in August 2021.

Normalised profit before taxation increased by 20.3% to R1 545 million (FY 2021: R1 284 million). The normalised taxation charge (excluding the deferred taxation impact of the change in the statutory tax rate from 28% to 27% with effect from FY 2023) amounted to R460 million (FY 2021: R380 million), reflecting an effective tax rate of 29.8% (FY 2021: 29.6%).

Normalised profit after taxation increased by 20.0% to R1 085 million (FY 2021: R904 million) and adjusted HEPS increased by 23.4% to 83.2 cents (FY 2021: 67.4 cents).

Exceptional items amounted to R35 million, comprising provisions for impairment of property assets of R11 million and R24 million relating to the change in the statutory corporate tax rate.

Commentary continued

Financial position

Rm	30 September 2022	30 September 2021
Assets		
Property, plant, equipment, goodwill and intangible assets	**15 312**	14 721
Right of use assets	**3 770**	3 600
Deferred tax assets	**1 040**	987
Other non-current assets	**710**	718
Current assets	**3 939**	4 139
Cash and cash equivalents	**1 499**	1 456
Total assets	**26 270**	25 621
Equity and liabilities		
Total shareholders' equity	**10 944**	10 589
Borrowings	**6 374**	6 787
Lease liabilities – long and short term	**4 488**	4 096
Deferred tax liabilities	**319**	309
Other liabilities	**4 145**	3 840
Total equity and liabilities	**26 270**	25 621

At 30 September 2022, total assets increased to R26 270 million from R25 621 million in the previous year.

Total shareholders' equity increased to R10 944 million from R10 589 million. The Group's return on invested capital improved to 8.8% (2021: 7.9%), which is below historical norms due to the COVID-19 pandemic.

Total capex, including strategic projects, amounted to R1.4 billion for the year, of which R369 million related to expansionary projects, including the completion of the new 427-bed Netcare Alberton Hospital.

Working capital has been well managed and inventory levels continued to normalise, with a further reduction of R78 million in inventory balances since September 2021.

At 30 September 2022, the Group's cash resources and available undrawn committed facilities amounted to R3.5 billion. Group net debt (exclusive of IFRS 16 lease liabilities) reduced to R4.9 billion from R5.3 billion at 30 September 2021.

The decrease in net debt during FY 2022 is due to higher operating profit and improved working capital, partially offset by ongoing capital expenditure and the payment of ordinary and preference dividends. The net debt to EBITDA ratio at 30 September 2022 was 1.4 times, improving from 1.7 times at 30 September 2021. EBITDA/net interest cover remains strong at 4.5 times (FY 2021: 4.1 times).

Cash generated from operations showed solid growth of 4.1% to R3 950 million (FY 2021: R3 794 million). The cash conversion ratio amounted to 113.0% (FY 2021: 118.8%).

Divisional review

Hospital and emergency services

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

Rm	**30 September 2022**	30 September 2021	% change
Normalised revenue[1]	**21 024**	20 422	2.9
Normalised EBITDA[1]	**3 333**	3 069	8.6
Normalised operating profit[1]	**2 221**	1 989	11.7
EBITDA margin (%)	**15.9**	15.0	
Operating profit margin (%)	**10.6**	9.7	
Total occupancy (%)	**60.1**	56.7	
Occupancy (full week) – acute hospital (%)	**59.3**	56.2	
Occupancy (week day) – acute hospital (%)	**63.9**	59.6	
Occupancy (full week) – mental health (%)	**68.1**	62.1	
Percentage change in:			
Patient days – total	**5.4**		
Patient days – acute hospital	**4.8**		
Patient days – mental health	**11.5**		
Theatre minutes	**16.3**		

Note: *Metrics exclude Netcare Ceres, Bougainville and Optiklin hospitals.*

[1] Normalised to exclude the impact of exceptional items comprising property impairments and corporate tax rate change, and the termination of the Lesotho PPP in FY 2021.

The segment delivered a strong performance, driven by the improvement since late January 2022 as COVID-19 cases declined significantly, thereby enabling recovery of demand for non-COVID-19 medical and surgical procedures and facilitating a shift towards normalisation of case mix and length of stay.

Normalised revenue for the segment increased by 2.9% to R21 024 million (FY 2021: R20 422 million).

Total patient days increased by 5.4% in FY 2022, with acute hospital patient days improving by 4.8% against FY 2021. Mental health patient days showed a strong recovery, improving by 11.5% compared to FY 2021, with the new 36-bed Netcare Akeso Richards Bay mental health facility contributing 1.3% of the increase in mental health patient days.

For FY 2022, full week occupancy within acute hospitals increased to 59.3% from 56.2% in FY 2021. The shift towards a normalised environment was particularly evident in the higher acute hospital occupancies in H2 2022 of 63.0% (H1 2022: 55.7%), with a 66.4% occupancy in September 2022, which is the highest level since the onset of the pandemic and ahead of September 2019 level of 64.2%.

Mental health occupancies showed strong improvement, increasing to 68.1% in FY 2022 from 62.1% in FY 2021. Occupancy in H2 2022 was 71.8% (72.4% excluding Richards Bay), improving from 64.2% in H1 2022.

A sharp increase in respiratory admissions in H2 2022 contributed to the strong growth in non-COVID-19 medical admissions, which grew by 41.1% against FY 2021. Surgical admissions increased by approximately 22.2% against FY 2021. Total surgical cases comprised 59.5% of admissions in FY 2022 (FY 2021: 58.3%).

Commentary continued

Acute revenue per patient day decreased by 1.6% compared to FY 2021, reflecting the significant decline in higher complexity COVID-19 admissions and a shift towards a more normalised case mix after two years of notably higher non-COVID-19 case mix than in 2019. The average length of stay decreased to 4.3 days (FY 2021: 4.8 days).

Normalised EBITDA for the segment increased by 8.6% to R3 333 million from R3 069 million in FY 2021.

The improved activity levels are reflected in the EBITDA margin for the full year, which increased to 15.9% from the 15.0% reported for FY 2021.

Full year normalised EBITDA margins, excluding operational costs of R245 million (FY 2021: R172 million) related to strategic projects, continued to improve and strengthened to 17.0% in FY 2022 from 15.9% in FY 2021.

The FY 2022 EBITDA margin within the hospital and pharmacy operations sub-segment, normalised for strategic costs, continued to improve to 17.3% from 16.1% reported in FY 2021.

The new 427-bed Netcare Alberton Hospital was successfully commissioned in April 2022 and continues to trade at occupancy levels in excess of 80.0%. Furthermore, in line with Netcare's focus on improving asset utilisation, three smaller hospitals, Netcare Ceres (28 beds), Netcare Bougainville (60 beds) and Netcare Optiklin (14 beds), were closed and are in the process of being sold.

In May 2022, the Group opened the 36-bed Netcare Akeso Richards Bay mental health facility.

Netcare continues to attract specialists and a net 88 doctors were granted admission rights at acute and mental health facilities during FY 2022.

Primary care

Rm	**30 September 2022**	30 September 2021	% change
Revenue	**634**	595	6.6
EBITDA	**163**	124	31.5
Operating profit	**72**	36	100.0
EBITDA margin (%)	**25.7**	20.8	
Operating profit margin (%)	**11.4**	6.1	

The Primary care division maintained the solid performance reported at H1 2022, with FY 2022 revenue increasing by 6.6% year-on-year, driven by a 4.3% increase in patient visits. EBITDA for FY 2022 increased by 31.5% resulting from stringent cost management at an improved EBITDA margin of 25.7% from 20.8% in FY 2021.

Strategic update

We have made pleasing progress in our key strategic projects that will operationalise our long-term strategy across our entire ecosystem, which, together with our outstanding employees, doctors and other healthcare professionals, positions us to benefit from the positive and rapidly changing long term dynamics driving demand in the healthcare sector.

In FY 2022, the Group invested capital expenditure of R159 million (FY 2021: R120 million) and incurred operational costs of R249 million (FY 2021: R172 million) on various strategic projects.

Digitisation

The Group has spent R228 million in capex and R187 million in implementation costs since embarking on our digitisation journey in 2018. This includes capex of R199 million and implementation costs of R183 million associated with the CareOn project.

The digitisation project remains on track and within budget despite the ongoing disruption brought about by the pandemic. As we move closer to the final stages of the most ambitious healthcare digitisation project undertaken on our continent, we remain confident that this investment will transform our business, improve clinical care and safety and deliver efficiencies once fully integrated.

A major focus of these projects is to provide electronic medical records ("EMR") across all divisions of Netcare. This new way of care has now been successfully implemented at 21 Netcare hospitals (comprising 4 828 beds) since the start of the pilot in 2020, with a further 17 hospitals (3 817 beds) planned for 2023 and seven hospitals (943 beds) in H1 2024, which marks the completion of the project across the entire portfolio. In addition, there are currently around 13 775 active users, comprising nurses, doctors, allied health professionals, pharmacists and administrative personnel.

Similarly, good progress has been made on the digitisation of Netcare Akeso and Medicross, which is expected to be fully implemented by the end of 2022. Digitisation has been completed in Netcare 911 and National Renal Care.

Although we are still in the implementation phase, the Group realised savings and benefits of approximately R37 million in FY 2022.

Promoting access to healthcare

The NetcarePlus division, which develops healthcare solutions to solve the needs of households that are employed but do not have adequate healthcare cover, is still in the early stages of development. However, we are encouraged by the growing demand for these innovative healthcare products that will support the Netcare ecosystem. During FY 2022, we extended our product range to include dental vouchers, Ear, Nose and Throat procedures, GapCare (a range of three gap cover products underwritten by Hollard), as well as trauma and accident care. In addition, we have developed a solid distribution platform that includes partnering with a number of leading retailers and financial services companies.

The Group has a robust pipeline of innovative pre-paid procedures that will be launched in FY 2023. These procedures include general, gynaecological and orthopaedic surgical procedures. Other launches include enhancements to our accident and trauma product, which will cover the costs of treatment related to medical emergencies such as strokes and heart attacks.

Netcare Diagnostics

Netcare Diagnostics, which supports a new black female owned pathology service provider, Dr Esihle Nomlomo Inc, continues to gain traction and made a positive contribution to EBITDA. The first stage rollout of blood gas analysers at Netcare's Intensive Care and High Care units has been completed, with 130 blood gas analysers installed across the Hospital division. In addition, Dr Esihle Nomlomo Inc., supported by Netcare Diagnostics, will be rolling out a variety of validated and quality assured analysers at points of care across several of Netcare's Accident and Emergency Departments in 2023.

Environmental sustainability

Netcare has invested R585 million in capex since the implementation of its environmental sustainability strategy in 2013. During this period, the energy intensity per bed has been reduced by 35%, which is ahead of the initial 10-year target. Similarly, the Group has exceeded the 2023 financial targets, achieving cumulative operational savings and benefits of approximately R1.1 billion to date, yielding an IRR in excess of 25%.

For FY 2023, we have allocated approximately R55 million in capex and R23 million in operational costs towards achieving our targets set for 2030, with a primary target to reduce Scope 2 emissions to zero by 2030 and to reduce Scope 1 and 2 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 a 20% reduction of impact on water sources.

Since its inception in 2013 our environmental sustainability programme has achieved 25 local and international awards. For the second consecutive year, Netcare achieved the distinction of being the only healthcare institution in the world to win gold medals in all four categories of Greenhouse Gas Reduction (Energy), Renewable Energy, Climate Resilience and Climate Leadership in the latest global Health Care Climate Challenge Awards. The awards are organised by Global Green and Healthy Hospitals (GGHH), an initiative of Health Care Without Harm (HCWH). The GGHH network comprises over 1 600 members in 79 countries representing the interests of over 67 000 hospitals and health centres.

In addition, Netcare was awarded the Commercial Corporate Company of the Year Award in South Africa by the Southern African Energy Efficiency Confederation (SAEEC) for outstanding accomplishments in developing, organising, managing and implementing our corporate energy management programme.

These awards solidify the Group's standing in the global and local community of environmentally conscious healthcare institutions across all continents.

Outlook

The COVID-19 pandemic has had, and may continue to have, an adverse impact on the Group's financial performance. The future impact of the pandemic on our business, therefore, remains dependent on the emergence of new variants, as well as underlying immunity in South Africa. However, we are encouraged by the continued improvement in activity. As long as Omicron remains the dominant variant, there is reason for optimism as we continue to manage COVID-19 as an endemic disease enabling us to operate in a normalised environment.

Although the macro-environment continues to be impacted by national power grid load shedding, global supply chain constraints, higher inflationary pressures, and high levels of unemployment, we have a number of measures in place to mitigate these challenges.

As a precautionary measure, Netcare brought forward the procurement of IT equipment for CareOn at favourable exchange rates to ensure that the project is not impacted by any undue delays resulting from supply chain problems or elevated prices. Despite the abnormally high inflationary environment, we remain confident about our ability to manage reasonable levels of inflationary risk and remain focused on optimising the cost efficiencies realised in FY 2022. 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 continues to drive more medical scheme members to buy down to more affordable restricted provider network plans. We continue to seek to participate in network arrangements associated with these plans and will seek to drive 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 has been resilient and underscores the sustainable demand for quality private healthcare which is exacerbated by the growing disease burden.

Notwithstanding the fluid macroeconomic environment, our strategy remains more relevant than ever. We remain committed to realising growth opportunities, improving returns and the successful completion and delivery of our key strategic projects that are critical to achieving our overarching strategy of person-centred health and care that is digitally enabled and data driven.

Guidance

We expect ongoing improvements in the operational and financial performance of the business in FY 2023 and beyond as the Group emerges from the COVID-19 pandemic and the operating environment continues to normalise.

In the absence of further severe COVID-19 waves in FY 2023, the Group expects revenue growth of between 9.0% and 12.0%. Total patient days are expected to grow by between 6.5% and 7.5%. The increased activity will drive further margin expansion, improved earnings and ROIC.

Costs associated with the implementation of the EMR CareOn project of approximately R129 million will be incurred in FY 2023. We expect to realise savings of approximately R55 million to R65 million in FY 2023 and the project will be earnings accretive from H2 2024.

Other strategic costs of R146 million for environmental sustainability, data analytics and NetcarePlus, which are all critical enablers of our strategy, will be incurred in FY 2023.

Total capital expenditure for FY 2023 of R1.6 billion will be incurred, of which R111 million will be attributable to expansion in mental health, approximately R600 million for refurbishments that were delayed during the pandemic and R185 million to strategic projects.

Following the successful commissioning of Netcare Akeso Richards Bay, we will continue to explore opportunities to meet the demand for mental health and plan to expand Akeso's footprint further by adding 159 beds. Projects include Akeso Gqeberha (72 beds – expected to open by May 2023) and Akeso Polokwane (87 beds – expected to open in May 2024). In addition, in line with our strategy to optimise beds in the acute segment and to address the strong demand for mental health in KwaZulu Natal, we will introduce mental health beds in the Netcare Alberlito Hospital.

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 at least 50% – 70% of adjusted headline earnings to shareholders.

The information in this guidance has not been reviewed or reported on by Netcare's auditors.

Acknowledgement

We express our thanks and appreciation to our staff and doctors 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.

Board changes

In accordance with paragraph 3.59 and 6.39 of the JSE Listings Requirements and Debt Listings Requirements, Netcare is pleased to announce the appointment of Mr Ian Kirk and Ms Louisa Stephens as independent non-executive directors with effect from 1 January 2023.

Ian Kirk is a qualified chartered accountant with senior leadership and board level experience in financial services and professional services. He has operated as executive, chairperson, and as non-executive director for listed and non-listed companies for over 25 years, including chairing industry associations.

Louisa Stephens is both a chartered director and chartered accountant, with over 15 years' experience in debt and equity financing and investment management, and is also an independent financial trader, dealing across industries both locally and abroad. She has served on various boards and board sub-committees and has listed business experience and strong governance credentials. She will also be joining the Audit and Remuneration Committees.

The Netcare Board welcomes the appointment of Mr Kirk and Ms Stephens, and is confident that the Board will benefit from their collective contributions.

Mr David Kneale has indicated his intention to retire as a non-executive director of the company and member of the committees on which he serves, with effect from the conclusion of the upcoming annual general meeting on 3 February 2023. Netcare wishes to thank Mr Kneale for his invaluable contribution during his tenure and wishes him all the very best in his future endeavours.

Dividend

Declaration of dividend number 24

Notice is hereby given of the declaration of a gross final dividend of 30.0 cents per ordinary share in respect of the year ended 30 September 2022. The dividend has been declared from income reserves and is payable to shareholders recorded in the register at the close of business on Friday, 27 January 2023. 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 24.0 cents per ordinary share and 30.0 cents per ordinary share for those shareholders who are exempt from dividend withholding tax.

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

The salient dates applicable to the dividends are as follows:

Last day to trade cum dividend	Tuesday, 24 January 2023
Trading ex-dividend commences	Wednesday, 25 January 2023
Record date	Friday, 27 January 2023
Payment date	Monday, 30 January 2023

Share certificates may not be dematerialised nor rematerialised between Wednesday, 25 January 2023 and Friday, 27 January 2023, both dates inclusive.

On Monday, 30 January 2023, 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, 30 January 2023.

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.

On behalf of the Board

Thevendrie Brewer
Chairperson

Richard Friedland
Chief Executive Officer

Keith Gibson
Chief Financial Officer

17 November 2022

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 2022, 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, as set out on pages 12 to 26, are derived from the audited consolidated financial statements of Netcare Limited for the year ended 30 September 2022.

In our opinion, the accompanying summarised consolidated financial statements 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 preliminary reports, 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 18 November 2022. 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 preliminary reports, 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 preliminary reports 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 to also, as a minimum, 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

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Deloitte & Touche
Registered Auditor
Per: Spiro Tyranes
Partner
18 November 2022

5 Magwa Crescent
Waterfall City
Waterfall
2090

Summarised Group statement of profit or loss

for the year ended 30 September

Rm	Notes	2022	2021
Revenue[1]		**21 636**	21 200
Cost of sales		**(11 085)**	(10 748)
Gross profit		**10 551**	10 452
Other income		**435**	330
Administrative and other expenses		**(8 524)**	(8 518)
Impairment of financial assets		**(180)**	(188)
Operating profit	2	**2 282**	2 076
Investment income		**115**	116
Finance costs	3	**(885)**	(903)
Other financial gains – net		**1**	1
Attributable losses of associates		**(23)**	(147)
Attributable earnings of joint ventures		**44**	33
Profit before taxation		**1 534**	1 176
Taxation	4	**(484)**	(416)
Profit for the year		**1 050**	760
Attributable to:			
Owners of the parent		**975**	730
Preference shareholders		**38**	39
Profit attributable to shareholders		**1 013**	769
Non-controlling interest		**37**	(9)
		1 050	760
Cents			
Basic earnings per share		**72.3**	54.6
Diluted earnings per share		**71.7**	54.3

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	2022	2021
Profit for the year	**1 050**	760
Items that will not subsequently be reclassified to profit or loss	**(21)**	(25)
Remeasurement of defined benefit obligation	**—**	1
Fair value adjustment on equity investments	**(21)**	(26)
Items that may subsequently be reclassified to profit or loss	**62**	75
Effect of cash flow hedge accounting	**85**	104
Amortisation of the cash flow hedge accounting reserve	**43**	103
Change in the fair value of cash flow hedges	**42**	1
Taxation on items that may subsequently be reclassified to profit or loss	**(23)**	(29)
Other comprehensive income for the year	**41**	50
Total comprehensive income for the year	**1 091**	810
Attributable to:		
Owners of the parent	**1 016**	780
Preference shareholders	**38**	39
Non-controlling interest	**37**	(9)
	1 091	810

Summarised Group statement of financial position

at 30 September

Rm	Notes	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment		**13 469**	12 915
Right of use assets		**3 770**	3 600
Goodwill		**1 606**	1 606
Intangible assets		**237**	200
Equity-accounted investments, loans and receivables	5	**594**	643
Financial assets	6	**99**	63
Deferred lease assets		**17**	12
Deferred taxation		**1 040**	987
Total non-current assets		**20 832**	20 026
Current assets			
Loans and receivables	5	**59**	132
Financial assets	6	**2**	4
Inventories		**562**	640
Trade and other receivables		**3 288**	3 251
Taxation receivable		**28**	112
Cash and cash equivalents		**1 499**	1 456
Total current assets		**5 438**	5 595
Total assets		**26 270**	25 621
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital		**4 297**	4 297
Treasury shares		**(3 504)**	(3 557)
Other reserves		**473**	413
Retained earnings		**8 980**	8 780
Equity attributable to owners of the parent		**10 246**	9 933
Preference share capital and premium		**644**	644
Non-controlling interest		**54**	12
Total shareholders' equity		**10 944**	10 589
Non-current liabilities			
Long-term debt	7	**5 265**	4 936
Long-term lease liabilities		**3 906**	3 588
Financial liabilities	6	**—**	32
Post-employment healthcare benefit obligations		**533**	503
Deferred taxation		**319**	309
Provisions		**22**	42
Total non-current liabilities		**10 045**	9 410
Current liabilities			
Trade and other payables		**3 521**	3 207
Short-term debt	7	**1 105**	1 851
Short-term lease liabilities		**582**	508
Financial liabilities	6	**20**	38
Taxation payable		**49**	18
Bank overdrafts		**4**	—
Total current liabilities		**5 281**	5 622
Total equity and liabilities		**26 270**	25 621

Summarised Group statement of cash flows

for the year ended 30 September

Rm	2022	2021
Cash flows from operating activities		
Cash received from customers	**21 522**	20 702
Cash paid to suppliers and employees	**(17 572)**	(16 908)
Cash generated from operations	**3 950**	3 794
Interest paid on debt	**(419)**	(441)
Interest paid on lease liabilities	**(409)**	(371)
Taxation paid	**(439)**	(618)
Ordinary dividends paid by subsidiaries	**(25)**	(19)
Ordinary dividends paid	**(728)**	—
Preference dividends paid	**(38)**	(39)
Distribution paid to beneficiaries of the HPFL B-BBEE[1] trusts	**(8)**	(1)
Net cash from operating activities	**1 884**	2 305
Cash flows from investing activities		
Advances to associates	**(30)**	(12)
Advances from/(to) joint ventures	**17**	(9)
Payments for acquisition of property, plant and equipment	**(1 382)**	(1 132)
Payments for additions to intangible assets	**(14)**	(12)
Proceeds on disposal of property, plant and equipment and intangible assets	**35**	36
Payments for investments and loans	**(8)**	(105)
Acquisition of business[2]	**—**	—
Interest received	**115**	116
Dividends received	**19**	92
Net cash from investing activities	**(1 248)**	(1 026)
Cash flows from financing activities		
Proceeds on disposal of treasury shares	**29**	1
Acquisition of treasury shares	**(29)**	—
Debt raised	**1 903**	1 000
Debt repaid	**(2 325)**	(2 108)
Payment for acquisition of non-controlling interests	**—**	(1)
Proceeds from issue of shares to non-controlling interests	**2**	9
Payment of principal elements of lease liabilities	**(177)**	(170)
Net cash from financing activities	**(597)**	(1 269)
Net increase in cash and cash equivalents	**39**	10
Cash and cash equivalents at the beginning of the year	**1 456**	1 446
Cash and cash equivalents at the end of the year	**1 495**	1 456
Consisting of		
Cash on hand and balances with banks	**1 499**	1 456
Bank overdrafts	**(4)**	—
	1 495	1 456

1. Health Partners for Life Broad-based Black Economic Empowerment.
2. Below R1 million

Summarised Group statement of changes in equity

for the year ended 30 September

Rm	Ordinary share capital	Treasury shares	Cash flow hedge accounting reserve	Share-based payment reserve
Balance at 1 October 2020	4 297	(3 851)	(106)	889
Sale of treasury shares	—	2	—	—
Transfer[2]	—	292	—	(471)
Share-based payment reserve movements	—	—	—	26
Preference dividends paid	—	—	—	—
Ordinary dividends paid	—	—	—	—
Other reserve movements	—	—	—	—
Distributions to beneficiaries of the HPFL B-BBEE[1] trusts	—	—	—	—
Tax recognised in equity	—	—	—	—
Changes in equity interests in subsidiaries	—	—	—	—
Total comprehensive income for the year	—	—	75	—
Profit for the year	—	—	—	—
Other comprehensive income	—	—	75	—
Balance at 1 October 2021	**4 297**	**(3 557)**	**(31)**	**444**
Sale of treasury shares	**—**	**82**	**—**	**—**
Purchase of treasury shares	**—**	**(29)**	**—**	**—**
Acquisition of subsidiaries	**—**	**—**	**—**	**—**
Transfer[2]	**—**	**—**	**—**	**(42)**
Share-based payment reserve movements	**—**	**—**	**—**	**41**
Preference dividends paid	**—**	**—**	**—**	**—**
Ordinary dividends paid	**—**	**—**	**—**	**—**
Other reserve movements	**—**	**—**	**—**	**(1)**
Distributions to beneficiaries of the HPFL B-BBEE[1]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 30 September 2022	**4 297**	**(3 504)**	**31**	**442**

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

	Retained earnings	Equity attributable to owners of the parent	Preference share capital and premium	Non-controlling interest	Total share-holders' equity
	7 894	9 123	644	32	9 799
	—	2	—	—	2
	179	—	—	—	—
	—	26	—	—	26
	—	—	(39)	—	(39)
	—	—	—	(19)	(19)
	(6)	(6)	—	8	2
	(1)	(1)	—	—	(1)
	(1)	(1)	—	—	(1)
	10	10	—	—	10
	705	780	39	(9)	810
	730	730	39	(9)	760
	(25)	50	—	—	50
	8 780	**9 933**	**644**	**12**	**10 589**
	(53)	**29**	**—**	**—**	**29**
	—	**(29)**	**—**	**—**	**(29)**
	(1)	**(1)**	**—**	**17**	**16**
	42	**—**	**—**	**—**	**—**
	—	**41**	**—**	**—**	**41**
	—	**—**	**(38)**	**—**	**(38)**
	(728)	**(728)**	**—**	**(25)**	**(753)**
	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**
	8 980	**10 246**	**644**	**54**	**10 944**

Headline earnings

for the year ended 30 September

Rm	2022	2021
Reconciliation of headline earnings		
Profit for the year	**1 050**	760
Adjusted for:		
Dividends paid on shares attributable to the Forfeitable Share Plan and HPFL B-BBEE[1] Trust units	**(8)**	—
Preference shareholders	**(38)**	(39)
Non-controlling interest	**(37)**	9
Profit for the purposes of basic and diluted earnings per share	**967**	730
Adjusted for:		
Recognition of impairment of intangible assets in equity accounted earnings	**—**	13
Net loss on disposal of property, plant and equipment and intangible assets	**9**	5
Recognition of impairment of property, plant and equipment in operating profit and equity accounted earnings	**13**	75
Recognition of impairment of investment in associate	**3**	—
Profit on disposal of property, plant and equipment and intangible assets	**(2)**	(1)
Headline earnings	**990**	822

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

Headline earnings continued

for the year ended 30 September

Rm	2022	2021
Adjusted headline earnings		
Headline earnings	**990**	822
Adjusted for:		
Amortisation of cash flow hedge accounting reserve	**8**	14
Fair value gains on derivative financial instruments	**(2)**	(3)
De-designation of portion of hedging instrument	**—**	1
Impairment of financial assets	**40**	—
Ineffectiveness losses on cash flow hedges	**2**	1
Reversal of loan impairment	**—**	(11)
Recognition of impairment of loan to joint venture	**1**	9
Restructure costs	**2**	—
Net impact of Lesotho PPP[1] termination	**—**	35
Impairment of associate loans	**48**	—
Tax rate change	**24**	—
Tax effect of adjusting items	**—**	32
Adjusted headline earnings	**1 113**	900
Cents		
Headline earnings per share	**74.0**	61.5
Diluted headline earnings per share	**73.4**	61.2
Adjusted headline earnings per share	**83.2**	67.4
Diluted adjusted headline earnings per share	**82.6**	67.0

1. Public Private Partnership.

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.

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 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	**2 282**	**(72)**	**2 210**	**72**	**—**	**2 282**
Additional segment information						
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.*

Rm	Hospital and pharmacy operations	Non-acute services	Hospital and emergency services	Primary Care	Inter-segment elimination[1]	Total
30 September 2021						
Statement of profit or loss						
Revenue	19 465	1 152	20 617	595	(12)	21 200
EBITDA[2]	3 040	80	3 120	124	—	3 244
Depreciation and amortisation	(896)	(184)	(1 080)	(88)	—	(1 168)
Operating profit	2 144	(104)	2 040	36	—	2 076
Additional segment information						
Impairment of property, plant and equipment	(57)	(16)	(73)	—	—	(73)

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 for the year ended 30 September 2022 have been prepared in accordance with the Listings Requirements of the JSE Limited, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the South African Institute of Chartered Accountants Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act No. 71 of 2008 and the minimum requirements of International Accounting Standard (IAS) 34: *Interim Financial Reporting*. 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 2021.

Audit opinion

The external auditor, Deloitte & Touche, has issued their opinion on the Group's consolidated financial statements for the year ended 30 September 2022. 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 as well as online at **www.netcare.co.za/Netcare-Investor-Relations/Reports/Financial-Results**. The auditor's report does not necessarily cover all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work, they should obtain a copy of the auditor's unmodified audit report together with the Group financial information from the Company's registered office. 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 preliminary summarised consolidated financial statements which have been extracted from and are consistent in all material respects with the Group's consolidated financial statements.

Rm	2022	2021
2. Operating profit	**2 282**	2 076
After including:		
Depreciation and amortisation	**(1 203)**	(1 168)
Depreciation and amortisation of property, plant and equipment and intangibles assets	**(787)**	(779)
Depreciation of right of use assets	**(410)**	(378)
Amortisation of cash flow hedge accounting reserve	**(6)**	(11)
Impairment of property, plant and equipment	**(11)**	(73)
Impairment of financial assets	**(180)**	(188)
Movements in expected credit losses and bad debts related to trade and other receivables	**(112)**	(157)
Impairment of loans	**(68)**	(31)
Operating lease charges	**(190)**	(184)
Net loss on disposal of property, plant and equipment	**(11)**	(5)

Rm	2022	2021
3. Finance costs		
Interest on bank loans and other	**(108)**	(189)
Interest expense on lease liabilities	**(409)**	(371)
Interest on promissory notes	**(310)**	(284)
Total funding finance costs	**(827)**	(844)
Amortisation of cash flow hedge accounting reserve	**(2)**	(3)
Post-employment benefit plan finance costs	**(56)**	(56)
	(885)	(903)

Rm	2022	2021
4. Taxation		
South African normal and deferred taxation		
Current year	**(514)**	(431)
Prior years	**34**	15
	(480)	(416)
Foreign normal and deferred taxation		
Prior years	**(4)**	—
Total taxation per the statement of profit or loss	**(484)**	(416)

	Rm	2022	2021
5.	**Equity-accounted investments, loans and receivables**		
	Non-current		
	Associated companies	**200**	239
	Joint ventures	**218**	185
	Loans and receivables	**176**	219
		594	643
	Current		
	Loans and receivables	**59**	132
	Total equity-accounted investments, loans and receivables	**653**	775

	Rm	Level	2022	2021
6.	**Financial assets/liabilities**			
	Derivative financial assets			
	Interest rate swaps	**2**	**45**	4
	Non-derivative financial assets			
	Investment in Cell Captive	**2**	**18**	4
	Investment in equity instruments[1]	**3**	**38**	59
			101	67
	Included in:			
	Non-current assets		**99**	63
	Current assets		**2**	4
			101	67
	Derivative financial liabilities			
	Interest rate swaps	**2**	**1**	40
	Inflation rate swaps	**2**	**7**	19
	Written put option over non-controlling interest	**3**	**12**	11
			20	70
	Included in:			
	Non-current liabilities		**—**	32
	Current liabilities		**20**	38
			20	70

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 these types of new businesses, 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 is driven by the 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. The fair value of the put option is therefore directly impacted by fluctuations in the annual rent of the entity.

	2022			2021		
Rm	**Interest rate swaps**	**Inflation rate swaps**	**Total**	Interest rate swaps	Inflation rate swaps	Total
Recognised in profit or loss						
De-designation of a portion of a hedging instrument[1]	**—**	**—**	**—**	(1)	—	(1)
Hedge ineffectiveness[1]	**(1)**	**—**	**(1)**	(1)	—	(1)
Reclassification into profit or loss[2]	**(35)**	**(8)**	**(43)**	(88)	(14)	(102)
	(36)	**(8)**	**(44)**	(90)	(14)	(104)
Recognised in other comprehensive income						
Fair value movements	**(42)**	**—**	**(42)**	(1)	—	(1)
Reclassification into profit or loss	**(35)**	**(8)**	**(43)**	(89)	(14)	(103)
	(77)	**(8)**	**(85)**	(90)	(14)	(104)
Cash flow hedge reserve						
Gross	**(44)**	**3**	**(41)**	32	11	43
Deferred tax	**12**	**(1)**	**11**	(9)	(3)	(12)
Net	**(32)**	**2**	**(30)**	23	8	31

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	2022	2021
7. Debt		
Long-term debt	**5 265**	4 936
Short-term debt	**1 105**	1 851
Total debt	**6 370**	6 787
Comprising:		
Unsecured liabilities		
Bank loans	**1 505**	1 502
Promissory notes and commercial paper in issue	**4 860**	5 280
Other	**5**	5
	6 370	6 787

Maturity Profile[1]

Rm	Total	<1 year	1-2 years	2-3 years	3-4 years	>4 years
30 September 2022	**7 622**	**1 529**	**1 923**	**1 458**	**1 224**	**1 488**
30 September 2021	7 417	2 178	2 314	1 681	1 244	—

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	2022	2021
8. Commitments		
Capital expenditure commitments	**1 858**	1 829
Authorised and contracted for		
Land and buildings	**412**	245
Computer equipment	**58**	93
Plant and equipment	**22**	7
Medical equipment	**106**	165
Other (including furniture and fittings)	**3**	8
Equity investments	**83**	83
Authorised but not yet contracted for		
Land and buildings	**588**	512
Plant and equipment	**114**	121
Computer equipment	**236**	323
Medical equipment	**206**	247
Other (including furniture and fittings)	**30**	25

Notes to the summarised Group financial statements continued

	Rm	2022	2021
9.	**Contingent liabilities**		
	Guarantees in favour of municipalities and other beneficiaries	**32**	24

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

It was determined that two properties (two acute hospitals) had carrying amounts above their fair value, which is their recoverable amount. As such, impairments of R11 million (2021: R73 million) were recognised.

12. Events after the reporting period

Shareholders are advised that an ordinary dividend of 30 cents per share has been declared by the Board of Netcare Limited on 17 November 2022.

On 18 November 2022 the Board appointed Mr Ian Kirk and Ms Louisa Stephens as independent non-executive directors with effect from 1 January 2023. Further, Mr David Kneale has indicated his intention to retire as a non-executive director with effect from the conclusion of the upcoming annual general meeting on 3 February 2023.

The directors are not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the Group's annual financial statements, which significantly affect the financial position at 30 September 2022 or the results of its operations or cash flows for the year then ended.

Salient features

	2022	2021
Share statistics		
Ordinary shares		
Shares in issue (million)	**1 439**	1 439
Shares in issue net of treasury shares (million)	**1 338**	1 337
Weighted average number of shares (million)	**1 338**	1 336
Diluted weighted average number of shares (million)	**1 348**	1 344
Market price per share (cents)	**1 372**	1 620

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
("Netcare" or the "Company")

Registered office
76 Maude Street (corner West Street),
Sandton 2196, Private Bag X34
Benmore 2010

Executive directors
RH Friedland (Chief Executive Officer),
KN Gibson (Chief Financial Officer)

Non-executive directors
T Brewer (Chair), MR Bower, B Bulo,
L Human, D Kneale, MJ Kuscus, T Leoka,
KD Moroka, R Phillips

Company Secretary
Charles Vikisi

Sponsor
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Disclaimer

Certain statements in this document constitute ‘forward-looking statements’. Forward-looking statements may be identified by words such as ‘believe’, ‘anticipate’, ‘expect’, ‘plan’, ‘estimate’, ‘intend’, ‘project’, ‘target’, ‘predict’ and ‘hope’. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or the healthcare sector to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group’s present and future business strategies and the environments in which it operates now and in the future. No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

Any forward-looking information contained in this announcement/presentation has not been reviewed or reported on by the company’s external auditors.

Forward-looking statements apply only as of the date on which they are made, and Netcare does not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise.

The normalised information has been prepared for illustrative purposes only, is the responsibility of the directors, has not been reviewed or reported on by the auditors and, because of its nature, may not fairly represent Netcare's financial position.

Bastion

Providing YOU with the best and safest care.

NETCARE