

04

How we performed

	Combined assurance				
	Board committees	Line management	Specialist functions	Internal Audit	External assurance
Social and relationship capital					
94 Stakeholder engagement	✓	✓			
95 Our patients	✓	✓			
100 Our people	✓	✓			
103 Doctors and allied healthcare professionals	✓	✓			
107 Private medical funders ¹	✓	✓	✓	✓	✓
110 Suppliers ¹	✓	✓	✓	✓	
113 Regulators and government	✓	✓			
117 Investors	✓	✓			
119 Society ¹	✓	✓	✓		✓
Human capital					
123 Our people value proposition ¹	✓	✓	✓		✓
Intellectual capital					
131 Consistency of care	✓	✓	✓		
138 Digital transformation and data ¹	✓	✓	✓		
142 New business development	✓	✓			
Manufactured capital					
145 Estate, medical equipment and digital assets	✓	✓	✓		
148 'Green' infrastructure	✓	✓	✓		
Natural capital					
151 Environmental sustainability ¹	✓	✓	✓		✓
Financial capital					
160 Chief financial officer's review ¹	✓	✓	✓	✓	✓
169 Five-year review	✓	✓			
173 Summarised Group annual financial statements ¹	✓	✓	✓	✓	✓

1. Certain information disclosed in these sections was assured by level 4 and level 5 assurance providers as part of their scope of work on other engagements and not specifically in terms of this report.

Social and relationship capital

Our stakeholder relationships that support the delivery of our strategy and our commitment to being a force for social good in the building of a more inclusive and equal SA for all.

Stakeholder engagement

Longstanding and mutually beneficial stakeholder relationships support our purpose to deliver the best and safest care, and help us ensure that our strategy and business activities create and preserve value for Netcare and our stakeholders, by providing for their needs, expectations and interests. Effective stakeholder engagement, as well as processes to manage complaints and grievances, enable us to respond to any risks that may negatively impact the quality of our stakeholder relationships (value erosion).

Relationship owners are responsible for ensuring that their engagement with stakeholders is effective, inclusive, sufficiently frequent and aligned to our strategic priorities. Issues raised by stakeholders that are of strategic concern are elevated through the Executive Committee to the Board.

The stakeholder groups reported in this section of the integrated report are those who are most likely to have an impact on our ability to deliver the Netcare strategy. Our engagement focuses on understanding how their needs, expectations and interests relate to our top business risks, strategic priorities and material matters.

Our EMR¹ platforms across the Netcare ecosystem underpin how we engage with our patients, nurses, doctors, allied healthcare professionals and funders. As these systems start to integrate with one another, our engagement with these stakeholder groups will become more strategic based on the insights gained from data analytics, and will provide them with more accurate and relevant information on which they can base their decisions about Netcare.

Sector and business association memberships, trade union relationships and NGO partnerships are key underpins of our engagement with employees, government, regulators and broader communities.

Distribution of economic value in FY 2024

Stakeholders	% change	2024 Rm	2023 Rm	2022 Rm
Investors				
Ordinary dividends	5	850	808	728
Share buybacks	125	722	321	–
Employees¹				
Salaries paid	5	9 286	8 861	8 015
Government				
Taxes paid	(8)	345	374	439
Suppliers				
Total procurement spend	3	14 271	13 820	12 870
Communities				
Corporate social investment	(14)	25	29	35

1. Excludes PPPs and includes agency costs.



— [Shareholder report: full governance report.](#)

Strategic pillars



Consistency of care



Disruptive innovation



Transformation of our society



Organic growth



Integration



Investment



Environmental sustainability

Material matters



Deliver outstanding person centred health and care



Recover and grow market share and long-term profitability



Attract, retain and invest in our employees and healthcare practitioners



Accelerate transformation and access to quality health and care in SA



Effective leadership and responsible business conduct

1. EMR: electronic medical record.

Our patients

Enhanced and personalised patient experiences are achieved when patients have access to the information and tools they need to be active and empowered participants in decisions about their care, and when they and their loved ones experience compassionate and meaningful engagement from their care providers. This person centred health and care approach sets the foundation from which to establish lifelong relationships with our patients. For Netcare, this will allow us to grow the embedded value of our offering and supports our strategic priority to grow market share.

Patient engagement

Covers medically insured, self-pay, government-funded and foreign patients.

How we engage

- Person centred care teams.
- Digital PFS¹ (quantitative and free-text responses).
- Summary of Care reports across seven divisions.
- CareNet (complaints management system) with dashboards refreshed every 30 minutes for every hospital.
- MyNetcare Online (patient portal).
- Netcare App and **appointmed**™
- Various digital initiatives that enhance patient experience and perception of care.
- Patient focus groups and listening forums.
- NetcarePlus service centre and outsourced call centres.
- ONE Netcare website and social media platforms.

Patient needs, expectations and interests

- Consistently excellent quality and safety of care.
- An excellent and engaging patient experience.
- Post care event and discharge information that supports recovery.
- Competent, compassionate and professional healthcare practitioners.
- The highest level of medical ethics from all healthcare practitioners.
- Our ability to treat patients across the distribution of medical scheme network options.
- Data privacy and protection of their highly sensitive personal data.
- Affordable healthcare services.

Value creation, preservation or erosion

How we create and preserve value for our patients

SRC MC FC

- Access to experienced and dedicated doctors.
- Cutting-edge medical technology and specialised centres of excellence.
- Continuous care supported by our environmental sustainability strategy to secure the supply of energy and water at our facilities.

HC

- Care provided by skilled and caring nurses, and interactions with compassionate employees.

IC

- High-quality clinical procedures and processes.
- Enhanced patient safety based on digitised health and care (predictive and preventative), and minimised risk of medication-related errors.

Strategic pillars



Risks that can impact the quality of our patient relationships

- BR1** Funder regime
- BR2** Availability and quality of skills
- BR3** Water security
- BR4** Economic environment and demand for private healthcare
- BR5** Cybercrime and cybersecurity
- BR6** Delivering consistently outstanding person centred health and care
- BR7** Availability of electricity supply
- BR8** Sector regulations
- BR9** Technologies and data imperatives

Material matters



1. PFS: patient feedback surveys.

Our patients continued

Quality of our patient relationships

The first step towards shifting to person centred health and care was providing our patients with easier, digital access to our facilities and seamless access to their digital health records across our delivery platforms. Having completed this digital foundation, our objective is to provide patients with a personalised, intuitive and user-centric digital healthcare experience. Our digital ecosystem will educate and empower patients, and offer them a simpler, more convenient omni-channel experience that meets their needs when, where and how they prefer.

Our data repository (CEM¹) contains unique patient records, and will serve as the backbone of our digital engagement. Our objective is to have one digitally integrated record for every patient, merging all their healthcare data across the entire

Netcare ecosystem and, where appropriate, external sources. In time, patients will be able to access this unified record through the Netcare App and MyNetcare Online.

As we operationalise the data driven phase of our strategy, our engagement with our patients will become progressively more person centred, and we expect to see improvements in patient experience. Our immediate focus is to drive patient consent to receive their own healthcare information from Netcare.

We measure the quality of our patient relationships using the results from our patient feedback surveys. In the future, the return of patients to the Netcare ecosystem will become an important measure of the strength of our patient relationships and the trust that our patients place in Netcare.

Value delivered for patients in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☒ Value eroded

Key measures of the value impact for patients

☒ 164 doctors granted admitting and practising privileges at our acute and mental health facilities, equating to a net gain of 113 doctors. FY 2023: 160; 124 net gain FY 2022: 146; 88 net gain	☐ 14 patient reported experience measures improved (out of a total of 23 measures) ² . FY 2023: 17 out of 17 FY 2022: 10 out of 11	☒ 8.26 average nurse compassion score against a FY 2022 baseline score of 7.92. FY 2024 BSC target: 8.25 FY 2023: 8.16 ³ FY 2022: 8.10 ³	☒ 8.04 average patient overall satisfaction with hospital stay score. FY 2023: 7.89 ³ FY 2022: 7.85 ³
☐ 75 quality of care measures published in the quality report – two new measures and ten ⁴ retired. 74 measures were reported on the 'ONE Netcare' website. FY 2023: 83 FY 2022: 81	☒ Maintained the prestigious international ISO 9001:2015 quality management certification. FY 2023: maintained FY 2022: maintained	☐ R98m invested in digitising the Netcare ecosystem (capital and operating expenditure). FY 2023: R204m FY 2022: R156m	☒ R100m invested in environmental sustainability, securing a more stable supply of energy and water for our facilities (capital and operating expenditure). FY 2023: R63m FY 2022: R58m

1. CEM: customer engagement model.

2. The majority of measures are at a very high base with marginal drops in scores between FY 2023 and this reporting year. Initiatives to address the larger declines for National Renal Care will be implemented in FY 2025. Netcare Cancer Care was excluded from FY 2023 data and the Hospital Division from FY 2022 data due to only having one year of data available and no comparatives.

3. Results restated after refining the population to acute hospitals only.

4. We expect nine of the retired measures to return to our public reporting in FY 2025.

Digital patient engagement

- ✓ Launched in May 2024, CareNotes™, generated by CareOn, provide patients with evidence-based information on how to effectively take their prescribed medication and/or take care of their wellbeing after treatment at a Netcare hospital or emergency department. Patients access their CareNotes™ on the Netcare App or MyNetcare Online.
- ✓ Improved the ONE Netcare website and enhanced the Google Search Engine Optimisation, resulting in higher website traffic and improved engagement and conversion rates.
- ✓ Launched a new and enhanced Netcare **appointmed™** page on the ONE Netcare website.
- ✓ 106 709 (FY 2023: 89 479) telephone calls made to Netcare **appointmed™**¹ facilitating approximately 21 255 appointments (FY 2023: 20 819).
- ✓ Launched an Instagram profile for Netcare, enhancing our social media presence (Facebook and LinkedIn already in place).
- ✓ Enhanced the Hospital Division's PFS, reducing the time taken for patients to receive the survey from seven days to 48 hours after discharge, delivering the survey via SMS in addition to email, and increasing the free text responses to allow patients greater opportunity to share their experiences.

The Netcare App

The Netcare App is a personalised healthcare solution that provides access to healthcare services across the Netcare ecosystem, and gives patients trustworthy and convenient access to their healthcare information. Our aim is to advance this platform to deliver focused and relevant healthcare information and knowledge for each patient.

Phase 1: improved out-of-hospital convenience

- Booking of medical appointments.
- Virtual GP consultations.
- Geolocation of callers by Netcare 911 emergency services.
- Ambulance tracking showing estimated arrival time.
- Online hospital pre-admissions (paperless and avoiding queues).
- Purchase of NetcarePlus gap cover.

Phase 2: improved in-hospital experience and post-discharge care

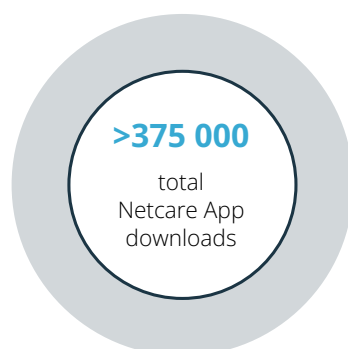
New features in development include:

2024

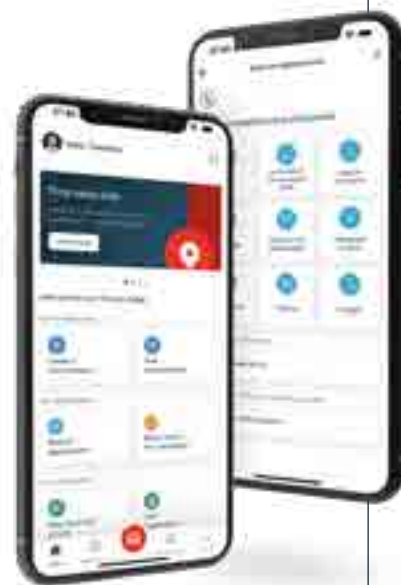
- Gratitude cards to our employees.
- Summary of Care reports.
- CareNotes™.
- Patient feedback surveys.
- Views of invoices and statements.

2025

- Digital scripts.
- Hospital stay guide.
- Patient communicator (compliments and complaints).
- Digital food menu.
- Coffee shop orders.
- Pay your hospital bill.
- Netcare Akeso online pre-admission.



Note: metrics are since the launch of the Netcare App in July 2023.



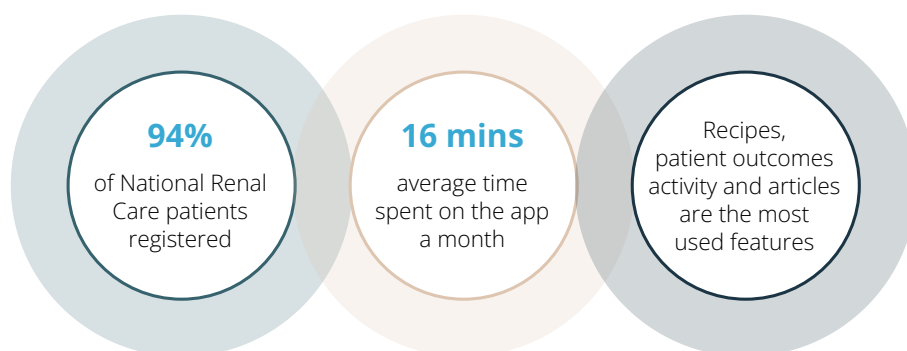
1. A free telephonic appointment booking service for patients and GPs to find doctors and specialists at Netcare hospitals, Netcare Akeso facilities and Netcare Medicross medical and dental centres.

Our patients *continued*

The NephroOn App

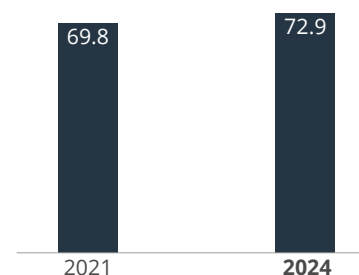
The NephroOn App, launched in FY 2022, is integrated with NephroOn, National Renal Care's EMR platform. Patients receive their treatment records after each dialysis session as well as up-to-date information on blood tests and other clinical information. Access to this information, as well as dietary and other holistic lifestyle advice, allows renal patients to be decision-makers in the management of their care, improving their quality of life and increasing their longevity.

With a poor initial uptake (less than 3% of patients engaged with their results), we realised that we needed to educate our patients and explain the 'so what?'. We gave patients the ability to easily monitor seven key markers using the app, making them aware of the effects associated with any of their markers not being within the required ranges. 94% of patients are now downloading their results on the app, and comparisons are emerging between patients who act on the advice received through the app versus those who are not engaging with it.

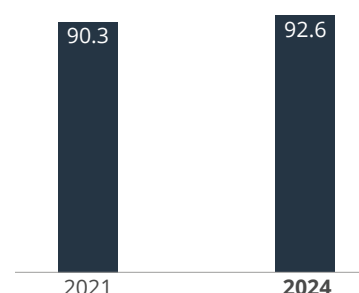


Improvement in patient wellness following the introduction of the app¹

Physical wellbeing (%)



Mental wellbeing (%)



Summary of Care reports



Our Summary of Care reports provide patients with access to a full summary of the care they have received from Netcare. In FY 2024, we completed the roll out of Summary of Care reports for the Hospital Division and emergency departments, Netcare Akeso and Netcare Medicross, having previously implemented the reports for Netcare 911, Netcare Cancer Care and National Renal Care. We are now working at applying generative AI to help 'de-jargonise' complex medical terminology, making it easier for patients to understand and engage with the information we give them. Patients are able to provide their GPs with this record of their treatment.

We have been intentional in driving doctor and administrative staff participation in the Summary of Care design and development process, to ensure the comprehensiveness and completeness of the Summary of Care reports. Training will be provided for doctors' administration staff, and doctor and administrative staff acceptance will be monitored and measured.

Projects are underway to elicit feedback from specialists, GPs and patients on how we can improve the Summary of Care reports.

1. National Renal Care quality of life survey.

Patient experience

- ✓ Netcare's net promotor score has steadily improved, ending FY 2024 at 39% (FY 2023: 35%). The likelihood of recommending Netcare to family or friends improved from 7.79 in FY 2022 to 7.96 in FY 2024.
- ✓ Developed redesigned externally validated PFS for Netcare Medicross and Netcare Akeso. Roll out for Netcare Medicross will begin in FY 2025 and Netcare Akeso's survey is already operational across all facilities with the first set of results to be reported in FY 2025. A revised PFS for the employees of Netcare Occupational Health's clients was also rolled out during the year.
- ✓ Undertook structural equation modelling on the Hospital Division PFS to understand what factors drive patient satisfaction. The response rate to the Hospital Division PFS has continued to improve, with very pleasing improvements achieved in certain scores, particularly the nursing scores, reflecting our deep investment in building nurse compassion. Hospital comfort and cleanliness are also areas of strength (📄 see page 132).
- ✓ While advances have been achieved in the Hospital Division PFS scores for discharge metrics and advice on what medication side effects to report, these two categories still remain slightly under our threshold. The introduction of Summary of Care reports and CareNotes™ is expected to drive further improvement.
- ✗ The Hospital Division PFS scores for quality of food, general noise levels and communication with next of kin remain areas of concern. The data modelling findings will inform improvement initiatives and target setting over the next year (📄 see page 132).
- ✓ Continued to drive Care4YOU to embed compassion and improve the patient experience (📄 see page 125).
- ✓ Actively recruited new employees to fill vacancies in patient-facing roles.
- ✓ Conducted a Netcare Medicross consumer research survey covering patients, GPs and dentists. The survey provided good insight across the business model, highlighting pain points that we need to address to enhance how these stakeholders experience Netcare Medicross.
- ✓ Extended Netcare Medicross Thrive to four facilities (FY 2023: three facilities). This is a coordinated care model with nurse support for patients with chronic diseases such as diabetes. The initiative identifies pre-symptomatic disease and helps patients take action to limit complications.
- ✓ Introduced pilot animal assisted activities (therapy dogs and their handlers) at certain radiation units, positively impacting the emotional and physical health of patients as well as our staff.

Doctor recruitment in the Hospital Division

 152 new specialists (gross) were granted admitting privileges. FY 2024 BSC target: 102 FY 2023: 143 FY 2022: 137	 66% of the doctors onboarded practise in surgical disciplines. FY 2023: 63% FY 2022: 69%	 The average age of the doctors onboarded is 40 FY 2023: 41 FY 2022: 41
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Note: additional new doctors have been recruited but are yet to start practising and/or do not meet the revenue threshold to be included in the number of net new doctors.

Additional information that responds to patients' interests

📄 — This report

- Doctors and allied healthcare professionals: *page 103.*
- Consistency of care: *page 131.*
- Digital transformation and data: *page 138.*
- Data management: *page 140.*
- Cybersecurity: *page 141.*
- NetcarePlus: *page 142.*
- Estate, medical equipment and digital assets: *page 145.*
- 'Green' infrastructure: *page 148.*

🔗 — Detailed disclosure online

[Quality report.](#)
[ESG report.](#)

Our people

We prioritise employee engagement, particularly in our approach to connecting employees and employee performance, retention and wellbeing. Effective engagement also encourages innovation, critical thinking, proactiveness, continuous development and lifelong learning to motivate and equip our employees to deliver our strategic priorities. Based on employee feedback, we implement targeted programmes to enhance the workplace as we strive to distinguish ourselves as an employer of choice in a market of fierce competition for skills.

Employee engagement

Covers nurses, paramedics, pharmacists, IT specialists, support and management teams, the teams that facilitate our operational management systems, contracted employees, and the labour unions that represent our employees.

How we engage

- One-on-one engagement with line managers.
- Leadership in Touch Forums.
- CEO strategy update sessions.
- Employee engagement surveys.
- Employee recognition initiatives.
- Onsite Workplace Transformation Committees.
- Online diversity and inclusion programme.
- Care4YOU programme to drive compassion.
- Employee wellbeing programme and wellness days.
- Confidential toll-free SHOUT Line to (anonymously) report alleged or perceived incidents of racism, sexism, bullying, discrimination, harassment and human rights violations.
- National consultative forums with trade unions.

Employee needs, expectations and interests

- A safe, caring, compassionate and enabling working environment and a culture that supports employee wellbeing, diversity and unity.
- Equal training, development and career progression opportunities that allow employees to reach their full potential.
- Fair and transparent labour practices.
- Empowered to provide the best and safest care.
- The impact of digitisation and automation on job roles.
- Financial wellbeing support in a challenging economic environment.
- Trusted and supportive leadership.
- Working for a responsible corporate citizen.
- Trade unions: remuneration, employee medical benefits, the Group's financial position, and our transformation and environmental sustainability initiatives.

Value creation, preservation or erosion

How we create and preserve value for our employees

HC

- An inclusive culture that embraces and values differences and provides equal opportunities.
- A caring culture that meaningfully encourages, recognises and rewards outstanding performance and contributions to Netcare.
- Career advancement and other opportunities to improve professional development.
- Upskilling to digitally enabled ways of working.
- A safe clinical environment supported by comprehensive employee wellness programmes.

SRC

- Transparent and proactive relationships with employee representatives.

Strategic pillars



Risks that can impact the quality of our employee relationships

- BR2** Availability and quality of skills
- BR3** Water security
- BR4** Economic environment and demand for private healthcare
- BR5** Cybercrime and cybersecurity
- BR6** Delivering consistently outstanding person centred health and care
- BR7** Availability of electricity supply
- BR9** Technologies and data imperatives
- BR10** Failing state and civil unrest
- BR11** Competitor activity

Material matters



Quality of our employee relationships

To improve employee sentiment and the quality of our workforce relationships; we assess the lived experience of our employees using the Voice of OUR Employees engagement survey. In the Group-wide FY 2022 survey, we achieved an average score of 79% (comparing well to the 77% global benchmark).

A range of initiatives have since been rolled out to address the five areas where we scored below 79% – fairness at work, trust and integrity at work, workplace DEI, relationship with management, and sense of achievement. Initiatives include a review of all our HR policies and processes to promote fair and consistent application, division- and site-level employee engagement feedback sessions, courageous conversations workshops with line managers and HR practitioners, wellness initiatives and compassion training for our leaders, the online DEI programme, and a new performance management system.

Before scaling up these initiatives across the business, our external specialist engagement partners conducted a dipstick survey in FY 2024 to assess the impact of the interventions.



The scores from the group of employees who had participated in the targeted interventions were better than those of the control group who had not participated in four of the five dimensions that required improvement. Overall, the results of the study were positive; the interventions targeting employees' sense of achievement had the greatest effect, followed by those targeting trust and integrity at work, workplace DEI, and fairness at work. The interventions to improve employee relationships with management were the least effective, but still had a small positive impact.

In FY 2025, we will scale up key engagement interventions across the Group and reinstate team talks (Imbizos) on strategic and operational matters, and through which employees can share their perspectives to improve employee-manager relationships.

Digital employee engagement

- ✓ Following a thorough exploration of best-in-class HR digital systems and an extensive feasibility study, we will implement MyNetCareer which, when complete, will provide our employees and divisions with access to a seamless, digital HR experience that includes intelligent analytics capabilities to drive data-informed decisions. Phase one of the implementation is scheduled for FY 2025.

Engaging with recognised trade unions

We proactively engage with trade unions to identify barriers to positive and productive employee-employer relationships, and resolving these swiftly. At September 2024, union membership was at 48.1% of the workforce (FY 2023: 49.0%). Wage negotiations were successfully concluded for FY 2024/25 with all three recognised trade unions within the Hospital Division and the one² recognised trade union at Netcare Mediacross. The same adjustment and benefits were extended to the members of Solidarity, which no longer has majority membership within the Hospital Division, as well as other employees in non-bargaining units in the interest of promoting fairness and enhancing pay parity. We anticipate negotiating with the same unions for the FY 2025/26 period.

Through the quarterly national consultative forums we addressed 21 items raised by trade unions during the FY 2024/25 collective bargaining process. 19 items had been resolved by year end with ongoing discussions to find mutually beneficial solutions to the two remaining items.

1. Target required to meet our sample size threshold.

2. One previously recognised trade union at Netcare Mediacross did not meet the collective bargaining threshold this year.

Our people continued

Value delivered for employees in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☒ Value eroded

Key measures of the value impact for employees

☐ 11 833 Care4YOU sessions rolled out. FY 2023: 12 208 FY 2021 and 2022: 28 787	☐ 28 758 gratitude cards received by our employees from patients and their families; 94% expressing positive sentiments¹. FY 2023: 36 555 FY 2021 and 2022: 17 242	☐ 1 799 employees and their immediate family members were provided with counselling interventions. FY 2023: 2 303 FY 2022: 2 243	☒ 80% of employees reached through the integrated employee wellbeing programme and related interventions. FY 2024 BSC target: 70% New metric
☒ 84% of the workforce comprises black people against a national EAP² of 92%. Foreign nationals comprise 2% (FY 2023: 2%) of the workforce. FY 2023: 83% FY 2022: 81%	☐ 80% of the workforce comprises women against a national EAP of 46%. 67% (FY 2023: 66%) of the workforce are black women. FY 2023: 81% FY 2022: 81%	☐ 4.5% of the workforce comprises people with disabilities. Of these employees, 68% (FY 2023: 68%) are black employees and 73% (FY 2023: 73%) are women. FY 2024 target: 4.8% FY 2023: 4.6% FY 2022: 4.4%	☐ 186 junior, middle and senior managers were appointed; 83% (FY 2023: 81%) are black managers and 66% (FY 2023: 79%) are women. FY 2023: 256 FY 2022: 392 <i>Note: reflecting the freeze on new appointments in certain roles.</i>
☐ 1 054 employee incidents; 1% (FY 2023: 1%) classified as high to major risk, and 9% (FY 2023: 21%⁴) as moderate risk. FY 2023: 1 004³ FY 2022: 2 940	☒ 85 158⁴ training interventions delivered, with 16 554 (SDP 2023: 18 565) employees receiving training, including 1 675 (SDP 2023: 1 219) current and future leaders. SDP 2023: 56 428 SDP 2022: 56 067	☒ R69m⁴ invested in training and development, equating to 1% of payroll, meeting the 1% prescribed by the Skills Development Act. SDP 2023: R65m⁵ SDP 2022: R59m⁵	☒ 37 employee grievances reported relating to labour practices, 35 resolved at year end and two cases referred to the CCMA⁶. FY 2023: 26 FY 2022: 17

Note: National Renal Care has 1 002 (FY 2023: 972) permanent employees, 95% (FY 2023: 94%) being black people, 72% (FY 2023: 71%) being women and 5% (FY 2023: 4%) being people with disabilities.

Additional information that responds to employees' interests

— This report

- Remuneration overview: *page 83*.
- Salaries paid: *page 94*.
- Society: *page 119*.
- Our people value proposition: *page 123*.

— Detailed disclosure online

Shareholder report (full remuneration report).
ESG report.

1. A review will be conducted in FY 2025 to determine the impact of the gratitude platform. Negative sentiments received via the gratitude programme are managed through our complaints management processes.

2. EAP: economically active population.

3. Restated due to late reporting.

4. Calculated for skills development period (SDP) 1 April 2023 to 31 March 2024 as legislated by the Skills Development Act.

5. Changed (not restated) to include additional training spend (doctor bursaries, nursing gratuities and student loans).

6. CCMA: Commission for Conciliation, Mediation and Arbitration.

Doctors and allied healthcare professionals

The Hospital Division PFS shows that 35%¹ (FY 2023: 36%²) of our patients are admitted at a Netcare facility because their doctor is based there. Playing a crucial role in attracting patients to our facilities, doctors (particularly specialists) are a key driver of revenue and organic growth. They are also pivotal partners in the delivery of best and safest care, have a direct impact on patient experience, the cost of care and clinical outcomes, and specialists in particular are key enablers of our expansion into higher demand disciplines. We aim to provide doctors with an attractive value proposition that meets their needs and builds strong collaborative relationships between them and Netcare that benefit our patients.

Doctor engagement

Covers doctors (independent specialists across all clinical disciplines, including physicians, surgeons, GPs, psychiatrists, anaesthesiologists, radiologists, dentists, nephrologists, pathologists and other specialists) and allied healthcare professionals (psychologists, radiographers, dental hygienists, occupational therapists etc).

How we engage

- Doctor engagement surveys.
- Online doctor portal.
- **Hospital Division:** various structures that support the sharing of information on quality of care (PCI tools³ and well-established Physician Advisory Boards etc).
- **Netcare Akeso:** clinical governance engagements.
- **Primary Care Division:** Netcare Medicross Managing Practitioners Forum, Practitioner Advisory Board, and Medical and Dental Practitioners Association meetings.
- **National Renal Care:** national relationship manager.

Doctor needs, expectations and interests

- Netcare's inclusion in restricted provider networks.
- Enterprise development support and marketing.
- CareOn and our EMRs.
- Access to our clinical data for analysis and research.
- Availability of medicines and consumables.
- Cutting-edge medical equipment, advanced technology, well maintained and modern medical equipment and facilities, and advanced treatment protocols.
- Qualified and experienced nurses.
- Clinical leadership and shared accountability.
- Continuous professional development.

Value creation, preservation or erosion

How we create and preserve value for doctors

SRC HC IC

- A world class quality management system and excellent nursing.
- Digitised hospitals that provide remote access to patients and one source of patient information to aid shared decision-making.
- Our inclusion in restricted provider networks.
- Access to training and educational platforms that support continuous professional development.

SRC MC FC

- Clinically advanced and appropriate medical equipment, consumables and pharmaceuticals.
- Environmental sustainability strategy to secure the supply of energy and water at our facilities.
- Optimal facility infrastructure.

Strategic pillars



Risks that can impact the quality of our doctor relationships

- BR1** Funder regime
- BR2** Availability and quality of skills
- BR3** Water security
- BR5** Cybercrime and cybersecurity
- BR6** Delivering consistently outstanding person centred health and care
- BR7** Availability of electricity supply
- BR9** Technologies and data imperatives
- BR11** Competitor activity

Material matters

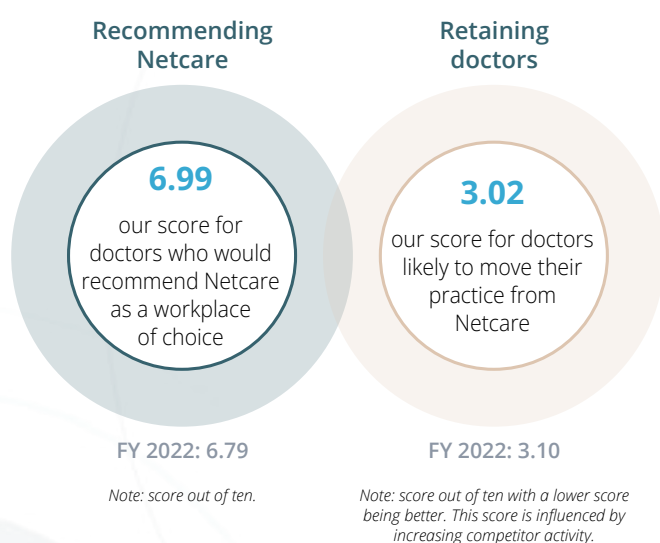


1. This metric increases to 58% (FY 2023: 60%) when the results are filtered for those who selected only one option.
 2. Results restated after refining the population to acute hospitals only.
 3. PCIs: personalised clinical information tools that support one-on-one engagement with doctors.

Quality of our doctor relationships

We partner with a large and broad array of doctors and allied health professionals in mutually beneficial relationships. The digital doctor engagement survey allows us to assess the quality of the Hospital Division's doctor partnerships. The responses to our most recent survey held in FY 2022/23 show that the highly rated reasons for doctors choosing to practise at Netcare include the convenience of our sites, our standards of clinical excellence and the career opportunities associated with practising at Netcare.

A strategy has been implemented to address the 'pain points' identified in the doctor engagement survey, which requires the concerted efforts of multiple departments and divisions. We have grown our engagement touch points and continue to invest in developing better mechanisms to align our offering with doctors' needs and expectations. This includes the work underway to enhance the doctor portal. Once our interventions have been entrenched, we expect further improvements in the survey outcomes. The next doctor engagement survey is scheduled for FY 2026.



Personalised clinical information tool

The PCI tool provides doctors with information on their personal quality outcomes, patient experience scores and elements contributing to total cost of an admission. In addition, we have developed five focused and discipline-specific PCI tools (three this year and two in FY 2023), which compare a doctor's performance on key quality and clinical efficiency measures against that of their peers practising in the same discipline. The tool also includes targeted patient feedback.

The more focused approach provides granular information that supports more meaningful, data driven engagement with doctors, and presents a truer identification of outliers and how they can become more efficient and improve the patient experience. These tools allow us to partner with doctors to enhance our clinical and efficiency data models, inform improvement initiatives and support evidence-based commercial contracting.

The focused PCIs are generated from our discipline-specific clinical and efficiency data models (see page 109).

The most recent Netcare-facilitated doctor engagement survey for Netcare Medicross, conducted in FY 2023, revealed that the majority of doctors are interested in growing their practices and expanding their scope of expertise. The average doctor recommend score was 7.1 out of ten. The 'Netcare Medicross nursing and dental staff contribution to best patient care' construct, considered to be the most important administrative support Netcare provides to doctors, scored 8.4. Partnership collaboration and communication are areas for improvement. The survey will be repeated in FY 2025.

The independent Netcare Medicross consumer research survey conducted in FY 2024 provided valuable insight on what matters to the GPs and dentists practising at our facilities, and will inform the doctor recruitment strategy for the business.

Value delivered for doctors in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☐ Value eroded

Key measures of the value impact for doctors

☒ 3 906 PCI reports released to doctors. FY 2023: 1 992 FY 2022: 1 839	☒ 55%¹ of doctors with admission privileges in the Hospital Division are black. FY 2023: 54% FY 2022: 52%	☐ 726 initiatives held to support the CPD ² of doctors. FY 2023: 741 FY 2022: 516	☒ R11m invested in doctor development scholarships. SDP 2023: R9m ³ SDP 2022: R8m ³
☒ R798m invested in new medical equipment. FY 2023: R733m FY 2022: R702m	☒ R100m invested in expansionary projects. FY 2023: R136m FY 2022: R369m	☐ R618m spent on repairs and maintenance. FY 2023: R564m FY 2022: R501m	☐ R14m of our CSI was invested in doctor training and development. FY 2023: R18m FY 2022: R18m

Collaborating with doctors

- ☒ Continued with our 'Waxing Clinical' webinars and launched two new webinar platforms: Healthy Dose to better market our doctors and Health Check to communicate more regularly with doctors on Netcare initiatives. Growing these two new platforms will be a focus for FY 2025.
- ☐ 12 CareOn awareness sessions held for doctors in the Hospital Division (FY 2023: 39).
- ☒ Established a Practitioner Advisory Board for GPs and dentists practising at Netcare Medicross.
- ☒ 30 doctors completed upskilling in diabetes management as part of the Netcare Medicross Thrive initiative.

☐ 157 Physician Advisory Board meetings (hospital governance structures) that serve as advisory and communication forums between healthcare practitioners and hospital management. FY 2023: 169 FY 2022: 166	☐ 201 emergency and trauma morbidity and mortality meetings. FY 2023: 214 FY 2022: 152 346 emergency and trauma medical education meetings. FY 2023: 322 FY 2022: 160	☒ 10 'Waxing Clinical' webinars – CPD talks for doctors. The number of participants at these events is steadily increasing. An average of 174 doctors attended each webinar with 61% of survey respondents recommending the webinars. FY 2023: 5 FY 2022: 2
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Note: Netcare Medicross conducts CPD-accredited webinars and shares information with doctors through operational and clinical newsletters, clinical guidance documentation, and quarterly meetings.

1. Data for doctors with a billed revenue above R300 000.
 2. CPD: continue professional development.
 3. Previously reported for financial year, now reported for the skills development period.

Doctors and allied healthcare professionals continued

Digital platforms

- ✓ All Netcare delivery platforms are now digitised. The benefits for doctors include remote access to real-time, accurate clinical data 24/7, improved quality of care outcomes, and one source of patient information to aid shared decision-making within multi-disciplinary teams. Doctors can send electronic requests for nursing interventions and diagnostic tests. In addition, medicolegal risk and savings on medical malpractice insurance premiums will be realised based on availability and application of data. In time, doctors will have a longitudinal view of their patients' medical history across the Netcare ecosystem.
- ✓ Completion of the Big Data analytics platform (scheduled for December 2024) will provide doctor's practising at Netcare with access to anonymised data on quality of care outcomes and clinical practices and pathways to support their clinical studies. Doctors will also have access to analytics tools to help them interrogate the data as well as generative AI and natural language processing tools to publish their clinical studies in plain language and on a large scale. We believe this will provide doctors practising at Netcare with the opportunity to become key contributors to clinical research and to the maintenance of the highest standards of medicine and surgery in SA.

Hospital network participation

- ✓ In FY 2024, we were successfully appointed as co-anchor on six of the seven major tenders up for renewal in restricted provider network arrangements. Our geographic footprint coupled with the NetcarePlus GapCare products, enables us to retain a steady portion of patients in these types of networks.

Diversity

- 39 black doctors received ESD¹ support (subsidised rental space, practice setup and office refurbishments etc) (FY 2023: 45).

Doctoral scholarships

- ✓ The Professor Bongani Mayosi Netcare Clinical Scholarship funds black clinical scholars who are completing their doctorates locally and abroad. Since inception in 2007, the scholarship has disbursed R75 million² to fund 27 doctors (SDP 2024: R11 million), of whom 16 have been awarded doctorates to date. Two scholars were awarded scholarships in SDP 2024 (SDP 2023: two).

Additional information that responds to doctors' interests

— This report

- Consistency of care: *page 131.*
- Digital transformation and data: *page 138.*
- Estate, medical equipment and digital assets: *page 145.*
- 'Green' infrastructure: *page 148.*

— Detailed disclosure online

Quality report.

ESG report.

1. ESD: enterprise and supplier development.

2. Excludes R2 million in funding for equipment granted to the University of Cape Town library.

Private medical funders

The Hospital Division PFS indicates that medical aid cover is the fourth top reason for choosing Netcare. Our relationships and engagements with private medical funders allow us to present competitive proposals to secure our participation in their hospital networks which, in turn, enables us to preserve and grow patient volumes and attract and retain doctors. In addition to competitive proposals, delivering patient centric cost-effective care, and collaborating with medical schemes on improvement opportunities, are also key aspects of our funder strategy.

Funder engagement

National and international private medical funders, together with the Compensation Fund for Occupational Injuries and Diseases.

How we engage

- Day-to-day interventions on patient coding and case management.
- Dedicated relationship managers.
- Quarterly quality of care reports as per contractual agreements.
- Contract and tariff negotiations.

Funder needs, expectations and interests

- Measurable quality of care, safety and patient experience outcomes.
- Cost-effective care: clinical efficiency and optimisation improvement initiatives.
- Utilisation trends.
- Participation in scheme options with restricted hospital networks.
- Value-based care contracting.
- A balanced service offering to satisfy member needs.
- Ensuring high levels of medical ethics, and combatting medical fraud, waste and abuse.

Value creation, preservation or erosion

How we create and preserve value for funders

HC IC

- Experienced nursing care.
- Efficient quality outcomes.
- Our focused clinical improvement projects.
- Appropriate utilisation and cost containment achieved through consistency of care and data application.
- Shared risk contracting models through alternative reimbursement and value-based care contracting.

SRC IC

- Access to our quality of care data.
- Collaboration on common objectives to achieve quality healthcare outcomes and world class healthcare for their members and their members' families.

Strategic pillars



Risks that can impact the quality of our funder relationships

- BR1** Funder regime
- BR4** Economic environment and demand for private healthcare
- BR6** Delivering consistently outstanding person centred health and care
- BR8** Sector regulations
- BR9** Technologies and data imperatives
- BR11** Competitor activity

Material matters



Private medical funders continued

Quality of our funder relationships

The increasing maturation of our ability to leverage our analytical and measurable clinical expertise and quality of care outcomes stands us in good stead when engaging with medical schemes. These relationships are well-established and mutually beneficial; however, a natural tension exists with schemes driving utilisation and cost containment. This is further exacerbated by the ongoing deterioration in medical scheme risk pools (see page 49). As a result, we continue to experience by arbitrage between the annual escalation in tariffs versus operating expenses, most of which rise significantly above inflation, placing pressure on our EBITDA margins.

Value delivered for funders in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☐ Value eroded

Key measures of the value impact for funders

✓ 28 quality of care measures – covering patient experience scores, safety and quality measures, and clinical efficiency measures – were reported in our automated quality report to medical schemes, released quarterly. FY 2023: 23 FY 2022: 16	✓ 5 risk-adjusted clinical and efficiency data models developed for specific disciplines to inform focused quality improvements. FY 2023: 4¹ FY 2022: 1
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Digital funder engagement

Funder portal

As part of the data driven phase of our strategy, we will introduce an electronic portal designed specifically for funders to seamlessly engage with Netcare on case management and billing. Funders will have secure access to all relevant clinical information and authorisations in near real time, 24/7/365, significantly reducing time spent on calls or sending emails.

- Access to a patient's clinical parameters, including vitals, and ventilator and blood pressure readings etc for updates on clinical status.
- Access to a patient's radiology and pathology reports.
- Receipt of electronic letters of motivation from Netcare for level of care, and expensive and Section 21 (not available in SA) medication.
- Access to the case management summary report of a patient's stay in hospital.
- Access to electronic copies of Summary of Care reports (discharge summaries).
- Ability to load electronic remittance advices and rejections.

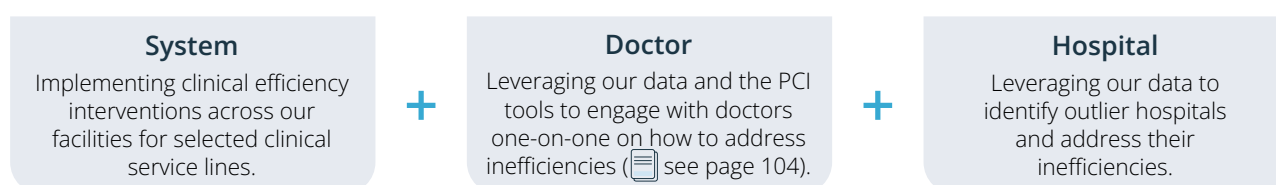
1. Includes one clinical framework for Netcare Akeso (FY 2023: one).

Clinical efficiency

An enhanced approach to clinical efficiency



The commercial relevance of reducing costs and improving the quality and safety of care we provide has become increasingly evident as our work on quality of care matures and the funder landscape evolves. Clinical efficiency is a priority for all medical schemes during tariff negotiations and when selecting hospitals for network plans. Netcare applies clinical efficiency enhancements at the three levels shown below.



How will we improve our clinical efficiency?

During FY 2024, we started work on three new initiatives to improve our clinical efficiency.

A world class Big Data analytics platform

(see page 19)

A new centrally coordinated clinical efficiency programme

A new electronic funders portal

(see page 108)

The **clinical efficiency programme** for the Hospital Division, aided by our digital backbone, will benchmark our usage patterns and identify efficiencies at system, hospital and doctor levels to carefully manage the cost of delivering high-quality care. Each hospital will have its own programme that will be managed by its executive team. The Funder Relations and Consistency of Care teams are driving the project in close collaboration with the Hospital Division. The programme comprises a number of projects and is being implemented with appropriate governance and oversight, resources, and tangible deliverables across all hospitals. The CEO and relevant Executive Committee members will monitor progress against targets.

Our **clinical and efficiency data models** are rigorous modelling methodologies that identify opportunities to improve quality of care outcomes and address the drivers of costs for specific disciplines that are widely represented across our hospitals. The models also identify areas of excellence. The data gained from these models informs improvement projects and our funder engagement and contracting. Building on these models, together with efficiency and cost analytics, we are developing strategies to inform system-wide interventions for the selected disciplines. Currently, there are clinical and efficiency data models in operation for ten disciplines, with five completed this year.

In time, our digital platforms and data analytics will address the fragmentation of care across our divisions – minimising the duplication of tests and diagnostic procedures, especially in the referral from primary to tertiary care. Complete and accurate data together with big data analytics will improve our delivery of high-quality care that is also cost effective, furthering our aim to be leaders in health innovation and clinical efficiency.

Additional information that responds to funders' interests

— This report

- Our patients: *page 95.*
- Consistency of care: *page 131.*
- Digital transformation and data: *page 138.*

— Detailed disclosure online

Quality report.

Suppliers

Our suppliers are a key underpin of four of our strategic pillars. As product and service providers that support our consistency of care, digital and data, and environmental sustainability strategies; and in the transformation pillar, the diversification of our supply chain to promote inclusive economic growth, entrepreneurship and job creation. Current challenges for the supply of medicines and medical devices include raw material shortages, geopolitical tensions, extreme weather, and local transport and logistics constraints. Managing and mitigating supply risk is a key priority for the Group given the direct impact medicines and medical devices have on the delivery of safe, high-quality healthcare.

Supplier engagement

Covers suppliers of medicines, equipment and consumables, IT systems, digital products and services, and outsourced services including consultants and construction companies.

How we engage

- Review meetings with key suppliers (quarterly) and strategic commodity suppliers (monthly).
- Tender processes and contract negotiations.
- Service level agreements.
- Supplier assessments, both prior to entering Netcare's supply chain and later against KPIs.
- Medical conferences, exhibitions and webinars.
- Online supplier surveys.
- Our digitised source-to-contract procurement platform.

Supplier needs, expectations and interests

- Localising Netcare's supply chain.
- Preferential procurement from B-BBEE compliant and black-owned suppliers.
- ESD¹ support, including early payment arrangements.
- Digitisation of the procurement cycle to enhance efficiencies.
- Fair and transparent negotiations.

Value creation, preservation or erosion

How we create and preserve value for suppliers

SRC

- Fair, diligent and transparent tender adjudication and review processes.
- Negotiated contractual terms that support supplier businesses.
- Preferential procurement practices and ESD initiatives aimed at advancing black businesses.

Strategic pillars



Risks that can impact the quality of our supplier relationships

- BR4** Economic environment and demand for private healthcare
- BR5** Cybercrime and cybersecurity
- BR6** Delivering consistently outstanding person centred health and care
- BR9** Technologies and data imperatives
- BR10** Failing state and civil unrest

Material matters



Additional information that responds to suppliers' interests

— This report

- Data management: *page 140.*

— Detailed disclosure online

ESG report.

1. ESD: enterprise and supplier development.

Quality of our supplier relationships

Cultivating strong relationships with our suppliers allows us to secure, on the most cost-effective basis, the supply, quality and volume of the products we need, when we need them. Regular engagement keeps us abreast of any potential supply chain risks; when risk arises, we work with suppliers to find solutions that maintain our desired quality of care. The ethics and labour standards of suppliers are regularly assessed, particularly those who provide cleaning, catering and security services to Netcare, to ensure they maintain staff contentment and avoid industrial action.

We engage with multinational and generic suppliers that are not B-BBEE compliant on improving their status. Suppliers are held to account for the commitments they make in this regard and, where appropriate, we provide them with guidance. We also engage with suppliers on good industry practice, regulatory compliance including data privacy, and ESG considerations. In FY 2024, better environmental performance was a key discussion point, and will continue to be going forward, as we work to reduce our Scope 3 emissions.

Value delivered for suppliers in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☒ Value eroded

Key measures of the value impact for suppliers

☒ >3 700 suppliers who benefit from our business. FY 2023: >4 000 FY 2022: >4 000	☒ 35% of our supplier base comprises ≥51% black-owned businesses. FY 2023: 33% FY 2022: 27%	☐ 18% of our supplier base comprises ≥30% black women-owned businesses. FY 2023: 18% FY 2022: 15%	☒ 53% of our supplier base comprises small businesses¹. FY 2023: 52% FY 2022: 43%
☐ 90% of total procurement spend (or R12.8 billion) qualified as measurable for B-BBEE purposes under the dtic Codes². FY 2023: 92%; R12.7bn FY 2022: 89%; R11.5bn	☒ 119% of our measurable procurement spend was with B-BBEE compliant suppliers, totalling R15.3 billion (FY 2023: R12.4 billion). FY 2024 target: 105% dtic target: 80% FY 2023: 114% FY 2022: 114%	☒ 91% of the B-BBEE scorecard's available 29 points achieved for preferential procurement (26.34 points). FY 2024 BSC target: 92% FY 2023: 90%; 26.14 FY 2022: 86%; 25.07	☐ 104 small businesses enrolled in our early payment terms programme (invoices paid within 15 days³) to support their cash flow. FY 2023: 105 FY 2022: 94
☒ R35m invested in enterprise development⁴, of which 89% (or R31 million) was measurable under the dtic Codes, equating to 2% of NPAT. dtic target: 1% of NPAT FY 2023: R30m FY 2022: R26m	☒ R150m invested in supplier development⁵, of which 55% (or R82 million) was measurable under the dtic Codes, equating to 5% of NPAT. dtic target: 2% of NPAT FY 2023: R42m FY 2022: R36m	☐ >100 small businesses supported by our ESD initiatives across various commodity lines. FY 2023: >100 FY 2022: not reported	— Total procurement spend: page 94.

1. 15% are classified as qualifying small enterprises (QSEs) and 38% as exempted micro enterprises (EMEs).
 2. dtic Codes: Department of Trade, Industry and Competition's Broad-based Black Economic Empowerment Codes of Good Practice.
 3. Against a national average of 30 to 180 days.
 4. Businesses we have identified as having the potential to become part of our supply chain.
 5. Registered suppliers to Netcare.

Suppliers continued

Preferential procurement spend

✓ R7.3 billion spend with ≥51% black-owned suppliers (57% of measurable spend). FY 2024 internal target: 52% dtic target: 50% FY 2023: R6.6 billion; 52% FY 2022: R5.9 billion; 51%	✓ R5.2 billion spend with ≥30% black women-owned suppliers (40% of measurable spend). FY 2024 internal target: 31% dtic target: 12% FY 2023: R4.1 billion; 32% FY 2022: R3.7 billion; 33%	✓ R1.1 billion spend with black designated group suppliers (9% of measurable spend). FY 2024 internal target: 2% dtic target: 2% FY 2023: R407 million; 3% FY 2022: R514 million; 5%
✓ R1.4 billion spend with QSEs (11% of measurable spend). FY 2024 internal target: 11% dtic target: 15% FY 2023: R1.2 billion; 9% FY 2022: R1.0 billion; 9%	✓ R1.1 billion spend with EMEs (8% of measurable spend). FY 2024 internal target: 9% dtic target: 15% FY 2023: R1.0 billion; 8% FY 2022: R543 million; 5%	

Enterprise and supplier development

- ✓ A number of ESD beneficiaries graduated from EME status (annual turnover <R10 million) to QSE status (annual turnover between R10 million and R50 million), and a number of QSEs generated revenue in excess of R50 million, graduating to generic enterprise status. The improved sustainability of these businesses reflects the time and resources Netcare has invested in ESD.
- ✓ Two HCRW¹ service providers graduated from enterprise development to supplier status with longer-term agreements.
- ✓ Of the seven (FY 2023: nine) small businesses in the structured ESD programme², six (FY 2023: eight) are black women owned. These businesses align with the Group's strategic and operational requirements to ensure their sustainable growth and, in time, their integration into our supply chain.
- ✓ The risk profile of ESD beneficiaries who have been granted loans remained stable and overall performance was positive, with good growth and loan repayment term compliance (outstanding loan balance (not yet due) of R136 million³).
- Given the increased risk of unethical conduct in a tough macroeconomic environment, heightened focus was given to ensuring suppliers act with integrity. Two businesses were removed from our ESD initiatives in FY 2024 where shortfalls were significantly unsound – one due to non-compliance with environmental regulations and the other for providing a low-quality product.
- ✓ Collaborated with a local manufacturer to develop ultraviolet disinfection robots, currently in testing phase.

Digitising the procurement process

- ✓ Rolled out a digitised source-to-contract and preferential procurement platform, which delivers better supply chain risk management and monitoring, greater efficiencies and reduced administrative burden. The platform will assist to identify opportunities to shift certain product lines to small businesses in pursuit of our diversification goals. The platform's supplier portal will enhance our supplier engagement and provides suppliers with access to various resources, including risk mitigation and sustainability programmes.
- ✓ Enlisted the services of a procurement analyst to further streamline our preferential procurement data analysis.

1. HCRW: healthcare risk waste.

2. The structured ESD programme provides low and interest-free loans and non-financial business development support.

3. Suppliers being considered for funding are vetted and undergo a due diligence process. Loan amounts are approved by the Finance and Investment Committee and the ESD Funding Committee.

Regulators and government

Engagement with policymakers ensures that we comply with all relevant healthcare regulations and maintain our operating licences. Good relationships with authorities are critical to effectively collaborate on health policy matters that serve the best interests of South Africans, and to understand how Netcare can best contribute to addressing the structural barriers to healthcare access for SA's people.

Regulator and government engagement

Covers authorities that regulate healthcare providers, funders and the sector.

How we engage

- Direct engagement and engagement through our sector and business association memberships.
- Bilateral engagements.
- Submissions on draft policy and regulations.
- Certification audits.
- Office of Health Standards Compliance inspections.
- Our participation in national initiatives to support SA's development and address transformation challenges.

Regulator and government needs, expectations and interests

- Solutions to the nursing skills shortage.
- Competing demand for doctors.
- The increasing pressure on the public health system.
- The cost of and access to quality healthcare.
- The private healthcare sector's role in providing sustainable UHC¹.
- Alternative solutions to achieving UHC.
- Employment equity performance and skills development.
- Socioeconomic reconstruction and youth employment.
- New healthcare-related regulations.
- Compliance with laws and regulations.

Value creation, preservation or erosion

How we create and preserve value for regulators and government

SRC HC IC

- Meeting the healthcare needs of employed citizens thereby easing the burden on the public health system.
- Collaborating with government, and sector and business associations and sharing our expertise and experience to broaden access to quality healthcare in SA and to develop a sustainable healthcare regulatory framework.
- Our DEI² initiatives to transform our workforce.
- Our ESD, youth development and responsible waste management initiatives, all of which support job creation.

Strategic pillars



Risks that can impact the quality of our regulator and government relationships

- BR2** Availability and quality of skills
- BR3** Water security
- BR4** Economic environment and demand for private healthcare
- BR5** Cybercrime and cybersecurity
- BR6** Delivering consistently outstanding person centred health and care
- BR7** Availability of electricity supply
- BR8** Sector regulations
- BR10** Failing state and civil unrest

Material matters



1. UHC: universal health coverage.
2. DEI: diversity, equity and inclusion.

Regulators and government continued

Quality of our regulator and government relationships

Policy uncertainty and failure of government and the private healthcare sector to find common ground from which to tackle the urgent need for health system reform, detract from stakeholder relationships. In particular, uncertainty around the implementation and impact of the newly gazetted NHI¹ Act has dampened sentiment across the private healthcare sector and for many stakeholders.

We have authentic and trustworthy relationships with the sector and business associations in which we are members. Netcare stands ready to work together with these associations, policymakers, government and the public health system to find solutions that address the systemic and structural inequalities in SA, and to help design and deliver innovative, workable and sustainable solutions that support UHC.

The intensifying nursing shortage² in SA is the biggest impediment to the roll out of extensive healthcare reform. The private healthcare sector is currently accredited to train a fraction of its previous quota of nursing students, and has underutilised capacity. To achieve the projected nurse demand for 2030, SA must train double the amount of nursing students it is training today. Together with HASA³, Netcare is at the forefront of driving engagements with the NDoH⁴, SANC⁵ and other stakeholders to advocate for increased student intake numbers, and to foster collaboration between the public and private healthcare sectors on this matter.

A practical and sustainable attainment of universal healthcare

Netcare, alongside other private healthcare providers, has the resources and capacity to help government realise the constitutional health rights of all South Africans. We remain resolutely committed to partnering with the government and all relevant stakeholders in a sensible, constructive and evidence-led way to create a UHC solution that is a credible, viable alternative to the NHI.

We are encouraged by government's recent engagement with the private sector to discuss matters related to the NHI Act. At the President's request, BUSA⁶ submitted specific proposals on solutions or issues of concern in respect of the NHI Act to inform potential future structured engagement.

Netcare advocates HASA's proposed model mandating medical cover for formally employed individuals, including their families. This will free up public health funds to deliver enhanced, quality care for the informally employed, unemployed and the most vulnerable in our society. This is a well-tested and proven model in other parts of the world, is based on over two decades of sound research by South African health policy experts, and considers the macroeconomic challenges unique to SA. Most importantly, the model can be implemented in the near term and in a phased approach, and as the economy recovers and employment increases, the benefits delivered for public healthcare will multiply.

Mandatory cover of the formally employed promises the following key benefits:

- Increased public health spend (around 52% per capita) without increasing the public sector budget allocation⁷.
- Reduced government healthcare responsibility (from the current 85% of the population to 56%)⁸.
- Reduced strain on the public health system and more capacity for much-needed systems strengthening.
- Reduced burden on healthcare workers.
- Government spend available to fill unfunded doctor and nursing posts.
- The inclusion of young, healthy employed individuals in medical schemes, which will improve the sustainability of risk pools and positively impact the affordability of scheme contributions.
- Improved health resulting in improved workforce productivity and reduced employee absenteeism⁹.

In addition, there are numerous private-public collaborative initiatives that can be implemented immediately to enhance access and delivery of care. Examples include:

- Twinning¹⁰ the management of public and private facilities and the sharing of best practices.
- Initiatives for oncology and elective surgery.
- Collaboration on nurse and doctor training.



— Sector regulations: **page 63.**

1. National Health Insurance.

2. The Future of Nursing Workforce Planning Report published in 2020 reports a nurse shortage of between 26 000 to 62 000 nurses across both the public and private sector.

3. HASA: Hospital Association of South Africa.

4. NDoH: National Department of Health.

5. SANC: South African Nursing Council.

6. BUSA: Business Unity South Africa.

7. Based on the SA population excluding medical scheme members (Insight Actuaries, June 2024, Health Funders Association NHI Scenario Planning Symposium).

8. 9.2 million people have medical aid in SA. With a formally employed population of 11.5 million and including beneficiaries (assuming a beneficiary ratio of 2.4), approximately 27.5 million people could potentially, over time, progress to mandatory cover. In a population of 63 million, this would leave 35.5 million (versus the current 53.8 million) dependent on public health resources.

9. Kessler R, Stang P. 2006. Health and Work Productivity: Making the business case for Quality of Health.

10. A development model that uses institution-to-institution partnerships and peer relationships to benefit both sides.

Value delivered for regulators and government in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☐ Value eroded

Key measures of the value impact for regulators and government

18 927¹ people employed who pay personal tax, and contribute to the economies of the communities where they live and work. 83% of permanent full-time employees use the Group's medical aid (FY 2023: 83%). FY 2023: 19 168 FY 2022: 18 916	215² unemployed youth enrolled in Netcare's youth training and employment programme. Participants have the opportunity to become gainfully employed, either at Netcare or elsewhere on successful completion of their learnership or internship. SDP 2023: 101³ SDP 2022: 58³	510 jobs sustained by 55⁴ of our ESD beneficiaries with 42 jobs created in the year. FY 2023: 468; 162 created FY 2022: 220; 23 created
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— Tax paid: page 94.

Job creation

- ✓ Formed a new collaboration with the dtic and SEFA⁵ to identify new businesses for our ESD programme.
- ✓ Exceeded our YES4Youth objectives, set in 2018, to train 1 000 unemployed youth and to find 90% of them employment. At the end of calendar year 2023, around 1 200 learners had been enrolled, 954 of whom had completed their learnership, with 90% having gained employment (61% at Netcare). In SDP 2024, we launched a new youth development programme more tailored to Netcare's needs.

Nursing shortage

- Suspended our formal appeal to the SANC Appeal Committee to review the low student numbers approved for enrolment at Netcare Education (lodged in 2021).
- ✓ Engaged with SANC on the actions we have taken to address its concerns around granting approval for increased student numbers for undergraduate nursing programmes.
- ✓ Together with the NDoH and all private and public nursing education institutions in SA, we participated in creating a framework for a differentiated nursing and education training plan for SA for 2025 to 2029.
- ✓ Established collaboration forums with the University of Johannesburg and Northwest University on formal nursing programmes, and the Gauteng and KwaZulu-Natal health departments on student placements.
- ✓ Participated in the NDoH's workshops in Gauteng and KwaZulu-Natal to provide input on current nursing practice needs and the skills and competencies required in the future.
- Continued to engage with the Future of Nursing Project⁶, which seeks to influence the nursing skills production pipeline. The NDoH and PPGI are engaging with the National Treasury and other regulatory bodies on the results of a 2023 study on the supply of, and current and future demand for, nursing resources in SA. Feedback is still awaited.

1. Total permanent employees and fixed-term contractors.
 2. Learners are participating in a newly launched programme that follows the same structure as the national job creation initiative – YES4Youth.
 3. Participants in the YES4Youth programme.
 4. Job creation/preservation is tracked for beneficiaries participating in our various support programmes (excluding the early payment programme).
 5. SEFA: Small Enterprise Financing Agency.
 6. Initiated by Netcare through HASA in 2016, the project is now driven by the Public Private Growth Initiative (PPGI) (on behalf of the Presidency and several stakeholders). Stakeholders include the NDoH, SANC, HWSETA, Department of Higher Education and Training, Council on Higher Education and Training, organised labour and healthcare business including BUSA and HASA, among others.

Regulators and government continued

Public healthcare sector support

- ✓ 251 (FY 2023: 192) premature and sick babies in the public health system were fed free of charge with donated breastmilk from a Netcare Ncelisa Human Milk Bank. This equates to 33% (target: 33%) of all babies fed through the programme.
- ✓ Invested in the Rahima Moosa Mother and Child Hospital's human milk bank, our first in the public healthcare sector. Opened in July 2024, the milk bank has allowed the hospital to increase the feeding period of babies in its neonatal ICU from two to three weeks. Our long-term goal is to grow our human milk bank footprint in the public health system, adding public sector hospitals as breastmilk collection points to feed more babies in Gauteng.
- ✓ Netcare shares donated organs on a 50/50 basis with the public healthcare sector, and covers the costs of managing donors (donor care, testing and management), totalling R5 million since 2019. Following the successful public private partnership with Charlotte Maxeke Johannesburg Academic Hospital, we extended the initiative to partner with the Steve Biko Academic Hospital in October 2024.
- ✓ In partnership with HI HOPES¹, engaged with representatives from the Western Cape to support their plans to pilot the first universal newborn hearing screening programme in the public health sector. At the end of FY 2024, screeners had been trained and equipped, and almost 5 000 public sector babies had their hearing screened.
- In partnership with the NDoH, 49 safe medical circumcisions for male African children (primarily those living in rural areas) were performed at Netcare Vaalpark Hospital (FY 2023: 70²). Netcare provides funding towards the programme, and surgeries are performed on a pro bono basis by surgeons, anaesthetists and nurses. Budgetary constraints prevented our goal (reported last year) of rolling out the programme to additional Netcare hospitals in FY 2024.

Additional information that responds to regulator and government interests



— This report

- Suppliers: *page 110.*
- Society: *page 119.*
- Diversity, equity and inclusion: *page 126.*
- Consistency of care: *page 131.*



— Detailed disclosure online

Quality report.
ESG report.



1. An early intervention partner for families of Deaf and hard-of-hearing babies run through the Centre for Deaf Studies at Wits University.

2. Restated: 77 were scheduled for circumcision, but a reconciliation of invoices conducted in FY 2024 indicated that 70 had undergone the procedure during FY 2023.

Investors

Transparent engagement with investors earns their trust and gains their support for our strategy, and provides Netcare with a better understanding of their expectations for value creation. Balancing our objectives with their expectations, strengthens our access to capital.

Investor engagement

Covers shareholders and the investment community.

How we engage

- Investor roadshows, meetings and site visits.
- Capital markets day.
- Annual reporting suite and interim reporting.
- SENS announcements.
- Various investor healthcare and general investor conferences.
- ESG ratings agencies.

Investor needs, expectations and interests

- Capital allocation, dividends and share buybacks.
- Challenges faced by Netcare in a high operating cost environment.
- The expected savings from our digital implementations and the next steps in the digitisation strategy.
- Netcare's ability to build and maintain a sustainable competitive advantage, and the relevance of our strategy to medical schemes.
- The uncertainty created by the NHI Act, and the potential impact of the GNU¹ in national healthcare reform.
- Impact of restricted provider networks on financial performance.
- Sales trajectory for NetcarePlus.
- Consumer fragility and SA's challenging socioeconomic context, and what these mean for Netcare.
- Effective leadership and succession planning.
- Appropriate remuneration and targets.
- Approach to ESG.
- ESG reporting practices and indices.
- Ethical and effective governance.

Value creation, preservation or erosion

How we create and preserve value for investors

FC

- A defined framework for optimal capital structure, disciplined capital allocation and granular measurement of returns.
- A strong statement of financial position to support business continuity and growth.

HC

IC

MC

- An experienced Board and leadership team.
- Solid track record of operational excellence over time.
- A digitisation and data strategy that will deliver a sustainable competitive advantage.
- Cost savings from reduced dependency on the national electricity grid.

Strategic pillars



Risks that can impact the quality of our investor relationships

BR1 Funder regime

BR4 Economic environment and demand for private healthcare

BR9 Technologies and data imperatives

BR10 Failing state and civil unrest

BR11 Competitor activity

Material matters



Quality of our investor relationships

In a challenging macroeconomic environment and highly competitive sector, investors appreciate adaptability, the ability to navigate difficulties, and a strong focus on streamlining processes and reducing costs, which lead to better margins and overall performance. The completion of Phase 1 of person centred health and care that is digitally enabled and data driven is already delivering financial, clinical and operational benefits for the Group and its stakeholders, reassuring investors of the profitability and sustainability of our strategy. There is a growing recognition that the Group is successfully constructing a competitive moat to solidify its long-term growth and stability.

1. GNU: Government of National Unity.

Investors continued

Value delivered for investors in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☒ Value eroded

Key measures of the value impact for investors

☒ R25 202m revenue, ▲ 6.3%. FY 2023: R23 699m FY 2022: R21 636m	☒ R4 530m EBITDA ¹ , ▲ 10.1%. FY 2023: R4 115m FY 2022: R3 496m	☒ 18.0% EBITDA margin ¹ , ▲ 60 basis points. FY 2024 BSC target: 18.4% FY 2023: 17.4% FY 2022: 16.2%	☒ 96.5% cash conversion ratio. FY 2024 BSC target: 100.0% FY 2023: 100.5% FY 2022: 113.0%
☒ 113.7 cents adjusted headline earnings per share, ▲ 7.6%. FY 2024 BSC target: 119.4 cents FY 2023: 105.7 cents FY 2022: 83.2 cents	☒ 11.7% return on invested capital. FY 2024 BSC target: 12.8% FY 2023: 10.8% FY 2022: 8.8%	☐ R5 306 net debt with a net debt to EBITDA ¹ ratio of 1.2 times (FY2023: 1.2 times). FY 2023: R5 028m FY 2022: R4 875m	☐ AA- GCR investment grade credit rating in the long term and A1+ in the short term. FY 2023: AA- FY 2022: AA-

— Dividends: [page 94](#).

Returning capital

- Returned R722 million (FY 2023: R321 million) to providers of capital in our share buyback programme. 60.4 million ordinary shares were acquired in the market in FY 2024 at an average price of R11.93 per share. Since the start of the programme in September 2023, Netcare has bought back 84.8 million ordinary shares (5.9% of total ordinary shares in issue at 30 September 2023) at a total cost of R1 043 million and an average price of R12.27 per share.

Medical schemes

- All available provider network opportunities are reviewed and evaluated. We are intentional in targeting anchor partner status for some networks and greater participation in others. Our proposals are carefully considered against retaining doctors and balancing patient volumes against Group profitability and margin. The Tariff Committee assesses the proposals, ensuring that they are commercially viable.

Additional information that responds to investors' interests

— This report

- Our strategy: [page 16](#).
- Lead independent director's review: [page 27](#).
- Chief executive officer's review: [page 32](#).
- Governance overview: [page 39](#).
- Our risks and opportunities: [page 54](#).
- Overview of strategic progress: [page 67](#).
- Remuneration overview: [page 83](#).
- Chief financial officer's review: [page 160](#).

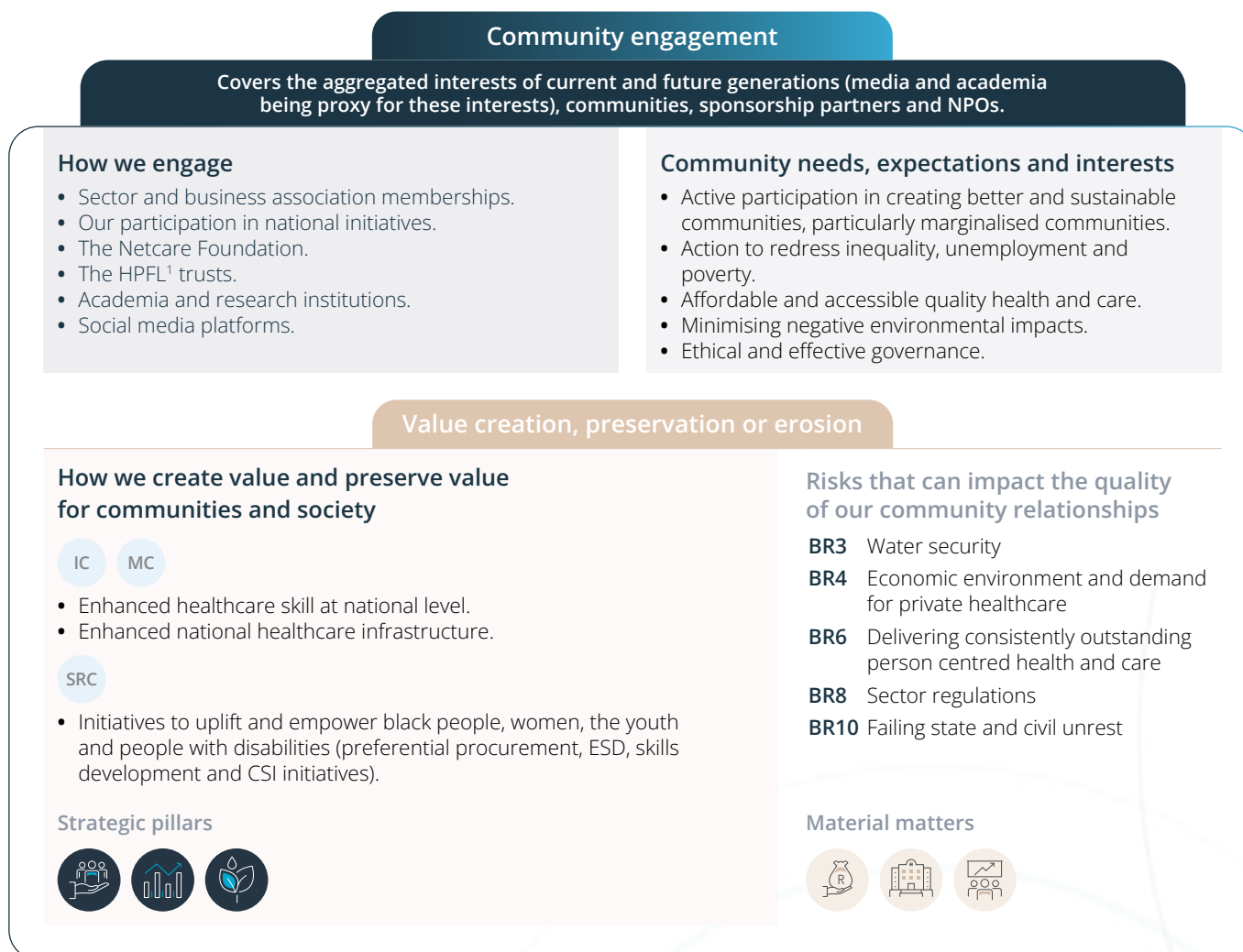
— Detailed disclosure online

[Shareholder report.](#)
[ESG report.](#)
[Annual financial statements.](#)

1. Normalised to exclude exceptional items comprising property impairments. Normalised information has been presented on a consistent basis with the normalised financial information published for FY 2023.

Society

Netcare is committed to participating in the transformation of SA, and we support government's intention to reconstruct society and the economy to be more inclusive of people who remain disadvantaged, particularly as this pertains to accessing high-quality health and care. Meaningfully addressing critical societal concerns and promoting inclusivity, human dignity, equality and fairness protects our legitimacy and social licence to operate.



Quality of our community relationships

In SA, healthcare accounts for only 6% of corporate CSI². As one of the few organisations that prioritises healthcare in its CSI activities, our CSI initiatives are both significant and relatively rare in a landscape marked by poor access to quality care. The Netcare Foundation leverages its strong partnerships with government, corporates, suppliers, doctors, healthcare practitioners and our employees as well as social interest groups to extend healthcare services to indigent patients. Initiatives are carefully selected to ensure that our committed resources achieve maximum sustainable and systemic impact.

NetcarePlus also offers a social benefit. Not only does it diversify our revenues, but it also provides a new and economical approach for employed individuals who lack adequate medical coverage or insurance to access our facilities.

1. HPFL: Health Partners for Life.
2. Trialogue Business in Society Handbook, 2023.

Society continued

Value delivered for communities and society in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☒ Value eroded

Key measures of the value impact for communities and societies

☒ 91.42 points achieved on our B-BBEE scorecard out of 111 points, maintaining our Level 3 B-BBEE¹ rating and ensuring we remain competitive in securing business². FY 2024 target: 92.57 FY 2023: 90.97 FY 2022: 90.13	☐ 20.4 points achieved in the ownership pillar of the B-BBEE scorecard out of 25 points. The ownership of Netcare shares by black people and black women compares well to the prescribed dtic thresholds. FY 2023: 21.5 FY 2022: 21.8	☒ R7m distributed through the HPFL trusts³, which benefit 20 370 employees (excluding executives) as well as NPOs and NGOs that work to uplift communities. FY 2023: R6m FY 2022: R8m	☒ R18m (or 72%) of our CSI qualified for B-BBEE purposes, equating to 1% of NPAT. 88% of beneficiaries were black people (FY 2023: 87%). dtic target: 1% of NPAT FY 2023: R15 million FY 2022: R12 million
☒ 84% year-on-year growth in insured lives⁴ across the NetcarePlus insurance portfolio in the last quarter of the financial year.	☐ 153 indigent patients treated with emergency medical services at a cost of R3 million (FY 2023: R4 million). FY 2023: 338 FY 2022: 150	☐ 699 survivors of GBV⁵ and sexual assault provided with free and compassionate care and counselling. 41% were under 18 years old, 92% were women and 79% were uninsured. FY 2023: 771 FY 2022: 757	☒ 89 beneficiaries⁶ funded for various procedures (cleft lip and palate, craniofacial, elephantiasis, cataract, cochlear implant and paediatric cardiac programmes). FY 2023: 181 FY 2022: 188
☒ 766 612 tCO₂e Scopes 1, 2 and 3 emissions. Scope 1 and 2 emissions decreased 5% year on year. FY 2023: 752 710⁷ FY 2022: 283 102	☒ 6 161 tonnes waste sent to landfill, a year-on-year decrease of 23%. FY 2023: 7 989 FY 2022: 8 110	☒ 1.6 million kl municipal water consumed, a year-on-year decrease of 3%. FY 2023: 1.7 million kl FY 2022: 2.0 million kl	Total corporate social investment: page 94.

1. If it were not for the restrictions imposed on the nursing student intake, the Group would be able to achieve a Level 1 B-BBEE rating.

2. Particularly in terms of securing business from state-owned enterprises, mining organisations and government.

3. HPFL was established in 2005 through the transfer of 160 million Netcare shares valued at R1 billion. It comprises four trusts including our employee share ownership scheme, and trusts that support clinical skills development and community-based health and wellness initiatives. Each trust has its own board of trustees.

4. Insurance policies that are active.

5. GBV: gender-based violence.

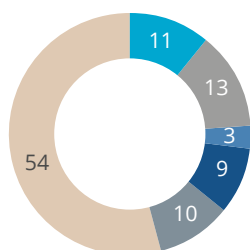
6. Focusing on individuals who earn less than R2 000 a month and have no health insurance.

7. Restated due to the expanded scope of our Scope 3 emissions, providing a more accurate view of our emissions profile.

Health-related CSI initiatives

- ✓ Trained a further four managers (FY 2023: four) in our Crisis Centres on Basic Sign Language, Deaf culture awareness and how to engage with interpreters. This, together with ensuring that interpreters are readily available, is important as an increasing number of Deaf and hard-of-hearing GBV and sexual assault survivors are presenting at our Crisis Centres for assistance. We have also trained 50 frontline workers on Basic Sign Language, making Netcare more accessible to the Deaf and hard-of-hearing community. Another 50 employees are enrolled on the programme in SDP 2025.
- 2 202 community members received face-to-face counselling from SADAG¹ through their Ivory Park and Diepsloot counselling containers funded by Netcare (FY 2023: 3 310). An additional 6 190 learners and adults were reached through SADAG talks, workshops and webinars on preventing teen suicide.
- ✗ Unfortunately, the Gift of Sight (cataract) and cochlear implant programmes were placed on hold this year due to lack of donor funding.

CSI breakdown (%)



- Emergency medical services for indigent patients
- Access to medical procedures
- Sexual assault assistance
- Community sponsorship
- Discretionary spend
- Bursaries

My Walk made with Soul

Founded by Netcare and Adcock Ingram Critical Care, the My Walk made with Soul initiative recycles single-use high-quality PVC waste into waterproof, recyclable school shoes for underprivileged children across SA. The initiative partners with numerous corporate and private sponsors.

>125 tonnes of uncontaminated, non-hazardous PVC waste diverted from landfill (37 tonnes in FY 2024).

>200 000 pairs of school shoes donated.

13 jobs supported by the entrepreneurial businesses involved in the initiative.

Note: metrics are from inception in 2018. For each tonne of PVC repurposed, 1.5 tonnes of GHG emissions are abated.



Additional information that responds to community interests

— This report

- Governance overview: *page 39.*
- Suppliers: *page 110.*
- Regulators and government: *page 113.*
- Diversity, equity and inclusion: *page 126.*
- NetcarePlus: *page 142.*
- Renewable energy: *page 148.*
- Alternative sources of water: *page 149.*
- Environmental sustainability: *page 151.*

— Detailed disclosure online

ESG report.

1. SADAG: South African Depression and Anxiety Group.



Human capital

Our employees and their collective skills, knowledge and experiences as well as our organisational culture that allow us to successfully deliver person centred health and care.

Our people value proposition

Netcare has long understood that caring for and supporting the resilience of our people is not only vital to their wellbeing and commitment to the crucial work that they do, but also essential to our ability to deliver on strategic objectives and ensure optimal health and care outcomes for our patients.

We place considerable focus on nurturing an inclusive and compassion-centred organisational culture that is supportive and welcoming of all our people, enables them to see their work as meaningful and impactful, supports their personal and professional development, and actively opposes all forms of prejudice, harassment and discrimination. We engage with our people to understand and provide for their needs, and remunerate them fairly and competitively for their contribution to the Group's strategic, operating and financial performance. We believe this approach fosters loyalty and productivity, and improves our ability to attract and retain the best-in-class talent.

A new performance management system was rolled out during the year and implementation of a modern, digital HR platform, MyNetCareer, will begin in FY 2025 (see page 101).



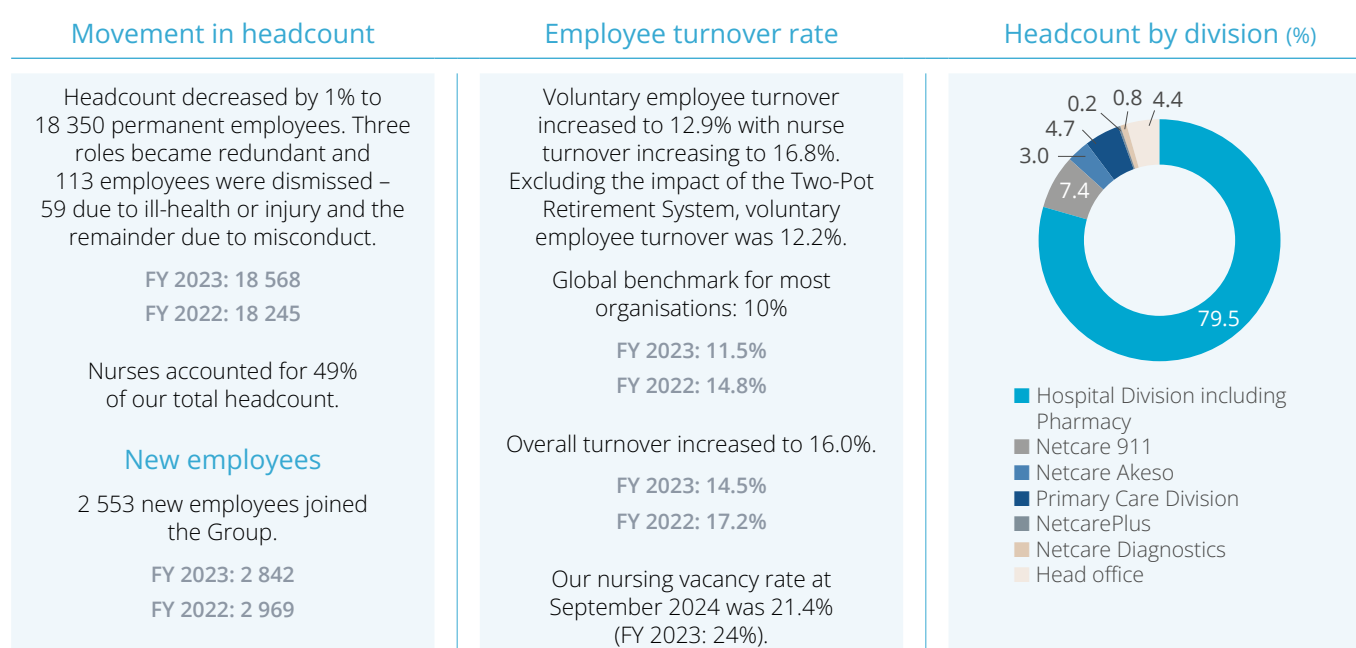
Our people value proposition continued

Headcount and retention

We noted a rise in voluntary employee turnover from February to September of this year, partly driven by misinformation about the Two-Pot Retirement System¹ introduced in SA in September 2024. The high levels of financial pressure faced by South Africans led employees to resign, access their vested funds, work for Netcare through an agency until their funds were paid, and then reapply for their roles (or similar roles). We have rolled out educational interventions about the new legislation and the negative impacts associated with cashing out retirement funds early.

To retain employees, we adjusted salaries during the year for specialised and critical skills, increased flexibility in our remuneration arrangements, and covered the annual practising certificate fees for certain permanent employees, including permanent nurses. Our nurse value proposition is regularly benchmarked to ensure it is competitive, and we are exploring the feasibility of more flexible staffing models to accommodate employee needs while still meeting Netcare's needs and the needs of our patients.

Retention mechanisms have increased the average cost-to-company for registered nurses. This, together with the shortage of enrolled nurses, which has forced a heavier weighting to more expensive registered nurses, has impacted the Group's margins.



Note: permanent employees only. Excludes National Renal Care.

Employee wellbeing, health and safety

During FY 2024, a number of teams collaborated with Netcare Occupational Health to enhance our wellness offerings and develop a holistic programme for our employees' needs.

Wellbeing

We are acutely aware of and sympathetic to the pressures nurses face. We provide support and tools to help nurses and all other employees deliver outstanding and compassionate health and care, and build resilience against emotional exhaustion. Our initiatives cover psychosocial, physical health and financial wellbeing.

Employees and their immediate family members can access counselling through Lyra². Our managerial support programme and wellness training events help employees resolve conflict, engage effectively with their teams, and manage trauma, mental health and illness etc. In FY 2024, we introduced the Lyra app, the Hub, for easier access to our wellbeing programmes. We also launched an integrated employee wellbeing programme, offering Abby Health assessments³, screening⁴, breast examinations and diabetes management guidance, among others.

We piloted the PayMeNow app, which allows employees to unlock a portion of their already earned wages before pay day. The app is data-free and offers cash payouts and value-added services like vouchers and airtime, and provides access to financial education and savings options. In partnership with First National Bank, we now offer employees competitive banking solutions and rates for home loans, vehicle finance and other products and services. Awareness sessions are also provided on retirement fund management.

1. This system enables access to only a small portion of retirement savings (prior to retirement) for emergencies, with the bulk of savings preserved until retirement. This means that the majority of retirement savings must be invested until retirement.

2. Lyra Southern Africa, previously Independent Counselling and Advisory Services (ICAS) Southern Africa.

3. Health checks carried out by a robotic health monitoring device capable of assessing and reporting on more than 20 health factors in five minutes, including cardiovascular health markers and BMI.

4. Includes blood glucose, cholesterol, voluntary HIV, prostate cancer and mental health screening.

Psychosocial wellbeing	Physical wellbeing	Financial wellbeing
25.4% overall Lyra engagement rate. Lyra's SA client company average: 30.5%. FY 2023: 16.3%¹ FY 2022: 15.7% 71.2% of employees who used Lyra accessed professional counselling. Mental health challenges remain the largest reported problem category. FY 2023: 70.6% FY 2022: 69.1%	80% of employees reached through the integrated employee wellbeing programme and related interventions. FY 2024 BSC target: 70% Launched in FY 2024 12 342 employees and contractors attended wellness days. FY 2023: ~8 700 FY 2022: not recorded 6 457 employees and contractors received Abby Health assessments. FY 2023: 500 FY 2022: not recorded	4 130 employees attended awareness sessions on retirement fund benefits. FY 2023: 3 346 FY 2022: no sessions held 356 employees across three sites registered for PayMeNow (pilot). Every month, between 2 000 and 2 400 employees access their overtime earnings early, helping them alleviate financial pressures.

Care4YOU

Care4YOU promotes compassionate care, equipping employees with the know-how to manage high levels of stress and practice compassion, to not only improve the patient experience but to enhance their own wellbeing as well. Care4YOU reaches our employees, fixed-term contract workers, agency employees and allied healthcare professionals. The sixth and final Care4YOU module teaches employees how to resolve conflict in a civil, respectful and dignified manner. It has been rolled out to 450 leadership team members and compassion ambassadors in the Hospital Division.

Care4YOU roll out

Care4YOU: completed and/or underway	Module 1	Module 2	Module 3	Module 4	Module 5	Module 6
Hospital Division						
Netcare Akeso						
Netcare 911						
Netcare Medicross						
Netcare Education						
Head Office						
Shared Services						

Care4YOU's impact is measured using the nursing compassion score for the Hospital Division, which has achieved a statistically significant increase over the last three years (see page 132). Over 53 500 Care4YOU sessions have been conducted since the programme's inception in September 2021. In FY 2025, Care4YOU will transition to a business-as-usual project phase. We will extensively review the programme to understand its impact, and will introduce online compassion training for leaders across the Group (already piloted in FY 2024).

Occupational health and safety

Our risk-based employee medical surveillance programme, launched in FY 2022, promotes employee health and wellbeing and the early detection of disease. The programme now covers 88% of employees working in clinical healthcare settings, with a goal of 100% coverage by FY 2025.

Netcare Occupational Health's Care@Work platform, rolled out across all divisions, digitises employee medical records, enabling in-depth workforce health analysis and data driven decision-making. Over 7 000 medical records have been analysed, identifying significant disease trends. This will allow us to implement targeted interventions to improve overall workforce wellness. In FY 2025, we will prioritise follow-up care for high-risk employees. The Group's OHS risk severity decreased in FY 2024.

We are improving our incident reporting and using our data to establish benchmarks for incident rates and identify emerging OHS risks and opportunities. We are also preparing to report accurate incident and lost time injury frequency rates for the first time in FY 2025.

1. Difference in FY 2023 and FY 2024 engagement rates are due to a change in methodology, with additional metrics now reported.

Our people value proposition continued

Absenteeism	OHS incidents ¹	SHEQ ³ training
1 027 480 hours of sick leave; the increase attributable to a prolonged flu season. FY 2023: 947 437 FY 2022: 1 101 865 Medical surveillance 13 892 medicals conducted. FY 2024 target: 12 266 FY 2023: 10 236 FY 2022: 6 111 National Renal Care conducted 536 employee medical exams.	1 054 OHS incidents recorded with 83% reported for the Hospital Division. FY 2023: 1 004; 81% ² FY 2022: 2 940; 84% 1% of incidents were categorised as high to major risk and 9% as moderate risk. FY 2023: 1% high; 19% moderate ² FY 2022: 2% high; 32% moderate	3 665 employees received SHEQ training. FY 2023: 5 235 FY 2022: 4 823

Diversity, equity and inclusion

For FY 2024, we met our racial and gender diversity targets at board, middle and junior management. The racial diversity target was marginally missed for executive leadership, and while both gender and racial diversity metrics improved for senior management, our targets were marginally missed. The representation of women at middle and junior management level remains elevated against EAP⁴. 89% (FY 2023: 88%) of recruitments and promotions went to black people, with 68% (FY 2023: 66%) being black women. We continue to drive better working experiences for people with disabilities. Our representation of people with disabilities is 4.5% (FY 2023: 4.6%), above sector and legislated thresholds, though slightly below our internal target of 4.8%.

Our 2026 employment equity plan targets are ahead of our peers and the average for private sector performance, but challenges remain due to limited nurse training numbers and a healthcare gender profile skewed towards women. The proposed sector targets of the Employment Equity Amendment Act, which was updated in 2024 and invited public comment⁵, are yet to be finalised.

Going beyond numbers, various initiatives are driven to embed a culture of inclusivity and belonging. One such initiative is our online leading DEI and belonging programme for leaders and Workplace Transformation Committee members. 693 employees participated in the programme last year with a further 104 employees enrolled in FY 2024. The second phase of the programme involves site-specific DEI and belonging campaigns run by, and drawing on, the learnings of Workplace Transformation Committee members. Other initiatives were implemented during the year to create an empowering and inclusive environment for women and the LGBTQIA+ and Deaf and hard-of-hearing communities.



1. We promote a 'safe to report' culture that encourages employees to report incidents so that we can use robust data to inform safety interventions. Our incident reporting includes Netcare and non-Netcare employees.
2. Restated due to late reporting.
3. SHEQ: safety, health, environment and quality – previously OHS training.
4. EAP: economically active population.
5. Netcare's concerns were included in HASA's collective response to the Department of Employment and Labour.

Senior management	Middle management	Junior management and skilled workers
Aim: greater racial and gender diversity at executive leadership and senior management levels. 47.1% of senior managers are black. FY 2024 target: 48.6% FY 2023: 45.7% FY 2022: 50.0% 52.9% of senior managers are women. FY 2024 target: 58.1% FY 2023: 51.4% FY 2022: 53.1%	Aim: align racial diversity more closely to the SA EAP. 59.6% of middle managers are black. FY 2024 BSC target: 59.5% FY 2023: 57.5% FY 2022: 53.1% 60.6% of middle managers are women. FY 2024 target: 58.8% FY 2023: 61.4% FY 2022: 60.8%	Aim: improve the representation of men to normalise gender diversity (including for nursing roles). 78.3% of junior managers and skilled workers are black. FY 2024 target: 78.0% FY 2023: 77.4% FY 2022: 75.9% 84.0% of junior managers and skilled workers are women. FY 2024 target: 83.8% FY 2023: 84.7% FY 2022: 85.3%

In comparison to the broader human health and social work sector averages, Netcare's employment of black people is above the senior and junior averages but below the average for middle managers, hence the inclusion of this indicator in the Group's BSC. Positively, the racial diversity at junior management and skilled level aligns to the sector averages, enabling the Group to build a representative talent pool for future middle managers.

— Employment equity scorecard: **page 74**.

Bullying, discrimination and harassment

Recent research demonstrates that workplace bullying is a pervasive feature of healthcare environments globally. Module 6 of Care4YOU (see page 125) aims to address this challenge. We are also collaborating with workplace harassment specialists to further refine our harassment, discrimination and workplace bullying policies and practices to ensure we create spaces of acceptance and belonging for all employees at Netcare.

Incidents of unacceptable behaviour	Training and awareness
6 cases of unfair discrimination, racism, workplace bullying and/or human rights violations were reported through the anonymous toll-free SHOUT Line. All cases where employees gave their consent were resolved and appropriate corrective action was taken. FY 2023: 6 FY 2022: 3	4 544 employees received awareness training on our zero-tolerance approach to discrimination, harassment and bullying. FY 2023: 4 946¹ FY 2022: 2 057

1. Restated due to reporting error.

Our people value proposition continued

Learning and development

Our training spend continues to compare favourably with the demographic representation of our workforce and reflects our priorities, with the bulk directed towards registered nurses, paramedics and pharmacist practitioners.

In February 2024, Netcare Education's KwaZulu-Natal campus received full accreditation from SANC¹ for two nursing programmes – the first educational institution in the province to achieve this. We have applied to SANC for increased nursing student numbers to support our five-year skills development plan (SDP 2025 to SDP 2029). In addition, SANC is phasing in nursing CPD², which will become a minimum requirement for annual renewal of nurse licences. Netcare Education is well-positioned to align its current CPD process to achieve compliance, with a nursing CPD division recently established and a digital management system developed to govern and monitor nurse CPD.

In FY 2025, we will focus on advancing the skills of our IT and data, finance and administration, and support services staff.

Nurse training

720

nurses enrolled on formal nursing programmes accredited by SANC – 200 are new intakes³.

SDP 2023: 632
SDP 2022: 595

297

nurses enrolled on six-month in-service programmes.

SDP 2023: 421
SDP 2022: 439

7 850

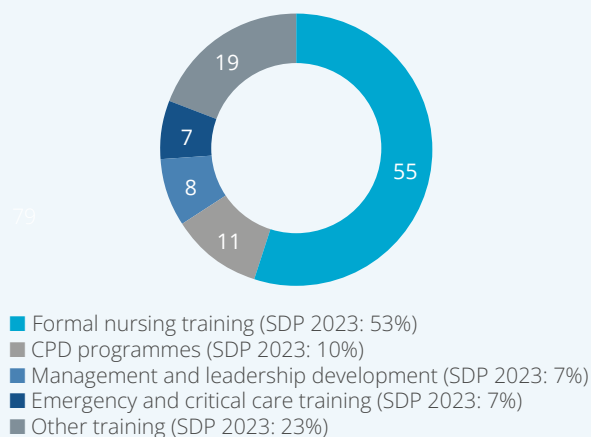
clinical professionals attended CPD courses to keep their skills and training current.

SDP 2023: 12 203
SDP 2022: 7 005

2 251

registered nurses enrolled on National Renal Care's six-month in-house nephrology course.

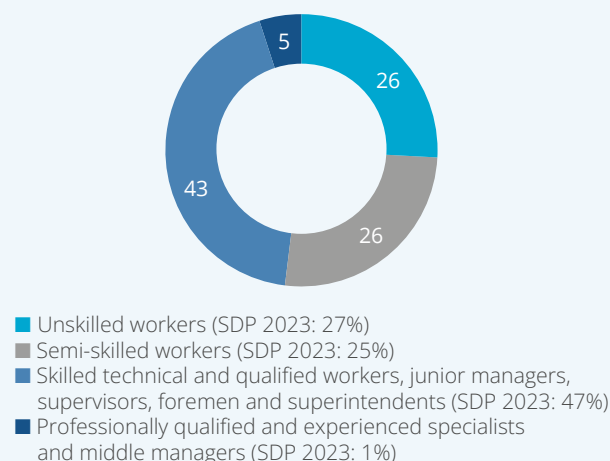
Direct training⁴ spend by category
(SDP 2024) (%)



62%

(R36 million) of direct training spend was invested in building clinical competencies in nursing and emergency services⁵.

Direct training spend by employment level
(SDP 2024) (%)



Bursaries

R18 million

invested in bursaries for employees and unemployed black youth.

SDP 2023: R22 million
SDP 2022: R20 million

1. SANC: South African Nursing Council.

2. CPD: continue professional development.

3. Includes 148 permanent Netcare employees as well as fixed-term contract workers and students.

4. Direct training spend totalled R58 million (spend reported to HWSETA). The R11 million spend on doctor scholarships is included in our overall training spend of R69 million.

5. Through formal structured NQF-aligned qualifications and courses that lead to a clear career path.

Direct training spend that supports our transformation objectives (March 2024)

R5 million (9%) of spend invested in developing employees with disabilities. 57 unemployed youth with disabilities enrolled on the Sinako learnership programme. SDP 2023: 4% SDP 2022: 1%	R50 million (86%) of spend invested in developing black employees. SDP 2023: 88% SDP 2022: 86%	R49 million (84%) of spend invested in developing women with R42 million (73%) invested in black women. SDP 2023: 82%; 81% black women SDP 2022: 87%; 75% black women
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Leadership development

Of our investment in developing internal leadership talent, 85% (FY 2023: 85%) benefitted black employees. In total, 313 (FY 2023: 533) managers were enrolled in a development programme, of whom 85% are black, 74% are women and 63% are black women. Three designates (all of whom are black) are enrolled on the designate hospital manager programme for SDP 2024, and the three designates who participated during SDP 2023 have subsequently been employed as hospital general managers. The roll out of the designate pharmacy manager programme¹ and the Netcare Nursing Education Scholarship (reported last year) were placed on hold due to operational reasons.

The Netcare Leadership Journey ended in FY 2024; over two years, 73 top-performing leaders participated in this bespoke coaching programme that builds executive bench strength and talent pipeline.

Netcare leadership development programme (University of Pretoria)	Management development programme (Netcare Education)	Leading the Netcare Way
19 middle managers (89% are black and 53% are women) are enrolled on this 14-month health systems management programme. SDP 2023: no enrolments SDP 2022: 13	161 delegates enrolled on this programme that builds managerial acumen, and the behavioural competencies required of our managers – 86% are black and 81% are women. SDP 2023: 172 ² SDP 2022: 81	45 nursing and other managers enrolled on this programme which assists delegates to manage high-performance nursing teams – 78% are black and 71% are women. SDP 2023: 58 SDP 2022: 57

Related and detailed information

— This report

- Remuneration overview: page 83.

— Detailed disclosure online

Full remuneration report in the shareholder report.
ESG report.

1. Developed through collaboration between the Netcare Pharmacy division leadership and a leading tertiary institution.
2. Restated to align previously reported numbers to the skills development period.



Intellectual capital

Our intangible assets, including our brand and reputation, organisational systems and procedures, research and innovation capabilities, data, and intellectual property that provide us with a competitive advantage.

Consistency of care

Our well-established consistency of care strategy is the cornerstone of our commitment to realise the Netcare promise for each patient who entrusts us with their health and care. Aligned with the *Quadruple Aim* philosophy, the strategy is designed to achieve consistently excellent clinical services and prioritises person centredness for both body and mind.

We continue to refine the processes and mechanisms necessary to measure our performance and ensure accountability at both the Group and divisional levels. Leveraging the data from our advanced digital platforms, we are maturing our measurements and enhancing our ability to make clinical and strategic decisions that are evidence-based.

The consistency of care strategy comprises the five pillars shown in the diagram below.

 — [Quality report](#) (for detailed disclosure).



1. SHEQ: safety, health, environment and quality.

Consistency of care continued

Pillar

1

Perception of care

Improve our patient satisfaction and perception of care delivered.

Focus areas

- Patient experience and engagement (see [page 95](#)).
- Doctor experience and engagement (see [page 103](#)).
- Summary of Care reports (see [page 98](#)).

Overview of FY 2024 performance

- Used structural equation modelling to deepen our understanding of patient feedback in the Hospital Division, specifically examining the relationships between the various survey constructs and identifying key drivers of satisfaction.
- The results showed that the hospital environment (comfort, cleanliness, noise, food etc) has overtaken nursing as the domain with the strongest relationship to a patient's willingness to recommend a Netcare hospital.
- The findings will inform improvement initiatives and target setting for facility, region and the Hospital Division in FY 2025.
- Implemented redesigned, independently validated PFS¹ for Netcare Akeso and Netcare Medicross.
- Completed the Summary of Care reports roll out in June 2024.
- Developed two webinar platforms to enhance our engagement with doctors.

Our independently validated PFS allow us to be responsive in addressing areas of suboptimal performance, and identifying and learning from facilities that are performing well. Surveys are aligned to our core values and the behaviours we seek to encourage in our people and see reflected in the patient experience.

The high degree of engagement with the Hospital Division's PFS is encouraging, giving us confidence in the inferences we can make based on the results. In FY 2024, we received 78 703 (FY 2023: 52 237) PFS responses for the Hospital Division, with an average 15% (FY 2023: 10%²) response rate of surveyable discharges³ and an average 19% (FY 2023: 13%²) response rate to email invitations. The average completion rate remained stable at 91% (FY 2023: 91%).

The nurse compassion score ended the year at 8.26; a 3.5% improvement on the base score of 7.92 in FY 2021.

Our nursing scores (see [page 69](#)) have shown incredible improvement with each metric having improved on average by 1.68% over a three-year period. Patient satisfaction with their doctor has also improved over the same period, with overall satisfaction improving 1.66%, despite there being no specific intervention in this regard. We believe this improvement is due to the impact of our initiatives to introduce compassion into the broader Netcare system through our nursing teams. Patient satisfaction with the time their doctor spent with them showed the greatest improvement of 2.4%; from 8.06 in FY 2022 to 8.25 in FY 2024.

National Renal Care's perception of care metrics (see [page 69](#)) across all four measures declined compared to FY 2023, driven by a 70% increase in patients selecting the 'usually' option instead of 'always' in the division's PFS. This will be a key focus for FY 2025, with compassion training to be delivered to dialysis unit employees to improve patients' perception of care.

The person centred care delivered by Netcare Cancer Care's radiation therapists and SACT⁴ nurses continues to be of an exceptionally high standard, once again scoring above 9.6 out of ten across all perception of care metrics (see [page 69](#)).

1. PFS: patient feedback surveys.

2. Results restated after refining the population to acute hospitals only.

3. An average survey response rate of between 10% and 30% is considered acceptable (PeoplePulse).

4. SACT: systemic anticancer therapy

Pillar 2

Quality and safety of care

Demonstrate our ability to provide accurate and meaningful quality and safety of care measures and results, and use them to inform focused improvement initiatives.

Focus areas

- Reporting of our quality measures.
- Clinical data models to inform focused improvements (see [page 109](#)).
- Predictive models for informed clinical decision-making at the bedside.
- Big Data analytics platform (see [page 19](#)).

Overview of FY 2024 performance

- Developed five risk-adjusted clinical and efficiency data models. These models form the foundation of our work for pillars 2 and 3 of the consistency of care strategy, and are already providing useful insights into the drivers of patient volumes, length of stay, and complication and readmission rates. The findings are used to inform PCIs for outlier doctors and to inform surgical efficiency projects.
- Engaged with medical schemes on sepsis rates, and collaborated with the PHISC¹ to develop sepsis coding standards and guidelines for the private healthcare sector.
- Developed a predictive analytics model to detect the risk of sepsis in ICU and high care patients. The predictive algorithm was successfully tested in a proof-of-concept study at two Netcare hospitals. All doctors who participated found that the algorithm provided them with additional clinical utility and that in certain cases it impacted positively on patient care. We are now integrating the tool into CareOn, and once integrated, it will be used across all Netcare acute hospitals as part of a large observational study to track its impact on sepsis rates and clinical outcomes. The regulatory approval for the algorithm's use was obtained from SAHPRA² in November 2024. The Big Data analytics platform, to be completed in December 2024, will allow healthcare practitioners who need the data to access it directly and easily.
- For the first time, pharmacists have been able to access a patient's full medical record, including doctors' notes. This, together with the electronic checks on drug dosages, interactions, duplications and potential allergies, has improved medication safety, and has empowered pharmacists to raise any concerns with the treating doctor.
- Introduced a dedicated digital clinical pharmacy that uses data from CareOn and the Netcare IMT³. As a result, the Hospital Division achieved a sustained reduction in antibiotic consumption for the year.
- Since August 2022, the Netcare IMT has performed >31 000 interventions and created >659 000 notifications.
- Developed a comprehensive patient safety framework (governance structures, policies, procedures and reports), which will inform a new digital platform for patient incident management reporting.

Our quality of care measures add value for patients and funders, demonstrating the quality of care patients can expect to receive at Netcare. For the Group, measuring and monitoring our clinical performance shows us where we are succeeding, and where we need to improve to achieve the best outcomes for our patients. Many of our interventions result in positive outcomes that extend beyond our patients, doctors and employees to benefit society more broadly.

The Quality of Care Index is the governance and automation tool that supports our public reporting as well as our contractually bound quarterly reports to private medical funders. It supports the standardisation and governance of our measures, is updated monthly and covers the Hospital Division, Netcare Akeso, Netcare Cancer Care and Netcare Medicross.

Public reporting of quality of care measures

FY 2019

37 measures

Four divisions

Published in the integrated report

Six years later

FY 2024

75 measures

Six divisions

Published in the standalone quality report (part of our integrated reporting suite) and on the ONE Netcare website

Of the measures reported in FY 2023, 67 (81%) are unchanged and two new measures were added. The maturing of our measurements due to digitisation resulted in two measures that relate to infections associated with hospital care being refined, nine measures being retired for FY 2024 (to be reintroduced in FY 2025), one measure retired while it is re-evaluated and four Netcare 911 measures being refined. The ongoing roll out of new PFS across the Group resulted in one emergency department measure being retired and replaced.

1. PHISC: Private Healthcare Information Standards Committee.
2. SAHPRA: South African Health Products Regulatory Authority.
3. IMT: infection management tool.

Consistency of care continued

Quality of care in the context of SA's quadruple burden of disease

Communicable disease is a significant part of the healthcare context in SA, being one of the quadruple disease burdens that places additional pressure on SA's healthcare system and drives up healthcare costs nationally. Within a hospital environment, where patients may be more vulnerable to infection due to pre-existing conditions or a weakened immune system, communicable diseases pose a serious threat to the quality and efficient delivery of care.

A HAI¹ may arise due to exposure to treatment-resistant pathogens or lapses in infection control. Through digitally enabled real-time monitoring, infection control policies and standard operating procedures, and our antibiotic stewardship programme, we aim to prevent the origination and spread of HAIs in our facilities. For our patients, we also actively monitor their risk of sepsis due to infection, leveraging our data capabilities to predict sepsis before onset. HAIs and the development of sepsis can negatively impact patient outcomes and lengthen their stay in hospital, increasing the cost of care to patients and funders.

Ensuring effective infection control practices

Our people

- Dedicated infection control practices.
- Oversight from regional and national infection control practitioners.
- Ongoing training on infection control measures.

Our processes

- Policies and standard operating procedures:
 - Hand hygiene.
 - Standard and contact precautions.
 - Environmental cleaning.
 - Water and air quality.
- Alignment with NDoH requirements. All OHSC audited hospitals achieved an excellent rating for infection control.

Real-time monitoring and intervention

- Real-time results from laboratories.
- Staff alerts for patient isolation.
- Monitoring infections, pathogens and antibiotic resistance.
- Early detection of outbreaks.

Why it is important

How we achieve it

How we measure it

Early detection of outbreaks

- Crucial for containing the spread of infections within hospital wards. Early intervention enables us to:
 - Minimise the number of patients affected.
 - Reduce the cost of care.
 - Safeguard public health.

- The IMT uses advanced algorithms to identify clusters of similar pathogens across all wards.
- An automated alert system notifies infection control practitioners of abnormal pathogen clusters for immediate investigation.

- Our IMT provides information on number of clusters, number of outbreaks, and number and characteristics of patients affected.
- HAI rates within our patient population.

Early detection of sepsis

- Sepsis (a life-threatening bloodstream infection) occurs when a patient's immune system has an extreme response to an infection, causing damage to tissues and organs.
- Up to 20% of hospital deaths globally are related to sepsis².
- In ICUs, sepsis is associated with a 25% mortality rate³.
- Early identification and treatment may reduce mortality by between 5% and 20%⁴.

- Developed the qSOFA predict sepsis algorithm that uses real-time CareOn data to predict risk of sepsis in ICU and high care patients eight to ten hours before clinical onset.
- Doctors are alerted when the calculated risk is over 80%, allowing timeous intervention and enhancing patient care and safety.

- Monitors four vital signs in real time to predict sepsis risk: heart rate, respiratory rate, blood pressure and oxygen saturation.

Reducing antibiotic utilisation

- Antibiotic resistance leads to increased healthcare costs, increased infection risk and poorer patient outcomes.

- Pharmacist-led antibiotic stewardship programme, now in its 12th year.
- Mandatory end dates for antibiotic prescriptions when completed via CareOn.
- A dedicated digital clinical pharmacy unit.
- Changes to IMT system to further target high-risk antibiotic notifications.

- Antibiotic consumption, measures as Defined Daily Dose per 100 bed days.

1. HAI: hospital acquired infection.

2. Rudd, K.E. et al. (2020). Global, regional, and national sepsis incidence and mortality, 1990-2017: analysis for the Global Burden of Disease Study. *Lancet*. 395(10219):200-211. doi: 10.1016/S0140-6736(19)32989-7.

3. Sakr, Y., et al. (2018). Sepsis in intensive care unit patients: Worldwide data from the intensive care over nations audit. *Open forum infectious diseases*, 5(12), ofy313. <https://doi.org/10.1093/ofid/ofy313>

4. Impact of the timeliness of antibiotic therapy on the outcomes of patients with sepsis and septic shock. Asner SA, Desgranges F, Schrijver IR, Calandra T. *Journal of Infection*. Vol 82; Issue 5, May 2021; p.g.125-134.

Pillar

3

Value of care

Manage the cost of delivering care.

Focus areas

- Personalised clinical information tool (see [page 104](#)).
- Strategic differentiation in selected clinical service offerings.
- Clinical efficiency (see [page 109](#)).

Overview of FY 2024 performance

- Released 3 906 PCI¹ reports to doctors (FY 2023: 1 992).
- Developed three discipline-specific PCI tools for informed discussions with doctors around efficiency.
- Launched the centrally coordinated clinical efficiency programme for the Hospital Division.
- A number of use cases are underway to identify the primary drivers of cost, including for robotic surgeries which are more expensive than traditional surgeries.

Pillar

4

Governance

Clinical: improve and strengthen the regulatory framework governing clinical practice.

Focus areas

- Credentialling independently contracted healthcare practitioners.
- Reviewing doctor conduct.

Overview of FY 2024 performance

- Expanded the scope of the clinical governance framework to include independent midwives who provide obstetric services in some of our maternity units, reviewed our research governance framework and established a Netcare Research Operations Committee. The committee will govern and monitor all research at Netcare.
- Enhanced the annual doctor credentialling process, introduced digital credentialling for Netcare 911, and issued secure advanced CareOn electronic signatures to eligible doctors, that confirms their authenticity when they access the platform. At year end, 90% of eligible doctors had an electronic signature.
- Developed a central database for independently contracted healthcare workers, which communicates doctor data to all business processes across the Group that use this information. The database is updated annually through the digital credentialling process.
- Credentialled 97% of independently contracted healthcare workers across the Hospital Division, Netcare Akeso, Netcare Medcross, Netcare Cancer Care and National Renal Care (FY 2023: 92%).
- 62 (2023: 73) cases were referred to the Netcare Clinical Practice Committee, with the majority having been resolved. The privileges of three (2023: five) practitioners were revoked for unsafe clinical practice and conduct not in keeping with Netcare's values, including for abusive conduct towards our staff. Of the cases referred to the HPCSA², seven (2023: three) guilty verdicts were returned.

The Netcare clinical governance framework regulates the relationship between Netcare and the independently contracted healthcare workers who provide clinical services to our patients. It ensures that we provide the best standard of care that is safe for our patients, comply with legal and regulatory provisions, and only partner with suitably qualified healthcare practitioners who are registered with their respective professional councils.

The Hospital Division, Netcare Akeso, Netcare Medcross and Netcare Cancer Care all have clinical governance committees to ensure that healthcare practitioners practise within their regulatory and legislative framework, and are held accountable to the highest professional, ethical and legal standards. At a Group level, the Netcare Clinical Practice Committee independently reviews matters related to the conduct, impairment and credentials of healthcare practitioners and oversees the suspension and revocation of privileges, should this be necessary.

1. PCI: personalised clinical information tools that support one-on-one engagement with doctors.
2. HPCSA: Health Professions Council of South Africa.

Consistency of care continued

Pillar 4

Governance continued

SHEQ: inform the integrated quality, OHS and waste management framework.

Focus areas

- Quality management systems.
- Occupational health and safety (see [page 125](#)).
- Waste management (see [page 155](#)).

Overview of FY 2024 performance

- Achieved re-certification for ISO 9001:2015 quality management for the ninth consecutive year.
- 31 Netcare hospitals underwent OHSC¹ inspections and all received an 'excellent' grading – the highest possible – and all achieved compliance certification.
- Netcare Occupational Health maintained ISO 45001: 2018 certification (OHS management system standard) at three sites and achieved certification at a further two sites.
- The Hospital Division diverted 15.0% of 4 413 tonnes of HCRW² from landfill, meeting the FY 2024 BSC target of 12.8%. This was achieved through better segregation at source, identifying recycling and waste beneficiation opportunities, and employee awareness and training.

Our quality management system comprises the three levels of assurance shown below.

Non-independent assurance

Internal quality reviews that ensure compliance to Netcare's quality standards, regulatory requirements and best practices. These reviews are self-assessments.

Semi-independent assurance

Peer reviews conducted by a team of Netcare regional and senior managers.

Independent assurance

- ISO 9001:2015 certification (a globally recognised standard for quality management systems) assured by the British Standards Institution.
- Assessment of compliance with the NDoH's³ standards conducted by the OHSC (compliance certificate is needed to participate in the proposed NHI)⁴.

The results of our internal quality reviews, which enhance our compliance with ISO 9001:2015 and OHSC requirements, are shown below. Internal quality reviews were conducted in 274 (FY 2023: 275) facilities across all divisions with a compliance target of 90%.

Internal quality reviews (self-assessment compliance scores)	2024	2023	2022
Hospital Division (%)	92	96	90
Netcare 911 (%)	95	95	94
Netcare Cancer Care (%)	98	97	94
Netcare Akeso (%)	95	94	80
Netcare Medicross (%)	91	89	89
National Renal Care (%)	95	94	95
Group average (%)	94	94	90

1. OHSC: Office of Health Standards Compliance.

2. HCRW: healthcare risk waste.

3. NDoH: National Department of Health.

4. These audits use 28 inspection tools that cover thousands of criteria.

Pillar
5

#WeCare

Look after the health and wellness of our workforce.

Focus areas

- Employee wellbeing, health and safety (see [page 124](#)).
- Care4YOU (see [page 125](#)).

Overview of FY 2024 performance

- Began the roll out of the Care4YOU programme at Netcare Medicross, Netcare Education and Head Office, and Module 6 of the programme commenced for the Hospital Division.
- 28 758 gratitude cards were received by our employees from patients and their families (FY 2023: 36 555).
- Extended the coverage of patient-facing employees onboarded on the medical surveillance programme, and completed 13 892 employee medicals, exceeding our FY 2024 target of 12 266.

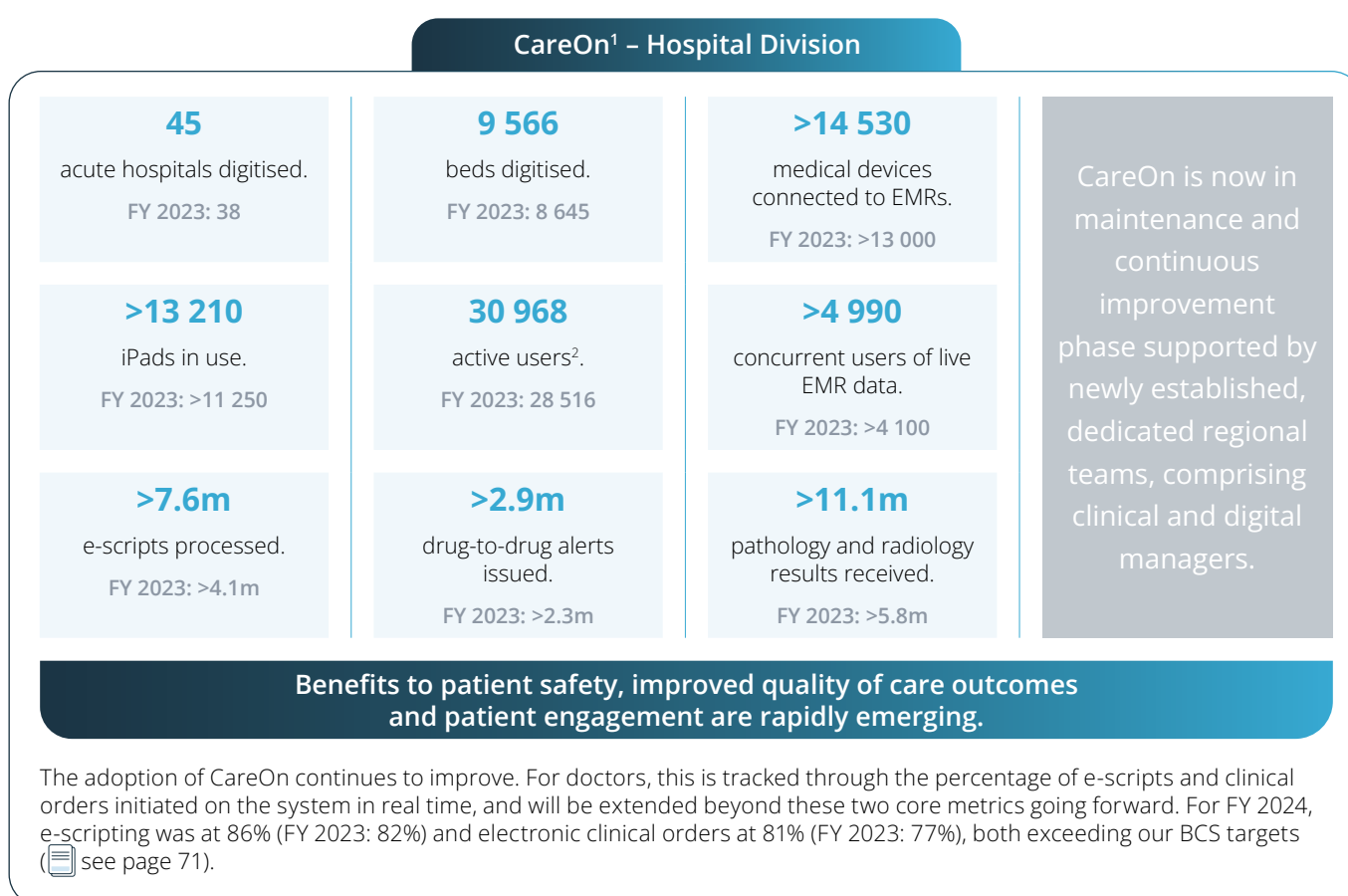


Digital transformation and data

We have successfully completed the roll out of EMRs across the entire Netcare ecosystem, within budget and timelines and with financial benefits exceeding expectations. Having laid this critical foundation, our attention is now on finding ways to use the rich data derived from these systems to develop insightful analytics solutions that deliver superior quality outcomes, enhanced patient safety and experience, and operational excellence (intelligent, efficient and effective processes). The revolutionising of our care offering aligns with global healthcare mega trends and will secure our competitiveness into the future.

Digital transformation

Key digital projects for FY 2024



1. CareOn integrates all aspects of healthcare delivery from all healthcare practitioners to all hospital clinical infrastructure, clinical equipment, pharmacy, radiology, blood services, renal care, blood gas and pathology.
2. Doctors, nurses, allied health professionals, pharmacists and administration personnel.

Several projects are underway to digitise the billing processes for the Hospital Division. The chemotherapy module for Netcare Cancer Care was completed with CareOn in April 2024, and Netcare 911 completed the integration of Geopal¹ with CareOn. A number of modules were developed for Netcare Medicross' HEAL platform to deepen user adoption, including an enhanced user interface, billing integration, pathology integration and a patient consent module. We also developed Heal Virtual Care to enhance virtual consultations, optimising virtual patient-practitioner interactions, enabling informed decision-making during virtual consultations, and allowing a broader group of healthcare professionals to host virtual consultations. Phase three of Netcare Occupational Health's Care@Work platform is in progress and will deliver functionality to manage absenteeism, incapacity and disability management.

Beyond EMRs, successful digital implementations for the year included Summary of Care reports (see page 98), the source-to-contract procurement platform (see page 112) and a legal contract management solution. The business case and technology architecture requirements were finalised for MyNetCareer (see page 101).

Core system metrics for performance, uptime and availability exceeded established benchmarks.

Data science and analytics

Data driven clinical efficiency, Phase 2 of the Netcare strategy, will change the way clinical decisions are made. The key enabler of this phase is the world class Big Data analytics platform that will be completed in December 2024 (see page 19). Our data will become a key competitive advantage for the Group; real-time clinical analysis and reporting, as well as accurate and auditable outcome measures, will augment clinical decision-making at the bedside and identify where we can improve our quality of care and clinical efficiency.

Six data domains were added to this analytics platform in FY 2024, with a BSC target to add another six domains in FY 2025, enriching the platform with a range of clinical, safety, patient outcome, and financial data points.

The onboarding of business units will provide them with direct access to the Big Data analytics platform, enabling them to identify, plan and monitor data driven clinical improvement projects that enhance patient safety, quality of care and efficient overall cost per event. They also gain access to a powerful tool that supports the publication of clinical research.

As part of our innovation, we are developing proof of concepts to explore and test various analytics techniques, to understand how we can derive maximum insight from our data to solve business problems.

Key progress made in FY 2024

- Completed the first phase of a solution to detect potential hospital outbreaks, and integrated it into the Netcare IMT.
- Developed two proofs of concept to test large language models:
 - To remove clinical jargon from the Summary of Care reports and convert them to plain language for patients.
 - To analyse over 200 000 free text responses in the Hospital Division PFS, while ensuring sensitive information was protected.
- Completed various analytics solutions to improve the efficiency and accuracy of billing for the Hospital Division.
- Delivered 59 reports utilising CareOn data across the clinical, pharmacy, nursing and emergency care disciplines.

Looking forward

In partnership with an international company, we will co-develop a suite of prediction models to enable the early identification of life-threatening events, allowing for timely intervention and reducing the risk of readmission and mortality.

Develop a single source of truth for all analytics solutions to enable consistent and accurate use of our data (long-term project).

Create digital engagement profiles of the individuals engaging with Netcare's various digital platforms.

1. A software platform for managing road ambulance operations.

Digital transformation and data continued

Ethical use of artificial intelligence

Data analytics in healthcare settings is on the rise. AI has the potential to improve clinical pathways, patient outcomes, increase productivity, reduce administrative burden and healthcare costs, and enable healthcare systems to provide quality care to a greater number of patients. However, deploying this novel and rapidly evolving technology requires careful planning and oversight, particularly in selecting which tasks to entrust to AI processes and how this work is evaluated. Controls that align with Netcare's values are needed to address the risks associated with AI, and ensure responsible and ethical design, development, use and monitoring of AI technologies. In addition, we must ensure that we are transparent in our engagements with patients, employees and other relevant stakeholders about how we use AI.

How will we achieve this?

The Social and Ethics Committee approved an AI governance policy, and we are establishing an AI Governance Committee, with the first meeting scheduled for the second quarter of FY 2025. The committee will report to the Social and Ethics Committee at Board level.

In its first year, the AI Governance Committee will assess the workings and capabilities of specific AI solutions already operational to ensure they align with the Group's core values.

Data management

The next phase of the Netcare strategy is about extracting the maximum value from our data. At the same time, we must find a balance between data security, data openness and citizen data rights. We have implemented a new data management policy that sets clear guidelines, rules and responsibilities on the governance and handling of data throughout its lifecycle, to ensure that our datasets are of a high quality, accurate and complete. Measures have been defined to monitor compliance to the policy and gauge its effectiveness.

Privacy strategy and compliance framework

Our vast datasets contain a great deal of confidential, sensitive and personal information needed to deliver the best and safest care. It is paramount that we design security into our systems to protect these datasets without hindering access to critical patient information for healthcare facilities and practitioners, and that we educate our employees to handle information with the utmost confidentiality. During the year, we reviewed the Group privacy strategy and compliance framework, and approved the privacy strategy for FY 2024/25.

Some of the key initiatives undertaken in FY 2024 to embed data privacy include:

- **Nursing:** reviewed our nursing processes and practices and are considering how best to help employees internalise the changes that need to be made to ensure data privacy. One example is a change in the way we discard patients' plastic ID bands, which has increased our waste management costs.

- **Training:** delivered tailored data privacy training to Netcare Akeso, Netcare Medicross, the Pharmacy Division, the Property Division's key stakeholders, and higher-risk divisions.
- **Third-party survey:** conducted a data privacy risk survey with over 3 000 suppliers, including medical schemes, regulators and government departments with whom we share our information.
- **Governance:** introduced privacy risk registers for each division, updated policies impacting privacy-related controls, and produced a personal information management system manual on how we manage our privacy obligations (provided to regulatory, interested or assurance bodies on request).
- **Assurance:** Internal Audit conducted an extensive privacy assurance review. Based on the results, a working committee was established to develop appropriate remedial plans and change management activities.
- **Spot checks:** conducted unannounced POPIA¹ compliance walkthroughs at randomly selected hospitals and Netcare Akeso and Primary Care facilities. Corrective action plans are implemented post-review.
- **Maturity:** completed a privacy maturity review; the results showing a maturity level of four out of five, or quantitatively managed². Steps are being taken to further improve this rating.
- **Communication:** completed phase one of a consent and communication project to ensure we do not infringe or frustrate our patients and stakeholders with unwanted communication and marketing campaigns.

1. POPIA: Protection of Personal Information Act.

2. In terms of the Capability Maturity Model Integration framework, 'quantitatively managed' refers to an organisation that is data driven with quantitative performance improvement objectives that are predictable and align to meet the needs of internal and external stakeholders.

POPIA assessments

379

third-party assessments conducted.

FY 2023: 79

FY 2022: 213

POPIA training

18 093

employees (97% of the workforce) have completed POPIA training. Privacy training was also provided to ~300 (FY 2023: 80) of the Property Division's external consultants.

FY 2023: 18 243 (96%)

FY 2022: not reported

Privacy breaches

60

privacy breaches reported to the Information Regulator. 11 have been closed. None pose a material reputational threat to Netcare.

FY 2023: 34

FY 2022: not reported



[Privacy policy](#)

Cybersecurity

Our approach to cybersecurity focuses on continuous improvement and resilience, proactive monitoring, a bespoke control framework that is effective at detecting, preventing and responding to security violations, and responsibly investing in best-of-breed technologies and solutions. Agility is key; we must be able to quickly adopt new technologies and methodologies to respond to new threats and requirements.

Our risk-based cybersecurity strategy identifies the specific information, security controls, recovery, defences and level of protection that must be applied to our digital assets. This ensures that exploitable critical vulnerabilities and risks are remediated or mitigated as soon as possible. Our controls are regularly verified internally and by external specialists to ensure their continued effectiveness. We also partner with

cybersecurity specialists to access their expertise on how to strengthen our cybersecurity profile.

AI is being used in the SOC¹ to reduce the time to detect, assess and respond to a cyber incident. While still in its early stages, we are seeing significant reductions in alert triaging and response times (>50%).

Access to our data and systems is appropriately governed and only granted to suppliers who need access to meet their contractual obligations. These suppliers are subject to strict controls, including tightly governed vendor identity and access management to ensure supplier authenticity, supplier monitoring², and contractual agreements with stringent privacy clauses. We regularly assess and refine our processes that manage supplier access to our systems.

All new digitisation initiatives are assessed for compliance with our cybersecurity standards and best practices.

Cybersecurity culture

We intend to foster a security-conscious culture at Netcare, where our employees are active participants in the safeguarding of our digital assets. During the year, we implemented a new process whereby employee access to network services is revoked for those who fail to complete their monthly online cybersecurity awareness training.

Our cybersecurity awareness initiatives, include training, newsletters, videos and related questions, and simulated phishing exercises. We intend to make cybersecurity awareness an element of divisional BSCs by FY 2026.

We insist on 100% employee participation in our cybersecurity training modules.

How does Netcare compare?

A key service provider that measures employee cybersecurity awareness among its clients, scores the awareness of our employees above the healthcare sector and industry average. Employee engagement with cybersecurity training and awareness programmes was at 85% (FY 2023: 25%).

Related
and
detailed
information



[This report](#)

- Our strategy: *page 16*.
- Patient engagement: *page 95*.



[Detailed disclosure online](#)

ESG report (data protection and cybersecurity).

1. SOC: security operations centre.

2. Including non-disclosure agreements, annual privacy impact assessment questionnaires, user access agreements, annual security and privacy assurance confirmation, notification of security breaches, and monitoring by the Netcare threat intelligence tool, among others.

New business development

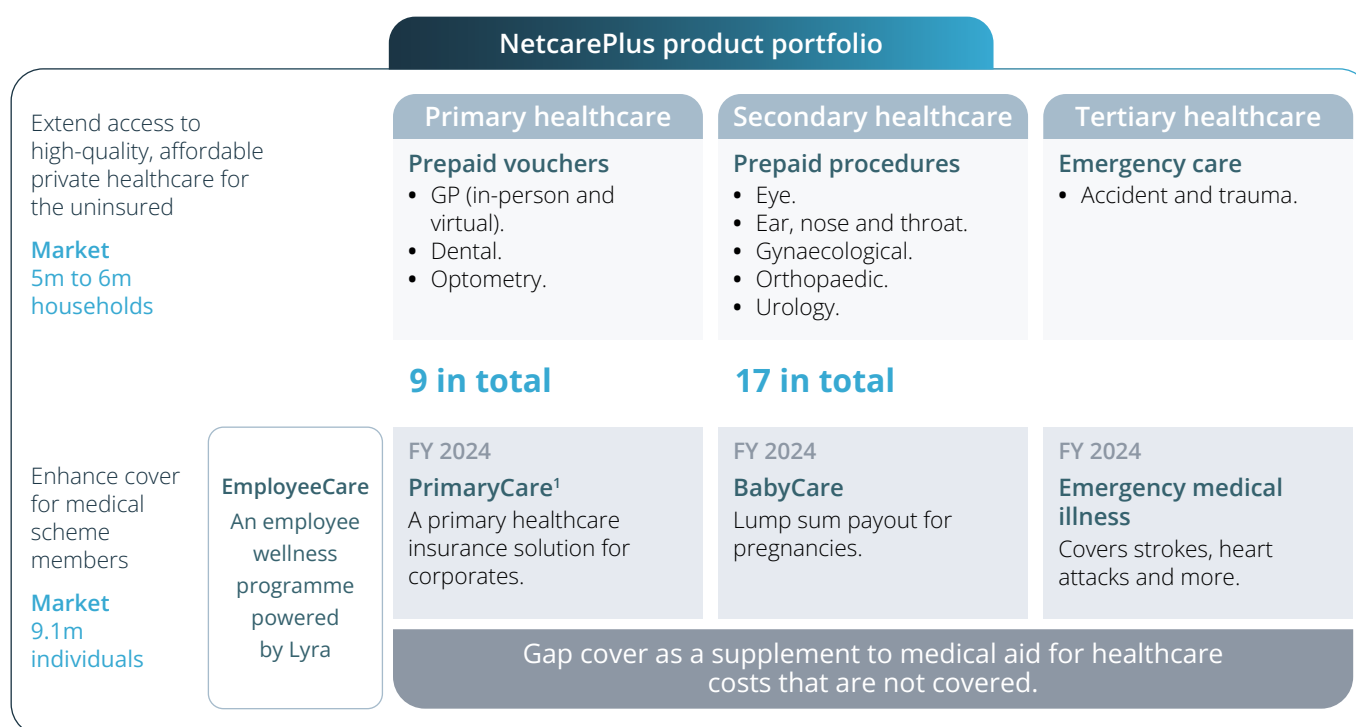
Our new business development focuses on differentiating Netcare and diversifying our products and services to reach new market segments. New business initiatives are carefully monitored to ensure that necessary adjustments are quickly made when required to realise the longer-term benefits we believe these businesses can deliver. During the year, we continued to ramp up both NetcarePlus and Netcare Diagnostics.

NetcarePlus

NetcarePlus' range of products provide increased access to private healthcare beyond traditional medical schemes, and leverage the Netcare ecosystem to deliver this healthcare. The target market is individuals who are employed but unable to access private healthcare as they are not adequately covered by insurance or medical aid. Our products are accessible through multiple channels, including the 'ONE Netcare' website, the Netcare App, call centres, corporate intermediaries and retail partners, and can be purchased in under five minutes.

Our comprehensive portfolio includes insurance cover and prepaid products with no hidden costs, allowing clients to plan with certainty for a consultation or medical procedure. The NetcarePlus GapCare products allow access to our facilities for those who are uninsured or on hospital networks where Netcare is not a designated service provider.

For the Group, NetcarePlus contributes to the ecosystem through the increased use of our services. Pleasingly, the sales of NetcarePlus products are gaining traction across both the retail and corporate sectors.



Person centred care

Our consistency of care principles apply to NetcarePlus. An essential part of treating customers fairly is giving them the correct information about our products and ensuring that they know exactly what they are purchasing. All complaints and compliments are recorded and measured against targets, and all clients are given information on how and where to lodge any complaints they may have. 12 registered complaints were received in FY 2024, all dealt with within five working days.

Our prepaid procedures are based on gold standard clinical pathways that consider best use of resources and best outcomes. Pathways are evaluated by doctors before implementation. All clients receive a care note for the procedure they are undergoing to educate them on the best before and aftercare to maximise their recovery.

1. The primary care insurance product predominantly covers GP, dentistry and optometry. We successfully launched an enhanced version of this insurance solution during the year.

High-level performance overview for FY 2024

Established an internal sales call centre with 13 agents and downscaled our external call centre capacity.

Growth of insured lives in the last quarter of the financial year was 84% up on the same period in FY 2023.

Grew the specialist network affiliated with NetcarePlus by 3% to 1 300, positively impacting sales volumes for prepaid procedures.

Launched an additional three general surgery prepaid procedures.

Claims paid

90% of claims relating to emergency care benefitted the Netcare ecosystem.

FY 2023: 91%

61% of GapCare co-payments benefitted the Netcare ecosystem.

FY 2023: 65%

Product mix

In-force lives

Accident cover	GapCare
28%	72%

Channel mix

Insurance products

Retail	Corporate
38%	62%

NetcarePlus received **first prize** in the Medical Insurance category of the 2024/2025 Ask Afrika Orange Index¹.



Netcare Diagnostics

Netcare Diagnostics, which supports a black female owned pathology service provider, Dr Esihle Nomlomo Inc., continues grow the volume of pathology tests conducted. The business offers a broad range of pathology testing services to doctors across SA through four regional laboratories located in Gauteng, Kwazulu-Natal, the Eastern Cape and the Western Cape; the laboratories in the Eastern and the Western Cape became operational in FY 2024. The digitised and integrated point-of-care testing offered includes routine diagnostic profiles in the form of general biochemistry, endocrinology, immunology, serology, haematology and coagulation. Point-of-care devices are installed in our ICUs, high care units, theatres and emergency departments, and some Netcare Medicross centres. This service offering aligns with evidence-based medicine, which highlights the growing need for early disease diagnosis, improved patient outcomes and reduced waiting times for pathology results in busy medical units.

Blood gas analysers

125

blood gas analysers installed across the Hospital Division's ICU and high care units.

FY 2023: 122

Blood gas analysers installed at 25 Netcare Medicross facilities.

FY 2023: 11

Point-of-care devices

103

point-of-care devices installed in 15 emergency departments. We expect testing to grow in FY 2025 with installations at a further four emergency departments.

FY 2023: 70

In the coming year, we will roll out point-of-care devices at Netcare Medicross sites, following a pilot in FY 2024, and additional emergency departments. We will also implement efficiency initiatives to reduce wastage and costs, and optimise transportation logistics for blood samples.

1. The Ask Afrika Orange Index is the broadest, independent and most widely referenced service excellence benchmark in SA.



Manufactured capital

Our physical infrastructure, including our facilities, medical equipment, digital assets and the infrastructure installed to improve our environmental impact, as well as the national infrastructure on which we depend, all of which impact the quality of care we provide, our doctor and funder relationships and patient experience.

Estate, medical equipment and digital assets

A significant portion of our capex¹ is dedicated to upgrading, replacing and maintaining our facilities, infrastructure and medical equipment, which are cornerstones of our value proposition to patients, doctors and funders. As our strategic projects near completion, we anticipate a decrease in expansionary capex² as we continue to focus on a capex-light strategy.

Capital expenditure

Total capex, including strategic projects, amounted to R1.5 billion for FY 2024, marginally over our FY 2023 guidance of R1.4 billion and equating to 6% of revenue³. R100 million of this investment related to expansionary projects.

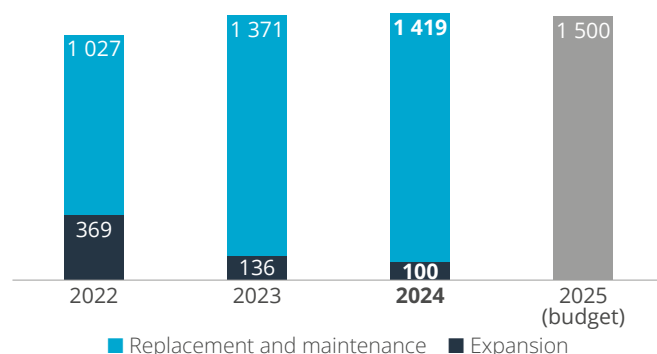
FY 2023: R1.5 billion

FY 2022: R1.4 billion

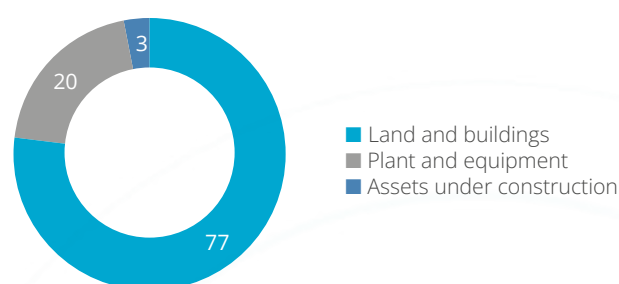
Total capital expenditure for FY 2025 is estimated at R1.5 billion, with key investments being Netcare Akeso Montana, new doctors' rooms, ICU and high care bed conversions, and the refurbishment of Netcare The Bay Hospital as well as further investments in our environmental sustainability programme.

Our long-term capital management policies ensure a disciplined approach to financial investment. We use financial models to stress test our operating and financial assumptions, guiding decisions on additions, upgrades and replacements of our asset base. Projects exceeding R50 million require Board approval.

Capital expenditure (Rm)



Carrying value of property, plant and equipment (%)



How we performed

Chief financial officer's review: **page 160.**

1. Capex: capital expenditure.
 2. Includes strategic projects and digitisation.
 3. Impacted by rate of exchange, particularly as almost 100% of medical equipment is imported.

Manufactured capital

Estate, medical equipment and digital assets continued

Expansion

Beds and new facilities

Increases in the complexity of medical and surgical cases, due to a combination of factors including an aging population and the outmigration of lower complexity cases etc, increases patient days in ICU and high care, requiring more higher acuity beds. Demand for mental healthcare and kidney care remains high and we continue to explore new opportunities in these critical areas.

11 beds were added, or converted from lower demand disciplines to higher demand disciplines, across the hospital network in FY 2024. A delay in planning approval meant we have not opened the six-bed involuntary ward at Netcare Akeso Milnerton (as reported last year).

Looking ahead

Over the short to medium term, we expect to make the following bed additions and conversions:

- 19 ICU and high care beds at Netcare N17 Hospital (FY 2026).
- 28 high care beds at Netcare St Augustine's Hospital (FY 2026).
- Five neonatal ICU beds at Netcare Linmed Hospital (FY 2026).
- Nine high care beds at Netcare Umhlanga Hospital (FY 2026).
- Ten ICU beds at Netcare Waterfall Hospital (FY 2026).
- Two neonatal ICU beds at Netcare Kroon Hospital (FY 2025).
- Ten surgical beds at Netcare Pinehaven Hospital (FY 2025).
- Eight beds to Netcare Akeso Stepping Stones.

New facilities to be opened include:

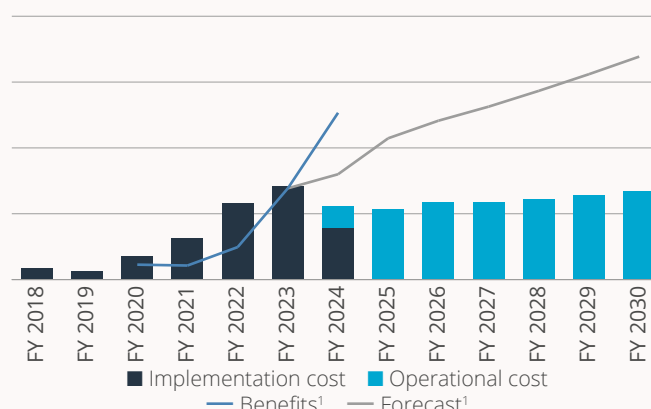
- Netcare Akeso Polokwane in Limpopo (87 beds) to be commissioned in March 2026 (delayed from FY 2025).
- Netcare Akeso Montana in Tshwane (88 beds) to be commissioned in June 2026.
- Netcare Akeso Alberlito (80 beds) to be commissioned in March 2027 (delayed from FY 2025).

Strategic project: EMR roll out

Quantifying the costs and benefits of the EMR roll out (Phase 1 of the Netcare strategy)

	Rm
Roll out capex to April 2024	320
Operational costs to April 2024	350
Total cost	670
Benefits realised	
FY 2022	37
FY 2023	104
FY 2024	190
Gross savings and cost avoidance since FY 2022	331
Internal rate of return	>23%

Ongoing cash savings and cost avoidance



1 Digitally enabled

Timeline

4 – 6 years to April 2024

1. Comprising in-year cash savings and cost avoidance.

Strategic project: environmental sustainability programme

Reviews¹ conducted on environmental sustainability projects with a cumulative capex of R484 million indicate a net present value of R181 million against a predicted R139 million, demonstrating that our projects are achieving greater savings than originally anticipated. To date, our environmental projects have yielded cumulative benefits equating to 264% of the capex invested.

The spend reported in the table below was allocated towards achieving the targets of our 2030 environmental sustainability strategy, with R11 million invested in our renewable energy programme (FY 2023: R20 million). Capex of R86 million and operational costs of R14 million have been budgeted for the environmental sustainability programme in FY 2025.

Environmental sustainability programme costs (Rm)

	2024 budget	2024 actual	2023 actual
Capital expenditure (Rm)	77	87	39
Operational expenditure (Rm)	16	13	24

In its first year, the 2030 environmental sustainability strategy generated operational savings of R26 million, and is expected to continue doing so from relatively small capex requirements.

Standard maintenance and replacement

Key projects in FY 2024

Acute

- Phase one of Netcare St Anne's Hospital refurbishment.
- ICU and theatre upgrades at Netcare St Augustine's Hospital.
- Surgical ward upgrade at Netcare Pretoria East Hospital.
- Theatre upgrade at Netcare Parklands Hospital.
- Catheterisation laboratories upgrades at Netcare Sunward Park and Netcare Milpark hospitals.
- New haematology unit at Netcare Kuilsriver Hospital.
- Radiation units: new unit at Netcare Alberton Hospital and refurbished unit at Netcare Unitas Hospital.
- Two da Vinci robot installations, with the Netcare Christiaan Barnard Memorial Hospital installation being a fourth generation robot.
- Two LINAC² machine installations.
- Refurbished the ICU and roof of Netcare Garden City Hospital.

Mental health

- Refurbishment of Netcare Akeso Pietermaritzburg.

Primary care

- A new Executive, Travel and Occupational Health Centre in KwaZulu-Natal for Netcare Occupational Health.
- Four refurbishment projects for Netcare Medicross.

Operational

- IT-storage area network.

1. All environmental sustainability capex projects are reviewed 12 months after completion using the SANS 50010 measurement and verification standards and comparing performance against our original predictions.

2. LINAC: medical linear accelerator.

'Green' infrastructure

In addition to reducing our environmental impacts and gaining operational efficiencies, our environmental sustainability programme plays a vital role in de-risking the Group from the impacts of climate change and resource scarcity, and reduces our exposure to an unstable national electricity grid and municipal water supply.

Load shedding

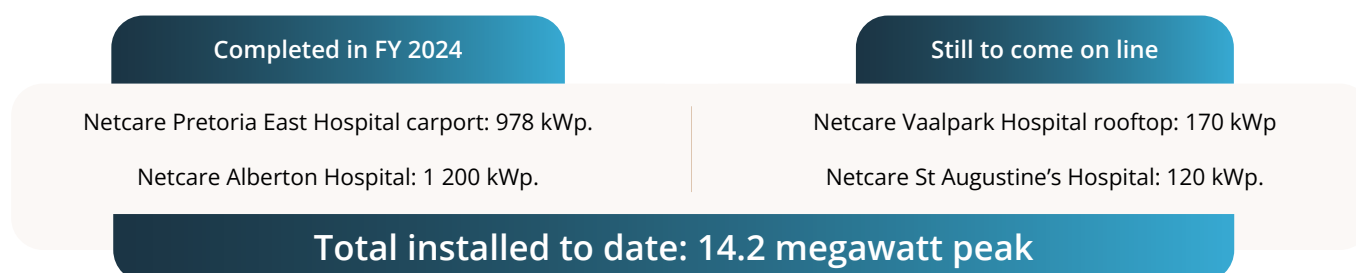
While load shedding eased in the 2024 calendar year, the public electricity utility still faces challenges, including an aging coal-fired fleet, vulnerabilities in its transmission infrastructure, and systemic issues like illegal connections. Reduced load shedding decreased the amount of diesel needed to run the backup generators. Diesel costs for the year were R47 million, lower than the projected R92 million and well below costs for FY 2023 (R124 million); however, this benefit was largely offset by significant increases in electricity costs.

Our emergency generation and backup capacity, enabled by uninterrupted power supplies and a fleet of 150 backup diesel generators, support the Group's operations. This includes full island generation capacity for the majority of acute, day and mental health hospitals. More than half of acute and day hospitals are equipped with additional generation capacity to ensure patient safety (by providing dual redundancy¹ for critical functions). 27 hospitals benefit from full or partial load shedding exemption (FY 2023: 19).

In FY 2024, we installed BESS² solutions at 20 Netcare Medicross facilities; integrated into solar PV systems, this has reduced our reliance on diesel generators during power outages and will generate cost savings by storing energy in off-peak periods for use in more expensive peak periods. The BESS solution for Netcare Blaauwberg Hospital (reported last year) was put on hold but is ready for construction should the need arise.

Renewable energy

Over the past ten years we have built a sizeable solar power base – the largest solar fleet among SA's hospital groups. Generating 15.1 GWh (FY 2023: 14.6 GWh) of power during the year, our 74 (FY 2023: 72) solar PV installations achieved a R38 million (FY 2023: R34 million) cost saving in FY 2024. Together, these systems have a total generating capacity of 15.2 MWp (FY 2023: 14.2 MWp).



Purchase agreement for renewable energy

While our solar PV installations support our 100% renewable energy goal, we are constrained by the amount of space that can be dedicated to onsite solar systems. We have therefore concluded a renewable energy supply arrangement with NOA Group Trading, which will allow us to switch six Eskom-powered facilities to a combination of wind and solar generation. The arrangement will increase the proportion of Netcare's total energy consumption derived from renewable sources to around 26%. No capital expenditure is required from the Group.



1. Equipment operates using two or more physical power supplies with each power supply able to run the device on its own.

2. BESS: battery energy storage system.

3. Wheeling is best described as a financial transaction where electrical energy produced by a generating facility or power producer is wheeled through the grid, allowing the independent power producer to sell the electrical energy to the energy consumer without a direct or physical connection between the parties.

Electric vehicle charging stations

In partnership with Mercedes Benz and leading provider of EV¹ charging solutions in SA, Chargify, we installed EV charging stations at Netcare Waterfall City and Netcare Margate hospitals – a first for hospitals in SA. The stations come at no capital or operational cost to Netcare, and provide patients and employees access to EV infrastructure. A further six stations are currently under construction. While still early, the initiative has the potential to reduce our Scope 3 emissions in terms of employee commuting and downstream transportation and distribution.

Alternative sources of water

The Hospital Division uses municipal water at all sites barring seven, which are supplied by both borehole and municipal water. Netcare Greenacres and Netcare Christiaan Barnard Memorial hospitals are able to operate independently of the municipal network. A desalination plant at Netcare Christiaan Barnard Memorial Hospital is capable of supplying up to 100% of its water needs, and is also able to supply additional water to all Western Cape hospitals. Netcare Milpark and Netcare Garden City hospitals have reservoirs that combined can supply around one million litres of water, which can be shared with other hospitals in Gauteng in an emergency. National Renal Care operates indirect feed reverse osmosis systems at all units.

Borehole and potable water risk-adjusted strategy

During FY 2024, feasibility studies were completed for 43 hospitals, identifying facilities located in water scarce areas, facilities that are suitable for borehole roll out, and the capex required for this risk mitigation initiative. Only seven of our 36 boreholes, across 24 sites, are in use and we await licences for the remainder. An additional 14 boreholes are planned. We expect to continue drilling boreholes and installing filtration plants into the short and medium term.

Wastewater treatment plants

While boreholes are an appropriate solution for short-term threats to water security, they are not a sustainable solution for climate change or broad environmental and longer-term water supply challenges. We continue to investigate wastewater treatment options, which remain the most comprehensive and beneficial solution for supplementing and securing our water supply.

Given that our application to construct an onsite greywater treatment plant at Netcare Alberton Hospital was denied, we have engaged an environmental consultant to help us secure municipal sign-off. Once approved, the plant will treat recycled greywater to the purity and quality standards of drinking water, and will be able to meet approximately 60% of the hospital's projected water demands, saving an estimated 50 000 kl of water annually.

Feasibility studies indicate that further exploration of a blackwater recovery and treatment plant for Netcare Milpark Hospital is warranted, and we are evaluating the construction of a blackwater plant at Netcare Kingsway Hospital in KwaZulu-Natal.

During FY 2024, we installed a water recycling plant at our central laundry facility, recycling 80% of water used back into the wash cycle.

Related and detailed information



— This report

- Water security: *page 58.*
- Availability of electricity supply: *page 62.*
- Environmental sustainability: *page 151.*



— Detailed disclosure online

ESG report.

1. EV: electric vehicle.



Natural capital

The natural resources we use, predominantly water and energy, and the waste we generate during the normal course of daily operations to deliver the best and safest care, with an increasing focus on influencing environmental improvement in the supply chain.

Environmental sustainability

Our 2030 environmental sustainability strategy is premised on three primary long-term goals: becoming global leaders in healthcare sustainability solutions; complying with 2030 global best practices (including science-based targets and carbon budget goals); and driving long-term security, operating efficiencies and cost savings for the business through sustainable resource management. All three goals support our over-arching goal to achieve net zero emissions by 2050.

After closing out the 2023 environmental sustainability strategy (phase one spanning 2013 to 2023)¹, we have fully transitioned to the 2030 strategy (phase two), which prioritises operational efficiency and requires less intensive capital investment. The new strategy and its targets are designed to build a solid foundation for achieving net zero emissions. It aligns with and is enabled by SA's Just Energy Transition Investment Plan² and supports the 1.5-degree pathway specified by the COP21³ Paris Agreement.

Environmental sustainability programme

The aim of our environmental sustainability programme is to reduce our impact on the environment while lowering our operational costs. The programme continues to deliver tangible financial savings; R26 million in FY 2024 (see page 147). 406 operational efficiency initiatives were implemented across the Group in the year.

Baselines and targets

To remove anomalies in our reporting resulting from the pandemic, coupled with closing out the previous strategy, we have reset our baselines to FY 2023, and adjusted our 2030 targets accordingly where required. Our most ambitious targets relate to Scope 2 emissions, where we have the highest degree

of control. Our interim environment-related BSC targets aim to ensure that we address existing gaps, and continuously improve on our journey towards our longer-term targets and a more sustainable future.

Given the resetting of our baselines to FY 2023, our savings 'counter' has been reset to zero. However, based on increasing tariffs and the achievements of the 2023 environmental sustainability strategy, we are confident that optimisation impacts and savings will once again accrue over time. These will be reported when the 2030 strategy is more mature.

The Hospital Division is the initial focus for all our operational efficiency and sustainability initiatives as it accounts for the bulk of our environmental impact. As such, operational efficiency targets have been set for each of the Group's acute hospitals. Performance is tracked per hospital, site-level baselines are evaluated regularly to account for anomalies (leaks and/or upgrades), and outliers are investigated monthly.

As of FY 2024, more than 98% of the Group's energy and water consumption is monitored by our fully digital enterprise sustainability platform, tracking more than 12 000 data points. The platform has been critical in the early identification of operating inefficiencies.

1. We exceeded our targets for this strategy and achieved cumulative operational savings and cost avoidance benefits over R1.5 billion, yielding an IRR of 40%.
 2. The proposed legislative changes and policies of the Just Energy Transition Investment Plan, which is now in full effect, will further enable our transition to renewable energy sources, while also ensuring that the transition does not further amplify inequalities in access to energy for SA's citizens.
 3. UN Climate Change Conference (COP21), Paris, 2015.

Environmental sustainability continued

Emissions

Reaching net zero by 2050 will require agility, adaptability, experimentation and innovation as we evaluate, pilot and implement emerging technologies and solutions to support this goal. Achieving 100% renewable energy will drive the reduction of our Scope 2 emissions to zero.

— Renewable energy: [page 148](#)

2030 target

Achieve zero
Scope 2 emissions

+

Reduce Scope 1 and Scope 2 emissions
by a combined 84%

+

Significantly reduce
Scope 3 emissions against
FY 2023

Amended

For the first time, and with the help of external specialists, we have expanded the measurement of and verified our Scope 3 emissions. As a result, we have restated both our Scope 3 emissions and carbon footprint for FY 2023, and are confident that our reporting now presents a more accurate view of our emissions profile.

Scope 3 emissions arise from within the supply chain and are outside our control. This presents challenges in setting a numerical reduction target. We have therefore revised our previous target of a 6% reduction in Scope 3 emissions to a 'significant' reduction against the restated FY 2023 Scope 3 emissions baseline. We will work closely with our suppliers to influence their approach to reducing their carbon footprints, with targets already set around engaging with our top suppliers.

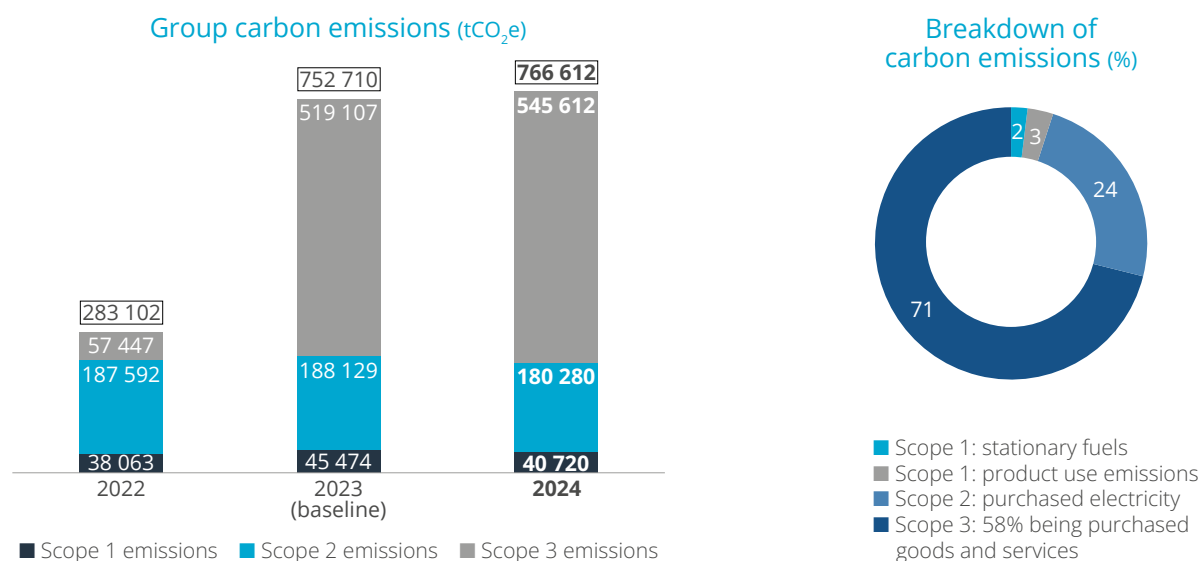
Quantifying our Scope 3 emissions has allowed us to develop and submit emissions reduction targets to the SBTi¹, and will advance our goal of improving our CDP reporting to an A rating for climate.

Target revisions

Scope 3 emissions arise from within the supply chain and are outside our control. This presents challenges in setting a numerical reduction target. We have therefore revised our previous target of a 6% reduction in Scope 3 emissions to a 'significant' reduction against the restated FY 2023 Scope 3 emissions baseline. We will work closely with our suppliers to influence their approach to reducing their carbon footprints, with targets already set around engaging with our top suppliers.

Quantifying our Scope 3 emissions has allowed us to develop and submit emissions reduction targets to the SBTi¹, and will advance our goal of improving our CDP reporting to an A rating for climate.

FY 2024 carbon footprint



Note: the above graph excludes emissions falling outside of the Kyoto Protocol.

Note: Scope 1 emissions from mobile fuels accounted for less than 1%.

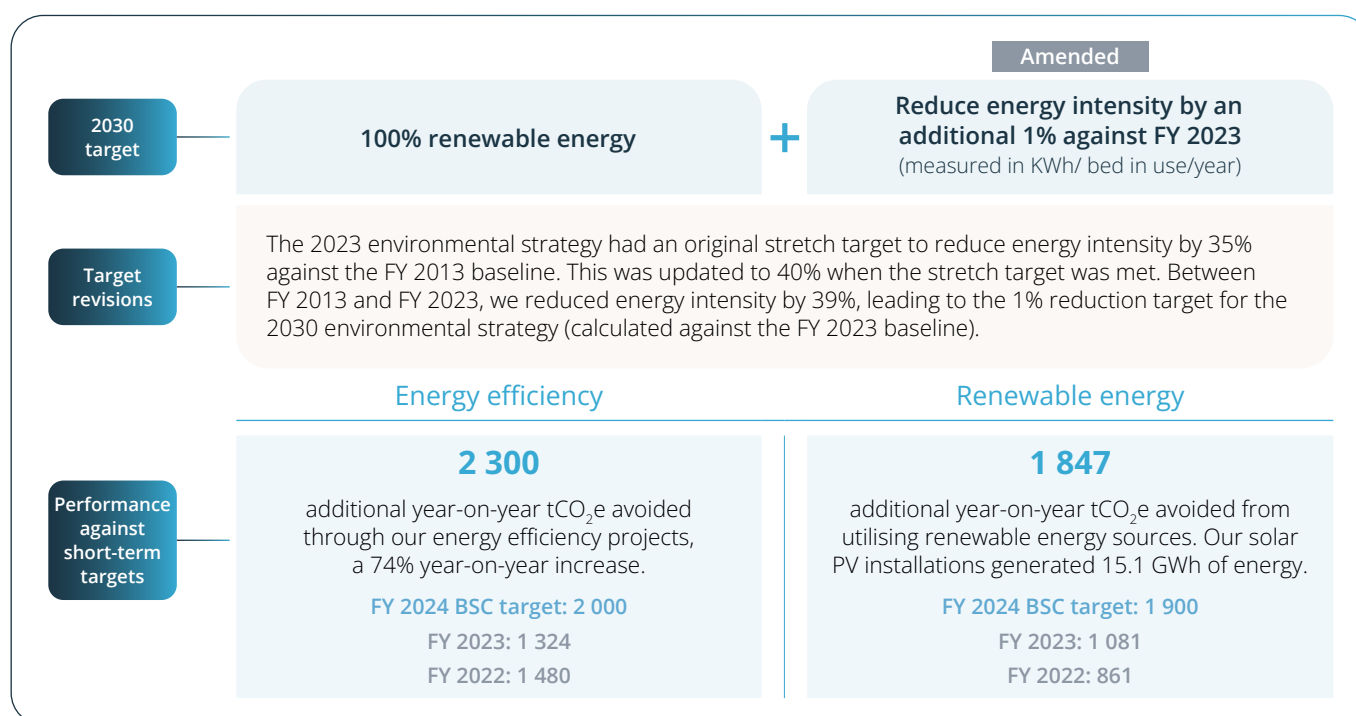
1. SBTi: Science-based Targets initiative. Our submitted targets have been accepted.

The Group's absolute carbon footprint¹ increased 2% to 766 612 tCO₂e compared to the restated footprint of 752 710 tCO₂e for FY 2023. Reduced load shedding led to a 63% reduction in diesel consumed by generators, contributing to the 11% reduction in absolute Scope 1 emissions. Other factors that impact Scope 1 emissions include patient needs that drive medical gas usage, and road and air ambulance services that rely primarily on fossil fuels. Absolute Scope 1 and Scope 2 emissions combined decreased 5% to 221 000 tCO₂e (FY 2023: 233 603 tCO₂e), and Scope 1 and Scope 2 emissions per bed per year decreased by 5% to 20.4 tCO₂e. While our purchased electricity for the year increased, the use of the more accurate DFFE emissions factor resulted in a 4% reduction in absolute Scope 2 emissions. The fuller view of Scope 3 emissions shows an absolute year-on-year increase of 5%.

Intensity ratio: Scope 1 and Scope 2 emissions to revenue	Intensity ratio: Scope 1 and Scope 2 emissions to beds
8.77 tCO₂e/Rm ▼ 11% FY 2023: 9.86 FY 2022: 10.43	20.40 tCO₂e/beds ▼ 5% FY 2023: 21.41 FY 2022: 20.82

Energy

Our primary means for achieving 100% renewable energy is the grid wheeling initiative that will secure power-purchasing agreements with energy traders to wheel renewable wind turbine and solar energy to our facilities (see page 148). In tandem, we continue to implement energy efficiency projects to reduce our energy demand. Key among them being our projects to reduce the energy impact of our HVAC² systems, which are the main drivers of electricity consumption.

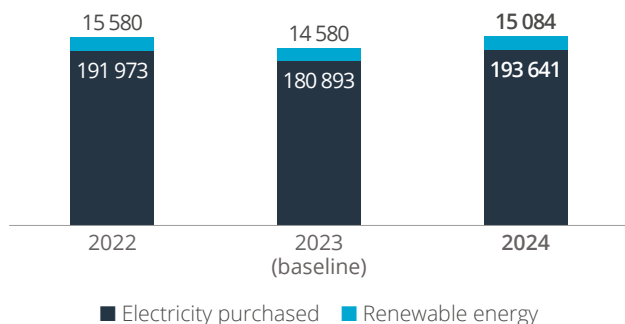


1. Includes Scope 1, Scope 2 and Scope 3 and excludes 2 269 tCO₂e emissions falling outside the Kyoto Protocol. The 2022 Department of Forestry, Fisheries and the Environment (DFFE) CO₂ emissions factor of 0.931 kg CO₂/kWh was used to calculate emissions.
2. HVAC: heating, ventilation and air-conditioning.

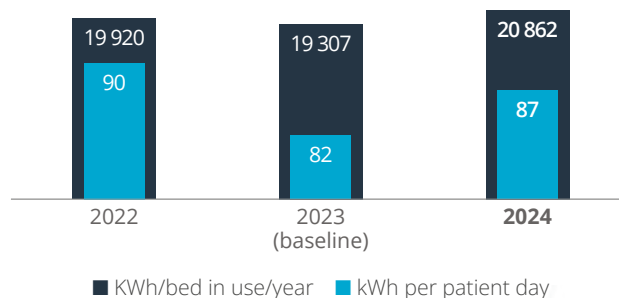
Environmental sustainability continued

FY 2024 energy performance¹

Energy consumption (MWh)



Energy intensity on monitored facilities



Note: the graph above reflects our intensity ratio calculated on beds that are in use only. The intensity ratio reported below is calculated on all beds.

Ambient temperatures were higher in FY 2024, increasing the grid-sourced electricity needed to run cooling systems. This, together with reduced load shedding and a larger geographic footprint due to the opening of Netcare Akeso Gqeberha, contributed to the 7% increase in purchased electricity for the year. Overall, total energy consumed (including electricity purchased and fossil fuels and excluding renewable energy), decreased 7% to 262 688 MWh (FY 2023: 281 034 MWh). However, the higher ambient temperatures and increased purchased electricity resulted in an 8% increase in the energy intensity ratio, resulting in a regression against the FY 2023 baseline.

For the first time in four years, tariff increases (up 12.4%) were below actual year-on-year costs, which increased by 21.3% to R509 million primarily as a result of the factors noted above.

Intensity ratio: total energy to beds

18 679 kWh/bed/year

▲ 8%

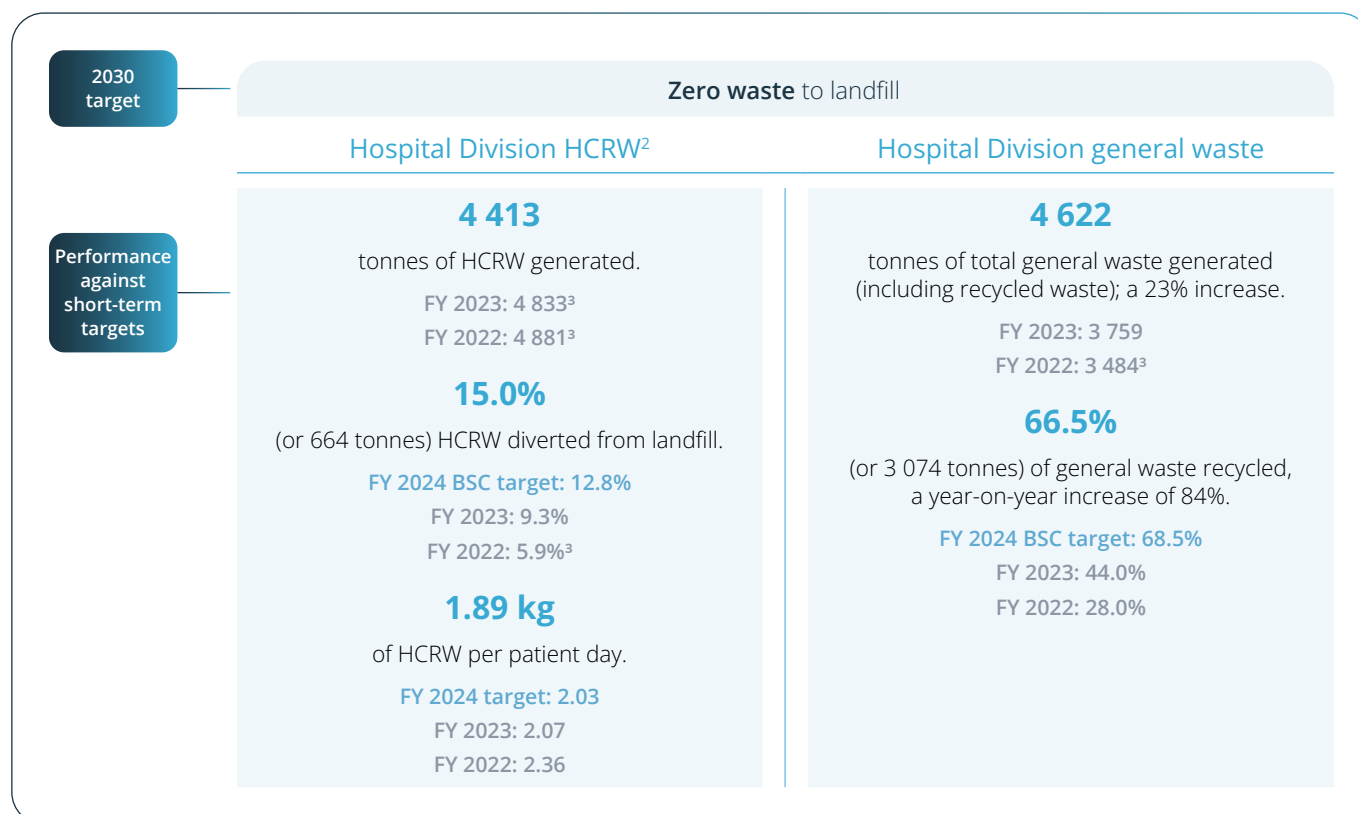
FY 2023: 17 325

FY 2022: 18 448

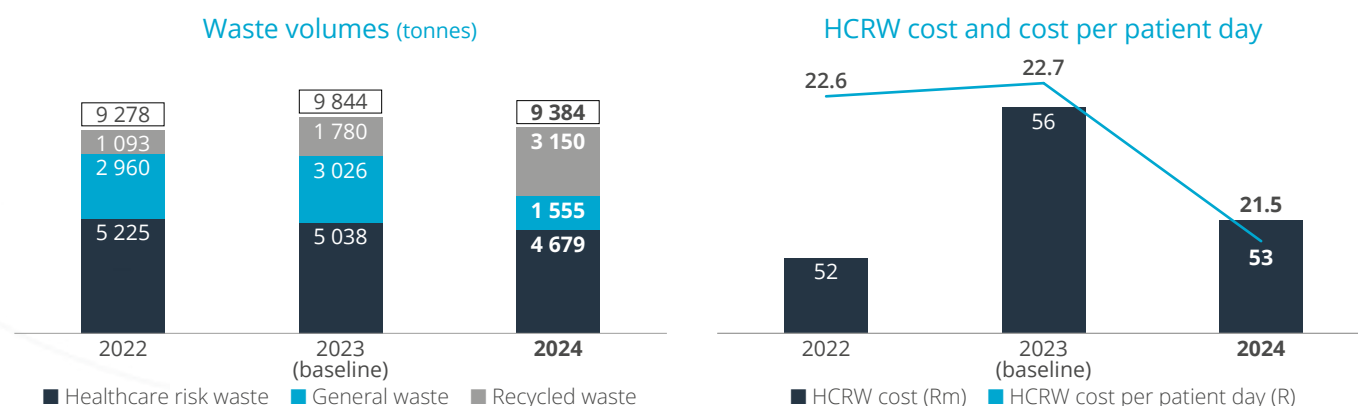
¹ Electricity meters cover 100% of the electricity expense for the hospital network (acute and mental health) and 75% of Netcare Primary Care facilities. Meters are also installed on generators and diesel tanks.

Waste

We are transitioning from a linear to a circular economy model of waste management through waste minimisation, waste segregation at source, re-use, refurbishment, recycling and waste beneficiation initiatives. In so doing, we will reduce the Group's carbon footprint, particularly Scope 3 emissions. We are targeting zero general waste certification for the Group¹ by FY 2027 (provided logistical and legal factors do not cause delay). The general waste strategy is already implemented across the acute hospital network.



FY 2024 waste performance



Note: total provided for HCRW includes incinerated HCRW.

1. Beginning with the Hospital Division.

2. HCRW: healthcare risk waste.

3. Restated. Previously reported numbers were scaled numbers (used for internal reporting) as opposed to unscaled numbers that are typically reported.

Environmental sustainability continued

The total volume of waste generated during the year, excluding recycled waste, was 6 234 tonnes (FY 2023: 8 064), of which 73 tonnes (FY 2023: 75) was incinerated. Better segregation at source and improved HCRW treatment and diversion strategies resulted in the volume of waste sent to landfill reducing by 23% from 7 989 tonnes in FY 2023 to 6 161 tonnes in FY 2024. Reductions were achieved for both general waste and treated HCRW. Recycling continues to increase year on year due to our various recycling and diversion initiatives; comprehensive disclosure can be found in our online ESG report.

Healthcare risk waste	General waste	Recycled waste
7% decrease in HCRW treated and landfilled to 4 606 tonnes. FY 2023: 4 963 FY 2022: 5 150 <i>Note: excludes incinerated HCRW.</i>	49% decrease in general waste sent to landfill to 1 555 tonnes. FY 2023: 3 026 FY 2022: 2 960	77% increase in waste recycled to 3 150 tonnes. FY 2023: 1 780 FY 2022: 1 093

In the Hospital Division, general waste increased due to better segregation of HCRW, which led to waste previously identified as HCRW now being categorised and recycled as general waste. While we did not reach our general waste recycling target for the Hospital Division this year, we did exceed the threshold target of 65.5% and significantly improved from the 1 667 tonnes (or 44%) recycled in FY 2023.

The year-on-year cost of HCRW¹ decreased by 4.9% with the balance of waste disposal costs increasing by 10.2%, due to the re-categorisation and better segregation of HCRW at source.

All acute hospitals have an appointed general waste service provider with which they have agreed specified waste diversion targets and commitments. Agreements are also in place for the recovery of residual and non-recyclable waste, which is diverted from landfill to energy production. Waste service providers are regularly audited on compliance with waste management regulations, staff competency and training, waste information systems, transportation, environmental impact and health and safety, among other criteria.

The majority of our diversion initiatives for HCRW focus on finding innovative ways to treat and process waste, transforming it into useful secondary products like fuel, energy products, furniture and school shoes for children. Several of the providers participating in this programme are also enterprise development beneficiaries.

During the year, the clinical glass recycling initiative was rolled out to three additional hospitals in KwaZulu-Natal and our hospitals in the Western Cape. We also extended the PVC recycling initiative to three KwaZulu-Natal hospitals, with induction training already undertaken.

Intensity ratio: total waste generated to revenue	Intensity ratio: total waste generated to beds
247 kg/Rm ▼ 27% FY 2023: 340 FY 2022: 378	575 kg/bed ▼ 22% FY 2023: 739 FY 2022: 755

Various measures are being explored to reach our 2030 goal, including food waste prevention and reduction, eliminating single-use items, recycling non-contaminated personal protective equipment and green procurement, among others.

1. HCRW is the most expensive category of waste to dispose of.

Our water stewardship programme and borehole and potable water risk-adjusted strategy are the key drivers of reducing our water consumption. Other initiatives include the harvesting of rainwater for irrigation, efficiently managing our laundries, and converting our water-intensive HVAC cooling towers to alternative energy efficient technologies that do not require water. Wastewater treatment options will continue to be investigated.

Amended

2030
target

**Reduce water intensity by an additional 5% against FY 2023,
excluding borehole and recycled water**
(measured in litres/bed/day)

Target revisions

The original water target for the 2030 environmental strategy is to reduce water intensity by 20% from an averaged 500 litres per bed per day. By FY 2023, we had reduced water intensity by 15%, and have revised our target to a 5% reduction on FY 2023 as our new baseline.

Performance against short-term targets

Water consumption (Hospital Division)

0.2%

increase in municipal water consumed
to 1 195 130 kl.

FY 2023: 1 192 741¹

Water savings (Hospital Division)

0.8%

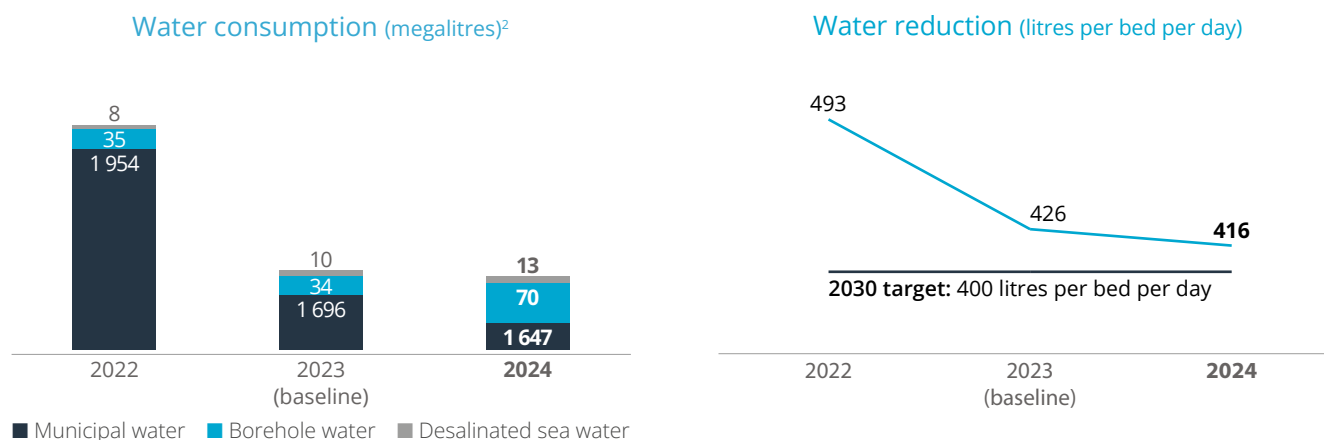
FY 2024 BSC target: 2.3% reduction



1. Reported last year as 1 411 369 kl. BSC metrics are adjusted yearly to exclude PPPs and account for anomalies, for example, to exclude leaks. The adjustments are applied to both baseline and performance numbers to ensure comparability. Due to these adjustments, BSC measures are not always comparable with prior year reporting.

Environmental sustainability continued

FY 2024 water performance¹



Overall, our municipal water consumption decreased 3% compared to FY 2023, with total water consumption per bed per day reducing 2% to 416 litres. The Hospital Division's consumption of water increased marginally by 0.2% to 1 195 130 kl (FY 2023: 1 192 741 kl), and was offset by significantly reduced consumption in the balance of our operations. The drop in water recycled is not indicative of our performance but rather reflects the fact that this measure was removed from the BSC of a subsidiary and was not measured. This will be reinstated in FY 2025. Reported below is the volume of water recycled through the desalination plant in Cape Town, which increased 24% from 10 204 kl in FY 2023 (repairs in FY 2023 meant the plant was out of commission for a period of time). We expect our ability to recycle water to gain momentum from FY 2025 onwards as wastewater treatment plants are approved.

The BSC target for water savings was missed, and we are investigating key factors that may have played a role (for example, increased ambient temperatures and new infection control procedures introduced during the year).

Over FY 2024, water costs decreased year on year by 11% primarily because municipal billings estimations inflated costs for FY 2023.

Intensity ratio: total water to revenue	Intensity ratio: total water to beds	Water recycled
65 kl/Rm ▼ 10% FY 2023: 72 FY 2022: 90	152 kl/bed/year ▼ 2% FY 2023: 155 FY 2022: 180	12 683 kl of water recycled through the desalination plant. FY 2023: 63 345 (full scope) FY 2022: 27 043 (full scope)

Note: all intensity ratios for water exclude recycled water and borehole water.

In the short to medium term, we will introduce new water policies that are aligned with international best practice, advance the borehole and potable water risk-adjusted strategy, pilot a cooling tower monitoring initiative, and increase our focus on water recycling, both in terms of accurate reporting and investigating water recycling technologies.

Related and detailed information

This report

• 'Green' infrastructure: page 148.

Detailed disclosure online

ESG report.

1. These measures are for all facilities with water meters. Water meters are installed at all hospitals (acute and mental health) and National Renal Care units. Data from utility accounts is used to determine water usage at Netcare Primary Care facilities.
2. Desalinated seawater for FY 2022 and FY 2023 restated from 12 and 8 megalitres respectively. Prior numbers were based on billing impact estimations. Updated numbers reflect metered consumption. Municipal water for FY 2022 updated from 1 953 due to rounding.



Financial capital

The financial resources available to the Group, which we use to achieve our strategic objectives and reward shareholders for their vote of confidence in our strategy.

Chief financial officer's review

Keith Gibson
Chief Financial Officer

"The Group has been able to expand its EBITDA¹ margin and achieve solid operating leverage and strong cash generation, despite the relatively low levels of volume growth."

Key Indicators

Revenue R25 202m Up 6.3%	EBITDA² R4 530m Up 10.1%	EBITDA margin² 18.0% Up 60 basis points
Adjusted HEPS³ 113.7 cents Up 7.6%	Cash conversion ratio 96.5%	Interim dividend – 30.0 cents Final dividend – 40.0 cents Total dividend – 70.0 cents
Net debt/EBITDA² 1.2 times FY 2023: 1.2 times	ROIC⁴ 11.7% FY 2023: 10.8%	Credit rating Long term AA- Short term A1+

Overview

- On the back of modest activity growth of 0.3% in total PPD⁵, the business converted revenue growth of 6.3% into 10.1% EBITDA growth and a 12.6% increase in operating profit, reflecting two times operating leverage.
- Strong statement of financial position, with continued improvement in ROIC to 11.7%.
- Net debt increased by R278 million to R5.3 billion, notwithstanding share buybacks of R722 million, while maintaining a conservative net debt to EBITDA gearing of 1.2 times.

1. EBITDA: earnings before interest, tax, depreciation and amortisation.
2. Normalised to exclude exceptional items comprising property impairments in FY 2023 and FY 2024.
3. HEPS: headline earnings per share.
4. ROIC: return on invested capital.
5. PPD: paid patient days.

Our focus remains steadfast on maintaining an optimal capital structure, supported by disciplined capital allocation and measurement of returns, in full view of the considerations required to deliver financial returns and achieve balanced value creation for all our stakeholders.

Shareholder returns

We have distributed R850 million in dividends to external shareholders in FY 2024, representing cash paid out in respect of FY 2023's final dividend and FY 2024's interim dividend. A final dividend of 40.0 cents per share was declared subsequent to financial year end.

Netcare embarked on a share buyback programme in H2 2023 and by the 2024 financial year end had invested R1 043 million in acquiring a total of 84.8 million shares (5.9% of total ordinary shares in issue at 30 September 2023) at an average price of R12.27 per share. In FY 2024, 60.4 million shares were acquired at an average price of R11.93 and a total cost of R722 million.

In total, when considering the FY 2023 final dividend and the FY 2024 interim dividend, as well as the shares bought back, R1.6 billion was returned to shareholders in FY 2024.

Netcare's dividend policy aims to distribute between 50% to 70% of its earnings to shareholders, in line with our objective to pay a sustainable income to our investors. The Group's strong cash generation and conservative gearing enabled the Board to approve a total dividend for the year towards the mid-point of the dividend policy range, at 61.6% of adjusted headline earnings.

Capital management

Disciplined capital management approach

Our ambition to remain a world class provider of healthcare requires disciplined capital allocation to strategic initiatives that will drive Netcare's ability to compete, innovate and grow. At the same time, we maintain an optimal capital structure through diligent application of our capital management framework. We have applied the framework over several years and continue to refine and embed it in the way we operate and measure enterprise value.

Our policy

Netcare's policy on capital structure is to maintain a strong statement of financial position and to retain an investment grade credit rating, while reducing the cost of capital with a safe level of debt.

The Group continues to advance its capex-light strategy, favouring investments in strategic projects that will drive revenue growth, operational excellence and cost efficiency. During the year, the Group invested capex of R126 million (FY 2023: R163 million) and incurred operational costs of R131 million (FY 2023: R258 million) on our strategic projects.

We strive to find the right balance between investing in the long-term health of the Group and achieving our medium-term financial targets. ROIC is our preferred metric as it is a key driver of economic profit.

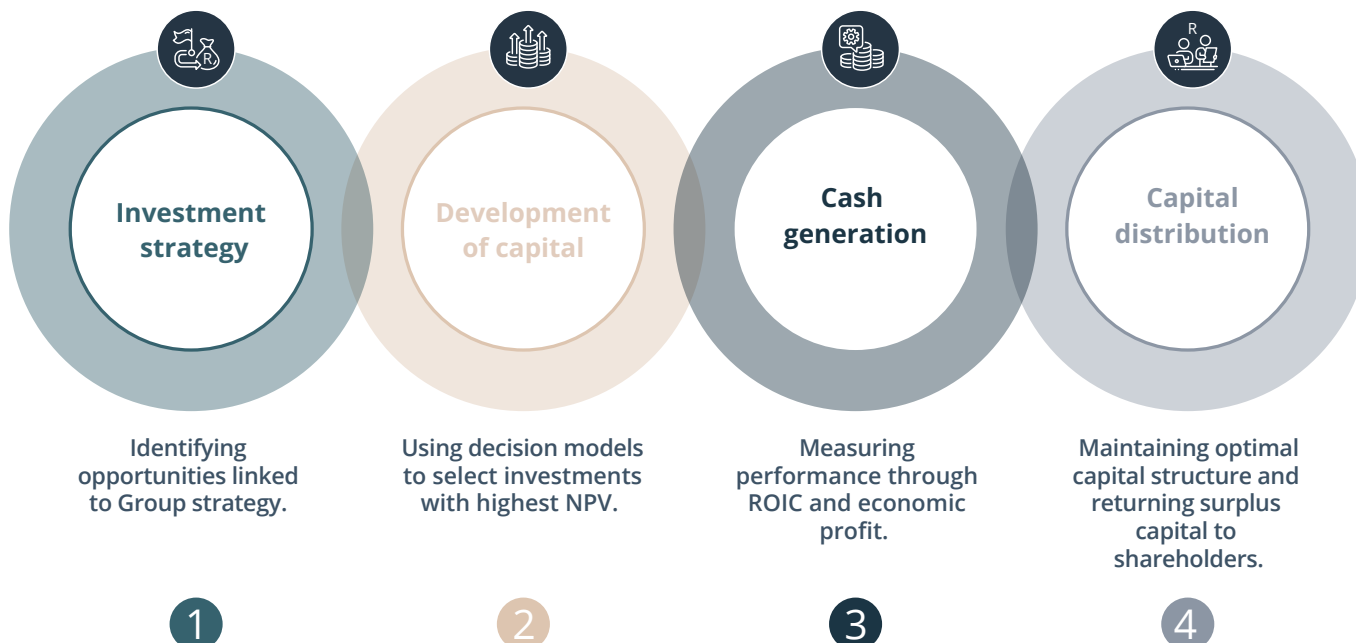
ROIC continued to recover following the impact of COVID-19 to 11.7% in FY 2024 (FY 2023: 10.8%), although it remains below historical levels due to activity not yet fully recovering to pre-pandemic levels, as well as the impact of costs related to the Group's strategic projects. Increased activity and the benefits derived from implementing our strategic projects will drive further margin expansion, resulting in improved earnings and a greater ROIC in the medium term. This is reflected in the financial targets set out in the FY 2025 balanced scorecard (☰ refer to remuneration overview [page 91](#)), where on-target performance for ROIC has been set at a premium of 0.5% to the weighted average cost of capital.

Chief financial officer's review continued

Our policy



Netcare's policy on capital structure is to maintain a strong statement of financial position and to retain an investment grade credit rating while reducing the cost of capital with a safe level of debt.



Application

- Digitisation.
- New business lines.

Our investment strategy guides the search for new growth opportunities aligned to the Group strategy. All opportunities must meet one or more of the Netcare litmus test criteria, namely: growing above the market, differentiating the services we offer, growing margins and improving returns, and increasing the embedded value of our offering.

- Expand and digitise business.
- Maintain and upgrade operations.

We apply robust decision models to evaluate and select capital investments with the highest expected NPV. Financial discipline when allocating capital requires that return on capital must safely exceed the cost of capital. We disinvest where returns do not meet our hurdle rates.

- Strong cash generation target of 97.5% cash conversion.

Sound capital investment decisions drive good cash generation. We use economic profit and ROIC as key metrics to monitor and drive Netcare's intrinsic value. These measures have been implemented at hospital level to ensure behaviours that will ultimately increase long-term cash generation.

- Dividend policy to return 50% – 70% of adjusted headline earnings to shareholders.
- Share buybacks.

Capital distribution employs decision analysis to determine the optimal capital structure for the Group and payout policies. If we do not have sufficient NPV-positive investment opportunities, we return surplus capital to our shareholders.

Analysis of financial performance

To aid comparability, the commentary that follows excludes exceptional items (comprising property impairments in FY 2024 and FY 2023), unless otherwise indicated.

Summarised Group statement of profit or loss

Rm	2024	2023	%
Revenue	25 202	23 699	6.3
EBITDA ¹	4 530	4 115	10.1
Operating profit ¹	3 198	2 841	12.6
Other net financial expenses	(561)	(464)	
Interest on lease liabilities	(511)	(454)	
Earnings of associates and JVs	51	40	
Impairment: long-term interests and investment in associates		(31)	
Profit before taxation ¹	2 177	1 932	12.7
Taxation ¹	(602)	(504)	
Profit after taxation ¹	1 575	1 428	10.3
Exceptional items:			
Impairment of properties	(39)	(125)	
Taxation on exceptional items	11	33	
Profit for the year	1 547	1 336	15.8

- Group revenue for FY 2024 was R25 202 million (FY 2023: R23 699 million), up 6.3%.
- Group EBITDA increased by 10.1% to R4 530 million (FY 2023: R4 115 million). EBITDA margin expanded 60 basis points to 18.0% (FY 2023: 17.4%).
- Operating profit increased by 12.6% to R3 198 million (FY 2023: R2 841 million), reflecting two times operating leverage.
- In FY 2024, the Group incurred operational costs relating to strategic projects of R131 million (FY 2023: R258 million). EBITDA margins excluding strategic costs were flat year on year at 18.5%. Generator diesel costs declined to R47 million (FY 2023: R124 million), mostly due to reduced load shedding during the year. EBITDA margins excluding both strategic and generator diesel costs declined slightly to 18.7% (FY 2023: 19.0%). This is due to the benefit of reduced diesel costs being largely offset by significant increases in electricity tariffs.

- Net interest paid, excluding interest on lease liabilities, increased to R553 million (FY 2023: R466 million) reflecting the higher average cost of debt of 9.3% (FY 2023: 8.6%).
- The contribution to earnings from associates and joint ventures increased to R51 million (FY 2023: R40 million), primarily due to a stronger performance from joint ventures.
- Profit before taxation increased by 12.7% to R2 177 million (FY 2023: R1 932 million). The normalised taxation charge amounted to R602 million (FY 2023: R504 million), reflecting a higher effective tax rate of 27.7% compared to 26.1% in FY 2023.
- Exceptional items amounted to R39 million (R28 million net of tax) in the current year, comprising provisions for impairment of property assets.
- Profit after tax and exceptional items increased by 15.8% to R1 547 million (FY 2023: R1 336 million) and adjusted HEPS increased by 7.6% to 113.7 cents (FY 2023: 105.7 cents).

1. Normalised to exclude exceptional items.

Chief financial officer's review continued

Hospital and emergency services

Rm	2024	2023	% change
Revenue	24 506	23 050	6.3
Normalised EBITDA ¹	4 366	3 947	10.6
Normalised operating profit ¹	3 121	2 759	13.1
Normalised EBITDA margin ¹ (%)	17.8	17.1	
Normalised operating profit margin ¹ (%)	12.7	12.0	

The hospital and emergency services segment's performance remained steady in FY 2024. Revenue increased by 6.3% to R24 506 million (FY 2023: R23 050 million) and total PPD increased by 0.3% to 2 455 840 days (FY 2023: 2 447 494 days).

Seasonal inconsistencies in H1 2024 led to a 1.7% reduction in acute PPD at half year. Volumes normalised from April 2024 onwards, resulting in growth of 0.4% over the 11 months to August 2024. However, with school holidays starting earlier, on 20 September 2024, activity slowed in the last two weeks of the financial year, negating some of the gains from previous months. As a result, acute PPD increased by 2.1% in H2 2024, resulting in 0.2% growth for the full year.

Full week occupancy within acute hospitals improved in H2 2024 once volumes normalised, averaging 70.7% in May 2024. This represents the highest level since the onset of the COVID-19 pandemic and is partially attributable to higher severity of flu cases. Occupancy was 64.4% for the 11 months to August 2024. Notwithstanding the lower occupancies in September 2024, occupancy for FY 2024 improved to 64.3% (FY 2023 63.5%).

Medical cases continue to grow at a faster rate than surgical cases, which remain impacted by sector trends such as declining maternity cases and the outmigration of lower-margin day cases. Total surgical cases comprised 51.3% of PPD (FY 2023: 51.5%) and medical cases 48.7% (FY 2023: 48.5%). Notwithstanding these structural changes, surgical cases continue to contribute more than 70% of revenue.

Revenue per PPD for acute hospitals increased by 6.0% compared to FY 2023. The higher complexity of medical and surgical cases resulted in a 2.2% increase in average theatre time per case, as well as a strong increase in ICU and high care PPD and an increased length of stay to 4.5 days (FY 2023: 4.4 days).

The growth rate for mental health PPD for the full reporting year was diluted in comparison to FY 2024 H1 due to the inclusion of the new Netcare Akeso Gqeberha facility in the base from May 2023. Demand for mental healthcare remains high, but the temporary unavailability of beds at certain high-occupancy sites due to essential refurbishment work constrained capacity at these sites. As with acute PPD, mental health PPD for September 2024 was also impacted by the earlier school holidays, with many doctors taking leave. PPD growth for the 11 months to 31 August 2024 was 2.2%, with slightly lower growth of 1.3% for the full year at an occupancy of 70.3% (FY 2023: 72.7%).

Normalised EBITDA for the hospital and emergency services segment increased by 10.6% to R4 366 million (FY 2023: R3 947 million). The EBITDA margin increased to 17.8% (FY 2023: 17.1%) and underlying EBITDA margin decreased slightly to 18.5% (FY 2023: 18.7%) when excluding strategic and generator diesel costs.

The FY 2024 EBITDA margin within the hospital and pharmacy operations sub-segment increased to 18.6% (FY 2023: 17.6%).

¹. Normalised to exclude exceptional items.

Primary Care

Rm	2024	2023	% change
Revenue	712	663	7.4
Normalised EBITDA ¹	164	168	(2.4)
Normalised operating profit ¹	77	82	(6.1)
Normalised EBITDA margin ¹ (%)	23.0	25.3	
Normalised operating profit margin ¹ (%)	10.8	12.4	

The constrained consumer environment led to more patients choosing to self-medicate before deciding to visit their GP. This resulted in a 3.1% decrease in total GP and dental visits in FY 2024 compared to FY 2023. However, the occupational health business continued its robust trajectory reported in H1 2024, with this strong performance driving up overall revenue growth for the division by 7.4% to R712 million (FY 2023: R663 million).

Lower activity levels and a higher proportion of lower margin occupational health contracts adversely impacted EBITDA, which declined by 1.2% against the underlying EBITDA of R166 million in FY 2023 (after normalising for a R2 million capital profit on the sale of a property). The underlying EBITDA margin for the full year declined to 23.0% (FY 2023: 25.0%).

Statement of financial position

Rm	2024	2023
Assets		
Property, plant, equipment, goodwill and intangible assets	16 333	15 760
Right of use assets	4 418	4 073
Deferred tax assets	668	854
Other non-current assets	590	688
Current assets	4 580	4 149
Cash and cash equivalents	1 802	2 279
Total assets	28 391	27 803
Equity and liabilities		
Total shareholder's equity	10 972	11 041
Borrowings	7 108	7 307
Lease liabilities – long and short term	5 541	4 992
Deferred tax liabilities	265	254
Other liabilities	4 505	4 209
Total equity and liabilities	28 391	27 803

Total assets at 30 September 2024 stood at R28 391 million (30 September 2023: R27 803 million).

In FY 2024, the Group paid R913 million in ordinary and preference dividends, alongside an allocation of R722 million towards share buybacks. The increase in treasury shares reduced total shareholders' equity, which declined to R10 972 million (FY 2023: R11 041 million).

The Group's ROIC improved to 11.7% (FY 2023: 10.8%).

Total capex, including strategic projects, amounted to R1.5 billion for the year, of which R100 million related to expansionary projects.

1. Normalised to exclude exceptional items.

Chief financial officer's review continued

Net debt

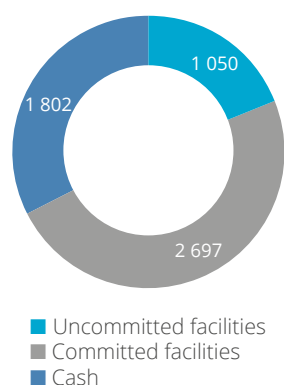
Rm	2024	2023
Gross debt ¹	7 108	7 307
Cash	(1 802)	(2 279)
Net debt	5 306	5 028
Net debt to EBITDA ² (times)		
Bank debt only	1.2	1.2
Bank debt and IFRS 16 lease liabilities	2.4	2.4
Cost of debt (%)	9.1	8.9
EBITDA ² /net interest (times)	4.3	4.5
Interest cover ² (times)	3.0	3.1

The Group's cash resources and available undrawn committed facilities at 30 September 2024 amounted to R2.9 billion. Group net debt (excluding IFRS 16 lease liabilities) increased marginally to R5.3 billion, from R5.0 billion at 30 September 2023.

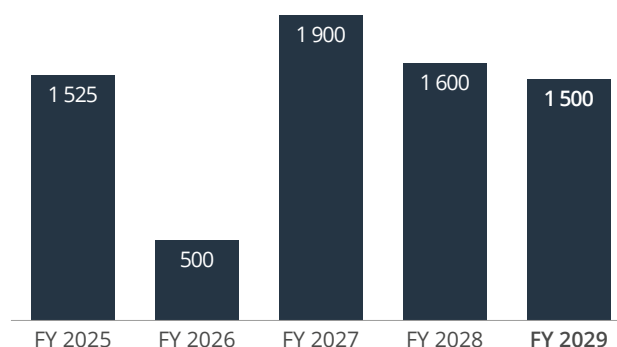
The increase in net debt during FY 2024 is due to ongoing capital expenditure, the payment of ordinary and preference dividends and share buybacks, partially offset by higher operating profit. The net debt to EBITDA ratio at 30 September 2024 was 1.2 times, in line with the ratio at 30 September 2023. EBITDA/net interest cover remains strong at 4.3 times (FY 2023: 4.5 times).

Access to R2.9bn cash and committed facilities with manageable maturity profile

Cash and debt facilities (Rm)



Debt maturity profile³ (Rm)



1. Excluding IFRS 16 lease liabilities.

2. Normalised to exclude exceptional items.

3. Promissory notes, commercial paper and bank loans.

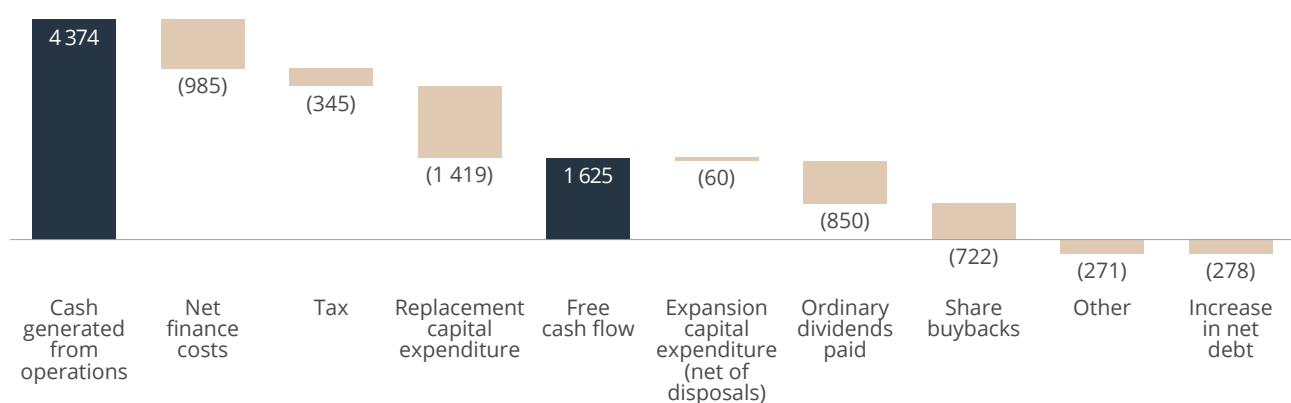
Statement of cash flows

Rm	2024	2023
Cash generated from operations	4 374	4 135
Interest paid on debt	(679)	(516)
Interest paid on lease liabilities	(511)	(454)
Taxation paid	(345)	(374)
Ordinary dividends paid by subsidiaries	(50)	(47)
Ordinary dividends paid	(850)	(808)
Preference dividends paid	(63)	(50)
Distribution paid to beneficiaries of the HPFL B-BBEE trusts	(7)	(6)
Net cash from operating activities	1 869	1 880
Net cash from investing activities	(1 154)	(1 306)
Net case from financing activities	(1 191)	209
Net (decrease)/increase in cash and cash equivalents	(476)	783
Cash and cash equivalents at the beginning of the year	2 278	1 495
Cash and cash equivalents at the end of the year	1 802	2 278

Cash generated from operations increased to R4 374 million (FY 2023: R4 135 million).

The cash conversion ratio amounted to 96.5% (FY 2023 100.5%).

Analysis of cash flows (Rm)



Chief financial officer's review continued

Outlook

We are encouraged by the positive sentiment surrounding the formation of a Government of National Unity and the progress made on critical structural reforms. Key indicators such as the curtailment of load shedding, declining inflation, and the recent interest rate cuts provide a more favourable outlook for consumers and signal improvements in both the economic and operating environment.

While we maintain a cautiously optimistic view on the trajectory of these macroeconomic improvements, we recognise that it may take time for these factors to translate into substantial growth in medically insured lives. In the short term, consumer preferences continue to favour more affordable restricted network plans. Our expansive geographic footprint, combined with our NetcarePlus GapCare products, position us to maintain a stable share of patients within these networks and the Group remains focused on enhancing operational efficiencies to offset the impact of lower tariffs associated with these contracts.

Furthermore, although medical scheme membership growth has been limited, the pool of covered lives remains resilient, reflecting sustained demand for quality private healthcare. This demand is further supported by the increasing disease burden and the aging insured population, underscoring the long-term sustainability of the sector.

For FY 2025, the Group expects growth in revenue of between 5.0% and 6.0%, and total PPD of between 0.8% and 1.3%. The increased activity and operational efficiencies are expected to support further EBITDA margin expansion, improved earnings and higher ROIC.

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 of the underlying businesses will continue to support dividend payments in line with our dividend policy. Additionally, the Group will continue to consider share buybacks as part of our capital efficiency programme.

Appreciation

I extend my gratitude to our finance staff across the Group for their skill and dedication to ensuring we are able to produce quality reporting for our stakeholders.

Keith Gibson

Chief Financial Officer



Financial capital

Five-year review



Rm	2024	2023	2022	2021	2020
Summarised statement of financial position					
Assets					
Property, plant and equipment	14 413	13 887	13 469	12 915	12 665
Right of use assets	4 418	4 073	3 770	3 600	3 755
Goodwill and intangible assets	1 920	1 873	1 843	1 806	1 804
Deferred taxation	668	854	1 040	987	812
Other non-current assets	590	688	710	718	858
Total non-current assets	22 009	21 375	20 832	20 026	19 894
Total current assets	6 382	6 428	5 438	5 595	6 050
Total assets	28 391	27 803	26 270	25 621	25 944
Equity and liabilities					
Total shareholders' equity	10 972	11 041	10 944	10 589	9 799
Long-term debt	5 505	6 057	5 265	4 936	6 761
Long-term lease liabilities	4 810	4 334	3 906	3 588	3 546
Financial liabilities	15	–	–	32	64
Deferred taxation	265	254	319	309	288
Other non-current liabilities	561	514	555	545	469
Total non-current liabilities	11 156	11 159	10 045	9 410	11 128
Total current liabilities	6 263	5 603	5 281	5 622	5 017
Total equity and liabilities	28 391	27 803	26 270	25 621	25 944
Summarised statement of cash flows					
Cash generated from operations before working capital changes	4 817	4 365	3 723	3 560	2 887
Working capital changes	(443)	(230)	227	234	(1 395)
Cash generated from operations	4 374	4 135	3 950	3 794	1 492
Interest paid on debt	(679)	(516)	(419)	(441)	(580)
Interest paid on lease liabilities	(511)	(454)	(409)	(371)	(367)
Taxation paid	(345)	(374)	(439)	(618)	(601)
Ordinary dividends paid by subsidiaries	(50)	(47)	(25)	(19)	(11)
Ordinary dividends paid	(850)	(808)	(728)	–	(860)
Preference dividends paid	(63)	(50)	(38)	(39)	(54)
Distributions to beneficiaries of the HPFL ¹ trusts	(7)	(6)	(8)	(1)	(11)
Net cash from operating activities	1 869	1 880	1 884	2 305	(992)
Net cash from investing activities	(1 154)	(1 306)	(1 248)	(1 026)	58
Net cash from financing activities	(1 191)	209	(597)	(1 269)	653
(Decrease)/increase in cash and cash equivalents	(476)	783	39	10	(281)
Cash and cash equivalents at beginning of year	2 278	1 495	1 456	1 446	1 727
Cash and cash equivalents at end of year	1 802	2 278	1 495	1 456	1 446

1. Health Partners for Life.

Five-year review continued

	Compound growth % ¹	2024	2023	2022	2021	2020
Summarised income statement						
Revenue	7.5	25 202	23 699	21 636	21 200	18 843
Operating profit before items listed below	22.7	3 159	2 716	2 282	2 076	1 393
Profit on disposal of investment in associate		–	–	–	–	522
Share-based payment expense on B-BBEE transaction		–	–	–	–	(348)
Operating profit		3 159	2 716	2 282	2 076	1 567
Net financial expenses		(1 072)	(918)	(769)	(786)	(893)
Attributable earnings/(losses) of associates and joint ventures		51	40	21	(114)	56
Impairment of long-term interests and investments in associates		–	(31)	–	–	–
Profit before taxation		2 138	1 807	1 534	1 176	730
Taxation		(591)	(471)	(484)	(416)	(291)
Profit for the year		1 547	1 336	1 050	760	439
Attributable to:						
Owners of the parent		1 436	1 271	975	730	392
Preference shareholders		63	50	38	39	54
		1 499	1 321	1 013	769	446
Non-controlling interest		48	15	37	(9)	(7)
		1 547	1 336	1 050	760	439
Divisional analysis						
Revenue						
Hospitals and emergency services	7.6	24 506	23 050	21 024	20 617	18 250
Primary Care	3.9	712	663	634	595	611
Inter-segment elimination		(16)	(14)	(22)	(12)	(18)
	7.5	25 202	23 699	21 636	21 200	18 843
Operating profit						
Hospitals and emergency services		3 098	2 641	2 210	2 040	1 403
Primary Care		61	75	72	36	(10)
Operating profit before items below		3 159	2 716	2 282	2 076	1 393
Profit on disposal of investment in associate		–	–	–	–	522
Share-based payment expense on B-BBEE transaction		–	–	–	–	(348)
		3 159	2 716	2 282	2 076	1 567

1. Compound annual growth rate for the period 2020 to 2024.

		2024	2023	2022	2021	2020
Key performance indicators						
Ratios						
EBITDA margin ¹	%	18.0	17.4	16.2	15.2	13.6
Operating profit margin ¹	%	12.7	12.0	10.6	9.6	7.4
Interest cover ¹	times	3.0	3.1	3.0	2.6	1.6
Effective tax rate ¹	%	27.7	26.1	29.8	29.6	43.7
Return on invested capital	%	11.7	10.8	8.8	7.9	5.6
Current ratio	:1	1.0	1.1	1.0	1.0	1.2
Invested capital						
Property, plant and equipment		14 413	13 887	13 469	12 915	12 665
Right of use assets		4 418	4 073	3 770	3 600	3 755
Intangible assets		314	267	237	200	198
Deferred lease assets		20	19	17	12	32
Deferred taxation		668	854	1 040	987	812
Current assets		4 541	4 107	3 878	4 003	4 446
Inventories		550	556	562	640	1 206
Trade and other receivables		3 940	3 542	3 288	3 251	3 102
Taxation receivable		51	9	28	112	138
Current liabilities		(3 915)	(3 683)	(3 570)	(3 225)	(3 291)
Trade and other payables		(3 786)	(3 657)	(3 521)	(3 207)	(3 230)
Taxation payable		(129)	(26)	(49)	(18)	(61)
		20 459	19 524	18 841	18 492	18 617
Shareholder returns						
Basic earnings per share	cents	110.4	94.5	72.3	54.6	28.3
Headline earnings/(loss) per share	cents	113.0	101.0	74.0	61.5	(3.6)
Adjusted headline earnings per share	cents	113.7	105.7	83.2	67.4	32.5
Ordinary dividends per share	cents	70.0	65.0	50.0	34.0	–
Dividend cover ²	times	1.6	1.6	1.7	2.0	–
Net asset value per share	cents	878	846	818	792	733
Ordinary share statistics						
Shares in issue	million	1 418	1 439	1 439	1 439	1 439
Shares in issue net of treasury shares	million	1 249	1 305	1 338	1 337	1 335
Weighted average number of shares	million	1 279	1 330	1 338	1 336	1 336
Diluted weighted average number of shares	million	1 298	1 345	1 348	1 344	1 343
Market capitalisation ³	R million	21 851	19 427	19 743	23 312	18 592
JSE statistics						
Market price per share						
at 30 September	cents	1 541	1 350	1 372	1 620	1 292
highest	cents	1 556	1 633	1 730	1 738	2 132
lowest	cents	1 101	1 262	1 276	1 130	1 154
weighted average	cents	1 279	1 430	1 506	1 416	1 676
Number of share transactions		452 384	364 011	318 239	508 997	730 041
Value of share transactions	R million	16 475	14 919	15 117	17 076	30 711
Volume of shares traded	million	1 288.1	1 043.1	1 003.5	1 205.7	1 832.5
Volume traded to issued	%	90.8	72.5	69.7	83.8	127.3
Market performance ratios						
Earnings yield	%	7.3	7.5	5.4	3.8	(0.3)
Distribution yield	%	4.5	4.8	3.6	2.1	–
Price:earnings ratio	times	13.6	13.4	18.5	26.3	(358.9)

1. Normalised to exclude extraordinary items.

2. Adjusted headline earnings per share divided by total dividends per share.

3. Based on shares in issue.

Five-year review *continued*

	2024	2023	2022	2021	2020
Key performance indicators <i>continued</i>					
Operational performance indicators					
Acute hospitals					
Number of hospitals ¹	49	49	49	53	53
Registered beds	9 827	9 903	9 903	10 005	9 986
Theatres	343	343	343	349	349
Hybrid theatres, catheterisation and electrophysiology laboratories	34	34	34	34	34
Day clinics	11	12	12	12	15
Patient days ²	2 198 673	2 193 598	2 068 040	1 972 996	1 854 961
Average length of stay days	4.5	4.4	4.3	4.8	4.3
Mental health					
Number of facilities	14	14	13	12	12
Registered beds	1 007	1 007	935	891	891
Patient days	257 167	253 896	225 304	202 091	179 280
Average length of stay days	11.7	11.9	12.1	12.6	12.2
Emergency services					
Netcare 911 sites	93	92	87	82	82
Cancer Care					
Number of cancer care centres providing radiation treatment	9	9	9	9	9
Number of haematology centres	8	8	8	8	8
National Renal Care					
Renal dialysis facilities	75	73	71	69	68
Renal dialysis stations	1 013	996	971	956	979
Primary Care					
Primary healthcare centres and travel clinics	63	63	65	67	68
Sub-acute facilities	1	1	1	1	2
Registered sub-acute beds	30	30	30	31	46
Total number of visits – millions	1.6	1.6	1.7	2.1	2.1
Social performance indicators					
Total employees ³	18 350	18 568	18 245	18 346	19 214
Employee turnover	16.0	14.5	17.2	16.6	13.7
Gender split					
Male %	20.2	19.4	19.2	18.8	18.4
Female %	79.8	80.6	80.8	81.2	81.6
Employees trained	16 554	18 565	15 968	12 731	15 276
Direct training costs Rm	58	57	51	49	66
Black (African, Coloured and Indian) employee representation %	85.1	82.7	81.3	79.7	79.0
Unionised employees %	48.1	49.0	48.6	50.9	52.8
Corporate social investment ⁴ Rm	25	29	35	31	18
Environmental performance indicators					
South Africa and Lesotho					
Energy usage gigajoules	945 675	1 011 723	925 719	954 692	956 560
Water usage kilolitres	1 729 619	1 695 949	1 953 678	1 895 020	1 878 400
tCO ₂ e ⁵ emissions	766 612	341 721	283 102	306 304	272 920
Scope 1 and Scope 2 tCO ₂ e per R1 million revenue	8.77	9.86	10.43	11.65	12.73

1. Owned and managed entities.

2. Excludes Netcare Bougainville, Netcare Ceres, Netcare Optiklin, Port Alfred and Settlers Hospital.

3. Includes PPPs.

4. Inclusive of bursaries.

5. Tonnes of carbon dioxide equivalent.

Summarised Group annual financial statements

for the year ended 30 September 2024

These summarised Group annual financial statements comprise a summary of the complete audited Group annual financial statements for the year ended 30 September 2024 that were approved by the Netcare Board on 21 November 2024. The summarised Group annual financial statements do not contain sufficient information to allow for a complete understanding of the results of the Group, as would be provided in the audited Group annual financial statements. These summarised Group financial statements, and the audited Group annual financial statements from which they have been derived, were compiled under the supervision of KN Gibson CA(SA), Chief Financial Officer of the Group.

The summarised Group annual financial statements comprise:

- Summarised Group statement of profit or loss.
- Summarised Group statement of comprehensive income.
- Summarised Group statement of financial position.
- Summarised Group statement of cash flows.
- Summarised Group statement of changes in equity.
- Headline earnings.
- Summarised segment report.

The directors are responsible for the preparation and fair representation of the Group annual financial statements in accordance with the requirements of the Companies Act No. 71 of 2008 and in compliance with the Company's Memorandum of Incorporation.

The complete audited Group annual financial statements are available at www.netcare.co.za/Netcare-Investor-Relations/Reports/Financial-Results.

Operating activities

The activities of the Group's operating segments are described below:

- Hospital and emergency services, further disaggregated into Hospital and pharmacy operations and nonacute services, which include the provision of emergency services, mental health services, cancer care, diagnostics support services and the sale of healthcare products and vouchers.
- Primary Care offers comprehensive primary health care services, employee health and wellness services, and administrative services to medical and dental practices.

Going concern

The directors have reviewed the Group budget and cash flow forecasts and have satisfied themselves that the Group is in a sound financial position and has access to sufficient borrowing facilities to meet 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 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 annual financial statements.

Accounting policies

The accounting policies and methods of computation applied in the preparation of the Group annual financial statements are in accordance with IFRS. All policies are consistent in all material respects with those applied in the audited Group annual financial statements for the year ended 30 September 2024.

Certain new or amended standards became applicable for the current financial year. The adoption of these standards did not have a material impact on the Group.

Report of the independent auditor's

These summarised Group annual financial statements for the year ended 30 September 2024 have been extracted from the complete audited Group annual financial statements on which the auditors, Deloitte & Touche, have expressed an unmodified audit opinion.

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

Summarised Group annual financial statements

Summarised Group statement of profit or loss

for the year ended 30 September

Rm	2024	2023
Revenue¹	25 202	23 699
Cost of sales	(12 746)	(11 937)
Gross profit	12 456	11 762
Other income	546	466
Administrative and other expenses	(9 638)	(9 371)
Impairment of financial assets	(205)	(141)
Operating profit	3 159	2 716
Investment income	205	144
Finance costs	(1 269)	(1 064)
Other financial (losses)/gains – net	(8)	2
Attributable (losses)/earnings of associates	(4)	2
Attributable earnings of joint ventures	55	38
Impairment of long-term interests and investment in associates	—	(31)
Profit before taxation	2 138	1 807
Taxation	(591)	(471)
Profit for the year	1 547	1 336
Attributable to:		
Owners of the parent	1 436	1 271
Preference shareholders	63	50
	1 499	1 321
Non-controlling interests	48	15
	1 547	1 336
Cents		
Basic earnings per share	110.4	94.5
Diluted earnings per share	108.9	93.5

Strategic costs of R131m (FY 2023: R258m) and generator diesel costs of R47m (FY 2023: R124m)

Increased financial expenses reflective of higher cost of debt

Higher effective tax rate of 27.7% (FY 2023: 26.1%)

1. Refer to segment report on page 182 for detail on the disaggregation of revenue.

Summarised Group statement of comprehensive income

for the year ended 30 September

Rm	2024	2023
Profit for the year	1 547	1 336
Items that will not subsequently be reclassified to profit or loss	—	53
Remeasurement of post-employment benefit obligation	—	72
Taxation on items that will not subsequently be reclassified to profit or loss	—	(19)
Items that may subsequently be reclassified to profit or loss	(33)	(6)
Effect of cash flow hedge accounting	(45)	(8)
Amortisation of cash flow hedge accounting reserve	(27)	(27)
Change in fair value of cash flow hedges	(18)	19
Taxation on items that may subsequently be reclassified to profit or loss	12	2
Other comprehensive income for the year	(33)	47
Total comprehensive income for the year	1 514	1 383
Attributable to:		
Owners of the parent	1 403	1 318
Preference shareholders	63	50
Non-controlling interests	48	15
	1 514	1 383

Summarised Group annual financial statements continued

Summarised Group statement of financial position

at 30 September

Rm	2024	2023
Assets		
Non-current assets		
Property, plant and equipment	14 413	13 887
Right of use assets	4 418	4 073
Goodwill	1 606	1 606
Intangible assets	314	267
Equity-accounted investments, loans and receivables	544	606
Financial assets	26	63
Deferred lease assets	20	19
Deferred taxation	668	854
Total non-current assets	22 009	21 375
Current assets		
Loans and receivables	22	27
Financial assets	17	15
Inventories	550	556
Trade and other receivables	3 940	3 542
Taxation receivable	51	9
Cash and cash equivalents	1 802	2 279
Total current assets	6 382	6 428
Total assets	28 391	27 803
Equity and liabilities		
Capital and reserves		
Ordinary share capital	4 233	4 297
Treasury shares	(4 306)	(3 926)
Other reserves	563	526
Retained earnings	9 799	9 479
Equity attributable to owners of the parent	10 289	10 376
Preference share capital and premium	644	644
Non-controlling interests	39	21
Total shareholders' equity	10 972	11 041
Non-current liabilities		
Long-term debt	5 505	6 057
Long-term lease liabilities	4 810	4 334
Financial liabilities	15	—
Post-employment healthcare benefit obligations	526	495
Deferred taxation	265	254
Provisions	35	19
Total non-current liabilities	11 156	11 159
Current liabilities		
Trade and other payables	3 786	3 657
Short-term debt	1 603	1 249
Short-term lease liabilities	731	658
Financial liabilities	14	12
Taxation payable	129	26
Bank overdrafts	—	1
Total current liabilities	6 263	5 603
Total equity and liabilities	28 391	27 803

Summarised Group statement of cash flows

for the year ended 30 September

Rm	2024	2023
Cash flows from operating activities		
Cash received from customers	24 689	23 338
Cash paid to suppliers and employees	(20 315)	(19 203)
Cash generated from operations	4 374	4 135
Interest paid on debt	(679)	(516)
Interest paid on lease liabilities	(511)	(454)
Taxation paid	(345)	(374)
Ordinary dividends paid by subsidiaries	(50)	(47)
Ordinary dividends paid	(850)	(808)
Preference dividends paid	(63)	(50)
Distribution paid to beneficiaries of the HPFL B-BBEE ¹ trusts	(7)	(6)
Net cash from operating activities	1 869	1 880
Cash flows from investing activities		
Advances from/(to) associates	27	(25)
Advances from/(to) joint ventures	58	(20)
Payments for acquisition of property, plant and equipment ²	(1 463)	(1 443)
Payments for additions to intangible assets	(56)	(64)
Proceeds on disposal of property, plant and equipment and intangible assets	40	101
Repayments from/(payments to) investments and loans	7	(45)
Interest received	205	144
Dividends received	28	46
Net cash from investing activities	(1 154)	(1 306)
Cash flows from financing activities		
Proceeds on disposal of treasury shares	—	49
Acquisition of treasury shares	(722)	(510)
Debt raised	2 600	2 080
Debt repaid	(2 814)	(1 174)
Payments for equity interests in subsidiaries	—	(8)
Payment for acquisition of non-controlling interests	—	(2)
Proceeds from disposal/issue of shares to non-controlling interests	3	—
Payment of principal elements of lease liabilities	(258)	(226)
Net cash from financing activities	(1 191)	209
Net (decrease)/increase in cash and cash equivalents	(476)	783
Cash and cash equivalents at the beginning of the year	2 278	1 495
Cash and cash equivalents at the end of the year	1 802	2 278
Consisting of		
Cash on hand and balances with banks	1 802	2 279
Bank overdrafts	—	(1)
	1 802	2 278

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

2. Included in payments for acquisition of property, plant and equipment is R25 million of capitalised borrowing costs.

Summarised Group annual financial statements continued

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 2022	4 297	(3 504)	31
Sale of treasury shares	—	78	—
Transfer ¹	—	10	—
Purchase of treasury shares	—	(510)	—
Share-based payment reserve movements	—	—	—
Preference dividends paid	—	—	—
Ordinary dividends paid	—	—	—
Reserve movements – other	—	—	—
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 1 October 2023	4 297	(3 926)	25
Shares cancelled during the year	(64)	282	—
Transfer ¹	—	60	—
Purchase of treasury shares ³	—	(722)	—
Capital gains tax attributable to the sale of treasury shares	—	—	—
Share-based payment reserve movements	—	—	—
Preference dividends paid	—	—	—
Ordinary dividends paid	—	—	—
Dividends withholdings tax	—	—	—
Reserve movements – other	—	—	—
Distributions to beneficiaries of the HPFL B-BBEE ² trusts	—	—	—
Changes in equity interests in subsidiaries	—	—	—
Total comprehensive income for the year	—	—	(33)
Profit for the year	—	—	—
Other comprehensive income	—	—	(33)
Balance at 30 September 2024	4 233	(4 306)	(8)

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.

3. During the current financial year 60 334 578 treasury shares were acquired by a subsidiary at an average price of R11.93 per share.

Share-based payment reserve	Retained earnings	Equity attributable to owners of the parent	Preference share capital and premium	Non-controlling interests	Total share-holders' equity
442	8 980	10 246	644	54	10 944
—	(29)	49	—	—	49
(39)	29	—	—	—	—
—	—	(510)	—	—	(510)
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
—	(218)	—	—	—	—
(60)	—	—	—	—	—
—	—	(722)	—	—	(722)
—	(10)	(10)	—	—	(10)
130	(1)	129	—	—	129
—	—	—	(63)	—	(63)
—	(850)	(850)	—	(50)	(900)
—	(14)	(14)	—	—	(14)
—	(16)	(16)	—	—	(16)
—	(7)	(7)	—	—	(7)
—	—	—	—	20	20
—	1 436	1 403	63	48	1 514
—	1 436	1 436	63	48	1 547
—	—	(33)	—	—	(33)
571	9 799	10 289	644	39	10 972

Summarised Group annual financial statements continued

Headline earnings

for the year ended 30 September

Rm	2024	2023
Reconciliation of headline earnings		
Profit for the year	1 547	1 336
<i>Adjusted for:</i>		
Dividends paid on shares attributable to the Single Incentive Plan and HPFL B-BBEE ¹ trust units	(24)	(14)
Preference shareholders	(63)	(50)
Non-controlling interest	(48)	(15)
Profit for the purposes of basic and diluted earnings per share	1 412	1 257
<i>Adjusted for:</i>		
Profit on disposal of property, plant and equipment and intangible assets	(13)	(23)
Loss on disposal of property, plant and equipment and intangible assets	13	9
Recognition of net impairment of property, plant and equipment in operating profit	38	130
Recognition of impairment of investment in associate	—	2
Tax effect of headline adjusting items	(5)	(32)
Headline earnings	1 445	1 343

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

Headline earnings continued

for the year ended 30 September

Rm	2024	2023
Adjusted headline earnings		
Headline earnings	1 445	1 343
<i>Adjusted for:</i>		
Amortisation of cash flow hedge accounting reserve	—	3
Modification loss	—	7
Impairment of financial assets	—	27
De-designation of portion of hedging instrument	—	(2)
Impairment of short-term associate loans	3	31
Fair value loss on derivative financial instruments	4	—
Ineffectiveness losses on cash flow hedges	4	—
Net reversal impairment of short-term joint venture loans	(1)	—
Tax effect of headline adjusting items	(1)	(3)
Adjusted headline earnings	1 454	1 406
Cents		
Headline earnings per share	113.0	101.0
Diluted headline earnings per share	111.4	99.9
Adjusted headline earnings per share	113.7	105.7
Diluted adjusted headline earnings per share	112.0	104.5

Adjusted headline earnings per share is an alternative non-IFRS measurement used by the chief operating decision maker as a key measure of sustainable earnings from trading operations and used in setting the dividend to be paid to shareholders. 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. Non-IFRS measures are not defined by IFRS Accounting Standards nor a JSE Listing Requirement, and may not be uniformly defined by others resulting in non-comparability directly to similarly labelled measures and disclosures.

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 Group annual financial statements continued

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 2024						
Statement of profit or loss						
Revenue	22 807	1 699	24 506	712	(16)	25 202
EBITDA ²	4 228	115	4 343	148	—	4 491
Depreciation and amortisation	(1 067)	(178)	(1 245)	(87)	—	(1 332)
Operating profit/(loss)	3 161	(63)	3 098	61	—	3 159
Additional segment information						
Cost of sales (excluding direct payroll) ³	(6 419)	(330)	(6 749)	(70)	16	(6 803)
Direct payroll ³	(5 136)	(641)	(5 777)	(166)	—	(5 943)
Property rental received ³	394	19	413	22	—	435
Indirect payroll (including executive directors) ³	(3 366)	(225)	(3 591)	(180)	—	(3 771)
Net impairment of property, plant and equipment	(16)	(6)	(22)	(16)	—	(38)

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						
Cost of sales (excluding direct payroll) ³	(6 090)	(269)	(6 359)	(65)	14	(6 410)
Direct payroll ³	(4 874)	(505)	(5 379)	(148)	—	(5 527)
Property rental received ³	372	18	390	21	—	411
Indirect payroll (including executive directors) ³	(3 299)	(243)	(3 542)	(171)	—	(3 713)
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.

3. Based on the current year assessment, additional disclosure has been added in the segment report. The comparative amounts have been updated.