

Regulatory Story

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NMC Health Plc - NMC Review update, CEO removal and other matters
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**NMC HEALTH PLC
("NMC" or the "Company")**

Update regarding independent review, CEO removal and other matters

NMC announced on 17 January 2020 that the Independent Review Committee of the Board of NMC (the "Committee") had retained the law firm Glaser Weil LLP and engaged Mr Louis Freeh, former Federal Judge and FBI Director, and his firm Freeh Group International Solutions, LLC (together the "Review Advisers"), in each case to advise and assist the Committee in relation to its review into allegations raised in recent reports by short seller Muddy Waters and certain other third parties. The Committee and its legal advisors are solely responsible for the identification and engagement of the Freeh firm.

The work of the Committee and the Review Advisers is ongoing, but the Committee has updated the Board of NMC (the "Board") in relation to certain material findings to date.

Supply chain financing arrangements

The Review Advisers have identified supply chain financing arrangements that were entered into by the Company and which are understood to have been used by entities controlled by Dr B.R. Shetty and Mr Khaleefa Butti Omair Yousif Ahmed Al Muhairi (the "Related Parties"). Under these arrangements, suppliers to companies owned by the Related Parties were paid by certain credit facility providers and, while those companies are responsible for settling the amounts payable to the credit facility providers, the contractual obligation rests with NMC, which has also provided a guarantee in the event of non-payment or default.

The facilities have been in place since early-2018. The draw-down on the facilities as at 31 December 2019 was approximately \$335 million and the current draw-down on the facilities is the subject of ongoing verification. Having been made aware of these arrangements, the Board has determined that the facilities will no longer be made

available for further supplier financing with the aim that the relevant balances should be unwound in line with existing terms.

These arrangements were not disclosed to, or approved by, the Board and were not disclosed as related party transactions in accordance with the Listing Rules. The arrangements were not reflected on the Company's balance sheet nor reported in the Company's financial statements for the financial year ended on 31 December 2018.

Other updates

Prashanth Shenoy, the Company's CFO, has been granted extended sick leave.

In the course of their work to reconcile NMC's cash balances and net debt as at 15 December 2019, the Review Advisers have identified potential discrepancies and inconsistencies in the Company's bank statements and ledger entries. The Committee and the Review Advisers are investigating these matters and seeking to determine the materiality of the discrepancies.

As a result of these issues and a belief that the independent review has been obstructed, one member of the Company's treasury team has been suspended pending completion of the independent review. The Board is reviewing whether other individuals have been involved and will take action as appropriate.

Further, the Board has removed Mr Prasanth Manghat from his position of Director and CEO of the Company with immediate effect.

The Board has asked Michael Davis, currently Chief Operating Officer, to assume the position as Interim CEO for the foreseeable future which he has accepted.

As a result of the delays and additional work referred to above, the independent review is not expected to conclude for several weeks, with the consequence that the Company does not expect to be in a position to publish its FY2019 before the end of April 2020.

The individual responsible for releasing this announcement is Simon Watkins, Group Company Secretary.

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About NMC Health

NMC is one of the leading private healthcare operators in the Gulf Cooperation Council ("GCC") with an international network of multi-specialty inpatient and outpatient clinics and hospitals, specialized maternity and fertility clinics, and long-term care homes hospitals across nineteen countries. NMC also ranks as one of the top two in-vitro fertilisation operators globally. The NMC Health group is recognised as a leading provider of long-term medical care in the UAE through its subsidiary ProVita. Pursuing a selective international expansion programme since 2016, NMC has total capacity of 2,207 licensed beds across its network. Moreover, the recent formation of a joint venture with GOSI/Hassana Investment Company provides a solid platform for continued growth in the GCC region's largest healthcare market. The NMC Health group treated over 7.5 million patients in 2018. The NMC Health group is also a leading UAE supplier of products and consumables coming from healthcare related products. NMC reported revenues of US\$2.1 billion for the year ended 31 December 2018.

In April 2012, NMC was listed on the Premium Segment of the London Stock Exchange. NMC is a constituent of the FTSE 100 Index.

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