



11 November 2019

NMC Health plc
(the “Company” or “NMC”)

Continued disclosure and governance enhancement

Progress on key governance initiatives; Enhanced disclosure on Supply Chain Financing being utilized by NMC’s Distribution suppliers

As part of its ongoing exercise of enhancing disclosure and corporate governance, NMC Health plc (“NMC” or the “Company”), is pleased to announce further progress on a number of initiatives taken by the Company in recent months. In addition, NMC has also provided greater clarity on Supply Chain Financing utilized by the company’s non-healthcare, Distribution suppliers.

Related Party Committee has formalized terms of reference for FY 2019 and FY 2020 and begins implementation

As highlighted in the RNS dated 21 October 2019, the Related Party Committee has engaged an independent advisor to support oversight of NMC’s related party transactions. For 2019, the committee’s key aim is to assist management in reassessing the design effectiveness of key controls over related party transactions and review their operating efficiency.

Management, based on the recommendation of the committee, is also in the process of engaging a “big 4” audit firm (other than NMC’s current auditor) to complete certain agreed-upon procedures to assist the Committee in refining related party registers as at 31 December 2019. Disclosures in this regard are expected to be included in the 2019 annual report.

In addition, the committee has formalized its roadmap for 2019/2020 to continue enhancing controls over the execution and disclosure of related party transactions. Some of the key milestones include:

- The automation of the Group’s improved related party transaction register and workflows;
- Completion of agreed-upon review procedures over the Group’s register by a “big 4” audit firm; and
- Testing of the operating effectiveness of the group’s related party transaction controls.

Disclosure Committee: operating procedures defined, key hires made

Appointed to oversee NMC’s disclosure activities and to assist the Company in fulfilling its responsibilities in this respect, the Disclosure Committee will report to the CEO and senior management. In addition to reviewing all public disclosures being made by the Company, the Committee will evaluate NMC’s disclosure controls and procedures and make recommendations to further strengthen these areas.

The Committee will be comprised of three members, who shall have expert legal and financial knowledge. None of the members will have any past or present relationship with the Company or its auditor. Two out of the three members have already been appointed, while the Company is in advanced stages of finalizing an individual for the role of the Committee’s Chairman. Details of all members of the Committee will be made available in the Governance section of NMC’s Investor Relations web page once the hiring has been completed.

New Group Compliance Officer to be hired by early 2020

NMC is in process of hiring a suitable candidate for the newly created Group Compliance Officer role, with a target of filling in the position by early 2020. The Group Compliance Officer will report to the Board of Directors and help strengthen existing processes and procedures.

Understanding how and why some of NMC's suppliers use Supply Chain Financing

NMC's Distribution business has sustained above industry-average growth over the past several years. The unmatched reach and unique positioning of the Distribution division has recently started translating into larger government contracts. Although sporadic in nature, these trade opportunities are recurring, with NMC's management fully expecting them to sustain for the foreseeable future.

NMC has adequate infrastructure to meet the demanding requirements of such contracts beyond the regular distribution agreements in place. However, in order to support its vendors and facilitate the stringent demands of such contracts, NMC permits receivable financing for its suppliers through supply chain programs. Key features of all such programs include:

- Financing is arranged after NMC guarantees payment to the supplier for the full provision of contracted goods/services
- All supply chain financing arrangements are initiated by suppliers
- All costs of supply chain financing are always borne by the suppliers
- The financing is non-recourse to NMC
- NMC supports suppliers' initiatives for supply chain financing through reputed platforms

The above being said, we are aware that financing of such trade activities is evolving from traditional, one-off supply chain arrangements to more stabilized structures to guarantee continuous liquidity. Consequently, NMC expects a balanced usage of supply chain financing opportunities in the future and foresees it to be in the range of US\$50-75m for a period of 12-15 months. This will allow the Company's suppliers access to sufficient liquidity to meet the demanding requirements related to one-off, government-contract based trade opportunities.

Building supply chain solutions in Oman and KSA

Capitalizing on the strength of its Distribution business in the UAE, NMC is in process of establishing supply chain solutions for its growing healthcare networks in Oman and KSA. These solutions are meant for improving efficiencies of NMC's own facilities at this stage, rather than driving third-party sales. The Company has obtained the necessary licenses in this regard.