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THIS IS AN ANNOUNCEMENT OF A POSSIBLE OFFER UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND IS NOT AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE AND THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE

FOR IMMEDIATE RELEASE

14 April 2022

CareTech Holdings PLC

("CareTech", "the Company" or "the Group")

Statement Regarding Possible Offer

The Independent Directors of CareTech Holdings PLC ("CareTech") note the announcement made on 13 April 2022 by Sheikh Holdings and confirm that they have received a revised proposal from the Consortium regarding a possible all cash offer for the Group of 750 pence per share with a partial share alternative (the "Revised Proposal").

The Revised Proposal follows the possible offer for CareTech from the Consortium at 725 pence per ordinary share in cash and the initial proposal at 710 pence per ordinary share in cash as announced on 1 April 2022.

Terms of the Revised Proposal

Cash Offer

Holders of ordinary shares in CareTech ("CareTech Shares") would receive 750 pence per CareTech Share in cash (the "Cash Offer").

Partial Alternative Offer

As an alternative to the Cash Offer, for each CareTech Share held, eligible holders of the CareTech Shares ("CareTech Shareholders") may elect to receive a class of non-voting ordinary share in the indirect parent of the new entity to be incorporated for the purposes of the transaction ("Topco") ("Rollover Securities") (the "Partial Alternative Offer").

The Rollover Securities would not be listed and would rank economically pari passu with the Consortium's ordinary shares.

Eligible CareTech Shareholders would be able to elect for the Partial Alternative Offer in relation to all or part of their holding of CareTech Shares.

The Partial Alternative Offer would be limited to a maximum of approximately 22 per cent. of the issued ordinary share capital of Topco. This would represent approximately 5 per cent. of the fully diluted equity value of the Company. The availability of the Partial Alternative Offer is conditional on elections being made such that total elections exceed approximately 0.6 per cent. of the fully diluted equity value CareTech.

The Rollover Securities would carry no voting rights.

There would be no right of transfer of the Rollover Securities other than in accordance with customary permitted transfer provisions or by operation of the drag and tag rights described below.

The Rollover Securities would have customary pre-emption and drag and tag rights. In the event of the sale of less than 50 per cent. of the shares in Topco, the tag would be pro rata. In the event of a sale of more than 50 per cent. of the shares in Topco, the tag could be exercised in respect of all Rollover Securities. The Rollover Securities will be independently valued and an estimate of the value of the Rollover Securities would be included in any offer document.

In accordance with the terms of the Cash Offer and the Partial Alternative Offer, CareTech Shareholders are entitled to receive the previously declared final dividend of 9.5 pence per CareTech Share, which is payable in May 2022 (the "FY21 Dividend").

Shareholder Support

The Consortium noted in its announcement of the Revised Proposal that it has received irrevocable undertakings in respect of a total of 18,984,126 CareTech Shares representing, in aggregate, approximately 16.8 per cent. of the issued ordinary share capital of CareTech on the Latest Practicable Date. In addition, Sheikh Holdings, together with persons "acting in concert" (for the purposes of the Code) with Sheikh Holdings, holds 13,804,206 shares in CareTech, representing 12.2 per cent. of CareTech's voting rights, which when taken together with the irrevocable undertakings represents, in aggregate, approximately 28.9 per cent. of the ordinary share capital of CareTech on 12 April 2022 (the "Latest Practicable Date").

The Consortium also noted that it has received non-binding letters of intent in respect of a total of 23,994,485 CareTech Shares representing, in aggregate, approximately 21.1 per cent. of the issued ordinary share capital of CareTech on the Latest Practicable Date. Therefore, the Consortium has received irrevocable undertakings and non-binding letters of intent in respect of a total of 42,978,611 CareTech Shares representing, in aggregate, approximately 37.9 per cent. of the issued ordinary share capital of CareTech on the Latest Practicable Date.

Independent Directors' Consideration

The Independent Directors have considered the Revised Proposal including the irrevocable undertakings, non-binding letters of intent and interests held by Sheikh Holdings (as set out above) representing in aggregate approximately 50.1 per cent. of CareTech's ordinary share capital (on the Latest Practicable Date) and would be minded to recommend the possible offer should an offer be made at that price, subject to satisfactory resolution of the other terms of the Revised Proposal.

There can be no certainty that an offer will be made. This statement is being made without the consent of the Consortium.

A further announcement will be made when appropriate.

Further to CareTech's announcement on 1 April 2022, Rule 2.6(a) of the Code requires that the Consortium, by no later than 5.00 p.m. on 2 May 2022 either announces a firm intention to make an offer for CareTech in accordance with Rule 2.7 of the Code or announces that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline will only be extended with the consent of the Panel on Takeovers and Mergers, in accordance with Rule 2.6(c) of the Code.

CareTech remains in an "Offer Period" as defined in the Code. Accordingly, the dealing disclosure requirements listed below will apply.

Pursuant to Rule 2.5 of the Code, the Consortium reserves the right to vary the form and / or mix of the offer consideration and vary the transaction structure. The Consortium also reserves the right to make an offer at a lower value than 750 pence per share:

- a) with the recommendation or consent of the Independent Directors;
- b) if CareTech announces, declares or pays any dividend or any other distribution or return of value to its shareholders (other than the FY21 dividend) after the date of this announcement, in which case the Consortium reserves the right to make an equivalent adjustment to the Revised Proposal;
- c) following the announcement by CareTech of a whitewash transaction pursuant to the Code; or
- d) if a third party announces a firm intention to make an offer for CareTech at less than 750 pence per CareTech Share.

The person responsible for arranging for the release of this announcement on behalf of CareTech Holdings PLC is Jamie Cumming, Non-Executive Director.

All capitalised terms in this announcement shall have the same meaning as defined in the Group's announcement on 1 April 2022 unless the context provides otherwise.

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About CareTech

CareTech Holdings plc is a leading provider of specialist social care and education services, supporting around 5,000 adults and children with a wide range of complex needs in more than 550 residential facilities and specialist schools around the UK and employing approximately 11,500 staff.

Committed to the highest standards of care and care governance, CareTech provides its innovative care pathways covering; Adult learning disabilities and specialist services; Children's residential and education services; Foster care and Technology solutions.

CareTech, which was founded in 1993, began trading on the AIM market of the London Stock Exchange in October 2005 under the ticker symbol CTH.

For further information please visit: www.caretech-uk.com

Further information

This announcement is not intended to, and does not, constitute or form part of an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction. Any offer, if made, will be made solely by certain offer documentation which will contain the full terms and conditions of any offer, including details of how it may be accepted.

The release, publication or distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction.

Notice related to financial advisers

Panmure Gordon (UK) Limited ("Panmure Gordon"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for CareTech and no one else in connection with the possible offer and will not be responsible to anyone other than CareTech for providing the protections afforded to clients of Panmure Gordon nor for providing advice in relation to the possible offer or any other matters referred to in this announcement. Neither Panmure Gordon nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Panmure Gordon in connection with this announcement, any statement contained herein or otherwise.

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Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who

deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on a website

In accordance with Rule 26.1 of the Code, a copy of this announcement will be made available on the Company's website (www.caretech-uk.com) no later than 12 noon (London time) on 15 April 2022. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.