



EXECUTION VERSION

# Cooperation Agreement

Amalfi Bidco Limited

and

CareTech Holdings plc

27 June

2022

**CONTENTS**

<b>CLAUSE</b>	<b>PAGE</b>
1. DEFINITIONS AND INTERPRETATION .....	1
2. PUBLICATION OF THE ANNOUNCEMENT AND THE TERMS OF THE ACQUISITION.....	6
3. UNDERTAKINGS IN RELATION TO THE REGULATORY CONDITIONS .....	6
4. SCHEME DOCUMENT .....	10
5. IMPLEMENTATION OF THE ACQUISITION .....	10
6. SWITCHING TO A TAKEOVER OFFER .....	11
7. DIVIDENDS.....	12
8. CARETECH SHARE PLANS AND CERTAIN EMPLOYMENT ARRANGEMENTS.....	12
9. DIRECTORS' AND OFFICERS' INSURANCE .....	13
10. TERMINATION .....	13
11. TAKEOVER CODE .....	15
12. REPRESENTATIONS AND WARRANTIES.....	15
13. COSTS.....	15
14. ENTIRE AGREEMENT .....	15
15. ASSIGNMENT .....	16
16. NOTICES .....	16
17. LANGUAGE.....	17
18. WAIVERS, RIGHTS AND REMEDIES .....	17
19. NO PARTNERSHIP .....	18
20. FURTHER ASSURANCES .....	18
21. COUNTERPARTS .....	18
22. VARIATIONS .....	18
23. INVALIDITY.....	18
24. THIRD PARTY ENFORCEMENT RIGHTS .....	19
25. GOVERNING LAW AND JURISDICTION.....	19
 SCHEDULE 1 .....	 20
Form of Announcement.....	20
SCHEDULE 2 .....	21
CareTech Share Plans and certain employment arrangements .....	21

**THIS AGREEMENT** is made on

27 June

2022

**BETWEEN:**

- (1) **AMALFI BIDCO LIMITED**, a private limited company registered in England and Wales with registered number 14186033, whose registered office is at 25a Soho Square, London W1D 3QR, United Kingdom ("**Bidco**"); and
- (2) **CARETECH HOLDINGS PLC**, a public limited company registered in England and Wales with registered number 04457287, whose registered office is at 5th Floor Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire, EN6 1AG ("**CareTech**"),

(each a "**party**" and together the "**parties**").

**RECITALS**

- (A) Bidco proposes to announce immediately following execution of this Agreement a firm intention to make a recommended offer for the entire issued and to be issued share capital of CareTech pursuant to Rule 2.7 of the Code.
- (B) The Acquisition will be made on the terms and subject to the conditions set out in the Announcement and this Agreement.
- (C) The parties intend that the Acquisition will be implemented by way of the Scheme, although Bidco reserves the right, subject to the terms of this Agreement and the Announcement, to implement the Acquisition by way of the Takeover Offer.
- (D) The parties have agreed to take certain steps to effect the completion of the Acquisition (whether by way of the Scheme or the Takeover Offer) and are entering into this Agreement to set out their respective rights, obligations and commitments in relation to such matters.

**THE PARTIES AGREE AS FOLLOWS:**

**1. DEFINITIONS AND INTERPRETATION**

- 1.1 In this Agreement (including the recitals but excluding schedule 1), the terms and expressions listed in this clause 1.1 shall have the meanings set out in this clause 1.1. Terms and expressions used in schedule 1 shall have the meanings given to them in schedule 1.

**"Acceptance Condition"** means the acceptance condition to any Takeover Offer;

**"Acquisition"** means the direct or indirect acquisition of the entire issued and to be issued ordinary share capital of CareTech by Bidco (other than any Excluded Shares) to be effected by way of: (i) the Scheme; or (ii) the Takeover Offer (as the case may be);

**"Acquisition Document"** means (i) if the Scheme is (or is to be) implemented, the Scheme Document; or (ii) if the Takeover Offer is (or is to be) implemented, the Offer Document;

**"AIM"** means the market of that name operated by London Stock Exchange plc;

**"AIM Rules"** means the rules and guidance for companies whose shares are admitted to and trading on AIM, entitled "AIM Rules for Companies" as published by London Stock Exchange plc from time to time;

**"Announcement"** means the announcement detailing the terms and conditions of the Acquisition to be made pursuant to Rule 2.7 of the Code, in substantially the form set out in schedule 1;

**"Bidco Group"** means Bidco and its subsidiaries, subsidiary undertakings and direct and indirect parent undertakings and **"member of the Bidco Group"** shall be construed accordingly;

**"Business Day"** means a day other than a Saturday or Sunday or public holiday in England and Wales on which banks in London are open for general commercial business;

**"CareTech Independent Board"** means the independent committee of the board of CareTech consisting of the CareTech Independent Directors;

**"CareTech Independent Board Recommendation"** means a unanimous and unqualified recommendation from the CareTech Independent Directors to CareTech Shareholders in respect of the Acquisition: (a) to vote in favour of the Resolution(s); or (b) if Bidco elects to proceed with the Takeover Offer in accordance with the terms of this Agreement, to accept the Takeover Offer (but which excludes any recommendation relating to the Partial Alternative Offer, in respect of which the Amalfi Independent Board will offer no opinion);

**"CareTech Independent Directors"** means Jamie Cumming, Adrian Stone and Dr Moira Livingston, or such other director of CareTech which CareTech considers to be independent from Bidco from time to time;

**"CareTech General Meeting"** means the general meeting of CareTech to be convened in connection with the Scheme, notice of which will be set out in the Scheme Document, including any adjournment thereof;

**"CareTech Group"** means CareTech and its subsidiaries and subsidiary undertakings and **"member of the CareTech Group"** shall be construed accordingly;

**"CareTech Share Plans"** means the CareTech Executive Share Ownership Plan 2021, the Amalfi Long Term Incentive Plan, the CareTech Tax Advantaged Share Option Plan and the CareTech Sharesave Scheme;

**"CareTech Shareholders"** means the holders of CareTech Shares from time to time;

**"CareTech Shares"** means the ordinary shares of 0.5 pence each in the capital of CareTech;

**"CMA"** means the Competition and Markets Authority, being a United Kingdom statutory body established under the Enterprise and Regulatory Reform Act 2013 or its successor;

**"CMA Approval"** means the CMA confirming, in terms reasonably satisfactory to Bidco, that it will not refer the Acquisition or part of the Acquisition or any matter arising from it to its chair pursuant to section 33 of the Enterprise Act for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013;

**"Code"** means the City Code on Takeovers and Mergers, as issued from time to time by or on behalf of the Panel;

**"Companies Act"** means the Companies Act 2006;

**"Conditions"** means:

- (a) for so long as the Acquisition is being implemented by means of the Scheme, the conditions to the implementation of the Acquisition (including the Scheme) as set out in Appendix 1 to the Announcement and to be set out in the Acquisition Document; and

- (b) for so long as the Acquisition is being implemented by means of a Takeover Offer, the conditions referred to in (a) above, as amended by replacing the Scheme Conditions with the Acceptance Condition,

and "**Condition**" shall be construed accordingly;

"**Confidentiality Agreement**" means the confidentiality agreement between CareTech, the Consortium and THCS IV GP S.a.r.l in relation to the Acquisition dated 5 April 2022;

"**Consortium**" means Sheikh Holdings Group (Investments) Limited, Belgravia Investments Limited, Kensington Capital Limited, and funds managed by THCS IV GP S.a.r.l and/or its affiliates and advised by THCP Advisory Limited;

"**Consortium Responsible Persons**" means the Bidco Directors and any other person required by the Panel pursuant to Rule 19.2 of the Code to take responsibility for the information in the Acquisition Document for which an offeror is required to accept responsibility under the Code;

"**Costs**" means losses, damages, costs (including reasonable legal costs) and expenses (including taxation), in each case of any nature whatsoever;

"**Court**" means the High Court of Justice in England and Wales;

"**Court Hearing**" means the hearing by the Court of the petition to sanction the Scheme and to grant the Court Order;

"**Court Meeting**" means the meeting(s) of the Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act, notice of which will be set out in the Scheme Document, for the purpose of approving the Scheme, including any adjournment thereof;

"**Court Order**" means the order(s) of the Court sanctioning the Scheme under section 899 of the Companies Act;

"**Disclosing Party**" has the meaning given to it in clause 3.10;

"**Effective Date**" means:

- (a) the date on which the Scheme becomes effective in accordance with its terms; or
- (b) if the Takeover Offer is implemented, the date that the Takeover Offer becomes or is declared unconditional in all respects,

and "**Effective**" shall be construed accordingly;

"**Excluded Shares**" means any CareTech Shares beneficially owned by the Sheikh Group, Bidco or any subsidiary undertaking of Topco immediately prior to the Scheme Record Time;

"**Group**" means, in relation to Bidco, the Bidco Group, and in relation to CareTech, the CareTech Group;

"**Law**" means any applicable statute, law, rule, regulation, ordinance, code, order, judgment, injunction, writ, decree, directive, policy, guideline, interpretation or rule of common law issued, administered or enforced by any Regulatory Authority, or any judicial or administrative interpretation thereof;

"**Long Stop Date**" has the meaning given to it in the Announcement;

**"Offer Document"** means, if Bidco elects to implement the Acquisition by way of the Takeover Offer in accordance with the terms of this Agreement, the document to be sent to (among others) CareTech Shareholders setting out, among other things, the full terms and conditions of the Takeover Offer;

**"Order"** has the meaning given to it in clause 3.5;

**"Panel"** means the UK Panel on Takeovers and Mergers;

**"Regulatory Approvals"** means all consents, licences, authorisations, clearances, permissions, waivers and/or approvals that are necessary in order to satisfy any of the Regulatory Conditions and also the expiry of all waiting periods, the expiry of which will, under the laws, regulations or practices applied by any Regulatory Authority in connection with the implementation of the Acquisition, satisfy any of the Regulatory Conditions, and any references to Regulatory Approvals having been "satisfied" shall be construed as meaning that the foregoing have been obtained or, in the case of waiting periods, expired in accordance with the relevant Regulatory Condition;

**"Regulatory Authority"** means the CMA and any other court or competition, anti-trust, national, supra-national or supervisory body or any other government or government department, governmental, trade or regulatory agency or body, in each case in any jurisdiction, including the European Commission but excluding the Panel;

**"Regulatory Conditions"** means the Conditions set out in paragraphs h and i of Part A of Appendix 1 of the Announcement;

**"Regulatory Information Service"** means any information service authorised from time to time by the Financial Conduct Authority for the purpose of disseminating regulatory announcements;

**"Remedies"** means any conditions, measures, commitments, undertakings, remedies (including disposals, whether before or following completion of the Acquisition, and any pre- divestiture reorganisations) or assurance (financial or otherwise) offered or required in connection with the obtaining of any Regulatory Approvals, and **"Remedy"** shall be construed accordingly;

**"Resolution(s)"** means the resolution(s) to be proposed by CareTech at the CareTech General Meeting in connection with the implementation of the Acquisition;

**"Scheme"** means the scheme of arrangement proposed to be made under Part 26 of the Companies Act between CareTech and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by CareTech and Bidco;

**"Scheme Conditions"** means the Conditions referred to in paragraph 1 of Part A of Appendix 1 of the Announcement;

**"Scheme Document"** means the document to be sent to (among others) CareTech Shareholders containing and setting out, among other things, the full terms and conditions of the Scheme and containing the notices convening the Court Meeting and the CareTech General Meeting;

**"Scheme Record Time"** means the time and date specified in the Scheme Document, expected to be 6.00 p.m. on the business day immediately prior to the Effective Date;

**"Scheme Shareholders"** means the holders of Scheme Shares;

**"Scheme Shares"** has the meaning given in the Announcement;

**"Sheikh Group"** has the meaning given in the Announcement;

**"Switch"** has the meaning given in clause 6.1;

**"Takeover Offer"** means a takeover offer (within the meaning of section 974 of the Companies Act) to be made by or on behalf of Bidco to acquire the entire issued and to be issued share capital of CareTech on the terms and conditions to be set out in the Offer Document, such offer, including any subsequent revision, amendment, variation, extension, or renewal; and

**"Working Hours"** means 9.30 a.m. to 5.30 p.m. in the relevant location on a Business Day.

1.2 In this Agreement, unless the context otherwise requires:

- (a) the expressions **"subsidiary"** and **"subsidiary undertaking"** have the meanings given in the Companies Act;
- (b) the expressions **"acting in concert"** and **"concert parties"** shall be construed in accordance with the Code;
- (c) **"interest"** in shares or securities shall be construed in accordance with the Code;
- (d) a reference to an enactment or statutory provision shall include a reference to any subordinate legislation made under the relevant enactment or statutory provision and is a reference to that enactment, statutory provision or subordinate legislation as from time to time amended, consolidated, modified, re-enacted or replaced;
- (e) references to a **"person"** include any individual, an individual's executors or administrators, a partnership, a firm, a body corporate (wherever incorporated), an unincorporated association, government, state or agency of a state, local or municipal authority or government body, a joint venture, association, works council or employee representative body (in any case, whether or not having separate legal personality);
- (f) references to a recital, paragraph, clause or schedule (other than a schedule to a statutory provision) shall refer to those of this Agreement unless stated otherwise;
- (g) headings do not affect the interpretation of this Agreement, the singular shall include the plural and vice versa, and references to one gender include all genders;
- (h) references to time are to London time;
- (i) any reference to a day (including within the phrase Business Day) shall mean a period of 24 hours running from midnight to midnight;
- (j) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England, be construed as references to the term or concept which most nearly corresponds to it in that jurisdiction;
- (k) references to **"£"**, **"GBP"**, **"pounds sterling"**, **"pence"** and **"p"** are references to the lawful currency from time to time of the United Kingdom;
- (l) any phrase introduced by the terms **"including"**, **"include"**, **"in particular"** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;

- (m) a reference to any other document referred to in this Agreement is a reference to that other document as amended, varied or supplemented at any time; and
- (n) references to this Agreement include this Agreement as amended or supplemented in accordance with its terms.

1.3 The schedules form part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement and any reference to this Agreement shall include the schedules.

## 2. **PUBLICATION OF THE ANNOUNCEMENT AND THE TERMS OF THE ACQUISITION**

2.1 The obligations of the parties under this Agreement, other than this clause 2.1 and clauses 11 to 19 (inclusive) and 21 to 25 (inclusive), shall be conditional on the release of the Announcement via a Regulatory Information Service at or before 8.00 a.m. on the date of this Agreement or such later time and date as the parties may agree (and, where required by the Code, the Panel may approve). This clause 2.1 and clauses 1, 11 to 19 (inclusive) and 21 to 25 (inclusive) shall take effect on and from execution of this Agreement.

2.2 The principal terms of the Acquisition shall be as set out in the Announcement, together with such other terms as may be agreed by the parties in writing (save for an increase in the cash consideration to be paid to CareTech Shareholders which will be at the absolute discretion of Bidco) and, where required by the Code, approved by the Panel. The terms of the Acquisition at the date of publication of the Acquisition Document shall be set out in the Acquisition Document.

2.3 Subject to clauses 3.10 and 3.13, Bidco undertakes to CareTech to co-operate with CareTech and its advisers for the purposes of implementing, and to use reasonable endeavours to implement, the Acquisition in substantially the form contemplated by, and on the terms set out in, the Announcement.

## 3. **UNDERTAKINGS IN RELATION TO THE REGULATORY CONDITIONS**

3.1 Except where otherwise required by Law or a Regulatory Authority:

- (a) Bidco shall determine, having consulted in good faith and on a timely basis with CareTech, and reasonably considering comments from CareTech, the strategy to be pursued for satisfying the Regulatory Conditions; and
- (b) Bidco shall contact and correspond with any Regulatory Authority in relation to any Regulatory Approvals sought by Bidco in respect of the Acquisition in accordance with this Agreement, including submitting and preparing, with the assistance of CareTech in accordance with this Agreement (whose reasonable costs in doing so will be reimbursed by Bidco), all necessary filings, notifications and submissions.

3.2 If Bidco or CareTech is or becomes aware of any matter which could reasonably be considered to be material in the context of the satisfaction or waiver, or to provide sufficient grounds for it to be able to invoke, any of the Regulatory Conditions, it will promptly make the substance of all such matters known to the other party and provide such details and further information as the other party may reasonably request.

3.3 Neither Bidco nor CareTech shall take, or permit to be taken by members of the Bidco Group or the CareTech Group respectively, any action that could reasonably be expected to adversely affect the satisfaction or waiver of any of the Regulatory Conditions.

3.4 Subject to CareTech having complied with its obligations in this clause 3 in all material respects, Bidco undertakes to CareTech to promptly engage with the CMA and any other Regulatory Authority (where applicable) in respect of the Acquisition and Bidco shall use, and shall procure that each member of the Bidco Group shall use, reasonable endeavours



to achieve and otherwise satisfy the Regulatory Conditions, provided that (without prejudice to any determination by the Panel to the contrary), Bidco shall not for these purposes be required to propose or accept any Remedies that would reasonably be considered to be capable of: (a) materially limiting, or otherwise materially delaying, its ability to own, control and operate the CareTech Group; (b) materially limiting or delaying its ability to integrate the CareTech Group into the Bidco Group; or (c) otherwise materially or adversely affecting the business of the Bidco Group or the CareTech Group,

in each case as soon as reasonably practicable (and, in any event, in sufficient time so as to enable the Effective Date to occur prior to the Long Stop Date). The parties agree that Bidco shall not be in breach of any its obligations under this clause 3.4 to the extent that any such breach is caused by CareTech's failure to comply with its obligations under clause 3.5.

For the avoidance of doubt, Bidco confirms that, with the exception of the Regulatory Conditions, no Regulatory Approval constitutes a condition to the implementation of the Acquisition.

- 3.5 Subject to clause 3.4, Bidco shall, and shall procure that each member of the Bidco Group until the Effective Date shall use all reasonable endeavours to:
- (a) persuade the CMA not to make a Phase 2 CMA Reference;
  - (b) persuade the CMA not to make any order, undertaking or obligation under section 72 of the Enterprise Act which would restrict or prohibit the completion of the Acquisition (an "**Order**"); and
  - (c) implement the Acquisition on the terms set out in the Announcement (or any improvement to such terms), including, in each case, by offering to the CMA or accepting the imposition by the CMA of any Remedies.
- 3.6 Subject to clause 3.4, if the CMA makes or imposes any Order, Bidco shall and shall procure that each member of the Bidco Group shall, following the entry into force of the Order and until the Effective Date, use reasonable endeavours to take all necessary steps to obtain clearance from the CMA in respect of the Acquisition, including continuing to offer or accept the imposition of any Remedies and seeking to negotiate any derogations from, or amendments to, such Order as would be acceptable to the CMA and would permit completion of the Acquisition to occur.
- 3.7 CareTech undertakes to work co-operatively and reasonably with Bidco and in particular promptly to provide such information and assistance to Bidco as Bidco may reasonably require for the purposes of obtaining the CMA Approval or other Regulatory Approvals (or, to the extent required satisfying the Regulatory Conditions) and making submissions, filings or notifications to the CMA or other Regulatory Authorities (including as contemplated under clause 3.4), and to use all reasonable endeavours to assist Bidco in furtherance of any activities contemplated under clause 3.4.
- 3.8 Save to the extent prohibited by Law or a Regulatory Authority, CareTech undertakes to Bidco to:
- (a) provide promptly and in any event before any deadline or due date imposed by Law or by this Agreement (and subject to its reasonable costs in doing so being reimbursed by Bidco):
    - (i) all such information as may reasonably be required by Bidco to determine in which jurisdictions any merger control, regulatory or other similar filing, notification or submission with a Regulatory Authority may be necessary or advisable for the purposes of obtaining any Regulatory Approvals or satisfying the Regulatory Conditions;

- (ii) all such information as may reasonably be required for inclusion in any filings, notifications or submissions to any Regulatory Authority for the purposes of obtaining any Regulatory Approvals, satisfying the Regulatory Conditions or for inclusion in any responses to any requests for further information consequent upon such filings, notifications or submissions; and
    - (iii) all such other assistance and co-operation as may reasonably be required for the purposes of obtaining any Regulatory Approval (including assistance in connection with any filings and with such pre-notification contacts with the Regulatory Authorities as Bidco considers desirable or appropriate in the circumstances) or satisfying the Regulatory Conditions; and
  - (b) provide as soon as reasonably practicable, in consultation with Bidco, such information and access to CareTech management and employees as Bidco or any Regulatory Authority may reasonably require for the purposes of making a filing, notification or submission to any Regulatory Authority in connection with any Regulatory Approval or satisfying the Regulatory Conditions.
- 3.9 Save to the extent prohibited by Law or a Regulatory Authority, Bidco undertakes to CareTech to:
- (a) provide, or procure the provision of, to CareTech (and/or its legal advisers) draft copies of all filings, notifications, submissions, material correspondence and material communications (including, in the case of material non-written correspondence or communications, reasonably detailed summaries of such correspondence or communications), other than those of an administrative nature, intended to be submitted, sent or communicated to any Regulatory Authority in connection with the implementation of the Acquisition, at such time as will allow CareTech (and/or its legal advisers) reasonable opportunity to review and comment thereon;
  - (b) have regard in good faith to reasonable comments made by CareTech (and its legal advisers) in a timely manner on draft copies of filings, notifications, submissions, material correspondence and material communications provided pursuant to clause 3.9(a);
  - (c) as soon as reasonably practicable provide, or procure the provision of, to CareTech (and its legal advisers) copies of all filings, notifications, submissions, material correspondence and material communications in the form finally submitted, sent or communicated to any Regulatory Authority in connection with the implementation of the Acquisition;
  - (d) as soon as reasonably practicable notify CareTech (and its legal advisers) of, and provide copies of, any material correspondence and material communications (including, in the case of material non-written correspondence or communications, reasonably detailed summaries of such correspondence or communications) received from any Regulatory Authority in connection with the implementation of the Acquisition;
  - (e) unless the Regulatory Authority stipulates or requires otherwise or confidentiality considerations require otherwise, give CareTech (and its legal advisers) reasonable notice of any meetings, hearings or scheduled telephone calls, other than those of an administrative nature, with any Regulatory Authority in connection with the implementation of the Acquisition, and allow the other party (and its legal advisers) to attend and, where appropriate make reasonable oral submissions during any such material meetings, hearings or telephone calls (provided such oral submissions have been discussed by the parties in advance) and, where such attendance and participation is not permitted by Law or the Regulatory Authority, to provide, to the extent so permitted, CareTech with a written summary of such meeting, hearing or

telephone call as soon as reasonably practicable following the meeting, hearing or telephone call;

- (f) keep CareTech (and its legal advisers) informed as soon as reasonably practicable of developments which are material or potentially material to the implementation of the Acquisition;
- (g) give CareTech reasonable prior notice of any requests by any Regulatory Authority for further information consequent on filings made and take account of such comments as are made by the other party in any responses to such requests;
- (h) promptly notify CareTech of any material communications from any Regulatory Authority in relation to obtaining any Regulatory Approvals and provide copies of those communications; and
- (i) procure that each member of the Bidco Group shall not, withdraw a filing, submission or notification to any Regulatory Authority, or enter into any timing agreement, understanding or commitment with any Regulatory Authority to extend any waiting period or not close the Acquisition, without CareTech's prior written consent (such consent not to be unreasonably withheld, delayed or conditioned).

3.10 If any provision of this Agreement obliges Bidco or CareTech (the "**Disclosing Party**") to disclose any information to the other:

- (a) that is personally identifiable information of a director, officer or employee of the Disclosing Party or its affiliated persons, unless that information can be reasonably anonymised (in which case the Disclosing Party shall provide the relevant information on an anonymous basis);
- (b) which the Disclosing Party or its affiliated persons reasonably considers to be commercially or competitively sensitive or where disclosure to the other party would reasonably be expected to have a material adverse effect on the Disclosing Party's legitimate business interests;
- (c) which the Disclosing Party is prohibited from disclosing by Law or the terms of an existing contract;
- (d) where such disclosure would result in the loss of privilege that subsists in relation to such information, including legal professional privilege; or
- (e) where such disclosure would result in the relevant information being required to be disclosed to a competing bidder pursuant to Rule 21.3 of the Code,

the Disclosing Party shall, to the extent permitted by Law (and, if relevant, the Code), disclose the relevant information to the other party on an outside counsel basis or where disclosure in this manner would reasonably be expected to have a material adverse effect on the Disclosing Party's legitimate business interest, directly to a Regulatory Authority (and in such circumstances, and to the extent permitted by applicable Law, the Disclosing Party shall provide to the other non a non-confidential version of such information). Nothing in this Agreement shall require either party to disclose to or receive from the other any information which the Disclosing Party is prohibited from disclosing or the receiving party is prohibited from receiving by Law or where such disclosure would result in the loss of any privilege that subsists in relation to such information.

3.11 Bidco shall be responsible for paying any filing, administrative or other fees levied by any Regulatory Authority for the purpose of obtaining the Regulatory Approvals, unless such fees are payable by CareTech as specified by the applicable local laws.

3.12 Nothing in this Agreement shall at any time oblige Bidco:

- (a) to waive or treat as satisfied any Condition that Bidco is entitled, with the permission of the Panel, to invoke; or
- (b) where Bidco has given notice to CareTech that it considers it is or may be entitled to invoke a Condition, to waive or treat as satisfied any Condition before the date on which the Panel rules (or if any such ruling is capable to appeal, Bidco confirms that it does not intend to appeal) that any such Condition may not be invoked.

3.13 The obligation of Bidco to complete the Acquisition is subject to satisfaction (or, where permitted, waiver) of the Conditions.

#### 4. **SCHEME DOCUMENT**

Where the Acquisition is being implemented by way of the Scheme, Bidco agrees:

- (a) promptly to provide CareTech all such information about itself, its directors and the Bidco Group and persons acting in concert with Bidco and Sheikh Holdings Group (Investments) Limited (and, to the extent required by the Panel, any other person connected with Bidco) as may reasonably be requested and which is required by CareTech (having regard to the Code and other Law) for inclusion in the Scheme Document (including any information required under the Code or other Law);
- (b) promptly to provide CareTech with all such other assistance and access as may be reasonably required in connection with the preparation of the Scheme Document and any other document required under the Code or by other Law to be published in connection with the Scheme, including access to, and ensuring the provision of reasonable assistance by, Bidco's relevant professional advisers;
- (c) to procure that the Consortium Responsible Persons accept responsibility, in the terms required by the Code, for all the information (including any expressions of opinion) in the Scheme Document relating to themselves (and their close relatives and related trusts), the Consortium, Bidco and the Bidco Group, and any other information in the Scheme Document for which an offeror's directors (and any other person) are required to accept responsibility under the Code; and
- (d) to correct any information provided by it for use in the Scheme Document to the extent it becomes aware that such information has become false or misleading as promptly as reasonably practicable after it becomes so aware.

#### 5. **IMPLEMENTATION OF THE ACQUISITION**

5.1 Bidco acknowledges and agrees that the expected timetable for implementation of the Acquisition (will be contained in the Scheme Document, subject to any revisions required as a result of the availability of Court Hearing dates).

5.2 Where the Acquisition is being implemented by way of the Scheme and provided that the date set for the Court Hearing has been agreed to by Bidco in writing (acting reasonably):

- (a) Bidco undertakes that, by no later than 11.59 p.m. on the Business Day immediately preceding the Court Hearing, it shall deliver a notice in writing to CareTech either:
  - (i) confirming the satisfaction or waiver of all Conditions (other than the Scheme Conditions); or
  - (ii) confirming its intention to invoke a Condition (if permitted by the Panel) and providing reasonable details of the event which has occurred, or circumstances which have arisen, which Bidco reasonably considers entitle it to invoke the Condition and why, in the case of any Condition to which Rule

13.5 of the Code applies, Bidco considers such event or circumstance to be of material significance to Bidco in the context of the Acquisition; and

- (b) in circumstances in which Bidco confirms the satisfaction or waiver of all Conditions (other than the Scheme Conditions), Bidco shall instruct counsel to appear on its behalf at the Court Hearing and undertake to the Court to be bound by the terms of the Scheme in so far as it relates to Bidco.

## 6. SWITCHING TO A TAKEOVER OFFER

6.1 The parties currently intend that the Acquisition will be implemented by way of the Scheme. However, Bidco shall be entitled, with the consent of the Panel, to implement the Acquisition by way of the Takeover Offer rather than the Scheme (such election being a "**Switch**") if (but only if):

- (a) CareTech provides its prior written consent (not to be unreasonably withheld, delayed or conditioned);
- (b) a third party announces (i) a possible offer for the entire issued and to be issued ordinary share capital of CareTech, or (ii) a firm intention to make an offer for the issued and to be issued ordinary share capital of CareTech;
- (c) the CareTech Independent Board:
  - (i) withdraws, qualifies or adversely modifies the CareTech Independent Board Recommendation;
  - (ii) does not include the CareTech Independent Board Recommendation in the Scheme Document (or, if different, any other document convening the Court Meeting or CareTech General Meeting);
  - (iii) prior to the publication of the Scheme Document (or, if different, any other document convening the Court Meeting or CareTech General Meeting), withdraws, qualifies or adversely modifies its intention to make the CareTech Independent Board Recommendation in any such document, including making any public statement to such effect, or failing to publicly reaffirm or re-issue a statement of its intention to make the CareTech Independent Board Recommendation on an unmodified and unqualified basis before 5:00 p.m. on the third Business Day following Bidco's reasonable request to do so; or
  - (iv) the Court Meeting and/or the CareTech General Meeting are or is not held on or before the 22nd day after the expected date of such meetings as set out in the Scheme Document (or, if different, the document(s) convening the Court Meeting and/or CareTech General Meeting (as applicable), including, where delayed pursuant to clause 6.1(c)(iv)(A), the supplementary circular) (or such later date as may be agreed in writing between the parties with the consent of the Panel and the approval of the Court (if such approval is required)) or either or both of the Court Meeting and/or the CareTech General Meeting (as applicable) is adjourned, unless:
    - (A) a supplementary circular is required to be published in connection with the Scheme, and, as a result, the Court Meeting and the CareTech General Meeting cannot be held by such date in compliance with the Code and other Law, provided that CareTech has used all reasonable endeavours to publish the supplementary circular as soon as reasonably practicable after the date on which the requirement to publish a supplementary circular arises; or

- (B) Bidco has committed a breach of clause 4 and such breach has caused the delay; or
  - (C) Bidco announces, as referred to in paragraph 1 of Part B of Appendix 1 to the Announcement, that it has waived the relevant deadline, in which case the provisions of clause 6.1(c)(iv) shall apply to the new deadline referred to in such announcement (if any).
- (d) CareTech is in material breach of any provision of this Agreement, provided that:
- (i) Bidco shall first have notified CareTech in writing of such material breach and its intention to effect a Switch; and
  - (ii) such material breach remains unremedied following the expiry of five Business Days from the date of receipt of such notification from Bidco.
- 6.2 In the event of any Switch, unless otherwise agreed with CareTech or required by the Panel:
- (a) Bidco will:
    - (i) prepare, as soon as reasonably practicable, the Offer Document and related form of acceptance;
    - (ii) consult with CareTech as to the timing of the publication of the Offer Document and the form of acceptance; and
    - (iii) consult with CareTech as to the form and content of the Offer Document and the form of acceptance;
  - (b) Bidco shall ensure that the Takeover Offer is made on substantially the same terms, so far as applicable, as those set out in the Announcement, subject to appropriate amendments, including (without limitation) an acceptance condition at a level permitted by the Panel, and the only conditions to the Takeover Offer shall be the Conditions, subject to replacing the Scheme Conditions with the Acceptance Condition and any other modifications or amendments to the Conditions as may be required by the Panel or agreed in writing between the parties;
  - (c) Bidco shall keep CareTech informed, on a regular and confidential basis (and in any event as soon as reasonably practicable following receipt of a written request from CareTech) of the number of CareTech Shareholders that have validly returned their acceptance or withdrawal forms or incorrectly completed their acceptance or withdrawal forms, the identity of such shareholders and the number of CareTech Shares to which such forms relate; and
  - (d) all provisions of this Agreement relating to the Scheme and its implementation shall apply to the Takeover Offer or its implementation mutatis mutandis.

## 7. **DIVIDENDS**

If, on or after the date of the Announcement, any dividend or other distribution is declared, made or paid, or becomes payable by CareTech, Bidco shall have the right to reduce the consideration payable under the terms of the Acquisition by the aggregate amount of such dividend or other distribution, in which case the relevant eligible CareTech Shareholders will be entitled to receive and retain any such dividend or other distribution.

## 8. **CARETECH SHARE PLANS AND CERTAIN EMPLOYMENT ARRANGEMENTS**

- 8.1 The provisions of schedule 2 shall apply in respect of the CareTech Share Plans and certain CareTech employment arrangements.

8.2 Each of the parties agrees that if the Acquisition is implemented by way of the Scheme, the timetable for its implementation shall be fixed so far as is possible so as to enable options and awards under the relevant CareTech Share Plans which provide for exercise and/or vesting upon the sanction of the Scheme by the Court to be exercised or vest in sufficient time to enable the resulting CareTech Shares to be bound by the Scheme on the same terms as CareTech Shares held by CareTech Shareholders.

9. **DIRECTORS' AND OFFICERS' INSURANCE**

9.1 If and to the extent such obligations are permitted by Law and if the Acquisition becomes Effective, for six years after the Effective Date, Bidco shall procure that the members of the CareTech Group honour and fulfil their respective obligations (if any) existing as at the date of this Agreement to indemnify their respective directors and officers and to advance expenses, in each case with respect to matters existing or occurring at or prior to the Effective Date.

9.2 Bidco acknowledges that CareTech may purchase directors' and officers' liability insurance cover for both current and former directors and officers of the CareTech Group, including directors and officers who retire or whose employment is terminated as a result of the Acquisition, for acts and omissions up to and including the Effective Date, in the form of runoff cover for a period of six years following the Effective Date. Such insurance cover shall be with reputable insurers and provide cover, in terms of amount and breadth, substantially equivalent to that provided under the CareTech Group's directors' and officers' liability insurance as at the date of this Agreement.

10. **TERMINATION**

10.1 Subject to clauses 10.2 and 10.3, this Agreement shall terminate and all obligations of the parties under this Agreement shall cease, as follows:

- (a) if agreed in writing between the parties at any time prior to the Effective Date;
- (b) if the Announcement is not released via a Regulatory Information Service at or before 08.00 a.m. on the date of this Agreement (unless, prior to that time, the parties have agreed another later time and date in accordance with Clause 2.1);
- (c) if the Acquisition is, with the permission of the Panel, withdrawn or lapses in accordance with its terms prior to the Long Stop Date (other than where: (i) such lapse or withdrawal is as a result of the exercise of Bidco's right to effect a Switch in accordance with the terms of this Agreement or (ii) it is otherwise to be followed within five Business Days by an announcement under Rule 2.7 of the Code made by Bidco or a person acting in concert with Bidco to implement the Acquisition by a different offer or scheme on substantially the same or improved terms);
- (d) if Scheme Shareholders vote at the Court Meeting and such vote does not achieve the requisite majorities for the Scheme to be approved, CareTech Shareholders vote on the Resolution(s) at the CareTech General Meeting and any such vote does not achieve the requisite majority(ies) for the Resolution(s) to be passed or the Court refuses to sanction the Scheme;
- (e) unless otherwise agreed by the parties in writing, if the Effective Date has not occurred on or before the Long Stop Date;
- (f) Bidco invokes (and is permitted by the Panel to invoke) any Condition so as to cause the Acquisition to lapse or be withdrawn;
- (g) upon service of written notice by Bidco on CareTech, if one or more of the following occurs:

- (i) the CareTech Independent Board:
    - (A) withdraws, qualifies or adversely modifies the CareTech Independent Board Recommendation; or
    - (B) prior to the publication of the Scheme Document (or, if different, any other document convening the Court Meeting or CareTech General Meeting), withdraws, qualifies or adversely modifies its intention to make the CareTech Independent Board Recommendation in any such document, including making any public statement to such effect or failing to publicly reaffirm or re-issue a statement of its intention to make the CareTech Independent Board Recommendation on an unmodified and unqualified basis before 5.00 p.m. on the third Business Day following Bidco's reasonable request to do so;
  - (ii) other than where a Switch has occurred, CareTech does not include the CareTech Independent Board Recommendation in the Scheme Document (or, if different, any other document convening the Court Meeting or CareTech General Meeting);
  - (iii) the Court Meeting and/or the CareTech General Meeting are or is not held on or before the 22nd day after the expected date of such meetings as set out in the Scheme Document (or, if different, the document(s) convening the Court Meeting and/or CareTech General Meeting (as applicable), including, where delayed pursuant to clause 10.1(g)(iii)(A) (the supplementary circular)) (or such later date as may be agreed in writing between the parties with the consent of the Panel and the approval of the Court (if such approval is required)), unless:
    - (A) a supplementary circular is required to be published in connection with the Scheme, and, as a result, the Court Meeting and the CareTech General Meeting cannot be held by such date in compliance with the Code and other Law, provided that CareTech has used all reasonable endeavours to publish the supplementary circular as soon as reasonably practicable after the date on which the requirement to publish a supplementary circular arises; or
    - (B) Bidco has committed a breach of clause 4 and such breach has caused the delay; or
    - (C) Bidco announces, as referred to in paragraph 1 of Part B of Appendix 1 to the Announcement, that it has waived the relevant deadline, in which case the provisions of 10.1(g)(iii) shall apply to the new deadline referred to in such announcement (if any); or
  - (iv) a third party announces a firm intention to make an offer for the issued and to be issued ordinary share capital of CareTech which is recommended by the CareTech Independent Board.
- 10.2 Termination of this Agreement shall be without prejudice to the rights of the parties which have arisen prior to termination, including any claim in respect of a breach of this Agreement.
- 10.3 Clauses 13 to 19 (inclusive), 21 to 25 (inclusive), this clause 10 and all related provisions of clause 1 shall survive termination of this Agreement.



**11. TAKEOVER CODE**

- 11.1 Nothing in this Agreement shall in any way limit the parties' obligations under the Code, and any uncontested rulings of the Panel as to the application of the Code in conflict with the terms of this Agreement shall take precedence over such terms of this Agreement.
- 11.2 The parties agree that, if the Panel determines that any provision of this Agreement that requires CareTech to take or not to take any action, whether as a direct obligation or as a condition to any other person's obligation (however expressed), is not permitted by Rule 21.2 of the Code, that provision shall have no effect and shall be disregarded.
- 11.3 Nothing in this Agreement shall oblige CareTech or the CareTech Independent Directors to recommend any Takeover Offer or any Scheme proposed by Bidco or any member of its Group.
- 11.4 Without prejudice to the representations and warranties given by the parties pursuant to clause 12, nothing in this Agreement shall be taken to restrict the directors of any member of the CareTech Group or the Bidco Group from complying with Law, orders of court or regulations, including the Code, the AIM Rules and the rules and regulations of the Panel.

**12. REPRESENTATIONS AND WARRANTIES**

- 12.1 Each party represents and warrants to the other party on the date of this Agreement that:
- (a) it has the requisite power and authority to enter into and perform its obligations under this Agreement;
  - (b) this Agreement constitutes its binding obligations in accordance with its terms; and
  - (c) the execution and delivery of, and performance of its obligations under, this Agreement will not:
    - (i) result in any breach of any provision of its constitutional documents;
    - (ii) result in a breach of, or constitute a default under, any instrument to which it is a party or by which it is bound; or
    - (iii) result in a breach of any order, judgment, or decree of any court or governmental agency to which it is a party or by which it is bound.
- 12.2 Bidco represents and warrants to CareTech that as at the date of this Agreement no Bidco shareholder resolution is required to implement the Acquisition.
- 12.3 Neither party shall have any claim against the other party pursuant to clause 12.1 or 12.2 for misrepresentation or breach of warranty after the Effective Date (without prejudice to any liability for fraudulent misrepresentation or fraudulent misstatement).

**13. COSTS**

Except as otherwise provided in this Agreement, each party shall pay its own Costs incurred in connection with negotiating, preparing and completing this Agreement or otherwise in connection with the Acquisition.

**14. ENTIRE AGREEMENT**

- 14.1 Without prejudice to the terms of the Announcement or the Acquisition Document, this Agreement and the Confidentiality Agreement together set out the entire agreement between the parties relating to the Acquisition and supersede any previous draft, agreement, arrangement or understanding, whether in writing or not, relating to the Acquisition.

- 14.2 Each party acknowledges that in entering into this Agreement it is not relying upon any pre-contractual statement that is not set out in this Agreement or the Confidentiality Agreement.
- 14.3 Except in the case of fraud or fraudulent misrepresentation, no party shall have any right of action against any other party to this Agreement arising out of or in connection with any pre-contractual statement except to the extent that it is repeated in this Agreement or the Confidentiality Agreement.
- 14.4 For the purposes of this clause, "**pre-contractual statement**" means any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of this Agreement or the Confidentiality Agreement made or given by any person at any time prior to the entry into of this Agreement.
- 14.5 Nothing in this Agreement shall limit any liability for (or remedy in respect of) fraud or fraudulent misrepresentation.
- 14.6 Each party agrees to the terms of this clause 14 on its own behalf.

15. **ASSIGNMENT**

Unless the parties specifically agree in writing, no person shall assign, transfer, charge or otherwise deal with all or any of its rights under this Agreement nor grant, declare, create or dispose of any right or interest in it.

16. **NOTICES**

- 16.1 Any notice to be given by one party to the other party in connection with this Agreement shall be in writing in English and signed by or on behalf of the party giving it. It shall be delivered by hand, e-mail, registered post or courier using an internationally recognised courier company.
- 16.2 A notice shall be effective upon receipt and shall be deemed to have been received (i) at the time of delivery, if delivered by hand, registered post or courier or (ii) at the time of transmission if delivered by e-mail. Where delivery occurs outside Working Hours, notice shall be deemed to have been received at the start of Working Hours on the next following Business Day.
- 16.3 The addresses and e-mail addresses of the parties for the purpose of clause 16.1 are:

**Bidco**

Address: 25a Soho Square, London, United Kingdom, W1D 3QR

E-mail: 

For the attention of: Farouq Sheikh and Marco Anatriello

With a copy (which shall not constitute notice) to:

Address: Ashurst LLP  
London Fruit & Wool Exchange  
1 Duval Square

London E1 6PW

United Kingdom

E-mail:



For the attention of: Karen Davies

**CareTech**

Address: 5th Floor Metropolitan House, 3 Darkes Lane, Potters Bar,  
Hertfordshire, EN6 1AG

E-mail:



For the attention of: Fahrina Maharaj, Senior Legal Counsel

With a copy (which shall not constitute notice) to:

Address: Charles Russell Speechlys LLP

5 Fleet Place

London

EC4M 7RD

E-mail:



For the attention of: Paul Arathoon

16.4 Each party shall notify the other party in writing of any change to its details in clause 16.3 from time to time.

**17. LANGUAGE**

Each language of communication under or in connection with this Agreement shall be in English.

**18. WAIVERS, RIGHTS AND REMEDIES**

18.1 The rights and remedies provided for in this Agreement are cumulative and not exclusive of any other rights or remedies, whether provided by Law or otherwise.

18.2 No failure to exercise, or delay in exercising, any right under this Agreement or provided by Law shall affect that right or operate as a waiver of the right. The single or partial exercise of any right under this Agreement or provided by Law shall not preclude any further exercise of it.

18.3 Without prejudice to any other rights or remedies that the other party may have, each party acknowledges and agrees that damages may not be an adequate remedy for any breach by it of this Agreement and that accordingly the other party may be entitled, without proof of special damages, to the remedies of injunction, specific performance or other equitable relief for any threatened or actual breach of this Agreement by any party and no proof of

special damages shall be necessary for the enforcement by any party of the rights under this Agreement.

19. **NO PARTNERSHIP**

No provision of this Agreement creates a partnership between the parties or makes a party the agent of the other party for any purpose. A party has no authority or power to bind, to contract in the name of, or to create a liability for the other party in any way or for any purpose.

20. **FURTHER ASSURANCES**

At its own Cost, each party shall (and shall procure that members of its Group shall and shall use reasonable endeavours to procure that any necessary third party shall) execute such documents and do such acts and things as may be necessary for the purpose of giving the full benefit of this Agreement.

21. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Agreement by e-mail attachment or telecopy will be an effective mode of delivery.

22. **VARIATIONS**

22.1 No variation of this Agreement shall be valid unless it is in writing and duly executed by or on behalf of all of the parties to it.

22.2 If this Agreement is varied:

- (a) the variation shall not constitute a general waiver of any provisions of this Agreement;
- (b) the variation shall not affect any rights, obligations or liabilities under this Agreement that have already accrued up to the date of variation; and
- (c) the rights and obligations of the parties under this Agreement shall remain in force, except as, and only to the extent that, they are varied.

23. **INVALIDITY**

23.1 Each of the provisions of this Agreement is severable.

23.2 If and to the extent that any provision of this Agreement:

- (a) is held to be, or becomes, invalid or unenforceable under the Law of any jurisdiction; but
- (b) would be valid, binding and enforceable if some part of the provision were deleted or amended,

then the provision shall apply with the minimum modifications necessary to make it valid, binding and enforceable and neither the validity or enforceability of the remaining provisions of this Agreement, nor the validity or enforceability of that provision under the Law of any other jurisdiction, shall in any way be affected or impaired as a result of this clause 23.2.

**24. THIRD PARTY ENFORCEMENT RIGHTS**

- 24.1 Each of the persons to whom clauses 9.1 and/or 9.2 applies may under the Contracts (Rights of Third Parties) Act 1999 enforce the terms of clauses 9.1 and/or 9.2 (as applicable). This right is subject to: (a) the rights of the parties to rescind or vary this Agreement without the consent of any other person and; (b) the other terms and conditions of this Agreement.
- 24.2 Except as set out in clause 24.1, a person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

**25. GOVERNING LAW AND JURISDICTION**

- 25.1 This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by, and interpreted in accordance with, English law.
- 25.2 The English courts shall have exclusive jurisdiction in relation to all disputes (including claims for set-off and counterclaims) arising out of or in connection with this Agreement including, without limitation disputes arising out of or in connection with: (a) the creation, validity, effect, interpretation, performance or non-performance of, termination or the legal relationships established by, this Agreement; and (b) any non-contractual obligations arising out of or in connection with this Agreement. For such purposes each party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction. Each party also irrevocably waives any objection to the recognition or enforcement in the courts of any other country of a judgment delivered by an English court exercising jurisdiction pursuant to this clause.

**IN WITNESS** whereof this Agreement has been entered into on the date stated on page 1.

**SCHEDULE 1**  
**Form of Announcement**

## SCHEDULE 2

### CareTech Share Plans and certain employment arrangements

#### PART 1 – CareTech SHARE PLANS

##### General

1. The following definitions apply to this schedule 2:

**"CareTech Employee"** means an employee of any member of the CareTech Group from time to time;

**"CareTech Share Plans"** means each of the LTIP, Sharesave, CSOP and ExSOP schemes;

**"CSOP"** means the CareTech Tax-Advantaged Share Option Plan 2015;

**"ExSOP"** means the CareTech Executive Share Ownership Plan 2012;

**"LTIP"** means the CareTech Long Term Incentive Plan;

**"Remuneration Committee"** means the remuneration committee of the directors of CareTech; and

**"Sharesave"** means the CareTech Sharesave Scheme.

2. As at the date of this agreement, the following options were outstanding under the CSOP, LTIP and Sharesave:

CareTech Share Plan	Form of award(s)	Number of CareTech Shares subject to outstanding awards (as at the date of this agreement)
LTIP	Options	1,336,693
Sharesave	Options	278,223
CSOP	Options	1,220,538
<b>Total</b>		<b>2,835,454</b>

3. There are outstanding awards over 3,509,936 CareTech Shares which are jointly held by the CareTech Employee Benefit Trust (the **"EBT"**) and participants under the ExSOP.
4. Bidco acknowledges that, before the Effective Date, CareTech may continue to operate the CareTech Share Plans in accordance with the rules of the relevant plan and CareTech's normal practice. For the avoidance of doubt, the operation of the CareTech Share Plans includes (without limitation): granting awards or options, determining the extent to which awards or options vest and satisfying entitlements and the exercise of options awarded under the CSOP, the LTIP, the Sharesave and the ExSOP.

5. Bidco and CareTech acknowledge and agree that:
  - (A) the Scheme Record Time (as defined in the Announcement) shall take place after the Sanction Hearing (as defined in the Announcement), to allow those participants in CareTech Share Plans who acquire CareTech Shares on or before the Scheme Record Time to have those CareTech Shares acquired by Bidco through the Scheme;
  - (B) CareTech may amend the rules of the CareTech Share Plans if the CareTech Directors (or the relevant committee) are of the opinion that such amendments are necessary or desirable to implement the Scheme or the treatment set out in this Agreement, to facilitate the administration of the CareTech Share Plans or to obtain or maintain favourable tax treatment for participants and/or for CareTech, provided that any such amendments are consistent with this Agreement;
  - (C) CareTech intends to write to participants in the CareTech Share Plans on, or as soon as practicable after, publication of the Scheme Document (or such later date as may be agreed with the Panel) to inform them of the impact of the Scheme on their outstanding awards under the CareTech Share Plans and the extent to which their awards will vest and become exercisable as a result of the Scheme, and to give them an opportunity to exercise their options or take up other relevant proposals; and
  - (D) CareTech Shareholder approval will be sought at the CareTech General Meeting for an amendment to the articles of association of CareTech so that any CareTech Shares issued or transferred on or after the Scheme Record Time will be automatically transferred to, or to the order of, Bidco in exchange for the provision by Bidco of the same cash consideration payable per CareTech Share under the Scheme (or such other consideration as may be agreed between Bidco and CareTech and disclosed in the Scheme Document).
6. As at the date of this Agreement, the EBT holds 3,638,190 CareTech Shares, of which 128,254 CareTech Shares are unallocated shares and can be used to satisfy awards under any of the CareTech Share Plans and of which 3,509,936 CareTech Shares are jointly held between the EBT and participants under the ExSOP. There is also £272,311.82 held in the EBT. Subject always to CareTech's ability to make recommendations to the trustee of the Trust to use any of the unallocated CareTech Shares and cash held in the EBT towards the satisfaction of the exercise of options in the normal course prior to the Effective Date, the trustee of the Trust will be requested to agree to satisfy options becoming exercisable as a consequence of the Acquisition, using the unallocated CareTech Shares in priority to CareTech issuing CareTech Shares to satisfy such options. The cash amount held by the EBT further will be used by the EBT to subscribe for newly issued CareTech Shares to satisfy options which are exercised at the Court Sanction Date.
7. Bidco acknowledges that CareTech and/or its advisers may make any submission to the Panel which it deems necessary to implement the arrangements referred to in this schedule



2 having consulted with Bidco before making such submission, and Bidco agrees to cooperate as soon as possible and in good faith in the making of any such submission.

### **ExSOP**

8. Bidco acknowledges that participants in the ExSOP who have met certain conditions under the terms of the ExSOP may direct the trustee of the EBT to vote in relation to CareTech Shares which have vested under their awards at the Court Meeting and the CareTech General Meeting in accordance with their instructions in accordance with the terms of the ExSOP.
9. Bidco acknowledges that the extent to which awards under the ExSOP can realise value for participants is governed by the terms of the ExSOP and individual agreements and acknowledges that the CareTech Remuneration Committee has determined that it will request the trustee of the EBT to allow all awards which have not already vested to vest in full on the Court Order.
10. Bidco acknowledges that participants have a right to request the trustee of the EBT to sell the CareTech Shares the subject of an award and also the right to procure the transfer to and from the trustee of an interest in such numbers of CareTech Shares as gives the participant the value under their award in whole numbers of CareTech Shares, in both cases subject to the terms of the ExSOP and any individual award.

### **LTIP**

11. Bidco acknowledges that the extent to which options outstanding under the LTIP vest and become exercisable in consequence of the Acquisition is to be determined solely by the CareTech Remuneration Committee, in accordance with the rules of the LTIP and the terms of such options.
12. In respect of those options which become exercisable on the Court Order, Bidco acknowledges that the CareTech Remuneration Committee has determined that performance conditions are met such that 100 per cent. of all currently unvested options granted under the LTIP in 2020 and 2021 (assuming no prior vesting of awards before the date of the Sanction Hearing in the normal course) will become exercisable in connection with the Court Order.
13. Bidco acknowledges that the CareTech Remuneration Committee has determined that all outstanding LTIP options which become exercisable on Court Sanction will not be pro-rated for time.
14. Bidco agrees that it may make a proposal to exchange LTIP options over CareTech Shares for options over shares in the indirect parent company of Bidco ("**Topco**") on new terms and conditions ("**Topco LTIP**"). Bidco and CareTech agree that the precise terms of the Topco LTIP will be explained to LTIP option holders on or around the time that the Scheme Document is published. Holder of options under the LTIP may also be able to part-exercise their LTIP options and roll-over the balance of their LTIP option.

## **CSOP**

15. Bidco acknowledges that the extent to which options outstanding under the CSOP vest and become exercisable in consequence of the Acquisition shall occur in accordance with the rules of the CSOP and the terms of such options, and that outstanding options under the CSOP which are not already exercisable will become exercisable on the Court Order being made. Bidco further acknowledges that all outstanding options will either have fully vested before or will become vested on the Court Sanction Date. Bidco and CareTech agree that CSOP options may be exercised on a cashless exercise basis if the exercise price and, to the extent that an optionholder receives Topco shares as consideration for their CareTech Shares received under their CSOP option that gives rise to a charge to income tax and employee's National Insurance contributions, the relevant amount payable can be deducted from cash consideration payable under the Scheme.
16. No offer to rollover CSOP options into options over Topco shares will be made.

## **Sharesave**

17. Bidco acknowledges that the extent to which options outstanding under the Sharesave become exercisable in consequence of the Acquisition shall be determined in accordance with the rules of the Sharesave and the terms of such options, and that outstanding options under the Sharesave which are not already exercisable will become exercisable on the Court Order being made.
18. Bidco acknowledges that participants may only exercise their Sharesave options using the savings made under the related savings contract at the time of exercise, and so these options may be exercisable over a reduced number of CareTech Shares. Bidco hereby agrees that, subject to and conditional on the Effective Date occurring, any participants in the Sharesave who exercise their options following the Scheme being sanctioned but before the Scheme Record Time (the "**Relevant Sharesave Participants**") and who are in CareTech group employment on that date (and not under or serving notice) will be paid an ex gratia sum equal to the after-tax amount equal to the after-tax amount of additional profit that such Relevant Sharesave Participants would have received had they been able to exercise their options at the end of the earlier of: (i) six months following the Court Sanction Date (assuming that six (or any many as could be made in accordance with the savings contract, if fewer) further savings contributions were made in accordance with the savings contract); and (ii) the maturity of the relevant savings contract (the "**Sharesave Payment**"). Whilst income tax and national insurance contributions will be due in respect of the Sharesave Payment, Bidco has agreed to gross-up the payment to account for the tax due.
19. Bidco agrees that the Sharesave Payment will be paid to Relevant Sharesave Participants on the first practicable payroll date after the Effective Date (the "**Sharesave Payment Date**").
20. No offer to rollover Sharesave options into options over Topco shares will be made by Bidco.

## **PART 2 EMPLOYEES**

### **Ordinary course of business arrangements**

1. Bidco acknowledges and agrees that before the Effective Date, CareTech will carry out annual (or other periodic) pay reviews, pay negotiations, appraisals, recruitment and promotions in the ordinary course of business and consistent with normal CareTech practice.
2. Bidco agrees, in respect of each CareTech Employee who remains employed within the CareTech Group after the Scheme has occurred, that for the period of 12 months immediately following the Effective Date it shall, or it shall cause the relevant employing entity in the CareTech Group (or its relevant Bidco Group entity, as the case may be) to, safeguard and maintain all existing non-contractual, contractual and statutory employment rights as were provided to each such CareTech Employee immediately prior to the Effective Date, including, without limitation, regarding pay, bonus entitlements, annual leave, sick pay, benefits and pensions, and these rights will be fully safeguarded in accordance with applicable law.

### **Annual bonus**

3. Bidco acknowledges that if the payment date for the CareTech annual bonuses for the financial year ending 30 September 2022 occurs before the Effective Date, such bonuses shall be determined by the Remuneration Committee and payment made in accordance with past practice and, in relation to directors of CareTech the remuneration policy for directors of CareTech.
4. Bidco acknowledges that if the Effective Date occurs on or before the payment date for CareTech annual bonuses for the CareTech financial year ending 30 September 2022, the Remuneration Committee as constituted immediately before the Effective Date shall determine bonus amounts payable in accordance with past practice and, in relation to directors of CareTech the CareTech remuneration policy for executive directors of CareTech. In the absence of audited results for the financial year ending 30 September 2022 being available immediately prior to the Effective Date, the Remuneration Committee shall be entitled to use such information that it has available to it including the forecast performance for the rest of the financial year and such other information as it may determine in reaching its determination on bonus amounts. Bidco also acknowledges that the Remuneration Committee shall not reduce a bonus payment simply because it is being determined before the financial year end. Bidco agrees to procure that bonuses are payable as determined by the Remuneration Committee on the normal payment date for annual bonuses and shall be payable notwithstanding a participant may no longer be an CareTech Employee or have given or been given notice to cease being an CareTech Employee on the payment date unless (a) that CareTech Employee has resigned or given notice of resignation (other than in circumstances that amount to constructive dismissal), save where Bidco determines otherwise, or (b) that CareTech Employee has been dismissed for gross misconduct. Bidco agrees that in the case of (a) where an CareTech Employee has resigned that it may determine that such CareTech Employee receives a proportion of their annual bonus calculated on a time pro-rated basis so as to reflect their reduced period of service.

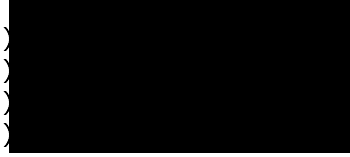




**BIDCO**

Signed by

for and on behalf of **AMALFI BIDCO LIMITED:**



**CareTech**

Signed by

for and on behalf of **CareTech HOLDINGS PLC:**

)  
)  
)  
)  
)

**BIDCO**

Signed by )  
 )  
for and on behalf of **AMALFI BIDCO** )  
**LIMITED:** )

**CareTech**

Signed by Moira Livingston )  
 )  
for and on behalf of **CareTech** )  
**HOLDINGS PLC:** )

