

DEROGATION LETTER IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002

Please note that [X] indicates figures or text which have been deleted or replaced in ranges for reasons of commercial confidentiality.

Consent under section 72(3C) of the Enterprise Act 2002 to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 15 November 2021

Completed acquisition by VetPartners Limited of Goddard Holdco Limited ('Goddard').

Dear [X],

We refer to your submissions dated 22 November, 2 December and 13 December 2021 requesting that the CMA consents to derogations to the Initial Enforcement Order of 15 November 2021 (the '**Initial Order**'). Unless otherwise stated, the terms defined in the Initial Order have the same meaning in this letter. Further, in this letter:

Acquirer Group UK business means the Acquirer Group business save for the Acquirer Group non-UK business.

Acquirer Group UK-related assets refers to any individuals, business activities, assets and contracts of the Acquirer Group business (including, but not limited to the items identified at paragraphs 1(i) and 1(ii) of this consent letter), which are (as at the commencement date of the Initial Order), necessary for the effective functioning of the Acquirer Group UK business, or will become necessary while the Initial Order is in force.

Acquirer Group Non-UK business means [X] as well as their subsidiaries, as carried on at the commencement date of the Initial Order and any other entities established outside the UK which may be agreed with the prior written consent of the CMA.

Under the Initial Order, save for written consent by the CMA, Scooby Lux Investment S.à r.l., Scooby Equityco Limited, Piper Topco Limited, Scooby VetPartners

(together, the '**Acquirer Group**') and Goddard are required to hold separate the Acquirer Group business from the Goddard business and refrain from taking any action which might prejudice a reference under section 22 of the Act or impede the taking of any remedial action following such a reference.

After due consideration of your request for derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, the Acquirer Group may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 4(b), 5(b), 5(c), 5(e), 5(h), 5(i), 5(k) and 8 of the Initial Order

The Acquirer Group has sought the CMA's consent to limit the scope of paragraphs 4(b), 5(b), 5(c), 5(e), 5(h), 5(i), 5(k) and 8 of the Initial Order so that they only apply to the Acquirer Group's UK business (thereby excluding the Acquirer Group's NonUK business from the abovementioned provisions of the Initial Order).

The Acquirer Group submits that there is a clear demarcation between the Acquirer Group UK business and the Acquirer Group Non-UK business. In particular:

- (a) The Acquirer Group business has [X]. The Acquirer Group business in each country is run in accordance with its own business plan set by its country-specific management team [X]. Therefore, the Acquirer Group Non-UK businesses do not provide any input from a commercial, strategic or operational perspective to Acquirer Group UK business. The interaction between the Acquirer Group UK business and the Acquirer Group Non-UK businesses relates only to the commercial and strategic decisions being taken in relation to the Acquirer Group non-UK businesses by the central management team of the Acquirer Group [X], and the provision of certain back office functions to the Acquirer Group non-UK businesses by the Acquirer Group UK central functions (as described at paragraph (h) below).
- (b) The Acquirer Group Non-UK business does not engage in sales or activities in the UK, or otherwise support the commercial activity of the Acquirer Group UK business.
- (c) Save for the link described at paragraph (h) below, individuals who are employed or engaged within the Acquirer Group UK business do not have a dual role in respect of the Acquirer Group Non-UK business (and vice versa). Furthermore, all employees who work within the Acquirer Group UK business are employed [X].
- (d) There are no common customers between the Acquirer Group Non-UK business and the Acquirer Group UK business.
- (e) [X]

- (f) The Acquirer Group UK business does not use, and is not reliant on any tangible or intangible assets owned by Acquirer Group Non-UK business in order to conduct its day-to-day business in the UK, or ensure its continued operation and ongoing viability.
- (g) The Acquirer Group UK business operates on its own IT systems and applications which are owned and controlled by the Acquirer Group UK business.
- (h) The Acquirer Group UK business has its own finance and operational functions. [X].
- (i) All contracts which support the ongoing operation and viability of the Acquirer Group UK business are owned and controlled by the Acquirer Group UK business.
- (j) The viability and competitive capability of the Acquirer Group UK business is not dependent on the Acquirer Group Non-UK business.

The Acquirer Group further submits that the exclusion of the Acquirer Group Non-UK business from the scope of the abovementioned provisions of the Initial Order would not lead to pre-emptive action which might prejudice the outcome of a reference or impede the taking of any action which may be justified by the CMA's decisions on a reference.

On the basis of representations provided by the Acquirer Group above, the CMA consents to a derogation to limit the scope of paragraphs 4(b), 5(b), 5(c), 5(e), 5(h), 5(i), 5(k) and 8 of the Initial Order so that they only apply to the Acquirer Group's UK business and Acquirer Group UK-related assets, strictly on the basis that:

- (i) Notwithstanding that their roles extend to the Acquirer Group Non-UK business, the central management team of the Acquirer Group who hold management responsibilities in, or otherwise provide commercial, strategic or operational input to the Acquirer Group UK business [X] will remain within the scope of the Initial Order;
- (ii) For the avoidance of doubt, [X] will remain within the scope of the Initial Order once they are in place;
- (iii) This derogation will not cause disruption to the Acquirer Group UK business, nor impact its ongoing operation or viability on a standalone basis; and
- (iv) The Acquirer Group has disclosed all relevant links between the Acquirer Group UK business and Acquirer Group Non-UK business.

Kind regards

[✂]

Alex Knight

Assistant Director, Remedies, Business and Financial Analysis

15 December 2021