

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

**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 22 September 2021.**

**Completed acquisition by CVS Group plc, through its subsidiary CVS (UK) Limited (together, 'CVS') of Quality Pet Care Ltd ("Quality Pet Care"), trading as The Vet ('the Transaction').**

We refer to your submission of 25 March 2022 requesting that the CMA consents to derogations to the Initial Enforcement Order of 22 September 2021 (the 'Initial Order'). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for written consent by the CMA, CVS and Quality Pet Care are required to hold separate the CVS business from the Quality Pet Care 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, CVS may carry out the following actions, in respect of the specific paragraphs:

**1. Paragraph 5(l) of the Initial Order**

CVS submits that, pursuant to the Share Purchase Agreement dated 19 August 2021 under which CVS acquired Quality Pet Care (the '**SPA**'), CVS is required to make payment of held-back consideration to the seller of Quality Pet Care (the '**Payment**'), with the amount contingent on [REDACTED]. Moreover, [REDACTED] the market valuation of the shares. Under the SPA, the seller of Quality Pet Care had an obligation to commission an accountancy and business advisory firm, to prepare a share valuation report setting out its conclusions as to the correct market valuation of the shares for these purposes (the '**[REDACTED] Report**').

Pursuant to CVS' right under the SPA to review the [REDACTED] Report before making the Payment, CVS submits that, while the [REDACTED] Report may contain confidential information pertaining to Quality Pet Care, it is strictly necessary for the following individuals at CVS to see the [REDACTED] Report in its entirety in order to properly assess

and confirm that the Payment is due: [X] (Chief Financial Officer), and [X] (Senior Tax Manager).

In addition, in order to confirm the figures in the [X] Report, [X] will also need to review the Vendor Due Diligence Report prepared by [X] dated July 2021 and the Top Up Due Diligence Report prepared by [X] dated August 2021, which were prepared as part of the due diligence process for the sale of Quality Pet Care to CVS (the '**DD Reports**', together with the [X] Report, the '**Reports**').

On the basis of CVS' representations, the CMA consents to a derogation from paragraph 5(l) of the Initial Order to permit (a) the [X] Report to be shared with [X] and [X], and (b) the DD Reports to be shared with [X] only, strictly on the basis that:

- (i) Save for [X] and [X], the Reports will not be shared with any other individual within CVS except where already permitted by the CMA under an existing derogation;
- (ii) [X] and [X] will enter into a confidentiality undertaking in a form approved by the CMA;
- (iii) the Reports will be made available to [X] and [X] to view only on a [X] LLP hosted virtual dataroom in order to prevent any unauthorised individuals within CVS from accessing the Reports;
- (iv) No changes to the individuals covered by this derogation, or the information being provided to the individuals is permitted, without the prior written consent of the CMA (which can be provided via email); and
- (v) this derogation will not give rise to any risk of pre-emptive action which might prejudice the reference or impede the taking of any action which may be justified by the CMA's decision on the reference.

Yours sincerely,

Alex Knight  
Assistant Director, Remedies, Business and Financial Analysis  
6 April 2022