

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

COMPLETED ACQUISITION

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 (the CMA) on 14 April 2023

Completed acquisition by Bestway Panacea Holdings Limited of Lexon UK Holdings Limited and Asurex Limited (the Transaction)

We refer to your email dated 23 May 2023, requesting that the CMA consents to derogations to the Initial Enforcement Order of 14 April 2023 (**IEO**). The terms defined in the IEO have the same meaning in this letter.

Under the IEO, save for written consent by the CMA, Bestway Healthcare, Bestway Finco, Well, Kericho, Lexon, and Norchem are required to hold separate the Lexon Pharmacy business from the Bestway Healthcare business (all terms as defined in the IEO) 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 IEO, based on the information received from you and in the particular circumstances of this case, Norchem may carry out the following actions, in respect of the specific paragraphs:

Paragraph 6(d) of the IEO – Changes to store opening hours

- 1 The CMA consents to a derogation from paragraph 6(d) of the IEO to permit Norchem to reduce the operating hours of two 100 hour retail pharmacies as follows:
 - (a) the Queens Park pharmacy (FD394), located at Queens Park Surgery, Farrer Street, Stockton on Tees, TS18 2AW (**Queens Park Pharmacy**) – a reduction from 100 hours to 81 hours; and
 - (b) Pharmacy 365 (FMH02), located at 161-162 High Street, Stockton-on-Tees, TS18 1PL (**Pharmacy 365**) – a reduction from 100 hours to 90 hours.
- 2 The CMA's consent is conditional upon the following:
 - (a) the proposed reduction in opening hours is fully compliant with the legal requirements under The National Health Service (Pharmaceutical and Local Pharmaceutical Services) (Amendment) Regulations 2023 (**Amended NHS Pharmacy Regulations**);¹
 - (b) Norchem will obtain all prior necessary NHS and regulatory approvals for the proposed changes, as required by the Amended NHS Pharmacy Regulations and all other applicable laws and regulations
 - (c) the derogation will not have any material impact on the nature, description, range and quality of goods and/or services offered by the Queens Park Pharmacy and Pharmacy 365;
 - (d) the derogation will not have any impact on the ability of the Lexon Pharmacy business to carry on business in the ordinary course,

¹ Reg. 3, SI 2023 No. 479

- (e) the derogation will not impact the viability of the Lexon Pharmacy business during the term of the IEO;
- (f) the derogation will not impact the ability of the Lexon Pharmacy business to compete independently of Bestway Healthcare; and
- (g) the derogation shall not prevent any remedial action which the CMA may need to take regarding the Transaction.

Paragraph 6(e) of the IEO – Underlease of the premises at 20 North End, Bedale, DL8 1AB ("Premises")

- 3 The CMA consents to a derogation from paragraph 6(e) of the IEO to permit Norchem to execute an underlease in respect of the Premises, with Norchem as landlord.
- 4 The CMA's consent is conditional upon the following:
 - (a) the agreed underlease will be on market standard terms;
 - (b) the derogation will not have any impact on the ability of the Lexon Pharmacy business to carry on business in the ordinary course;
 - (c) the derogation will not impact the viability of the Lexon Pharmacy business during the term of the IEO;
 - (d) the derogation will not impact the ability of the Lexon Pharmacy business to compete independently of Bestway Healthcare; and
 - (e) the derogation shall not prevent any remedial action which the CMA may need to take regarding the Transaction.

Rachel Allen
Assistant Director, Delivery
30 May 2023