

DEROGATION LETTER

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

Consent under section 72(3C) of the Enterprise Act 2002 (the 'Act') to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 21 December 2022 and 24 January 2023

COMPLETED ACQUISITION BY MEDIVET GROUP LIMITED OF FITZALAN HOUSE VETERINARY PRACTICE LTD

Dear [redacted]

We refer to your email and accompanying note dated 21 April 2023 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 21 December 2022 (as varied) and 24 January 2023 in respect of the completed acquisitions by Medivet Group Limited of Fitzalan House Veterinary Practice Limited (the **Target Entity**) (the **Initial Order**). The terms defined in the Initial Order have the same meaning in this letter. Further in this letter:

HSM means the Hold Separate Manager.

Littlehampton means the Target Entity's Littlehampton Fitzalan Road site.

Relevant Sites means the Target Entity's East Preston, Angmering and Arundel River sites.

Under the Initial Order, save for written consent by the CMA, the Acquirer Group is required to hold separate the Acquirer Group business from the Target Entity businesses 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 a derogation 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:

Paragraph 5(d) of the Initial Order

Medivet requests a derogation from paragraph 5(d) of the Initial Order to enable it to alter the opening hours of the Relevant Sites and Littlehampton in line with the HSM's proposal (as defined below).

The Relevant Sites currently open sporadically due to staff shortages. Since before the Initial Order, the Relevant Sites have not maintained the opening times or days advertised on the Target Entity's website and, in some instances, have remained closed for extended periods of time. Similarly, Littlehampton has not been able to honour its advertised Sunday opening hours on a regular basis due to resource constraints. This situation has resulted in patchy customer service and impacted the Target Entity's finances, particularly on a site level for the Relevant Sites.

The Target Entity and Medivet have been unable to find additional staff to provide the cover required to maintain the Relevant Sites' or Littlehampton's advertised opening hours. Medivet started advertising for the role of lead vet to cover all sites on 29 March 2023, but [redacted]. Medivet has also considered providing resourcing support to the Target Entity, but [redacted]. Consequently, to ensure the sites' ongoing viability and competitiveness, the HSM has proposed the following opening hours changes (the **proposal**):

- Relevant Sites: To formalise and regularise the days the Relevant Sites are open to two days per week (from the advertised five).
- Littlehampton: To close Littlehampton on Sundays.

Medivet submits that this proposal would: (i) provide a more consistent and higher quality client service to the Target Entity's customers; (ii) improve the Relevant Sites' and Littlehampton's profitability; and (iii) align with Medivet's obligations under paragraph 5(b) of the Initial Order to keep the four sites viable and competitive.

After due consideration, the CMA consents to this derogation from 5(d) of the Initial Order in respect of the Target Entity's opening hours strictly on the basis that:

- a) This derogation is strictly necessary to preserve the viability and competitive capability of the Target Entity.
- b) Where possible, there is clear communication to customers regarding the change in opening hours at the sites, and there are details for how these customers can get in touch with the sites.
- c) This derogation will not otherwise result in any disruption to, or impact the viability of the Medivet business or the Target Entity's businesses.

- d) This derogation will not result in any 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 decision on a reference.

Yours sincerely,

[✂]

Adam Phillimore
Assistant Director, Mergers
03 May 2023