



DETERMINATION OF MERGER NOTIFICATION M/22/004 – EXPONENT/XEINADIN

Section 21 of the Competition Act 2002

Proposed acquisition by Exponent Private Equity LLP of Xeinadin Group Limited

Dated 28 April 2022

Introduction

1. On 24 January 2022, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby Exponent Private Equity LLP (“Exponent”), through its indirect subsidiaries Xeinadin Bidco Limited (“Bidco”) and Xeinadin Topco 1 Limited (“Topco”) (together the “Buyers”), would acquire sole control of Xeinadin Group Limited (“Xeinadin”) (“Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction will be implemented pursuant to two agreements. One agreement is a share purchase agreement (“SPA”), dated 9 February 2022, between the current members of Xeinadin (the “Sellers”) and the Buyers. The second agreement is a Shareholders’ Agreement (“SHA”), also dated 9 February 2022, between Topco; Topco’s wholly-owned subsidiary Xeinadin Midco Limited; the original managers of, and investors in, various limited partnerships¹; and Xeinadin Debtco 1 Limited (“Debtco 1”), which is an indirect subsidiary of Exponent and a direct shareholder in Topco.
3. Under the terms of the SPA, the Buyers will acquire the entire issued share capital of Xeinadin from the Sellers. Furthermore, additional classes of shares in Topco will be issued to the Sellers and held by the Sellers via several UK-registered limited partnerships. Following the implementation of the Proposed Transaction, Exponent will have an indirect

¹ The Sellers will be issued with shares in Topco as part of the Proposed Transaction. These shares will be held by the Sellers via a number of limited partnerships.



shareholding of approximately [...] in Topco, with the Sellers holding the remaining shareholding of approximately [...] in Topco and retaining an equity interest of approximately [...] in Xeinadin.

4. Although, following the implementation of the Proposed Transaction, Exponent will not have a majority shareholding in Topco, Exponent will be able to exercise decisive influence over Topco, and therefore Xeinadin, through the rights it will acquire under the SHA². Given that the remaining shareholding interest in Topco will be held by a diffuse shareholder base comprising the Sellers, which are not ultimately controlled by any one undertaking, no other individual or entity will have a shareholding of greater than [...] in Topco or be able to exercise decisive influence over Xeinadin. As a result, following the implementation of the Proposed Transaction, the parties state in the notification that Exponent will, at minimum, have [...] sole control of Xeinadin.

The Undertakings Involved

The Acquirer - Exponent

5. Exponent is a limited liability partnership incorporated in England and Wales with its registered address at 30 Broadwick Street, London, England. Exponent is a private equity firm which makes investments in businesses in the State, the UK and across Europe. Exponent's investments involve industries such as healthcare, food, transportation, advertising and finance. Exponent currently controls [14]³ portfolio companies, of which [11]⁴ generated turnover in the State in 2020⁵.

Table 1: Exponent-controlled portfolio companies which generated turnover in the State in 2020.

PORTFOLIO COMPANY	ACTIVITIES OF PORTFOLIO COMPANY
Big Bus Tours Ireland Limited	Global provider of open-top sightseeing bus tours, operating in 16 cities worldwide.

² [...].

³ [The Commission, following its determination, was informed that Exponent no longer controlled one of the portfolio companies listed in the merger notification form. The number of Exponent-controlled companies has been altered accordingly].

⁴ [See footnote 3].

⁵ Exponent also holds non-controlling interests in two publicly listed companies: HSS Hire Group plc and Moonpig Group plc.



Enva Irish Opco Limited	Waste management, recycling and resource recovery business, focused on industrial, commercial, construction and public sectors.
Evergreen Garden Care (UK Limited)	Provider of garden consumables, including consumer products for lawn and garden care.
Go City Pass Ireland Limited	Provider of packages combing access to various city attractions into a single pass for tourists.
Isio Group Limited	Provider of advisory and administration services to the sponsors and trustees of UK pension schemes. The parties submit that these services are a materially different type of service than that which is provided by Xeinadin.
MeadowFoods Limited	Provider of dairy-based ingredients to packaged food companies.
[...] ⁶	[...]
Spotlight Sports Group Limited	Group company comprising of various brands within the sports media sector.
SHL International Management Limited	Provider of psychometric and cognitive talent assessment for businesses.
Vibrant Foods Limited	Group company made up of brands that are manufacturers and distributors of South Asian food products.
WARP Snacks Limited	Group comprised of manufacturers of healthy snacks consumer products.
Wowcher Limited	Provider of online discount deals to consumers.

Source: The parties.

6. For the financial year ending 31 December 2020, Exponent's worldwide turnover was approximately [...] of which approximately [...] was generated in the State.

The Target – Xeinadin

7. Xeinadin is a private limited company incorporated in England and Wales with its registered address at Becket House, 36 Old Jewry, London, United Kingdom. Xeinadin is a financially consolidated group of accounting firms ("Member Offices") that is currently ultimately owned by individuals who work in its Member Offices in the State and the UK. Xeinadin offers accounting and bookkeeping, payroll, tax, audit and business consulting (including corporate finance and restructuring) services to entrepreneurs, small and medium-sized enterprises and not-for-profit organisations. [...]. Xeinadin has a total of [...] Member Offices, of which [...] are based in the UK and [...] are based in the State. Xeinadin's Member Offices operate

⁶ [Exponent no longer controls the redacted company].



with autonomy in their local areas, but are supported by Xeinadin's regional hubs. Xeinadin provides oversight and direction to its Member Offices through these regional hubs.

8. As noted by Xeinadin in their response to the Commission's Requirement for Further Information (referred to in paragraph 12 of this determination), as a preparatory step to the Proposed Transaction the shareholders (other than XPSIL) in Xeinadin's Irish Member Offices will transfer all their shares in those Member Offices to Xeinadin. [...].
9. For the financial year ending 31 May 2021, Xeinadin's worldwide turnover was approximately [...], of which approximately [...] was generated in the State.

Rationale for the Proposed Transaction

10. The parties state the following in the notification:

"The Proposed Transaction represents an attractive investment opportunity for Exponent, which is consistent with its aim to generate returns for its limited partners."

"[...]"

Third Party Submissions

11. No third party submission was received.

Investigation

12. On 01 March 2022, the Commission served Requirements for Further Information ("RFIs") on each of Exponent and Xeinadin pursuant to section 20(2) of the Act. The service of these RFIs adjusted the deadline within which the Commission had to conclude its assessment of the Proposed Transaction in Phase 1.
13. Upon receipt of a full response to the RFIs, the "appropriate date" (as defined in Section 19(6)(b)(i) of the Act) became 21 March 2022.



Competitive Analysis

Horizontal Overlap & Vertical Relationship

14. Xeinadin is active in the accountancy and business/financial consultancy sector in the State. This sector can be subdivided into various segments, such as accounting and audit services, tax advisory and compliance services, corporate finance advisory services and ancillary services (company secretarial and outsourced payroll services). Exponent controls [11]⁷ portfolio companies which generated turnover in the State in 2020, none of which are active in the accountancy and business/financial consultancy sector as illustrated in Table 1 above⁸. Therefore, there is no horizontal overlap between the activities of the parties in the State.
15. The parties state in the notification that there is no existing vertical relationship between Exponent and Xeinadin in the State. The Commission has not identified any existing vertical relationship between the parties in the State. On this basis, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.
16. In light of this, the Commission considers that the Proposed Transaction does not raise any horizontal or vertical competition concerns in the State.

Conclusion

17. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

18. The parties submit that Clause 10.1.1 to Clause 10.1.6 of the SPA contain restrictions that are directly related and necessary to the Proposed Transaction.
19. The Commission notes that Clause 10.1.1 and Clause 10.1.4 of the SPA impose non-compete and non-solicitation restrictions on the Sellers. The Commission notes that these restrictions are limited in scope and do not exceed the maximum duration acceptable to the

⁷ [See footnote 3].

⁸ Neither of the two publicly listed companies in the State in which Exponent holds non-controlling interests (HSS Hire Group plc and Moonpig Group plc) are active in the accountancy and business/financial consultancy sector.



Commission. Therefore, the Commission considers these non-compete and non-solicitation obligations to be directly related and necessary to the implementation of the Proposed Transaction.

20. The Commission notes that Clause 10.1.2 and Clause 10.1.3 of the SPA impose additional non-solicitation obligations on the Sellers. The Commission notes these obligations, [...], are limited in scope and do not exceed the maximum duration acceptable to the Commission. The Commission considers the non-solicitation obligations in Clause 10.1.2 and Clause 10.1.3 of the SPA, [...], to be directly related and necessary to the implementation of the Proposed Transaction.
21. The Commission notes that Clause 10.1.5 of the SPA imposes a non-solicitation obligation on the Sellers [...]. The Commission notes that this non-solicitation obligation, [...], is limited in scope and does not exceed the maximum duration acceptable to the Commission. The Commission considers the non-solicitation obligation in Clause 10.1.5 of the SPA, [...], to be directly related and necessary to the Proposed Transaction.
22. The Commission notes that Clause 10.1.6 of the SPA imposes an obligation on the Sellers [...]. The Commission notes that this obligation, [...], is limited in scope and does not exceed the maximum duration acceptable to the Commission. The Commission considers the obligation in Clause 10.1.6 of the SPA, [...], to be related and necessary to the Proposed Transaction.



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition, whereby Exponent Private Equity LLP, through its indirect subsidiaries Xeinadin Bidco Limited and Xeinadin Topco 1 Limited, would acquire sole control of Xeinadin Group Limited, will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission.

Brian McHugh

Member

Competition and Consumer Protection Commission