

**DEROGATION LETTER
IN RESPECT OF INITIAL ENFORCEMENT ORDERS 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 ('CMA') on 23 July 2019.

Completed acquisition by Danspin A/S of certain assets and goodwill of LY Realisations Limited (formerly Lawton Yarns Limited)

We refer to your email dated 15 November 2019 requesting that the CMA consents to derogations to the Initial Enforcement Order of 23 July 2019 (the 'Initial Order'). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for the written consent of the CMA, Danspin is required to ensure *inter alia* that confidential, proprietary and commercially sensitive information is not shared between Danspin and the LY Realisations Business and also to ensure that all assets of both businesses are maintained and held separately.

After due consideration of your request for derogations from the Initial Order, based on the information received from Lawton Yarns / the LY Realisations Business, and in the particular circumstances of this case, Danspin and LY Realisations may carry out the following actions, in relation to the specific paragraphs of the IEO listed below.

1. Paragraphs 5(b) (e) and (l) the Initial Order

The CMA consents to:

Danspin requiring the factoring of up to [REDACTED]¹ of LY Realisations' receivables balance in order to:

- [REDACTED];

¹ If required for rounding purposes, a reasonable margin may be agreed with the CMA.

- Place [X] in the bank account of LY Realisations to be used as cashflow; and
- [X]

This derogation is granted subject to the following conditions:

- LY Realisations will specify which of the [X] owing to Danspin have been repaid, with LY Realisations being able to prioritise [X], accrued since 12 June 2019.;
- Danspin will provide accounts statement(s) to the CMA demonstrating what amounts have been repaid;
- The Monitoring Trustee will maintain close oversight of the funding needs of both Danspin and LY Realisations; and
- Danspin, in discussion with LY Realisations, will take steps to formalise the terms of repayment by LY Realisations of [X] owed by LY Realisations to Danspin.

This derogation is granted on the basis of information provided by Danspin which shows that the derogation:

- is strictly necessary for Danspin to comply with its obligations under paragraph 5(b) of the Initial Enforcement Order;
- shall not prevent any remedial action that the CMA may need to take regarding the transaction.

This derogation does not affect Danspin's remaining obligations under the Initial Order, subject to relevant derogations already granted by the CMA.

Yours sincerely

Maria Duarte
Assistant Director, Mergers
19 November 2019