SPARROW FINCO LIMITED

Registered number: 10473230

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

SPARROW FINCO LIMITED

COMPANY INFORMATION

Directors	Mathew Hutchinson Jolyon Latimer
Company secretary	Reed Smith Corporate Services Limited
Registered number	10473230
Registered office	The Broadgate Tower Third Floor, 20 Primrose Street London EC2A 2RS United Kingdom
Independent auditor	Deloitte LLP Statutory Auditor 110 Queen Street Glasgow G1 3BX United Kingdom

SPARROW FINCO LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The Directors present their Strategic Report for the year ended 31 December 2019.

Business review

Sparrow Finco Limited ("the Company") was incorporated on 10 November 2016 and is a wholly owned subsidiary of Sparrow Topco Limited.

The Company continued to act as an intermediate holding company and holds a 100% interest in Sparrow Midco 1 Limited.

Principal risks and uncertainties

The Company faces risks which affect both the Company and the Sparrow Topco Group as a whole. These risks are managed at a Group level on behalf of the Directors of the Company. Group risks are discussed in the Sparrow Topco Limited consolidated accounts, which do not form part of this report.

The principal risk of the Company is the valuation of the underlying investments (inclusive of the impact of Covid-19, further explained in the Directors' Report), which is mitigated by the Company having direct oversight of its subsidiaries and performing an impairment review, where necessary, to determine the carrying value of the investments.

Key performance indicators (KPIs)

The Directors are of the opinion that analysis of the business of the Company using KPIs is not appropriate for an understanding of the development, performance or position of the business of the Company.

This report was approved by the board and signed on its behalf.

Jolyon Latimer
Director

Date: 14.04.21

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of the Company is to act as a holding company for Sparrow Midco 1 Limited. The indirect trading subsidiaries of Sparrow Finco Limited operate within the commercial cleaning products sector.

Results and dividends

The loss for the year, after taxation, amounted to £35,235 (2018: profit for the year of £1,195,408).

No dividends were paid or declared during the year ended 31 December 2019 (2018: £nil). The Directors do not recommend the payment of a final dividend.

Directors

The Directors who served during the year and up to the date of signing this report were:

Mathew Hutchinson
Jolyon Latimer

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards have been followed;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

.

Future developments

The Company will continue as an intermediate holding company.

Qualifying third party indemnity provisions

There are no qualifying third-party indemnity provisions for this Company.

Coronavirus

On 31 December 2019 a pneumonia of unknown cause was detected and reported to the World Health Organisation (“WHO”); this virus was later named Coronavirus (COVID-19). The outbreak was declared a Public Health Emergency of International Concern on 30 January 2020 and on 12 March 2020 the WHO officially declared the outbreak a pandemic.

As the principal activity of the Company is to act as a holding company, the direct impact of Coronavirus on the Company is limited. Therefore, the Directors have assessed the implications of Coronavirus from the perspective of the wider Group. The uncertainty as to the future impact on the Group of the Coronavirus pandemic has been considered as part of the Company’s adoption of the going concern basis. In performing their assessment of the appropriateness of the going concern basis, the Directors have assessed the current impact of the Coronavirus pandemic, available mitigating actions, sources of finance and have performed sensitivity analysis on forecasts, as detailed in the following sections of the Directors’ Report below.

Current impact of Coronavirus

The Group’s principal activity is the provision of services and recyclable chemical products for safe and environmentally friendly application in the metal surface cleaning, textile cleaning and asphalt testing sectors. The principal activity of the Company is that of a holding company. Although output reductions in these sectors continue to be observed, at the date of signing these financial statements, the Group’s distribution networks, contract manufacturing and logistical partners in Europe were fully operational and the Group is continuing to operate. Cleaning machine manufacturers are expecting lower activity for 2021.

When the German Head Office had re-opened in May 2020, 30% of the staff were allowed to work from their office while the majority of staff were requested to work from home. In December 2020 the office was closed due to the strict lockdown in Germany and travel bans to customers were imposed. The head office remains closed at the date of signing of these accounts and staff continue to work remotely.

As part of the lockdown imposed by the Chinese Government, Safechem Chemicals Trading (Shanghai) Co., Ltd, was forced to close operations during Quarter One 2020. The business reopened in Quarter Two 2020 and at the date of signing these financial statements operations continue in China with almost no restrictions.

Despite the travel and business restrictions put in place by various Governments around the World, the Group’s trading performance has continued to be strong and the Group has yet to see a significant downturn in sales. The Directors are regularly reviewing sales data and are in communication with key customers and distributors to fully monitor the impact.

Available mitigating actions

The Directors undertook the following mitigating actions as a result of the Coronavirus pandemic:

- The Group fully drew its £2m Revolving Credit Facility (“RCF”) to provide additional liquidity for the early months of the pandemic. The RCF was not due to be repaid until 31 December 2023, but was fully repaid in December 2020 due to the Group’s strong cash position.
- The Group also opted to defer German Corporation Tax payments for May and June 2020 to December 2020, as permitted by the Bundeszentralamt für Steuern (German Federal Central Tax Office). At the time of signing these financial statements the deferred tax has been paid.

Available mitigating actions (continued)

- The Group opted to defer Chinese Social Security and Employment Tax payments for February through to June 2020, as permitted by the State Taxation Administration (Chinese State Tax Office). At the time of signing these financial statements the deferred tax has been paid.
- The Group opted to defer the repayment of €1m of principal on the loan it holds with Investec Bank (see “Sources of finance” section below). The €1m of deferred principal was repaid in December 2020 due to the Group’s strong cash position.

At the time of signing these financial statements, the Directors had the following mitigation options which had not been undertaken:

- The Group has access to a subsidised furlough scheme in Germany, where the German government will provide 60% of income (67% for those with families). The Directors do not currently foresee utilizing this scheme.
- The Group is owned by CBPE Capital LLP (“CBPE”), a private equity fund, who are able to inject additional equity into the Group if required.

Sensitivity analysis

The Directors have performed a number of sensitivity analyses on the Group’s forecasts in order to reach their conclusion on their assessment of Going Concern assumption. The Directors consider EBITDA to be the most important metric when assessing going concern, as it is a proxy for operating free cash flow.

Based on performance during FY20 when the impact of Coronavirus has been pervasive, discussions with customers and distributors, as well as publicly available information regarding the extent and duration of the lockdown, the Directors have concluded that the following sensitivity analysis updated base case represents the most likely outcome. The key judgements and estimations applied in the sensitivity analysis are disclosed below:

- **Gross Margin:** The Directors consider that the most significant impact of the Coronavirus pandemic will be a reduction in demand, resulting in a reduction in volume sold. Whilst this reduction will decrease revenue and EBITDA, the Directors do not currently expect the gross margin percentage to decline, as both purchase and sales prices are expected to remain static.
- **Period of lock down:** The Directors have used the impact in China as a proxy to the expected European lockdown period. In China the lockdown was first implemented in Wuhan on 22 January 2020, further extended to 14 other Chinese cities on 24 January 2020. The lockdown measures were reduced in Wuhan from 8 April 2020, with further reduction in measures throughout 2020. The Directors note that the Chinese company within the Group (Safechem Chemicals Trading (Shanghai) Co., Ltd) has started and continues to trade again post lockdown.
- In Germany, the lockdown measures were introduced on 22 March 2020 and have been subsequently relaxed over the summer and autumn period. At the time of signing these financial statements most of the lockdown measures have been reintroduced with Germany entering a strict lockdown on 16 December 2020. Following the impact in China, the lockdown period significantly disrupted business operations for the majority of Q2’20. The impact on Q3’20 was less severe as the majority of the restrictions have been lifted over the summer period. The reintroduction of the strict lockdown measures in Q4’20 had an adverse impact on the operations of the business. This is expected to continue during Q1 2021 and Q2 2021.
- While the full lockdown measures have been relaxed in the majority of the countries across Europe in the summer and autumn, social distancing and additional requirements, such as the use of face masks remain in place in countries where the Group does business, i.e. in Spain, UK, Eastern Europe, France and Italy. These measures affect the operations of the business with the sales team being particularly affected. The recent wide reintroduction of strict lockdown measures across Europe is likely to have a significant impact on the operations of the Group.

Sensitivity analysis (continued)

- **Operating expenses:** The Directors have not included any mitigating actions, such as furlough, when forecasting operating expenses. As such, operating expenses are expected to be in-line with budget.
- **FY2020:** The FY2020 outturn figures were 15% and 6% below budget for net sales and EBITDA respectively.
- **Quarter One 2021:** With the arrival of wide spread vaccination programmes, the Directors are expecting that the economy and the business operations will start recovering in 2021. Business operations for 2021 are expected to further recover and be 3.6% above 2020. A further increase is expected for 2022 (+8.0%). Gross margin increases respectively but the GM% comes down slightly due to the expected stronger sales of modified alcohols.
- **Quarter Two 2021 and onwards**: 2020 was affected by cost savings in selling and admin to mitigate impact on EBITDA. For 2021 such costs are expected to get back to normal levels and therefore, enable the business to proceed with important projects to drive digitalisation and innovation.

The forecast of the most likely case sensitivity analysis for the 12-month period following signing of these financial statements is an 8.1% increase in sales compared to the preceding 12-month period. EBITDA is expected to reduce by 3.1% in the same period, due to higher-than-expected EBITDA recorded in the prior period and conservative assumptions applied in the forecast. During this period, the Directors expect the Group to continue to have positive cash flows and is therefore expected to meet its financial obligations as they fall due.

The business has also prepared a cash flow forecast for the 12-month period following signing of these financial statements. This forecast cashflow shows that the business has sufficient near-term liquidity with cash on the balance sheet of c.€2.7m following the repayment of deferred tax (€0.8m), deferred principal (€1m) and the RCF (€2m) at end of December. Cash on balance sheet at the end of February 2021 was €2.7m.

Sources of finance

The Group has the following fully drawn upon financing arrangements with Investec Bank Plc (“Investec”):

- Facility A: EUR 12.8m loan repayable in instalments through 31 December 2023, with EUR 7.18m remaining outstanding at the date of signing this report.
- Facility B: EUR 12.8m loan repayable on 31 December 2024.

In addition, the Group has a committed but undrawn RCF facility (€2.0m) available until 31 December 2023.

The Directors have concluded that the cash flows forecast in the sensitivity analysis above are sufficient to meet the repayments due on Facility A, as well as the trading liabilities as they fall due.

The facilities noted above are subject to various covenants, which the Directors have assessed as part of the sensitivity analysis. The net leverage ratio, interest cover ratio and cash flow cover ratio covenants are not expected to be breached in 2021 or in H2’22. With the current forecast, the Directors believe that liquidity remains strong and business is forecast to comply with its covenant tests.

In case of breaching the covenants, the facility agreements include equity cure provisions, where if Investec do not agree to waive the covenants, then CBPE has the ability to inject the necessary equity into the Group in order to enable the group to meet its banking covenants.

Going Concern assessment
The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the reasons noted below.

As the Company continues to act as a holding company, its ability to continue as a going concern is dependent on the situation of the wider Group. Covid-19 had an impact on the operations of the Group in 2020, with sales adversely impacted by 15% vs. prior year and EBITDA by 6%. The budget for FY21 has been set in line with FY20 outturn at an EBITDA level and the business has outperformed budget in the first two periods of FY21.

While it is not possible for the Directors to forecast when the lockdowns in Europe will be fully relaxed and hence when underlying economies will fully resume as normal, the Directors have assessed the current impact of the Coronavirus pandemic, the mitigating actions already undertaken and available, as well as the sensitivity analysis performed including a review of at what level banking covenants would be breached at and have concluded that the Company has sufficient liquidity to continue to trade for a period of not less than 12 months from the signing of these financial statements.

The Directors note that if the economic impact of the Coronavirus pandemic is more severe than currently forecast, then there are a number of mitigating actions not currently undertaken that are available to the Company. These mitigating actions will either reduce operating expenses or defer cash out flow. Therefore, the Directors continue to adopt the going concern basis of preparation of these financial statements.

Brexit
On 23 June 2016, the United Kingdom (“UK”) held a referendum in which voters approved an exit from the European Union (“EU”), commonly referred to as “Brexit”. Following approval of the Withdrawal Agreement by the British Government the UK was under the provisions set out within the Transition Period, which ended on 31 December 2020. The free trade deal between the UK and European Union (EU) came into force on 1 January 2021.

Being a non-trading holding Company, the Company is not directly affected by Brexit. Therefore, the Directors have assessed the impact of Brexit on the wider Group. While there remains a degree of economic uncertainty within the UK and EU with respect to the post-Brexit environment. Although the Directors note this uncertainty, it is not possible to quantify its potential impact on the Group. The risk of Brexit is mitigated by the Group operating and primarily trading in what will remain the EU. Further, a new legal entity was incorporated in the UK in October 2020 to ensure smooth transition to post-Brexit environment and adherence to regulations relating to chemicals’ sales. Therefore, the Directors remain confident Brexit will not have an impact on the going concern of the business. Further, the Group have formed a Brexit Taskforce to review the potential implications on the Group of the UK leaving the EU.

Principal risks and uncertainties
The Group’s activities expose it to several financial risks including foreign exchange risk, credit risk and liquidity risk. In addition, the Group is exposed to the uncertainty surrounding Brexit and the Coronavirus Pandemic.

Foreign Exchange risk
The Group has subsidiaries who transact in their local currency with customers and suppliers, this gives exposure to currency risk. The Group continually monitor its exposure to foreign currency price movements by reviewing currency balances and seeking to match its foreign currency revenues to costs where possible.

Liquidity risk
The objective of the Group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. As disclosed within the Strategic Review, there is uncertainty regarding the economic impact of the Coronavirus pandemic but based on the trading performance in 2020 the Directors believe this is manageable. The Directors have performed sensitivity analysis on the FY21 budget and FY22 forecast to assess the level at which banking covenants are breached and have set out their available mitigating actions and Going Concern assessment in the Strategic Review above.

Principal risks and uncertainties (continued):

Credit risk

The Group's principal financial assets are cash and other trade receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience is evidence of reduction in the recoverability of the cash flows. The Group is at risk to the extent that a customer may be unable to pay the debt within the specified credit terms, however this risk is mitigated by the strong on-going customer relationships and credit checks which are performed to monitor the creditworthiness of its customers.

The Coronavirus pandemic is impacting the liquidity of companies across the World, as such the Directors are reviewing the provisioning for trade receivables. The Directors do not expect a significant increase in the provision, due to the financial strength of key customers. The Directors will continue to assess this going forward.

Subsequent events:

COVID-19

On 31 December 2019, a pneumonia of unknown cause was detected and reported to the World Health Organisation ("WHO"); this virus was later named Coronavirus (COVID-19). The outbreak was declared a Public Health Emergency of International Concern on 30 January 2020 and on 12 March 2020 the WHO officially declared the outbreak a pandemic.

The Directors have assessed the Financial Reporting Council ("FRC") guidance regarding Coronavirus subsequent events report and note that there is no record of Coronavirus existing prior to 31 December 2019. As such, the Directors have assessed the Coronavirus pandemic to be a non-adjusting post balance sheet event.

Refinancing

In January 2020, the Sparrow Group repaid the investor and management loan notes and rolled interest. This was facilitated through drawing an additional senior bank facility in Sparrow Bidco and declaring an upstream loan to Sparrow Midco 2, which repaid the loan from Sparrow Midco 1 that in turn repaid the loan from Sparrow Finco. Sparrow Finco used the cash to repay principal on the investor and management loan notes.

Disclosure of information to auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and

- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditor of the Company is to be proposed at the Annual General Meeting.

This report was approved by the board and signed on its behalf.

Jolyon Latimer
Director
Date: 14.04.21

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPARROW FINCO LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sparrow Finco Limited (the 'company'):

- **give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;**
- **have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and**
- **have been prepared in accordance with the requirements of the Companies Act 2006.**

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year is the valuation of unlisted investments. This key audit matter is consistent with the prior year.
Materiality	The materiality that we used in the current year was £260,000 which was determined on the basis of total assets.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPARROW FINCO LIMITED

Significant changes in our approach	We no longer consider going concern a key audit matter as there is no material uncertainty around going concern based on the directors' assessment of the available mitigating factors, sources of finance and sensitivity analysis performed. Please refer to note 2 for further details. No other significant changes in approach have been identified in the current year.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of unlisted investments	
Key audit matter description	The company has unlisted investments of £4.9m (2018: £4.9m) as at 31 December 2019, valued at cost as disclosed in note 8. This comprises of investments in Sparrow Midco 1 Limited, and indirectly in those entities listed in note 8, and is highly material to the company. Judgement is required by the directors to determine whether the investments balance should be impaired based on the financial position and future prospects of the investee companies. This takes into consideration a range of factors such as the trading performance, the expected revenue growth, discount rates and the impact of covid-19. Further details are included within critical accounting estimates and judgements set out in note 3 to the financial statements.
How the scope of our audit responded to the key audit matter	We have reviewed management's assessment of the potential impairment indicators and have assessed the value of the net assets held by the investment in the company. We have also obtained the most recent audited financial information of the related investments to determine whether they support the carrying value. On a Group-wide basis, we reviewed key assumptions underpinning the carrying value.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPARROW FINCO LIMITED

Key observations	Based on the work performed, we concluded that the valuation of the unlisted investment is appropriate.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£260,000 (2018: £219,600)
Basis for determining materiality	1% of total assets (2018: 1% of total assets).
Rationale for the benchmark applied	We determined materiality based on total assets because this is the key metric used by management, investors, and lenders, with shareholder value being driven by total assets value movements.

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2019 audit (2018: 80%). In determining performance materiality, we considered the following factors:

a. the quality of the control environment over financial reporting; and

b. the low volume of corrected and uncorrected misstatements in the prior year.

We agreed with the directors that we would report to the directors all audit differences in excess of £13,000 (2018: £10,980) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

As part of our risk assessment, we assessed the control environment in place at the administrator to the extent relevant to our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPARROW FINCO LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.	**We have nothing to report in respect of these matters.**

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPARROW FINCO LIMITED

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Mitchell

David Mitchell (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
Date: 14 April 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Year ended 31 December 2019 £	2018 £
Administrative expenses		(39,794)	(37,468)
Operating loss	4	**(39,794)**	**(37,468)**
Interest receivable and similar income	6	**3,204,788**	**3,317,125**
Interest payable and similar expenses	6	**(3,184,983)**	**(1,885,446)**
(Loss)/Profit before taxation		**(19,989)**	**1,394,211**
Tax charge	7	**(15,246)**	**(198,803)**
(Loss)/Profit for the financial year		**(35,235)**	**1,195,408**

All income arises from continuing operations.

The notes on pages 17 to 26 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
			As at 31 December		
Fixed assets					
Investments	8		**4,920,799**		**4,920,799**
Current assets					
Debtors	9	**33,695,702**		**19,406,692**	
Creditors: amounts falling due within one year	10	**(13,903,770)**		**(1,626,751)**	
Net current assets			**19,791,932**		**17,779,941**
Total assets less current liabilities			**24,712,731**		**22,700,740**
Creditors: amounts falling due in more than one year	11	**(19,936,511)**		**(17,889,285)**	
Net assets			**4,776,220**		**4,811,455**
Capital and reserves					
Called up share capital	12		**2**		**2**
Share premium account	13		**4,920,798**		**4,920,798**
Profit and loss account	13		**(144,580)**		**(109,345)**
Shareholders' funds			**4,776,220**		**4,811,455**

The financial statements for Sparrow Finco Limited (10473230) were approved and authorised for issue by the board and were signed on its behalf by:

Jolyon Latimer
Director

Date: 14.04.21

The notes on pages 17 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Called up share capital	Share premium account	Profit and loss account	Total equity
		£	£	£	£
At 1 January 2019		2	4,920,798	(109,345)	4,811,455
Comprehensive loss for the year					
Loss for the year		-	-	(35,235)	(35,235)
Total comprehensive loss for the year		-	-	(35,235)	(35,235)
At 31 December 2019		2	4,920,798	(144,580)	4,776,220

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Called up share capital	Share premium account	Profit and loss account	Total equity
		£	£	£	£
At 1 January 2018 (Restated)		2	4,920,798	(1,304,753)	3,616,047
Comprehensive profit for the year					
Profit for the year		-	-	1,195,408	1,195,408
Total comprehensive profit for the year		-	-	1,195,408	1,195,408
At 31 December 2018		2	4,920,798	(109,345)	4,811,455

The notes on pages 17 to 26 form part of these financial statements.

1. General information

Sparrow Finco Limited is a private company limited by shares. It was incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006 on 10 November 2016. Its registered head office is located at The Broadgate Tower, Third Floor, 20 Primrose Street, London, EC2A 2RS. The principal activity of the Company is to act as a holding company for Sparrow Midco 1 Limited.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company is a qualifying entity and has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;
- the requirements of Section 33 Key Management Personnel paragraph 33.7.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The information subject to the reduced disclosures highlighted above is included in the consolidated financial statements of Sparrow Topco Limited as at the year ended 31 December 2019. These financial statements may be obtained from the Company’s registered office at The Broadgate Tower, Third Floor, 20 Primrose Street, London, EC2A 2RS.

2. Accounting policies (continued)

2.3 Going concern

Whilst Covid-19 has had a negative impact on the operations of the Company, the Company has been able to meet its obligations as they fall due. Further, the Directors note that if the economic impact of the Coronavirus pandemic is more severe than currently forecast, then there are a number of mitigating actions not currently undertaken that are available to the Company. These mitigating actions will either reduce operating expenses or defer cash out flow. The Directors continue to monitor performance closely and consider the implications of economic trends and downside risk sensitivities.

The updated base case forecast for the 12-month period from the date of approval of these financial statement indicates that the Company will operate within the covenant terms and maintain sufficient liquidity. Therefore, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis. Further information on going concern assessment can be found within the Directors' Report.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'foreign exchange loss'.

2. Accounting policies (continued)

2.5 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.6 Interest income

Interest income is recognised using the effective interest rate method.

2.7 Interest expense

Interest expense is charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication, the recoverable amount of the asset is compared to the carrying amount of the asset. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset’s continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

2. Accounting policies (continued)

2.9 Impairment of non-financial assets (continued)

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors, creditors, third party loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Financial assets and liabilities are offset, and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.13 Share capital

Ordinary shares are classified as equity.

2.14 Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its' parent or with members of the same group that are wholly owned.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements under FRS 102 requires the use of certain critical accounting assumptions and requires management to exercise its judgement and to make estimates in the process of applying Sparrow's accounting policies. Management have identified the following as areas of key estimation uncertainty and management judgement in the preparation of these financial statements.

Key management judgement

Impairment of investment
The principal risk is the valuation of the underlying investments. The Company has direct oversight of its subsidiary investments and performs impairment reviews to determine the carrying value of the investments. Management apply a discounted cash flow method and the cost approach for valuing the subsidiary investments. As part of this valuation, judgments and estimates are made on inputs such as the risk-free rate, market risk premium, beta, terminal growth rate over a forecasted period covering the years 2020 – 2022 for the trading subsidiaries.

The carrying value of the investment as at 31 December 2019 is £4,920,799 (2018: £4,920,799). Further information on the Company's investments can be found in note 8.

Other than the impairment of investment noted above, the Company has not identified any further estimates and assumptions that have a significant risk of causing a material misstatement to the carrying amounts of assets and liabilities within the next financial year.

4. Operating loss

The operating loss/profit is stated after charging:

	2019 £	2018 £
Legal fees	7,444	15,167
Other expenses	1,250	-
Audit fees for the audit of financial statements	15,000	5,000
Accounting services fees	16,100	17,301

There are no non-audit fees payable to the appointed auditors, Deloitte LLP.

5. Employees

The average monthly number of employees, including the Directors, during the year was 2 (2018: 2).

None of the Directors performed any relevant services for this entity during the period and are therefore remunerated by other group companies. Directors' remuneration for the Company was £nil for the year-ended 31 December 2019 (2018: £nil).

6. Net interest expense

a. Interest receivable

	2019 £	2018 £
Interest receivable on intercompany loan	3,204,788	3,317,125

b. Interest payable

Interest payable on loan notes	(3,184,983)	(1,885,446)
c. Net interest receivable	**19,805**	**1,431,679**

All interest receivable and payable for the year-ended 31 December 2019 and for the year-ended 31 December 2018 is on financial assets and financial liabilities not measured at fair value through profit or loss.

7. Income tax

The tax (credit)/expense is based on the loss for the year and represents:

Analysis of tax charge for the year / period	2019 £	2018 £
Current tax		
UK corporation tax at 19.00% (2018: 19.00%)	-	198,803
Adjustment in respect of prior periods	15,246	-
Total current tax	15,246	-
Deferred tax		
UK origination and reversal of timing differences	-	-
Total tax expense	15,246	198,803

Reconciliation of tax charge	2019 £	2018 £
(Loss)/profit before tax	(19,989)	1,394,211
Tax on loss/profit at standard corporate tax rate in the UK of 19.00% (2018: 19%)	(3,798)	264,900
Effects of:		
Expenses not deductible for tax purposes	238	65,232
Group relief surrendered / (claimed)	(192,795)	(131,329)
Adjustment to tax charge in respect of previous periods	15,246	-
Deferred tax not recognised	196,355	-
Tax charge for the period	15,246	198,803

7. Income tax (continued)

Factors that might affect future tax charges

The current UK corporation tax rate is 19%. In March 2021, the UK Government announced their intention to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. This change to the corporation tax rate was not enacted as at the balance sheet date and is not reflected in the calculation of deferred tax balances as at 31 December 2019.

8. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	4,920,799
Additions	-
At 31 December 2019	4,920,799
Net book value	
At 31 December 2019	4,920,799
At 31 December 2018	4,920,799

Direct subsidiary undertakings

The following are direct subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Sparrow Midco 1 Limited	Ordinary	100%	Intermediate holding company

Indirect subsidiary undertakings

The following are indirect subsidiary undertakings of the Company:

Sparrow Midco 2 Limited	Ordinary	100%	Intermediate holding company
Sparrow Bidco GmbH	Ordinary	100%	Intermediate holding company
SAFECHEM Europe GmbH	Ordinary	100%	Trading company
SAFECHEM Chemicals Trading (Shanghai) Co., Ltd.	Ordinary	100%	Trading company

8. Fixed asset investments (continued)

Registered office of all direct and indirect subsidiary undertakings

Name	Registered Office
Sparrow Midco 1 Limited	The Broadgate Tower, Third Floor, 20 Primrose Street, London, EC2A 2RS, United Kingdom
Sparrow Midco 2 Limited	The Broadgate Tower, Third Floor, 20 Primrose Street, London, EC2A 2RS, United Kingdom
Sparrow Bidco GmbH	Tersteegenstraße 25, 40474 Düsseldorf, Germany
SAFECHEM Europe GmbH	Tersteegenstraße 25, 40474 Düsseldorf, Germany
SAFECHEM Chemicals Trading (Shanghai) Co., Ltd.	Rm 2026-2027, 20/F, Henderson Metropolitan, No.155, TianJin Rd, HuangPu, 200001 Shanghai, China

The aggregate of the share capital and reserves as at 31 December 2019 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
Sparrow Midco 1 Limited	4,832,652	(35,559)

The aggregate of the share capital and reserves as at 31 December 2018 and of the profit or loss for the period ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
Sparrow Midco 1 Limited	4,868,211	(35,718)

Impairment of investments in subsidiaries

The Company has direct oversight of its subsidiary investments and performs impairment reviews to determine the carrying value of the investments. Management apply a discounted cash flow method and the cost approach for valuing the subsidiary investments. As part of this valuation, judgments and estimates are made on inputs such as the risk-free rate, market risk premium, beta, terminal growth rate over a forecasted period covering the years 2020 – 2022 for the trading subsidiaries.

The discounted cash flow approach is used when assessing impairment for the trading subsidiaries of the Group. The investments in holding companies are not assessed separately for impairment, as their underlying value is directly linked to the value of the trading subsidiaries. Therefore, an impairment of the trading subsidiaries would result in an impairment of the investment in holding companies, with no separate analysis necessary for assessing whether the carrying value of the investment in holding companies needs impairing.

9. Debtors

	2019	2018
	£	£
Amounts owed by group undertakings	33,689,925	19,402,072
Prepayments and accrued income	5,777	4,620
	33,695,702	19,406,692

Amounts owed by group undertakings includes non-interest-bearing intercompany receivables and unsecured intercompany financing that has been issued with a fixed rate of interest of 12% and 12.1% and is repayable on demand.

10. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Amounts owed to group undertakings	12,873,550	66,186
Amounts owed to shareholders	796,671	1,347,762
Income tax payable	214,049	198,803
Trade creditors and other payables	19,500	14,000
	13,903,770	1,626,751

Amounts owed to group undertakings includes non-interest-bearing intercompany trade payables which are repayable on demand and intercompany financing that has been issued with a fixed rate of interest of 12% and 12.1% and is repayable on demand.

11. Creditors: Amounts falling due in more than one year

	2019	2018
	£	£
Loan notes	19,107,452	17,060,226
Amounts owed to group undertakings	829,059	829,059
	19,936,511	17,889,285

On 31 December 2016, the Company issued funding loan notes totalling £31,918,149 to CBPE Nominees Limited, a shareholder of the Company. The loan notes are unsecured, have a fixed interest rate of 12% and are due for repayment in 2026. The loan is listed debt on the Channel Islands Stock Exchange.

On 28 February 2017, the Company made a partial cash repayment of the funding loan notes held by CBPE Nominees Limited of £16,861,980. On 26 March 2018, the Company made a partial cash repayment of the accrued interest on the funding loan notes held by CBPE Nominees Limited of £1,806,740. No cash repayments of accrued interest or principal took place in 2019 and the difference between year end outstanding balances is due to the interest accrual.

In addition, on 31 December 2016 the Company issued unsecured loan notes totalling £324,730 to a director of the Sparrow Topco Group. The loan notes are unsecured, have a fixed interest of 12% and are due for repayment in 2026.

On 26 March 2018, the Company made a partial cash repayment of the accrued interest on the unsecured loan notes held by a director of the Sparrow Topco Group of £38,968.

Amounts owed to group undertakings include non-interest-bearing intercompany trade payables which are repayable on demand.

12. Called up share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2 - Ordinary shares of £1.00 each	2	2

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

13. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Includes all current and prior periods retained profits and losses.

14. Controlling party

Management consider the ultimate controlling party to be CBPE Capital Fund IX A LP and CBPE Capital Fund IX B LP.

Sparrow Topco Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2019. The consolidated financial statements of Sparrow Topco Limited are available from the parent company's registered address at 28 Esplanade Street, St Helier, Jersey, JE2 3QA.

15. Events after the end of the reporting period

COVID-19
On 31 December 2019, a pneumonia of unknown cause was detected and reported to the World Health Organisation ("WHO"); this virus was later named Coronavirus (COVID-19). The outbreak was declared a Public Health Emergency of International Concern on 30 January 2020 and on 12 March 2020 the WHO officially declared the outbreak a pandemic.

The Directors have assessed the Financial Reporting Council ("FRC") guidance regarding Coronavirus subsequent events report and note that there is no record of Coronavirus existing prior to 31 December 2019. As such, the Directors have assessed the Coronavirus pandemic to be a non-adjusting post balance sheet event.

Refinancing
In January 2020, the Sparrow Group repaid the investor and management loan notes and rolled interest. This was facilitated through drawing an additional senior bank facility in Sparrow Bidco and declaring an upstream loan to Sparrow Midco 2, which repaid the loan from Sparrow Midco 1 that in turn repaid the loan from Sparrow Finco. Sparrow Finco used the cash to repay principal on the investor and management loan notes.