Registered number: 10473230

SPARROW FINCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 United Kingdom EC2A 2RS
Independent auditors	Deloitte LLP Statutory Auditor 110 Queen Street Glasgow United Kingdom G1 3BX

SPARROW FINCO LIMITED

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SPARROW FINCO LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The Directors present their Strategic Report for the year ended 31 December 2020.

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 on and signed on its behalf.

Jolyon Latimer

Director

Date: 20.10.2022

SPARROW FINCO LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

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 £37,666 (2019: loss £35,235).

No dividends were paid or declared during the year ended 31 December 2020 (2019: £Nil). The Directors do not recommend the payment of a final dividend.

Directors

The Directors who served during the year 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 a true. 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 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.
- make judgments and accounting estimates that are reasonable and prudent.
- 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 have seen lower activity in 2022.

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 has been opened after the relaxation of the lock-down measures in May 2021. The office was closed again in December 2021 and re-opened as of April 2022. At the time of signing these financial statements the German Head Office is open.

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 up to April 2022 operations continued in China with almost no restrictions. From May 2022 on the China office was closed due to the "No Covid" strategy of the Chinese Government and staff works from home. At the time of signing these financial statements the China office is open.

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.

- 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 utilising 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 business dealt with several lock down periods but managed by the home office solutions in place where employees are able to work from home so that the impact of lock down are not felt by the Group. Therefore, there are limited impacts of the lockdown period within the Group as business proceeded with remote working procedures.

- In Germany, the lockdown measures were introduced on 22 March 2020 and have been subsequently relaxed over the summer and autumn 2020. We have several lock-down periods up to the signing of this financial statements up to 2022. At the time of signing these financial statements most of the lockdown measures have been lifted. 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 in Q1 2021 and Q2 2021. From Q2 2021 to date, the business performed better despite the several lock-down measures.

- 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.

- **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.
- **FY 2020:** The business traded strongly in the first quarter of the year and YTD March net sales were 2% above budget. Gross margin was 12% above plan and EBITDA 18% ahead of budget. During Q2 the corona pandemic impacted the business and net sales were 32% below budget. Gross margin was 30% below plan and EBITDA 27% below budget. In the second half of the year the business started to recover. The 2020 year end final figures are 15% below budget for net sales and 6% below budget for EBITDA
- **FY 2021:** For Q1 2021 the net sales were 7% above budget and EBITDA was 26% above budget. For Q2 the net sales were 14% above budget and EBITDA was 16% below budget. For Q3 the net sales were 24% above budget and EBITDA was 5% above budget. Raw material cost increases lead to lower margins and sales price increases have been initiated in Q2 and Q3. In Q4 the net sales were 21% above budget and EBITDA was 20% above budget. The 2021 year end final figures are 16% above budget for net sales and 8% above budget for EBITDA. Thus, the EBITDA has reached the 2019 pre-COVID-19" level already in 2021.

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 3.34m 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 2022 or in 2023. 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. In 2020 the business traded strongly in the first quarter of the year and YTD March net sales were 2% above budget. Gross margin was 12% above plan and EBITDA 18% ahead of budget. During Q2 the corona pandemic impacted the business and net sales were 32% below budget. Gross margin was 30% below plan and EBITDA 27% below budget. In the second half of the year the business started to recover. The 2020 year end final figures are 15% below budget for net sales and 6% below budget for EBITDA.

In 2021 raw material cost increases lead to lower margins and sales price increases have been initiated in Q2 and Q3. The 2021 year end final figures are 16% above budget for net sales and 8% above budget for EBITDA. Thus, the EBITDA has reached the 2019 “pre-COVID-19” level already in 2021.

For Q1 2022 the net sales were 6% below budget and EBITDA was 7% above budget. For the yearend 2022 net sales are expected to be on budget. Weaker performances in China and North America will be compensated by additional new TRIC business. The 2022 EBITDA is expected 2% above budget.

While 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

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. 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.

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. The new legal entity SAFECHEM Chemical Product Services Ltd is set up as a trading company acting at arm's length of SAFECHEM Europe GmbH in Germany. It is fully operational since January 2021. It has 3 directors of which one is a UK citizen. Consultants have been engaged for outsourced services like accounting, payroll, cash management and for statutory reporting, financial statements and tax requests. Two sellers have been employed and the business runs according to plan. During February to May 2022 operations suffered from longer delays at customs and limited availability of freight carriers. The Directors still 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 trading between the UK and 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 FY22 budget and FY23 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.

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.

SPARROW FINCO LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Post balance sheet events

The Coronavirus pandemic is further impacting the business in 2022. Margins decreased stronger than expected since raw material prices keep increasing and put pressure on sales prices. China's "No Covid" strategy intensifies delays in global supply chains. Thus, the China sales revenue can be lower than expected. The impact of the Russia / Ukraine war on the business is very low. The annual revenue to Russian customers is €250k - 300k with a €50k - €100k margin impact. All product deliveries have stopped since February 2022. In general, the Russia / Ukraine war may lead to higher energy prices which would hit the chemical industry. There is the risk of further increases of raw material prices.

Disclosure of information to auditors

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

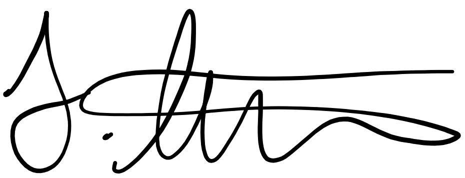
Auditors

The auditors, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

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



Jolyon Latimer

Director

Date: 20.10.2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPARROW FINCO LIMITED

Report on the audit of the financial statements

1. 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 2020 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 balance sheet.
- the statement of changes in equity; and
- the related notes 1 to 16.

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).

2. 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.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • The valuation of unlisted investments held by the Company Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used in the current year was £189,600 which was determined on the basis of total assets.
Scoping	Audit work to respond to the identified risks of material misstatement was performed directly by the audit team.
Significant changes in our approach	No significant changes in approach have been identified in the current year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the trading performance of the company's underlying trading subsidiary, including consideration of both revenue and EBITDA.
- Evaluating revenue and EBITDA forecasts for the next four financial years for the company's underlying trading subsidiary.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. 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.

5.1. Valuation of unlisted investments held by the Company

Key audit matter description	The company has unlisted investments of £4.9m (2019: £4.9m) as at 31 December 2020, 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 evaluated 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, and whether they present any potential impairment indicators. We also performed sensitivity analyses on the discounted cash flow valuation of the underlying trading subsidiary, and evaluated the assumptions made by management in the forecasts used as part of the DCF valuation. On a Group-wide basis, we reviewed key assumptions underpinning the carrying value.
Key observations	Based on the work performed, we concluded that the valuation of the unlisted investment is appropriate.

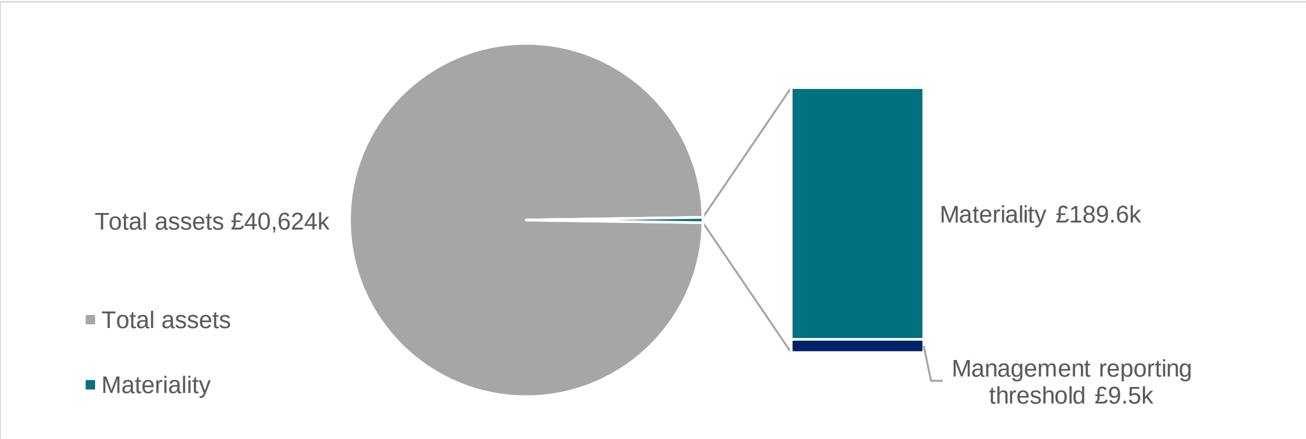
6. Our application of materiality

6.1. 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	£189,600 (2019: £260,000)
Basis for determining materiality	0.5% of total assets (2019: 0.7% of total assets)
Rationale for the benchmark applied	We determined materiality based on total assets as this is the key metric used by management, investors, and lenders, with shareholder value being driven by movements in total asset values.



6.2. Performance materiality

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 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

a. Our risk assessment, including our assessment of the entity's overall control environment; and
b. Our past experience of the audit of the entity, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods

6.3. Error reporting threshold

We agreed with the directors that we would report all audit differences in excess of £9,480 (2019: £13,000) 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.

7. 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.

8. 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 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 this regard.

9. 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.

10. 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.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets.
- results of our enquiries of management and the directors about their own identification and assessment of the risks of irregularities.
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance.
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud.
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of unlisted investments held by the Company. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of unlisted investments held by the Company as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPARROW FINCO LIMITED

Report on other legal and regulatory requirements

12. 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.

13. Matters on which we are required to report by exception

13.1. 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.

13.2. 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.

14. 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 CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
20 October 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Administrative expenses		(36,925)	(39,794)
Operating loss	4	**(36,925)**	**(39,794)**
Interest receivable and similar income	6	3,167,879	3,204,788
Interest payable and similar expenses	6	(3,152,374)	(3,184,983)
Loss before tax		**(21,420)**	**(19,989)**
Tax on loss	7	(147,703)	(15,246)
Loss for the financial year		**(169,123)**	**(35,235)**

All income arises from continuing operations.

The notes on pages 18 to 28 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note		2020 £		2019 restated* £
Fixed assets					
Investments	8		40,152,873		36,984,994
Current assets					
Debtors: amounts falling due within one year	9	471,762		1,631,507	
Creditors: amounts falling due within one year	10	(15,227,643)		(13,903,770)	
Net current assets			(14,755,881)		(12,272,263)
Total assets less current liabilities			**25,396,992**		**24,712,731**
Creditors: amounts falling due after more than one year	11		(20,789,895)		(19,936,511)
Net assets			**4,607,097**		**4,776,220**
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		(313,703)		(144,580)
			4,607,097		**4,776,220**

The financial statements were approved and authorised for issue by the board and were signed on its behalf.

**** The 2019 comparatives have been restated as set out in note 8.***

Jolyon Latimer

Director

Date: 20.10.2022

The notes on pages 18 to 28 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	2	4,920,798	(144,580)	4,776,220
Comprehensive income for the year				
Loss for the year	-	-	(169,123)	(37,666)
Total comprehensive income for the year	**-**	**-**	**(169,123)**	**(37,666)**
At 31 December 2020	**2**	**4,920,798**	**(313,703)**	**4,738,554**

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

	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 income for the year				
Loss for the year	-	-	(35,235)	(35,235)
Total comprehensive income for the year	**-**	**-**	**(35,235)**	**(35,235)**
At 31 December 2019	**2**	**4,920,798**	**(144,580)**	**4,776,220**

The notes on pages 18 to 28 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 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 judgment 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 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 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 11.42, 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.

This information is included in the consolidated financial statements of Sparrow Topco Limited as at 31 December 2020 and 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 this 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 GBP.

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'.

2.5 Taxation

Tax is recognised in profit or loss 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.

2. Accounting policies (continued)

2.5 Taxation (continued)

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 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.

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 receivables 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. Accounting policies (continued)

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 mom-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 market rate or in the case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially, at the present value of 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 approximates 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.

3. Judgments 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 applies a discounted cash flow method in testing the investments in subsidiaries for impairment. 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 2020 is £4,920,799 (2019: £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 is stated after charging:

	2020	**2019**
	£	**£**
Legal fees	4,600	7,444
Other expenses	7,825	1,250
Audit fees for the audit of the financial statements	15,000	15,000
Accounting services fees	9,500	16,100

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

5. Employees

The average monthly number of employees, including Directors, during the year was 2 ***(2019: 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 (2019: £Nil)*** for the year ended 31 December 2020.

6. Net interest expense

	2020	**2019**
	£	**£**
Interest receivable		
Interest receivable on intercompany loan	3,167,879	3,204,788
Interest payable		
Interest payable on loan notes	(3,152,374)	(3,184,983)
Net interest receivable	15,505	19,805

All interest receivable and payable for the year-ended 31 December 2020 and for the year-ended 31 December 2019 is from financial assets and financial liabilities not measured at fair value through profit or loss.

7. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	152,503	-
Adjustments in respect of previous periods	(4,800)	15,246
Total current tax	**147,703**	**15,246**
Deferred tax		
UK Origination and reversal of timing differences	-	-
Taxation on profit on ordinary activities	**147,703**	**15,246**

Factors affecting tax charge for the year

The tax assessed for the current year is higher than the standard rate of Corporation Tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Loss before tax	(21,420)	(19,989)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(4,070)	(3,798)
Effects of:		
Expenses not deductible for tax purposes	156,573	238
Group relief (claimed)	-	(192,795)
Adjustment to tax charge in respect of previous periods	(4,800)	15,246
Deferred tax not recognised	-	196,355
Total tax charge for the year	**147,703**	**15,246**

Factors that may 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 was not enacted as at the balance sheet date and is not reflected in the calculation of deferred tax balances as at 31 December 2020.

However, in the September 2022 Mini Budget it was announced that the increase to 25% would now not occur and the Corporation Tax Rate would instead be held at 19%. This rate had not been substantively enacted at the balance sheet date, and as the result the deferred tax balances as at 31 December 2020 continue to be measured at the full 19% rate noted above

8. Fixed asset investments

Cost	**Shares in subsidiary undertakings**	**Loans to subsidiary undertakings**	**Total**
	£	**£**	**£**
At 1 January 2020 (restated*)	4,920,799	32,064,195	36,984,994
Additions	-	3,167,879	3,167,879
	4,920,799	**35,232,074**	**40,152,873**
Provisions for impairment			
At 1 January 2020 and 31 December 2020	-	-	-
Carrying value	**4,920,799**	**35,232,074**	**40,152,873**

*****The 2019 balance sheet has been restated to correct a classification error in relation to the presentation of amounts due from group companies. Amounts due from group companies of £32,064,195 were determined to be intended for use on a continuing basis and have therefore been reclassified from current assets to fixed assets. This reclassification has no impact on the statement of comprehensive income in either current year or prior year.

Subsidiary undertakings

The following are subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Sparrow Midco 1 Limited	The Broadgate Tower, Third Floor, 20 Primrose Street, London, EC2A 2RS	Intermediate holding company	Ordinary	100%
Sparrow Midco 2 Limited	The Broadgate Tower, Third Floor, 20 Primrose Street, London, EC2A 2RS	Intermediate holding company	Ordinary	100%
Sparrow Bidco GmbH	Tersteegenstrasse 25, 40474 Dusseldorf, Germany	Intermediate holding company	Ordinary	100%
SAFECHEM Europe GmbH	Tersteegenstrasse 25, 40474 Dusseldorf, Germany	Trading company	Ordinary	100%
SAFECHEM Chemicals Trading (Shanghai) Co., Ltd.	Rm 2026-2027, 20/F, Henderson Metroplolitan, No.155, TianJin Rd, HuangPu, 200001 Shanghai, China	Trading company	Ordinary	100%
SAFECHEM Chemical Product Services Ltd	16 Great Queen Street, London, WC2B 5AH	Trading company	Ordinary	100%

8. Fixed asset investments (continued)

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 applies a discounted cash flow method in testing the investments in subsidiaries for impairment. 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

	2020	2019 (restated)
	£	£
Amounts owed by group undertakings	465,985	1,625,730
Prepayments and accrued income	5,777	5,777
	471,762	**1,631,507**

Amounts due from group companies as at 31 December 2019 have been restated as set out in note 8.

10. Creditors: Amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	14,681,259	12,873,550
Amounts owed to shareholders	386,281	796,671
Income tax payable	146,703	214,049
Trade creditors and other payable	13,400	19,500
	15,227,643	**13,903,770**

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 are repayable on demand.

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

	2020 £	2019 £
Other loans	20,710,191	19,107,452
Amounts owed to group undertakings	79,704	829,059
	20,789,895	**19,936,511**

On 31 December 2016, the Company issued funding loan notes totaling £31,918,149 to CBPE Nominees Limited, a shareholder of the Company. The loan notes are unsecured, have a fixed interest rate of 8% from 30 January 2020 (12% up to 29 January 2020) and are due for repayment in 2026. The loan is listed debt on the Channel Islands Stock Exchange.

On February 2017, the Company made a partial cash repayment of the funding loans 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 2020 and the difference between the year-end outstanding balances is due to the interest accrual.

In addition, on 31 December 2016, the Company issued unsecured loan notes totaling £324,730 to a director of Sparrow Topco Group. The loan notes are unsecured, have fixed interest rate of 8% from 30 January 2020 (12% up to 29 January 2020) 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. Share capital

Allotted, called up and fully paid

	2020 £	2019 £
2 (2019: 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. Related party transactions

It does not disclose transactions with its' parent or with members of the same group that are wholly owned. There are no such other transactions with related party which Company requires to discloses.

15. Post balance sheet events

The Coronavirus pandemic is further impacting the business in 2022. Margins decreased stronger than expected since raw material prices keep increasing. Further sales price increases are planned. China's "No Covid" strategy intensifies delays in global supply chains. Thus, the China sales revenue can be lower than expected. The impact of the Russia / Ukraine war on the business is very low. The annual revenue to Russian customers is €250k - 300k with a €50k - €100k margin impact. All product deliveries have stopped since February. In general, the Russia / Ukraine war may lead to higher energy prices which would hit the chemical industry. There is the risk of further increases of raw material prices.

16. Controlling party

Management considers 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 as at 31 December 2020. 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.