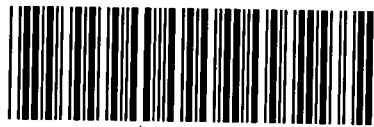


REGISTERED NUMBER: 03036806 (England and Wales)

Strategic Report, Report of the Directors and
Audited Financial Statements
for the Year Ended 31 March 2022
for
Six Degrees Technology Group Limited

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Six Degrees Technology Group Limited

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for the Year Ended 31 March 2022

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Six Degrees Technology Group Limited

Company Information
for the Year Ended 31 March 2022

DIRECTORS:

S Crawley-Trice
D Manuel

REGISTERED OFFICE:

Commodity Quay
St Katharine Docks
London
E1W 1AZ

REGISTERED NUMBER:

03036806 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Six Degrees Technology Group Limited

Strategic Report for the Year Ended 31 March 2022

The directors present their Strategic Report, the report of the Directors and the audited financial statements of Six Degrees Technology Group Limited ("the Company") for the year ended 31 March 2022.

REVIEW OF BUSINESS

Six Degrees Technology Group Limited is the main trading entity within the CB-SDG Midco Limited Group of companies ("the Group") that trades in the market under the brand Six Degrees.

Throughout the period under review, the Group has retained focus on achieving its objective of being the market-leading provider of secure cloud-led converged managed services to UK-based SME's. In order to continually strive towards this objective, the Group works as a collaborative technology partner by offering market-facing, tailor made solutions that enable our clients' brilliance and assist them in making a digital transformation.

During the year the Group undertook a strategic review. This strategic review resulted in a number of actions: -

- Recruitment of a new CEO, Simon Crawley-Trice, and the enhancement and expansion of the Executive team.
- Development of a new three-year plan focused around repositioning the Group to take advantage of high growth segments of the MSP market space being Public Cloud, Cyber Security and Agile Workspace.
- Securing of additional funds to invest in the business through a mix of equity investment from Charlesbank and the sale and leaseback of one of the Group's properties.
- Investment in additional sales and service deliver management capability.
- Launch of a multi-year transformation plan which will enable the delivery of the three-year plan. This transformation included changes in organisation, process, products, systems, tools and people.
- Reset of the covenants attached to the senior facility agreement which is the Group's main debt facility.

KEY PERFORMANCE INDICATORS

The directors use key performance indicators (KPIs) to monitor and assess the company's performance.

The figures in the table below provide the performance of the company for the year ended 31 March 2022 and for the comparative year-ended 31 March 2021.

The Company's principal KPIs are shown in the following table:

	2022	% of turnover	2021	% of turnover
	£'000		£'000	
Turnover	79,446		73,389	
Gross Profit	42,327	53%	42,398	58%
EBITDAE*	2,025	3%	7,569	10%

*Earnings before Interest, Tax, Depreciation, Amortisation and Exceptional items (EBITDAE)

Turnover increased in the year ended 31 March 2022 as the business recovered from the impact of the COVID-19 pandemic which materially impacted the sale and subsequent delivery of both recurring and non-recurring products and services in the previous financial year. Whilst revenue increased from the previous year, increased costs led to an overall reduction in gross margin.

Six Degrees Technology Group Limited

Strategic Report for the Year Ended 31 March 2022

The main revenue streams where there was a reduction in gross margin against the previous year were Co-location and Cloud due to general price increases imposed by suppliers.

During the year, the Group of which the company is part, replaced its entire executive management team. The Group also received additional funding from its ultimate shareholder and produced a new three-year business plan centred around growing its higher margin Security business.

The three-year business plan involves investment in new tools and people to drive both revenue but also increase efficiency. This increased investment resulted in administrative expenses increasing compared to the previous year. This resulted in EBITDAE reducing from £7.6m in 2021 to £2.0m in 2022.

As at 31 March 2022, net assets of the Company were £42.8m (2021: £44.0m).

PRINCIPAL RISKS AND UNCERTAINTIES

Strategic Risks

As part of the refresh of the governance process management have looked at the principal risks faced by the company. The significant proportion of the principal risks flow from delivery of the strategic plan. Having identified these principal risks management have put in place a regular governance cadence to review and actively manage these risks.

<u>Risk</u>	<u>Nature of risk event</u>	<u>Description</u>
Product & margin	Profitability, revenue	We have the wrong products for the market, we cannot sell at the margin we plan for, we have assessed the market incorrectly, we do not get traction in our growth areas, the market changes and we don't.
Talent Retention	Profitability, ability to trade, costs	We do not have the right number of people in the right roles, retained, with the right skills and capabilities at a salary that is sustainable.
Innovation	Profitability, costs	We do not have the capacity and capability to understand changing market demand, new products as they come to market, to develop our own products, and to forecast build and deploy them commercially in an efficient way.
Security and Data	Profitability, damages, reputation	We do not have security and process in place (particularly on the legacy estate) to protect our business and data, avoid fraud, theft and ransom, and maintain our reputation as a cyber-security expert.

Six Degrees Technology Group Limited

Strategic Report
for the Year Ended 31 March 2022

Risk	Nature of risk event	Description
Proportionate governance framework	Agility, profitability	We do not develop and maintain a system of internal controls appropriate for a business the size/complexity of Six Degrees.
Financial viability	Ability to trade, revenue, costs	We do not maintain financial stability, manage our costs base, ensure viability, and achieve financial targets
Evolution of ESG expectations	Health, profitability, ability to trade	We do not adapt Six Degrees to the evolving shift in ESG values and climate change, including the requirements of staff, customers, regulators, and wider society.
Meet minimum standards	Profitability, ability to trade, costs	We do not obtain and retain the right capability, equipment, accreditations, and reporting required to win and keep business, for example, ISO, Cyber Essentials, MS Expert, Carbon Reduction Plan and D&I.
Reliability	Damages, reputation	We do not have technology that is stable and able to perform at the levels promised to our customers, or our systems are misaligned to contracted standards.
Data quality	Agility, profitability	We do not have reliable and timely business and management data that we need to make decisions operationally and strategically.
Reputation	Profitability, revenue	Our brand, marketing, collateral, and sales materials are not sufficient to attract clients and secure our target market share.
Speed and Quality of Change	Agility, profitability, costs	We do not implement change with the correct balance of time, quality, and cost to achieve our objectives.

PRINCIPAL RISKS AND UNCERTAINTIES – continued

Strategic Risks - continued

Refinance of External Debt

In March 2022, the Group concluded a renegotiation of its external debt facility. The term of the loan remains unchanged, and the covenants were revised based upon the Group's new three-year business plan. The company also has the option not to pay interest on its senior debt for the next two financial years. Management concluded that the renegotiation was a substantial modification of the terms of the facility and was accounted for as an extinguishment of the old loan and recognition of the new loan.

Restructure of Group Entities

On 28 March 2022 CB-SDG Holdco Limited sold its investment in CB-SDG Midco Limited and all its associated subsidiaries, which included Six Degrees Technology Group Limited. The investment was sold to 6DG Holdco Limited, a newly incorporated company, whose parent company in turn is 6DG Topco Limited, another newly created company. Six Degrees Technology Group Limited immediate parent remains Six Degrees Investments Limited, and its ultimate parent is now 6DG Topco Limited. As part of this restructure, the Group's ultimate shareholder invested a further £10.5m into the Group.

DUTY TO PROMOTE THE SUCCESS OF THE COMPANY - SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires the Directors to act in such a way that they consider, in good faith, would be the most likely to promote the success of the Company for the benefits of its members as a whole, and in doing so have regards to:

- a) The likely consequences of any decision in the long term
- b) The interests of the company's employees
- c) The need to foster the company's business relationships with suppliers, customers, and others
- d) The impact of the company's operations on the community and the environment
- e) The desirability of the company maintaining a reputation for high standard of business conduct
- f) The need to act fairly between the members of the company

The Board confirms that, during the year, it has had due regard to the matters set out above. Further details as to how the Directors have fulfilled their duties with reference to relevant areas within these financial statements, are set out below.

Risk Management

The Board recognises the importance of identification, evaluation, and management of the Company's risks. Details of the principal risks and uncertainties of the Group of which the Company is a subsidiary are set out elsewhere in this report.

Community and the environment

The Board recognises their responsibilities to making positive contributions to the community and achieving good environmental practices. The Group is undertaking a number of initiatives and outreach activities to support younger people and women when entering the Science, Technology, Engineering and Mathematics sector and is currently targeting a minimum of one female candidate for every recruitment shortlist. The Group undertakes a significant amount of community-oriented activity. In addition to being a patron of MacMillan, the Groups' Corporate and Social Responsibility activity includes diversity and inclusion-oriented activities, such as the Future Frontiers programme (providing coaching for disadvantaged young people) in the last year.

Business conduct and relationships

The Board recognises the importance of a strong culture that considers the best interests of its employees, business partners and shareholders alongside other external stakeholders including but not limited to clients, contractors, and suppliers.

The Company maintains strong relationships with its clients that are critical to achieving the long-term sustainable growth and this is demonstrated by the continual monitoring and review of the Net Promoter Score - a universal measure of customer service excellence and our commitment to the maintaining our current ISO accreditations and achieving further accreditations that enhance those relationships.

DUTY TO PROMOTE THE SUCCESS OF THE COMPANY - SECTION 172(1) STATEMENT - continued

Business conduct and relationships - continued

The Company also maintains strong relationships with its suppliers as this is critical to ensure that both parties work together to deliver the benefit to our clients. The company performs quarterly reviews with key suppliers to discuss the levels of performance for each of the services being provided by those suppliers and to ensure that the Service Level Agreement (SLA) targets are being achieved.

COVID-19 PANDEMIC

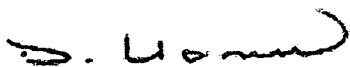
The COVID-19 pandemic and subsequent virus control measures implemented by UK Government have had a significant adverse impact across the UK economy as a whole with a number of industry sectors, most notably the hospitality and retail sectors being those where there has been a significant reduction in economic activity.

The company has several clients that operate predominantly within those sectors most affected by the control measures. Whilst COVID-19 has undoubtedly had an impact on the financial results over the past two financial years, management do not believe there will be any material adverse impact on the results of the company going forward.

CROSS GUARANTEES

There are cross guarantees between Six Degrees Technology Group Limited and other Group companies, BIS Limited, CB-SDG Limited, and Six Degrees Holdings Limited. The Group's lender has a debenture creating a fixed and floating charge over the assets of Six Degrees Technology Group Limited and the associated Group companies mentioned above.

ON BEHALF OF THE BOARD:



.....
D Manuel - Director

Date: 5 October 2022

Six Degrees Technology Group Limited

Report of the Directors for the Year Ended 31 March 2022

The directors present their report with the financial statements of the company for the year ended 31 March 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of public and private cloud, agile workspace, and cyber security.

RESULTS

The loss before taxation for the period before taxation was £1.2m (2021 profit: £5.5m). The net assets of the Company were £42.8m (2021: £44.0m).

DIVIDENDS

No dividends were distributed for the year ended 31 March 2022 (2021 - £nil).

MATTERS COVERED IN THE STRATEGIC REPORT

The strategic report can be found on pages 3 to 7. This contains the review of business and details of the Company's principal risks and uncertainties.

FUTURE DEVELOPMENTS

The directors expect the company to continue in the same activities in the future.

DIRECTORS

The directors who have held office during the year from 1 April 2021 to the date of this report are as follows:

D M Howson - resigned 12 May 2021

S K Mitchell - resigned 23 December 2021

S Crawley-Trice - appointed 12 May 2021

S Karaolis - appointed 12 December 2021, resigned 11 May 2022

D Manuel – appointed 11 May 2022

GOING CONCERN

The directors have reviewed the CB-SDG Midco Limited group's future cash forecasts and revenue projections, which have been prepared on the basis of past experience, market information and current and anticipated trading conditions, and believe, based on these forecast and projections and the formal support available from CB-SDG Midco Limited, that it is appropriate to prepare the financial statement of the Company on a going concern basis. The consolidated accounts of CB-SDG Midco Limited provide full and extensive going concern disclosures.

FINANCIAL RISKS AND UNCERTAINTIES

Please refer to the strategic report for the full details in relation to the financial risks and uncertainties.

STREAMLINED ENERGY AND CARBON REPORTING

As a subsidiary entity within the CB-SDG Midco Limited Group of companies, the Company has elected to take the exemption not to disclose the Streamlined Energy and Carbon Reporting (SECR) requirements as these are included within the consolidated financial statements of CB-SDG Midco Limited.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Report of the Directors and Audited Financial Statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 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 also 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.

DIRECTORS' CONFIRMATIONS

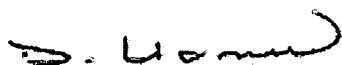
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
D Manuel - Director

Date: 5 October 2022

Independent auditors' report to the members of Six Degrees Technology Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Six Degrees Technology Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Report of the Directors and Audited Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax law and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Performing procedures over higher risk journal entries;
- Challenging assumptions made by management in determining their judgements and accounting estimates; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jennifer Dickie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 October 2022

Six Degrees Technology Group Limited

Statement of Comprehensive Income
for the Year Ended 31 March 2022

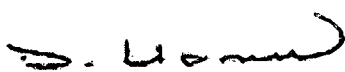
	Notes	2022 £'000	2021 £'000
TURNOVER	4	79,446	73,389
Cost of sales		<u>(37,119)</u>	<u>(30,991)</u>
GROSS PROFIT		42,327	42,398
Administrative expenses		<u>(44,525)</u>	<u>(39,108)</u>
		(2,198)	3,290
Other operating income		<u>39</u>	<u>-</u>
OPERATING (LOSS)/PROFIT	6	(2,159)	3,290
Interest receivable and similar income	7	<u>1,937</u>	<u>3,262</u>
		(222)	6,552
Interest payable and similar expenses	8	<u>(953)</u>	<u>(1,045)</u>
PROFIT BEFORE TAXATION		(1,175)	5,507
Tax on profit	9	<u>-</u>	<u>284</u>
PROFIT FOR THE FINANCIAL YEAR		(1,175)	5,791
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(1,175)</u>	<u>5,791</u>

Six Degrees Technology Group Limited (Registered number: 03036806)

Balance Sheet
31 March 2022

	Notes	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible assets	10	82	183
Tangible assets	11	6,792	7,605
Investments	12	<u>1</u>	<u>1</u>
		<u>6,875</u>	<u>7,789</u>
 CURRENT ASSETS			
Debtors	13	79,144	62,545
Cash at bank and in hand		<u>1,120</u>	<u>3,333</u>
		80,264	65,878
CREDITORS			
Amounts falling due within one year	14	<u>(44,325)</u>	<u>(29,678)</u>
NET CURRENT ASSETS		<u>35,939</u>	<u>36,200</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>42,814</u>	<u>43,989</u>
 CAPITAL AND RESERVES			
Called up share capital	16	-	-
Retained earnings	17	<u>42,814</u>	<u>43,989</u>
SHAREHOLDERS' FUNDS		<u>42,814</u>	<u>43,989</u>

The financial statements on pages 13 to 27 were approved by the Board of Directors and authorised for issue on 5 October 2022 and were signed on its behalf by:



.....
D Manuel - Director

Six Degrees Technology Group Limited

Statement of Changes in Equity
for the Year Ended 31 March 2022

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020	-	38,198	38,198
Changes in equity			
Total comprehensive income	-	5,791	5,791
Balance at 31 March 2021	-	43,989	43,989
Changes in equity			
Total comprehensive income	-	(1,175)	(1,175)
Balance at 31 March 2022	-	42,814	42,814

1. STATUTORY INFORMATION

Six Degrees Technology Group Limited is a private company, limited by shares, registered, and incorporated in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The principal activity of the company is that of the provision of public and private cloud, agile workspace, and cyber security.

The functional and presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value. The principal accounting policies applied in the preparation of these financial statements are set out below and have been applied consistently to all years presented, unless otherwise stated.

Going concern

The directors have reviewed the CB-SDG Midco Limited group's future cash forecasts and revenue projections, which have been prepared on the basis of past experience, market information and current and anticipated trading conditions, and believe, based on these forecast and projections and the formal support available from CB-SDG Midco Limited, that it is appropriate to prepare the financial statement of the Company on a going concern basis. The consolidated accounts of CB-SDG Midco Limited provide full and extensive going concern disclosures.

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 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 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about Six Degrees Technology Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, CB-SDG Midco Limited, Commodit Quay, St Katharine Docks, London, E1W 1AZ.

2. ACCOUNTING POLICIES - continued

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the group and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The company recognises revenue when.

- the significant risks and rewards of ownership have been transferred to the buyer.
- the company retains no continuing involvement or control over the goods.
- the amount of revenue can be measured reliably.
- it is probable that future economic benefits will flow to the entity; and
- the specific criteria relating to each of the company's sales channels have been met.

Subject to the revenue recognition conditions noted above being met, the Company reports revenue within each product group as one of the three following categories:

Monthly Recurring Revenue (MRR) - this relates to on-going delivery of services over a set period, typically up to 3 years. MRR is contracted and includes a full range of managed support, maintenance, subscription, and service agreements. MRR is spread over the agreed duration of the contract as services are provided.

Turnover - continued

Non-Recurring Revenue (NRR) - this relates to one-time revenue billed under a contractual right and typically is either a provision of a one-time service with no on-going commitments or a sale of assets, NRR is typically recognised at the point at which the service is delivered. Consultancy services provided to clients which is billed on a periodic basis as the project progresses is reported in this category as it is non-recurring in nature. This revenue is recognised on a percentage of completion basis.

Usage - this relates to revenue that is billed on a contractually agreed per-unit rate, based on actual usage in a period. Revenue is recognised in accordance with actual usage.

2. ACCOUNTING POLICIES - continued

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

	Years
Computer software, patents and licences	3 to 5

Amortisation is charged to administrative expenses in the profit and loss account. Intangible assets are amortised from the date they are available for use.

Where factors such as technological advancement or changes in market price, indicate the residual value, useful life or amortisation rate require adjusting, they are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the assets to its working condition for its intended use, dismantling and restoration costs.

Freehold land is not depreciated. Depreciation on other tangible assets is charged to the profit and loss account on a straight-line basis so as to write off those assets, adjusted for estimated residual values over the expected useful life of each category shown below. The remaining useful lives of the assets and their residual values are reviewed at the end of each reporting period.

Depreciation and residual values

Depreciation on tangible assets is charged to the statement of comprehensive income on a straight-line basis to write off those assets, adjusted for estimated residual values over the expected useful life of each category shown below. The remaining useful lives of the assets and their residual values are reviewed at the end of each reporting period.

The estimated useful lives are as follows:

	Years
Long leasehold	25 (or the remaining term of the lease, if shorter)
Plant and machinery	3 to 7
Computer equipment	3 to 5
Fixtures and fittings	3 to 5

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefit.

2. **ACCOUNTING POLICIES** - continued

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Subsequently, investments are recognised at cost less any accumulated impairment that has been booked.

Financial instruments

The Company has chosen to adopt Section 11 and 12 of FRS 102 in respect of financial instruments.

(i) **Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the assets are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) **Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transactions costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case the fee is deferred until the draw down occurs. The fee is amortised over the life of the loan. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

2. **ACCOUNTING POLICIES** - continued
Financial instruments – continued
(ii) Financial liabilities - continued

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled, or expires.

(iii) Offsetting

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise asset and settle the liability simultaneously.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

2. **ACCOUNTING POLICIES** - continued

Government grants

The group treats income received from the Research and Development Expenditure Credit ("RDEC"). In accordance with FRS 24 Government Grants, as required. The company chooses to recognise the RDEC grant using the performance model and, as such, the income is recognised as the performance related conditions are met. Once it becomes virtually certain that the claim has been approved and the grant will be paid, the company recognises the benefit. In accordance with FRS 102.24 Government Grants, the gross amount of the benefit is recognised as other operating income.

Interest receivable and interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss.

Other interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit and loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payment is established. Foreign currency gains and losses are reported on a net basis.

3. **CRITICAL ACCOUNTING JUDGEMENTS & SOURCES OF ESTIMATION UNCERTAINTY**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Allowance for bad and doubtful debts

Where there are indicators that a balance may not be recoverable, it is considered for inclusion in the bad debt provision. The approach taken to bad debt is wholly specific. Management will review the specific customer balances and perform a risk assessment through consideration of a number of factors, with a provision made accordingly.

Six Degrees Technology Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

4. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2022	2021
	£'000	£'000
United Kingdom	78,014	72,047
Europe	514	143
Other	918	1,199
	<u>79,446</u>	<u>73,389</u>

5. **EMPLOYEES AND DIRECTORS**

There were no staff costs for the year ended 31 March 2022 nor for the year ended 31 March 2021.

All staff, including directors, are employed by Six Degrees Holdings Limited and CB-SDG Limited, fellow group undertakings, and their costs are recharged to this company via a management fee. It is not practicable to allocate the costs relating to specific employees or for the directors for their time spent on this company.

	2022	2021
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

6. **OPERATING (LOSS)/PROFIT**

The operating loss (2021 - operating profit) is stated after charging/(crediting):

	2022	2021
	£'000	£'000
Operating lease charges	232	292
Depreciation - owned assets	3,532	4,177
Patents and licences amortisation	2	-
Computer software amortisation	99	171
Foreign exchange differences	<u>(26)</u>	<u>(30)</u>

The total audit fee for the company is £61,514 (2021: £59,867) and is borne on behalf of the Company by Six Degrees Holdings Limited, a fellow group undertaking.

Six Degrees Technology Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£'000	£'000
Interest due from group undertakings	<u>1,937</u>	<u>3,262</u>

The interest rate charged on inter-company loans was reduced to 3.58% in the current financial year (2021: 9%)

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£'000	£'000
Interest due to group undertakings	<u>953</u>	<u>1,045</u>

The interest rate charged on inter-company loans was reduced to 3.58% in the current financial year (2021: 9%)

9. TAX ON PROFIT

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2022	2021
	£'000	£'000
Current tax:		
UK corporation tax	-	(275)
Deferred tax	<u>-</u>	<u>(9)</u>
Tax on profit	<u><u>-</u></u>	<u><u>(284)</u></u>

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

	2022	2021
	£'000	£'000
(Loss)/Profit before tax	<u>(1,175)</u>	<u>5,507</u>
(Loss)/Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(223)	1,046
Effects of:		
Expenses not deductible for tax purposes	-	(30)
Depreciation (less than) / in excess of capital allowances	(11)	49
Losses (claimed)/surrendered from/to group companies	239	(1,053)
Adjustments to tax charge in respect of previous periods	-	(275)
Transfer pricing adjustment	(5)	(12)
Deferred tax asset derecognised in year	<u>-</u>	<u>(9)</u>
Total tax charge/(credit)	<u><u>-</u></u>	<u><u>(284)</u></u>

Six Degrees Technology Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

9. **TAX ON PROFIT - continued**

Potential deferred tax assets have not been recognised on the basis that it is not probable that there would be future taxable profits on which the deductible temporary difference will be utilised in the foreseeable future.

The following table lists the gross unrecognised temporary differences:

	2022	2021
	£'000	£'000
Fixed Assets	9,459	9,931
Tax losses	4,292	4,292
	<u>13,751</u>	<u>14,223</u>

Factors that may affect future tax charges

In the Budget held on 3 March 2021, the Government announced that the corporation tax rate would increase to 25% from 1 April 2023. This was substantively enacted on 24 May 2021 and therefore has been reflected in the measurement of any relevant deferred tax balances.

On 23 September 2022, the Government announced that this increase was cancelled, and the corporation tax rate would remain at 19% from 1 April 2023. As this change was not substantively enacted at the balance sheet date, this has not been reflected in the measurement of deferred tax balances at the period end.

10. **INTANGIBLE ASSETS**

	Patents and licences £'000	Computer software £'000	Totals £'000
COST			
At 1 April 2021 and 31 March 2022	<u>15</u>	<u>1,577</u>	<u>1,592</u>
AMORTISATION			
At 1 April 2021	-	1,409	1,409
Amortisation for year	<u>2</u>	<u>99</u>	<u>101</u>
At 31 March 2022	<u>2</u>	<u>1,508</u>	<u>1,510</u>
NET BOOK VALUE			
At 31 March 2022	<u>13</u>	<u>69</u>	<u>82</u>
At 31 March 2021	<u>15</u>	<u>168</u>	<u>183</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

11. TANGIBLE ASSETS

	Long leasehold £'000	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST					
At 1 April 2021	1,387	7,716	281	24,397	33,781
Additions	<u>-</u>	<u>154</u>	<u>59</u>	<u>2,506</u>	<u>2,719</u>
At 31 March 2022	<u>1,387</u>	<u>7,870</u>	<u>340</u>	<u>26,903</u>	<u>36,500</u>
DEPRECIATION					
At 1 April 2021	1,228	6,253	272	18,423	26,176
Charge for year	<u>143</u>	<u>801</u>	<u>36</u>	<u>2,552</u>	<u>3,532</u>
At 31 March 2022	<u>1,371</u>	<u>7,054</u>	<u>308</u>	<u>20,975</u>	<u>29,708</u>
NET BOOK VALUE					
At 31 March 2022	<u>16</u>	<u>816</u>	<u>32</u>	<u>5,928</u>	<u>6,792</u>
At 31 March 2021	<u>159</u>	<u>1,463</u>	<u>9</u>	<u>5,974</u>	<u>7,605</u>

During the year to 31 March 2022, there were no leased assets. Leased items totalling £751K, with a NBV of £96K were fully paid and transferred from assets held under lease to owned assets during the previous financial year to 31 March 2021.

12. INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 April 2021 and 31 March 2022	<u>1</u>
NET BOOK VALUE	
At 31 March 2022	<u>1</u>
At 31 March 2021	<u>1</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Carrenza B.V.

Registered office: Netherlands
Nature of business: Trading

Class of shares:	%
Ordinary	holding 100.00

Carrenza B.V. is registered at Barbara Stozzilaan 101, 1083HN, Netherlands.

Six Degrees Technology Group Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

12. **INVESTMENTS - continued**

Capital Support US Inc

Registered office: United States of America

Nature of business: Trading

Class of shares:	%
Ordinary	holding 100.00

Capital Support US Inc is registered at Suite B 1675 S. State St., Dover, Kent 19901 DE.

13. **DEBTORS**

	2022	2021
	£'000	£'000
Trade debtors	11,203	12,059
Amounts owed by group undertakings	58,889	42,374
Other debtors	651	732
Prepayments and accrued income	<u>8,401</u>	<u>7,380</u>
	<u>79,144</u>	<u>62,545</u>

Amounts owed by group undertakings are unsecured, repayable on demand and interest is applied at 3.58% (2021: 9%).

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£'000	£'000
Trade creditors	7,282	5,238
Amounts owed to group undertakings	29,906	13,654
Social security and other taxes	-	1,709
Other creditors	726	789
Accruals and deferred income	<u>6,411</u>	<u>8,288</u>
	<u>44,325</u>	<u>29,678</u>

Amounts owed to group undertakings are unsecured, repayable on demand and interest is applied at 3.58% (2021: 9%).

VAT Deferral Scheme

During the previous financial year, the company made use of the VAT deferral scheme in respect of the March 2020 liability. As at year end 31 March 2022, this balance was paid in full.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

15. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£'000	£'000
Within one year	443	456
Between one and five years	1,549	1,597
In more than five years	<u>1,908</u>	<u>2,307</u>
	<u>3,900</u>	<u>4,360</u>

16. **CALLED UP SHARE CAPITAL**

Allotted, issued, and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	£
100	Ordinary	1	<u>100</u>	<u>100</u>

17. **RESERVES**

	Retained earnings £'000
At 1 April 2021	43,989
Loss for the year	<u>(1,175)</u>
At 31 March 2022	<u>42,814</u>

18. **RELATED PARTY DISCLOSURES**

During the year, the company provided colocation services to Park Place Technologies Limited. The company's ultimate parent, 6DG Topco Limited, and Park Place Technologies Limited share the same ultimate shareholder, Charlesbank Capital Partners LLC. The amount invoiced during the year-ended 31 March 2022 was £187,531 (2021: £197,799), of this, no invoices were outstanding at the year-end (2021: £15,690).

19. **ULTIMATE CONTROLLING PARTY**

The company's immediate parent is Six Degrees Investments Limited; its ultimate parent company is 6DG Topco Limited. The smallest group within which the results of the company are consolidated is CB-SDG Midco Limited and the largest group within which the results of the company are consolidated is 6DG Topco Limited.

Charlesbank Capital Partners LLC, on behalf of funds under its management, is the ultimate controlling party, which is incorporated in the United States of America.