Bigblu Broadband plc

('BBB' or the 'Company')

Final Results

Audited final results for the year ended 30 November 2019

Strong performance with continued delivery of robust revenue growth

Bigblu Broadband plc (AIM: BBB.L), a leading provider of alternative super-fast and ultra-fast broadband services, announces its audited results for the year ended 30 November 2019.

The period under review represented one of a focus on the customer, customer offers, retention and customer experience in all our territories. It was also a period where we consolidated and upgraded our last ten years of growth with new systems, new banking facilities and new business practices. To have completed all this and grown our revenue by 12% and our adjusted EBITDA[2] by 50% in addition to reporting positive adjusted EPS[4] for the first time is a huge achievement.

Financial Highlights

- Total revenue increased 12% to £62.1m (FY18: £55.4m)
- Like for like revenue growth[1] on a constant currency basis of 11% (FY18: 8%)
- Reported positive adjusted EPS[4] for the first time of 8.2p (FY18: loss 0.2p) and EPS improved to a loss of 13.9p (FY18: 25.8p)
- Pre adjustment for IFRS 16
    - Adjusted EBITDA[2] increased 50% to £10.2m (FY18: £6.8m)
    - Adjusted PAT[3] improved to a profit of £4.7m (FY18: loss £0.1m) with PAT improving by 40% to a loss of £8.0m (FY18: loss £13.3m)
    - Free cash outflow of £3.9m, following CAPEX investment of £8.9m and items separately identified as exceptional in nature of £4.9m
    - Net debt[5] increased to £14.2m (FY18: £11.9m), with net debt to adjusted EBITDA reducing to 1.4x (FY18: 1.75x)
- As a result of the early adoption of IFRS 16 the impact on the financial statements is as follows:
    - Statement of Comprehensive Income – increase in adjusted EBITDA from £10.2m to £11.7m
        - EBITDA increased by £1.5m representing the removal of operating lease costs, which were reclassified as depreciation
        - Depreciation increased by £1.2m, representing the annual charge for all operating leases
        - Non cash interest charge increased by £0.3m
    - Statement of Financial Position
        - Fixed assets increased by net book value of £5.1m
        - A corresponding £5.1m increase in finance leases, with £0.7m being less than 12 months and £4.4m representing the period greater than 12 months for all lease commitments

Operational Highlights

- Total customers at period end was c.110k
- Net customer growth (excluding impact of rationalised customers) was c10k (FY18: growth 3k)
- Selected as a preferred partner ("PPP") by Eurobroadband Infrastructure ("EBI"), a joint venture between Eutelsat and Viasat, Inc. to offer super-fast satellite broadband services across our European territories. Consequently, the Company and customers benefited from an improved product suite with increased download speeds and extended data allowances
- Following transition to the PPP program, in the last quarter of the financial year we rationalised c.13k customers who were utilising non-competitive network offers during the period. These customers have either been disconnected or migrated to other providers

- Accelerated product roll-out via government funded schemes with subsidised hardware and installation programmes
- Leading position in Australia maintained - SkyMesh named best NBN Co satellite provider - NBN Co was established in 2009 to design, build and operate Australia's wholesale broadband access network
- Average annualised customer churn, excluding the rationalised customers, reduced to 20.5% (FY18: 21.9%)
- £12m funding package secured for QCL Holdings Limited ("Quickline") to accelerate growth and support the build-out of new infrastructure, targeting a significant increase in customer base and profitability
- Transferring from the Hybrid Retail Agreement ("HRA") to PPP Agreement during the year resulted in additional costs and disruption to the business, including full re-branding, new IT development and increased staffing, to manage the migration

Post Period End Highlights

- Agreed £30m revolving credit facility with Santander Bank UK plc to replace loan notes totalling £12m issued in 2016 by Business Growth Fund ("BGF") and the Group's £10m revolving credit facility with HSBC plc and to provide additional working capital to support the Group. HSBC continues to provide a £4m revolving credit facility and operational banking support to QCL
- Quickline selected to lead a £6m Government-backed project to boost rural connectivity in North Yorkshire, England's largest rural county

[1] Like for like revenue treats acquired/disposed businesses as if they were owned for the same period across both the current and prior year and adjusts for constant currency.

[2] Adjusted EBITDA is stated before interest, taxation, depreciation, amortisation, share based payments and exceptional items. It also includes property lease costs which, under IFRS 16, are replaced by depreciation and interest charges. This is a non-GAAP alternative performance.

[3] Adjusted PAT represents adjusted EBITDA less interest, taxation and depreciation.

[4] Adjusted EPS is adjusted PAT divided by the weighted average number of shares over the period.

[5] Net debt excludes lease-related liabilities arising from the implementation of IFRS 16.

Andrew Walwyn, CEO of BBB, commented:

"The Company has positioned itself at the forefront of the alternative super-fast broadband industry. Our technology agnostic approach, with key focus on satellite and fixed wireless, growing product base and expanded routes to market mean we are now one of the largest and most recognised companies in the industry. Importantly for our shareholders we have now established both a compelling value proposition but also service proposition for our end user. We also enjoy commanding a strong position within the industry to attract new and exciting commercial partnerships while our relationships with the major suppliers go from strength to strength.

"Looking forward to 2020 and beyond, we see plenty of scope to take advantage of global growth opportunities including, but not limited to, launching new super-fast and ultra-fast satellite broadband services within the European arena, rolling-out next-generation fixed wireless networks and further growth across Australia. Importantly, sales through our industry leading partnership agreement with EBI are now gaining significant traction despite the operational issues encountered during the migration process, which were outside of our control.

"The first quarter of the current year has started positively, with the Company continuing to add new customers. Looking ahead, whilst the-developing COVID-19 situation may provide opportunities for us to support customers who sit outside the fibre footprint, we may be prevented from installing them due to government restrictions. That would result in increased "in flight" customers and may impact the timings of sales.

"At the start of the year I was fortunate enough to attend the successful launch of Eutelsat's Konnect satellite which will bring 100Mbps services across our key European markets with anticipated selling from September and activations expected to commence in October – which will help the Company to address existing capacity constraints. We are extremely excited to be able to offer fibre-like speeds from the sky for the first-time, and given our largely fixed operating cost structure, this is expected to deliver significant earnings growth and thus shareholder value."

Investor Briefing

As previously announced the Company will be hosting an investor briefing on 31 March from 16.30-18.00. This will now be hosted remotely via web conference. Investors wishing to join should contact bigblubroadband@walbrookpr.com for further details.

For further information:

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About Bigblu Broadband plc

Bigblu Broadband plc (AIM: BBB), is a leading provider of alternative super-fast broadband solutions throughout Europe and Australia. BBB delivers a portfolio of super-fast wireless broadband products for consumers and businesses unserved or underserved by fibre.

High levels of recurring revenue, increasing economies of scale and Government stimulation of the alternative broadband market in many countries provide a solid foundation for significant organic growth as demand for alternative super-fast broadband services increases around the world.

Acquisitive and organic growth have enabled BBB to grow rapidly since inception in 2008 during which time the Company has completed 21 acquisitions across nine different countries. It is extremely well positioned to continue growing as it targets customers that are trapped in the 'digital divide' with limited fibre broadband options.

BBB's range of solutions includes satellite, next generation fixed wireless and 4G/5G delivering between 30 Mbps and 150 Mbps for consumers, and up to 1 Gbps for businesses. BBB provides customers ongoing services including hardware supply, installation, pre and post-sale support billings and collections, whilst offering appropriate tariffs depending on each end user requirements.

Importantly, as its core technologies evolve, and more affordable capacity is made available, BBB continues to offer ever-increasing speeds and higher data throughputs to satisfy market demands for 'video-on- demand'. Its alternative broadband offerings present a customer experience that is similar to that offered by wired broadband and the connection can be shared in the normal way with PCs, tablets and smart-phones via a normal wired or wireless router.

CHIEF EXECUTIVE'S REPORT

Overview

2019 was a pivotal year for the Company, and arguably the most important year since listing - given it was the first period where acquisition activity was minimal, and the importance of bolting the last ten years together for future growth continued with the integration of acquired businesses onto the Company's operational platforms to underpin further organic growth.

We were pleased to launch 50 Mbps super-fast Satellite products throughout our European Hubs during the period. This cemented the Company's leading position within the alternative super-fast broadband industry, whilst expanding routes to market to position the Company for strong organic growth in the current financial year and beyond. Critical to our future growth remains new satellite capacity – the first tranche of which is expected to come on stream in October following the successful launch of Eutelsat's Konnect satellite in January 2020. We successfully opened new operations in Greece and Hungary in the period and more importantly, together with our network partners, we have made good progress in connecting new customers in low filled beam areas such as Southern Italy.

Our Australian business Skymesh, went from strength to strength with year on year overall customer growth of c10% and of equal importance, strong customer engagement with 40% of new customers coming from word of mouth and a net promoter score of 44. During the year Skymesh was also awarded the Whistleout 2019 Best Satellite NBN Co provider. We further reinforced our close working relationship with NBN Co as it pro-actively extended the use of satellite in regional and remote Australia.

Quickline, our fixed wireless operator in the UK, has performed well since acquisition and we are now at the forefront of broadband technology developments to deliver fixed wireless services, with fibre like performance. The market opportunity for a fibre backed fixed wireless network roll-out has never been so attractive with significant investment in the space, including government support, which will mean many more homes and businesses will get connected to next generation super-fast and ultra-fast broadband sooner and cheaper than before. We were therefore delighted to secure a £12m new equity and debt funding package for Quickline in August 2019 to support the build-out of its fibre backed fixed wireless infrastructure across the UK in 2020. Since this funding was obtained the management team has been strengthened and investment has been made in new systems to support the future growth.

In Norway, we have been exceptionally busy launching the Preferred Partner Program ("PPP") in the Nordic region and this is starting to gain good traction. In addition, we have had success in attracting new customers and reducing churn following the upgrade of towers in five regions across the country.

Preferred Partner Agreement

Our organic growth expansion was pleasing given the significant set-up costs and delays experienced throughout the year due to operational difficulties within the partnerships between Viasat and Eutelsat. These were completely out of our control but resulted in us rebuilding all our operations in the affected countries to transition into the PPP offering. In December 2017, the Company signed an agreement with a joint venture between Viasat and Eutelsat - Hybrid Retail Agreement. This covered an initial five regions Spain, Poland and the Nordics (Norway, Sweden and Finland). Under this original agreement Viasat and Eutelsat were responsible for all marketing activities and owned the customers premises equipment. BBB was responsible for supporting all needs of the customers including sales activities, billings and collections via our multilingual IT solution, contact centre, installation network and channel partners. In December 2018, BBB was awarded preferred partner status with Eurobroadband Infrastructure ("EBI") for the launch of new European super-fast broadband services to consumers and businesses across Europe with download speeds of up to 50 Mbps. Under this revised commercial arrangement, BBB promotes and sells satellite broadband services while managing all activities related to subscriber management including installation, billing and support. Despite both contracts being with Eutelsat and Viasat, they precluded selling both products in a region and hence BBB chose to pivot into those services that are the best for the customer and provided much greater geographical coverage, albeit at a significant cost and disruption to the business. We do not anticipate such material costs in the future.

Importantly, while increasing upfront investment, the PPP offering provides the Company with an increased geographic reach, increased customer control, more attractive commission payments and a better product offering.

The Company has ultimately benefited from being involved in the strategic ambitions of two of the World's largest satellite operators and the Company expects to benefit significantly going forward as its network partners launch new services across Europe and further afield.

The most significant news events were the raising of the funding from new and existing investors to support our UK fixed wireless access ambitions with Quickline, and the completion of the refinancing of the BGF and HSBC plc facilities with a new £30m revolving credit facility with Santander UK, thus ensuring that the Company is well funded with a stronger balance sheet going into another period of growth.

Total Revenue

Total revenue including recurring airtime and other income including equipment, installation sales and network support increased by 12.2% to £62.1m (FY18: £55.4m). Revenue in satellite was £49.8m (FY18: £40.6m) and revenue in fixed wireless was £12.0m (FY18: £14.8m - which included additional grant income recognised that was not repeated in FY19).

Recurring airtime revenue, defined as revenue generated from the Company's broadband airtime, which is typically linked to contracts at £48.6m represented 78.1% of total revenue.

Adjusted EBITDA for the period was £10.2m (£11.7m after IFRS 16 adjustment) representing an adjusted EBITDA margin of 16.5% compared to £6.8m in FY18 and an adjusted EBITDA margin of 12.3%, demonstrating the good progress made in driving acquired businesses forward, the quality of the consumer offering and the consolidation of certain hubs.

Net organic customer growth in 2019 showed a year on year increase of 9%. During the period, following transition to the PPP program, we rationalised c.13k customers who were utilising non-competitive network offers during the period. These customers have either been disconnected or migrated to other providers. This was a positive decision taken to move away / migrate these customers onto alternate packages (FY18 net organic growth c.3k with no migrations) - leaving a closing customer base of c.110k compared to FY18 (c.113k).

Importantly, the Company met its total revenue and EBITDA targets once again despite the challenges and set up costs faced during the period. Average Revenue Per User ("ARPU") improved by 6% year on year to £43.80 (FY18: £41.50) and average customer churn (excluding the rationalised customer base) reduced to 20.5% (FY18: 21.9%).

Eutelsat and Viasat Relationships

In December 2018, we were selected as a preferred partner ("PPP") by Eurobroadband Infrastructure ("EBI"), a joint venture between Eutelsat and Viasat, Inc. to offer super-fast satellite broadband services across our European territories. Previously we operated under a sales and marketing agreement (the "Hybrid Retail Agreement") with the European broadband joint venture company established between Viasat, Inc. and Eutelsat Communications. The main changes are summarised as follows:

	Existing PPP agreement	**Historic HRA**
Agreement with	EBI – 51% Eutelsat 49% Viasat	EBR – 51% Viasat 49% Eutelsat
Branded	Bigblu	Viasat
SAC Marketing	Incurred primarily by BBB and recovered via up front commission granted by EBI earned for each new activation	Incurred primarily by Viasat
Customer premise equipment	Supported via up front commission granted by EBI	Provided by Viasat
In language / in market sales	Provided by BBB	Provided by BBB
Installation services	Provided by BBB with support from EBI	Provided by BBB with support from Viasat
Subscriber billings and management	Provided by BBB	Provided by BBB
Customer care	Provided by BBB	Provided by BBB
Logistics services	Provided by BBB	Provided by BBB
Countries	15	5

The move to PPP improved the product suite with increased download speed and extended data allowances for customers across multiple markets but resulted in us rationalising 13k customers.

There continues to be ongoing discussions between Eutelsat and Viasat on satellite capacity over Europe and we will continue to navigate through these discussions to work with our partners Eutelsat and Viasat as well as other network providers.

Strategy

Our strategy is to be the leading provider of alternate super-fast broadband solutions in Europe and Australia. What is extremely exciting is that the market place is changing significantly and accelerating at pace, where in the past a service of 30Mbps was seen as an appropriate solution to a typical customer, nowadays this is north of 50Mbps and only a combination of our satellite and fixed wireless solutions will ensure that all customers can be served and not left in the digital divide.

2020 has already seen the launch of Eutelsat's Konnect satellite which becomes operational in the last quarter of this year with anticipated selling from September and activations expected to commence in October, promising to deliver speeds of 100Mbps. However, this is just the first of many launches over Europe with Viasat 3 and Eutelsat's VHTS coming on-line in 2022 offering even faster speeds of around 200Mbps and with combined capacity to supply over 1 million households with broadband. The sector is at a true inflection point where the satellite product now matches (and sometimes) exceeds its terrestrial equivalent in terms of speed.

Mirroring the improvements in satellite, we see our fixed wireless platforms moving from strength to strength increasing their footprints and increase in speeds. Whilst we own our infrastructure in Norway and the UK, we also offer virtual fixed wireless solutions in Italy and Australia.

Continued Underlying Organic Growth

Whilst the future is exciting, the focus remains firmly on organic growth and the Company reported an 11% increase in like-for-like revenue when compared to the prior period. This increase was primarily driven by increased net new customer additions, improving ARPU's from customers as well as further government and network support.

Working with our network partners is a key aspect in driving organic growth in our existing and new markets especially as we target low fill beams for new growth opportunities.

Acquisitive Growth

The Company maintains an active list of pipeline opportunities in all jurisdictions and reviews acquisitions as appropriate.

Accelerating Technology Evolution

Products

New satellites from our partners, which are fully funded and already in build, will usher in a completely different satellite broadband proposition. From the final quarter of 2020, the Company expects to be able to offer a fibre like service from the sky, with 100 Mbps download speeds and unlimited data allowances across key European markets. Furthermore from 2022, we expect to be able to offer our customers between 200 Mbps and 300 Mbps download speeds.

Our fixed wireless businesses are also benefiting from significant advances in technology, improving speeds and throughput. The Company has now demonstrated the first gigabit capable network with a pioneering mmWave technology, utilising the newly released 60 GHz spectrum. Importantly, all customers who have been connected to the Company's networks in Norway and the UK within the last year are now able to be connected at up to 100 Mbps if desired.

Marketing

We use a digital-first strategy to both acquire new customers, retain and up-sell (ensuring our customers are on the most appropriate package) to our existing base. For customer acquisition, we target in-market prospects based on geography, broadband speed and purchase intent. Channels used vary depending on in-country results, blending Facebook, Google, Bing and lead-generation partners in order to achieve our internal KPI's in terms of cost per lead and cost per activation.

We deploy a suite of engaging content from ad copy, through to static display ads and video. Most important of all is word of mouth or customer referral hence the importance of looking after our existing customers.

Continued Government Support

We remain focused on helping governments across Europe achieve their stated targets to deliver 'universal broadband coverage' with download speeds of at least 30 Mbps by 2020 and coverage to more than 50% of households with speeds of at least 100 Mbps by 2025.

We remain convinced that it will be difficult for governments to meet these challenging targets without the use of super-fast alternative technologies such as satellite and fixed wireless broadband. Indeed, many governments have already launched 'intervention schemes'. These are aimed at artificially stimulating the market and educating consumers about the options available to them - given that fixed fibre broadband is unlikely to become a reality for many in the foreseeable future. Across Europe, there are now government funded support schemes in the UK, France, Germany, Spain and Hungary where the hardware and installation costs of getting online with satellite or fixed wireless are subsidised.

A similar scheme exists in Australia, where since entering the Australian satellite broadband market in March 2017 following the acquisition of BorderNET, the Company commanded a 50% market share of net new adds under the Government funded NBN Co scheme during the last six months of the financial period. This performance has continued into Q1 FY20. Looking forward, other countries and governments are expected to launch similar schemes in the near future.

Post Balance Sheet Events

On 16 December 2019 we announced the agreed new £30m revolving credit facility with Santander Bank UK plc. This will be used to replace the two tranches of loan notes totalling £12m issued in 2016 by BGF (the "Loan Notes") and the Group's £10m revolving credit facility with HSBC plc (the "HSBC Facility") and to provide additional working capital to support the Group. This leaves a redemption premium of £5.5m repayable in 2024 and BGF with a matching option on 4.9m shares at 112.5p and an option on 1.8m shares at 135.0p. The Group also announced that HSBC plc will continue to provide a £4m revolving credit facility and operational banking support to the Group's UK fixed wireless subsidiary Quickline.

Additionally, Quickline was selected to lead a £6m Government-backed project to boost rural connectivity in North Yorkshire, England's largest rural county.

Current Trading and Outlook

The Company has now successfully positioned itself at the forefront of the alternative super-fast broadband industry. Our exciting product portfolio and expanding routes to market mean the Company is now one of the largest and most recognised companies in the industry.

During the current year to date, the Company continued to grow its customer base while still benefiting from the strong visibility afforded by the high percentage of recurring revenues. Our robust model and infrastructure continued to underpin growth in customers and revenues per user. Whilst we are facing satellite capacity constraints in certain markets, the timely launch of the Eutelsat Konnect Satellite (launched in January 2020) will significantly increase capacity in our core markets and also provide enhanced speeds and bandwidths for customers. Continued government support for connectivity also provides scope for further demand for our alternative solutions.

Looking beyond the challenging global backdrop and capacity shortages, the Board remains very convinced that there is plenty of scope for the Company to take advantage of the long term global growth opportunities. These include, but are not limited to, the launch of new super-fast satellite broadband services within the European arena, rolling-out next-generation fixed wireless networks and further growth across Australia. Importantly, sales through partnership agreements have been gaining strong traction through compelling consumer product offerings and increased marketing spend.

In the current environment, whilst we are clearly dealing with unprecedented events, we continue to monitor potential impacts on the business. As a global business with customers in some of the countries that have been most affected by COVID-19, we continue to support staff and customers during these difficult times. We develop products and solutions with our network partners that will enable customers to operate as effectively as possible, particularly at a time where increasing numbers of customers are likely to be working from home. Against this backdrop we are seeing a surge in customer demand across most areas of the business as the need for fast broadband in the home increases, especially in our target markets where the digital divide exists. We continue to work with our installation partners to provide this support to our customers.

The Board is working hard and taking action to mitigate any COVID-19 impacts so as to manage any short-term disruption to the business or for customers. The investment in global systems including our Cloud Based IT platform and telephony system is significantly reducing risks to the business and assisted in supporting our customers. In addition, the Board's current view is that the business has strong recurring revenues of c.80%, strong network partners and installer support. We also enjoy excellent relationships with our main funding partners in Santander and HSBC. Whilst the Board recognises that it is difficult to predict with absolute certainty the impact COVID -19 will have on the business and indeed our customers, the Board recognises the robust nature of the business, including but not limited to, delivering a product existing and potential customers urgently need, strong underlying recurring revenue, ready access to additional funding and underlying strong cash generation underpin future growth prospects of the business.

Whilst there may be short term challenges in the current climate created by COVID-19, the Board believes that the Company continues to be well positioned and it is therefore confident in the long-term prospects for the business. The Company aims to continue leveraging its increased scale while also benefiting from improved management systems to ensure the Company can continue to deliver shareholder value.

Going Concern

The Directors have prepared and reviewed projected cash flows for the Company, reflecting its current level of activity and anticipated future plan for the next 12 months. The Company is currently loss-making, mainly as a result of amortisation and exceptional charges including additional depreciation. The business continues to grow the number of users in a number of key target markets and continues to review the short-term business model of the Company by which the Company becomes profitable and delivers a return on the investments.

While we are yet to understand the full impacts of COVID-19, the Board has identified the key risks and these include,:

- Slower revenue growth, EBITDA and cash generation if sales activities, installations or activations decrease over the period
- Reduced ARPU if market pressures result in discounting customer products to support them
- Increased churn could be experienced if services levels are not as expected due to volumes of traffic, personnel shortages and capacity constraints
- Increased bad debt as customers suffer income loss
- Potential banking covenant breaches if profit or cash minimum targets not met

The Board also recognises a number of significant mitigating factors that could protect the future going concern of the business. These include,:

- The current situation has resulted in a significant increase in demand for our products as the global workforces are forced to work from home
- Super-fast Broadband is already an essential utility for many and even more so now, it is likely to be one of the last services that customers will stop paying for
- Increased self-install / tripods to offset any installation delays
- Reduced CAPEX / discretionary spend
- Support from Network Partners for the business and customers
- Strong support from banking partners

The Board has conducted stress tests against our covenants and business valuation metrics to ensure that we can manage the risks that COVID-19 presents. We recognise that a number of our business activities could be impacted, and we have reflected these in this analysis including supply chain disruptions, closure of hubs, delays in sales or installations, earnings, or cash generation. By modelling sensitivities in specific KPIs such as volume of activations, churn, ARPU, margin, overhead and FOREX, management is satisfied that it can manage these risks over the going concern period.

Furthermore, management has in place and continues to develop robust plans to protect EBITDA and cash during this period of uncertainty and disruption. Under this plan identified items include reducing discretionary spend, postponing discretionary Capex, reducing marketing, freezing all headcount increases, working with suppliers on terms particularly our network partners and ultimately seeking relief, as appropriate, from the various forms of Government support being put into place.

As a consequence, despite the obvious near term challenges facing the business, the Board believes that the Company is well placed to manage its business risks and longer-term strategic objectives, successfully. The latest management information in terms of volumes, debt position, ARPU and churn are in fact showing a strong position compared to prior year and budget and indeed the business is seeing a significant increase in demand across all main territories of the business as a result of government's response to COVID-19 resulting in the remote working of individuals across our key territories. Accordingly, we continue to adopt the going concern basis in preparing these results.

Andrew Walwyn

CEO

26 March 2020

FINANCIAL REVIEW

2019 was characterised by an underlying strong trading performance across the Company's key indicators. This is discussed below, after an explanation of changes to the presentation of figures and the Group's accounting policies following the adoption of relevant International Financial Reporting Standards ("IFRS").

Changes in presentation and accounting policy

These are the first full year results which are presented following the adoption of IFRS 9, IFRS 15 and IFRS 16.

IFRS 9 – Financial Instruments - specifies how an entity should classify and measure financial assets, financial liabilities, impairment provisions and contracts to buy or sell non-financial items. IFRS 9 requires an entity to recognise a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, an entity measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability. These two classification categories replace the multiple models and classification in place under the previous IAS 39.

Impact - IFRS 9 has not resulted in any material financial changes but additional disclosures

IFRS 15 - Revenue from contracts with customers - establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To recognise revenue under IFRS 15, an entity applies the following five steps:

1) identify the contract(s) with a customer;
2) identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct;
3) determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer;
4) allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract;
5) recognise revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Impact - IFRS 15 has been adopted without any material impact on comparative numbers. The new PPP contract income stream, entered into post 01 December 2018, has been accounted for under IFRS 15.

IFRS 16 – Leases - is effective for annual reporting periods beginning on or after 1 January 2019, with earlier application permitted (as long as IFRS 15 is also applied). This is the chosen route of BBB.

The objective of IFRS 16 is to report information that (a) faithfully represents lease transactions and (b) provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities arising from a lease.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Impact - BBB has chosen to use the modified retrospective approach to adoption which means there are no restatements to the prior year figures. The impact of IFRS 16 on FY18 has had no change as we have opted the modified retrospective approach permitted by the standard. FY20 impact is currently expected to be in line with FY19, at around £1.5m. A summary of FY19 is as follows:

- Statement of Comprehensive Income – increase in adjusted EBITDA from £10.2m to £11.7m
    - EBITDA increased by £1.5m representing the removal of operating leases reported
    - Depreciation increased by £1.2m representing the annual charge for all operating leases
    - Non cash interest charge increased by £0.3m
- Statement of Financial Position
    - Fixed assets increased by net book value of £5.1m
    - A corresponding £5.1m increase in finance leases, with £0.7m being less than 12 months and £4.4m representing the period greater than 12 months for all lease commitments

Financial Review

Total revenue increased by £6.7m to £62.1m, an increase of 12.2% (FY18: £55.4m), driven by organic growth as well as the net impact of acquisitions and disposals in the previous period impacting during the current period. Like for like revenue growth was 11%, after adjusting for customer rationalisation (FY18: 8%) as the Company continued to add net new customers during the year, at an improved rate, an improved average revenue per user ("ARPU") and an increase in other income including installations, services, network support and grants during the period.

Total customers at the period end were c.110k (FY18: c113k). During the year we added c.9k net adds (FY18: c.3k) and we rationalised c.13k customers (returned to networks or cancelled from networks). This compares with FY18 as follows:

	FY19 **000**	**FY18** **000**	**Comments**
Opening base	113	100	
Acquisition	1	21	FY 18 Italy and Germany
Gross Additions	33	28	18% increase
Churn	(24)	(25)	Reduced as percentage of base
Base Management	(13)	(11)	FY18 disposal of fibre customers in Australia. FY19 rationalisation of customers following move to PPP
Closing Base	110	113	

The sales revenue mix across the Company at the end of the period was c.80% Satellite and c.20% Fixed Wireless (FY18 c.72% Satellite and c.28% Fixed Wireless).

ARPU, calculated by dividing total revenues from all sources by the average customer base, increased in 2019 to £43.80 per month (FY18: £41.50) as we sought to offer better packages to customers with increased revenue from services, installations, network support and grant income.

Churn rates (defined as the number of subscribers who discontinue their service as a percentage of the average total number of subscribers within the period, excluding the rationalisation of customers), decreased to an average annualised churn rate of 20.5% in FY19 (FY18: 21.9%). In the first three months of FY20 the churn rate has reduced further supporting the importance of regular review of our customers tariffs and ensure where appropriate we migrate customers to up to date product offerings.

Gross profit margins improved to 43.8% FY19 (FY18: 40.6%) as a result of improved product sales mix and additional high margin other income, including data packages and network support.

Distribution and Administrative Expenses, pre items identified as exceptional in nature, reduced to £15.5m (FY18: £15.7m) representing 25.0% of revenue (FY18: 28.3%) due to reduction across most categories as hubs have been consolidated. This reduction is despite an increased marketing investment in the period from £1.2m to £1.9m, representing 3% of revenue (FY18: 2%).

Depreciation decreased to £4.6m in FY19 from £6.6m in FY18. In FY18 there was an additional charge of £3.1m following a full review of the useful economic life of fixed wireless assets in the UK and Norway offset by increased depreciation charges in 2019 and a charge relating to the adoption of IFRS 16 of £1.2m. This is summarised below

	FY 19 £000	FY18 £000	Comments
Base depreciation	3,365	3,523	
Useful life of fixed wireless assets review adjustment	-	3,106	To align group policy
IFRS 16 impact	1,245	-	Early adoption
Reported depreciation	4,610	6,629	

Amortisation decreased slightly to £7.4m in FY19, from £7.5m in FY18, mainly due to the completed amortisation of acquisitions made in 2016, which are written off over a 24-month period, offset against increased amortisation for acquisitions completed in FY18 and FY19, and an impairment of previous acquisitions of £3.3m.

The Company incurred charges identified as exceptional in nature during the period, including costs related to fundraising, acquisitions, business consolidations and the initial start-up costs associated with partnership agreements as the business pivoted into the PPP agreement with Eutelsat and are described in more detail below.

Interest costs increased slightly during the year to £2.6m (FY18: £2.2m) as a result of increased interest charges for the draw down on the Revolving Credit Facility ("RCF") with HSBC plc during the period, which increased by £3.3m to £8.2m, and finance charges on IFRS 16 adoption of £0.3m.

	FY19 £000	FY18 £000	Comments
Underlying Interest	2,340	2,167	Increase in RCF
IFRS 16 impact	282	-	Early adoption
Reported Interest	2,622	2,167	

This RCF was repaid in full in December 2019 other than the redemption premium which is not due until May 2024. This was replaced by the Santander facility announced in December 2019. The difference between the charge and the interest paid in the cash flow statement relates to the accrued redemption premium on the BGF debt; as at the end of the financial year a total of £2.4m has been accrued out of a total £5.5m. In accordance with previous years the redemption premium is included within other creditors and not net debt.

The tax credit arises from the release of deferred tax on amortised customer base intangible assets.

Group results

Adjusted EBITDA (before share based payments and specific items relating to M&A, integration and the establishment of the network partnerships) for the full year increased 50% before IFRS 16 to £10.2m (FY18: £6.8m). A reconciliation of the adjusted EBITDA to statutory operating loss of £5.6m (FY18: £13.0m loss) is shown below:

		Audited 12 months to 30 November 2019 £000	Audited 12 months to 30 November 2018 £000
Adjusted EBITDA	1	**10,208**	**6,806**
IFRS 16 adoption		1,487	-
Revised adjusted EBITDA		**11,695**	**6,806**
Depreciation - Core	2	(3,365)	(6,629)
Depreciation – IFRS 16	2	(1,245)	-
Amortisation		(4,071)	(7,491)
Impairment of goodwill	3	(3,286)	-
Adjusted EBIT		**(272)**	**(7,314)**
Share based payments		(437)	(395)
Exceptional items relating to M&A, integration and the establishment of the network partnerships.	4	(4,921)	(5,290)
Statutory operating loss		**(5,630)**	**(12,999)**

Company Statutory Results and EBITDA Reconciliation

1) Adjusted EBITDA (before share based payments, depreciation, intangible amortisation, impairment of goodwill, acquisition, employee related costs, deal related costs, start-up costs and IFRS 16 adjustment) was £10.2m (FY18: £6.8m).
2) Depreciation decreased to £4.6m in FY19 from £6.6m in FY18. In FY18 there was an additional charge of £3.1m following a full review of the useful economic life of fixed wireless assets in the UK and Norway offset by increased depreciation charges in 2019 and a charge relating to the adoption of IFRS 16 of £1.2m.
3) Total amortisation decreased slightly to £7.4m in FY19, from £7.5m in FY18. Underlying amortisation reduced significantly (down 45% on FY18) mainly due to the completed amortisation of acquisitions made in 2016, which are written off over 24-month period, offset against amortisation for acquisitions completed in FY18 and FY19. During the year we undertook a full review of acquisitions and the carrying value of Goodwill. A decision was made to impair two UK acquisitions by £3.3m as they were fully consolidated within the underlying books and records of Bigblu Operations, the core UK trading entity and no longer had separate brands, websites, invoicing or indeed communications.
4) The Company incurred significant expenses in the period, that are considered exceptional in nature and appropriate to identify. These comprise:
    a. £2.5m (FY18: £2.4m) of net acquisition, deal, legal and other costs relating to fundraising and M&A activities, during the period. These costs comprise mainly professional and legal fees. Such identifiable costs included the successful fundraise costs for Quickline

b. £2.0m (FY18: £1.0m) employee termination and redundancy costs where divisions or hubs have been agreed to be consolidated.
c. £0.4m (FY18: £1.9m) of specific set up costs incurred in relation to the agreement with Eutelsat and costs associated with the HRA agreement with Viasat. These one off costs were incurred in setting up business operations in Greece, Hungary, including statutory entities, legal, telecommunications licenses, websites, rebranding, finance, IT and identifiable headcount cost incurred in going live in these territories.

Revenue and Adjusted EBITDA in FY19 and the comparative period is categorised as follows:

	Revenue		**Adjusted EBITDA**	
	Audited	**Audited**	**Audited**	**Audited**
	12 months to	**12 months to**	**12 months to**	**12months to**
	30 November 2019	**30 November 2018**	**30 November 2019**	**30 November 2018**
	£000	**£000**	**£000**	**£000**
UK	19,119	16,406	6,474	2,462
Europe[1]	28,078	23,779	4,388	6,524
Australia	14,891	15,166	2,807	1,505
Plc and Central Costs[2]	-	-	(3,461)	(3,685)
IFRS 16	-	-	1,487	-
Total	**62,088**	**55,351**	**11,695**	**6,806**

[1] Europe includes Norway, France, Ireland, Poland, Italy, Germany, Sweden, Finland, Poland and Spain
[2] Central costs include finance, IT, marketing and plc costs

The Company's total customer base of c.110k as at 30 November 2019 was split as follows:
- UK: 20% (FY18: 23%)
- Europe: 44% (FY18 49%)
- Australia: 37% (FY18: 28%)

The above analysis shows some clear swings year on year from both a revenue and EBITDA prospective, and is explained as follows

1. **UK / Europe**
   a. Revenue in satellite increased mainly due to organic customer growth and additional revenue associated with the new PPP customer contract in FY19 (up £9.4m from FY18), and this combined with improved gross margins and cost reductions increased EBITDA in FY19 (up c.£4.8m from FY18). Churn in satellite base reduced to 22% in FY19, from 27% in FY18.PPP revenue is all received in the UK and reallocated, as appropriate to Europe based on activations.
   b. Revenue in fixed wireless in FY19 reduced by c.£2.4m due a one-off benefit of £2.2m in relation additional grant income recognised in FY18 and churn increasing in the Nordic region (£0.2m). Furthermore, post the refinancing of Quickline the management team have been strengthened and investment has been made in new systems to support the future growth (£0.7m). Consequently, EBITDA reduced by c.£2.9m. Churn in the Fixed Wireless base reduced to 18% in FY19, from 20% in FY18.

2. **Australia** – The reduction in revenue was a direct consequence of the disposal of the Fibre business in FY18 which impacted revenue in FY19 by £0.8m. This was offset by increased revenues of £0.5m from the continued growth every month in customer numbers. Importantly, EBITDA improved by 87% following the disposal of the fibre business and the cost control actions taken subsequently.
3. **IFRS adjustments -** In FY19 there was an IFRS 16 adjustment of £1.5m.

Average revenue per user ("ARPU") increased by c6% to £43.80 per month in FY19 to (FY18: £41.50). Customer average annualised churn was 20.5% (FY18: 21.9%) in the period. Whilst customer churn is in line with management expectations at this stage, we are confident churn will continue to reduce as we continue to invest in our customer engagement programmes, our network suppliers offering more compelling services and significant improvements in our customer support platforms come on-stream as planned. Churn has reduced in the main due to the migration of certain customers to better network packages and the launch of PPP in core regions.

Balance Sheet

There was a step change in the balance sheet following the investment in capital expenditure during the year to support the PPP roll out in Europe, the continued investment in fixed wireless and the impact of the adoption of IFRS 16. The changes are highlighted as follows:

Fixed Assets have increased in the year to £15.9m (FY18: £5.5m), following a planned capital expenditure investment as a direct result of a transition out of the HRA (CAPEX incurred by Viasat) to the PPP (CAPEX incurred by the Company). The main components of the £10.4m increase include the purchase of rental equipment of £5.5m (c.17k customers at £310 each), fixed wireless investment of £2.1m and the adoption of IFRS 16 creating a right to use asset (£5.2m), adjusted by depreciation provided in the year (£3.4m) and foreign exchange movements.

Intangible Assets decreased to £29.4m (FY18: £36.1m) following amortisation charges (£4.1m) and an impairment of prior year acquisitions (£3.3m) in the year. Total amortisation reduced slightly to £7.4m in FY19 (FY18: £7.5m). Underlying amortisation reduced significantly (down by 45% on FY18) mainly due to the completed amortisation of acquisitions made in FY16, which are written off over 24-month period, offset against amortisation for acquisitions completed in FY18 and FY19 (small acquisition made earlier in the year of JHCS (£0.2m)). During the year we undertook a full review of acquisitions and the carrying value of Goodwill. A decision was made to impair two UK acquisitions (Bigblu Services Limited - previously Avonline Satellite Services Ltd a business purchased in FY16) and BeyonDSL (a previous customer base acquisition in FY18) resulting in a one off charge of £3.3m as they were fully consolidated within the underlying books and records of Bigblu Operations Limited, the core UK trading entity and no longer had separate brands, websites, invoicing or indeed communications.

Goodwill and Amortisation	**FY19 £000**	**FY18 £000**	**Comments**
Underlying Amortisation	4,071	7,491	2016 acquisitions now fully amortised
Additional charge – Impairment	3,286	-	BBS Limited/BeyonDSL as integrated with BBO Ltd
Reported Amortisation	7,357	7,491	

Working Capital

Inventory days increased to 41 days (FY18: 22 days) as we sought to ensure that there was sufficient stock in all markets and channels through Brexit.

Debtor days decreased to 20 days from (FY18: 32 days) following strengthening of the recovery team and implementation of auto suspend in several regions.

Creditor days increased to 120 days from (FY18: 107 days) due to extended terms from our airtime providers and agreed payments to a key supplier in Australia in respect of the disposal of the fibre business.

Total net debt increased in the year by £2.3m to £14.2m (FY18: £11.9m) and is explained further in the Cash Flow Analysis section.

As at 30 November 2019, the Group had a cash balance of £6.0m and £1.8m of headroom under the HSBC plc facility. The increase in cash is largely due to the continued support of our network partners. However, we recognise as we work closer with our network partners across existing and new territories, there will be a desire to reduce creditor days. We will continue to work with them to ensure payment terms are appropriate for our size of business alongside the ongoing marketing and product support obligations to ensure the Company can deliver consistently improving products and services to its customers.

Cash Flow Analysis:

Underlying Cashflow performance

The underlying cash flow performance analysis seeks to clearly identify underlying cash generation within the Company and separately identify the cash impact of M&A activities, identified exceptional items and the treatment of IFRS 16 and is presented as follows:

		Audited 12 months to 30 November (Pre IFRS 16) 2019 £000	IFRS 16 Impact 2019 £000	Audited 12 months to 30 November 2019 £000	Audited 12 months to 30 November 2018 £000
Underlying adjusted EBITDA		**10,208**		**10,208**	**6,806**
IFRS 16 adoption	**1**		1,487	1,487	-
Revised underlying adjusted EBITDA		**10,208**	**1,487**	**11,695**	**6,806**
Underlying movement of working capital	**2**	2,426		2,426	2,824
Forex and non-cash	**3**	(1,518)	24	(1,494)	(2,228)
Underlying operating cash flow before interest, tax Capex and exceptional items	**4**	**11,116**	**1,511**	**12,627**	**7,402**
Tax and interest paid	**5**	(1,862)	(282)	(2,144)	(1,496)
Purchase of Assets	**6**	(8,913)		(8,913)	(2,282)
Underlying free cash flow before exceptional and M&A items		**341**	**1,229**	**1,570**	**3,624**
Cash Exceptional items	**7**	(3,337)		(3,337)	(5,152)
Cash impact of M&A Activity	**8**	(2,093)		(2,093)	2,620
Underlying free cash flow after exceptional and M&A items		**(5,089)**	**1,229**	**(3,860)**	**1,092**
Investing activities	**9**	(865)		(865)	(13,667)
Financing activities	**10**	6,876	(1,229)	5,647	14,190
INCREASE IN CASH BALANCES		**922**	-	**922**	**1,615**

1) IFRS 16 is shown as an adjusted item between underlying adjusted EBITDA and revised underlying adjusted EBITDA. The £1.5m is offset by £1.2m in Financing activities and £0.3m in non - cash interest. The net impact therefore eliminates to zero on the increase in cash balances.

2) Underlying movement in working capital was a benefit of £2.4m (FY18: £2.8m). This is despite a precautionary measure to increase stock by £2.1m towards the end of the year to support the PPP growth strategy. Working capital benefitted from an increase in creditors as a result of the agreed deferred payment of £3.2m for PPP kit.

3) Forex and non-cash outflow of £1.5m (FY18: Outflow £2.2m) relate to the exchange movement in the Condensed consolidated statement of comprehensive income and the Condensed consolidated statement of financial position, as well as costs/income where there is no impact on operating cashflow.

4) This resulted in an underlying operating cash flow before Interest, Tax, Capital expenditure and Exceptional items of £12.6m (FY18: £7.4m), and an underlying operating cash flow to EBITDA conversion of 123.7% (FY18: 108.7%).

5) Tax and interest paid was £2.1m (FY18: £1.5m) with the difference to the condensed consolidated statement of comprehensive income being accrued interest of £0.5m.

6) Purchase of assets in FY19 were £8.9m. These purchases covered the rental equipment of £5.5m, fixed wireless investment of £2.1m, as well as installations and IT costs of £1.3m.

7) Cash Exceptional items of £3.3m (FY18: £5.2m) is net of non-cash exceptional items including provisions made in accordance with IAS 37 which are expected to be incurred in 2020.

8) Cash impact of M&A activity was an outflow of £2.2m (FY18: £2.6m inflow) and includes the £2.0m deferred consideration paid to previous owners of Quickline (UK £2.0m) and Sat Internet (Germany £0.2m) - it was accrued in 2018 and reversed in 2019 with the majority relating to the payment to Quickline for exceeding their set performance criteria.

9) Purchase of intangibles in FY19 was £0.7m compared to £1.5m in FY18 due to less M&A activity. FY19 consists of Software development costs of our Pathfinder project. FY18 covered both the Italian and German assets acquired at acquisition.

   In addition, there were purchase of investments in FY19 relating to the acquisition of JHCS (£0.2m) compared to £8.2m in FY18 which related to the acquisitions of the Italian and German businesses.

10) a. In FY19 the major financing activities related to the:

- Company draw down of an additional £3.3m from the RCF with HSBC plc to support the deferred consideration payment to QCL (£2.0m) and earnout amounts paid the Italian and German business after 1 year of performance.
- £3.6m, net, was received due to the part disposal (30.3%) to new Shareholders of Quickline.
- Principal elements of lease payments in relation to IFRS 16 adoption (Outflow £1.2m)

   b. In FY18 the major financing activities related to:

- The share issue for £12m to fund the acquisitions of the Italian and German businesses, offset by £0.1m of costs.
- The drawdown of £0.4m from the RCF and the receipt of £1.5m in cash from the acquisitions.

This resulted in an underlying Free Cash Flow in the year being an outflow of £3.9m (FY18: inflow £1.1m)

Statutory Cash flow Analysis

Operating cash flows improved to £7.2m in FY19 (FY18: £4.9m) in an improvement of 48% reflecting in the main an improvement in Adjusted EBITDA. This results in an operating cash flow to adjusted EBITDA (pre IFRS 16 adjustment) conversion of 62% (FY18: 72%).

In terms of working capital, during the year we have had great support from our main airtime suppliers and we will continue to work with them to ensure that trading and payment terms are appropriate alongside marketing and product support to ultimately ensure that the customer continues to get better product offerings.

Tax and interest paid increased to £2.1m in FY19 from £1.5m in FY18 following the increase in the RCF facilities during the year and the interest element in relation to the adoption of IFRS 16 (£0.3m)

The net summary of the above is an equity free cash outflow of (£3.9m) in FY19 from a £1.1m inflow in FY18 and is summarised as follows:

	Unaudited 12 months to 30 November 2019 £000	**Audited 12 months to 30 November 2018 £000**
Consistent with 2018 presentation and accounting policy – UNDERLYING Operating Cash Flows	6,915	4,870
Changes due to accounting policy		
IFRS 16	282	-
Consistent with 2019 presentation and accounting policy – UNDERLYING Operating Cash Flows[1]	**7,197**	**4,870**
Purchase of assets	(8,913)	(2,282)
Interest and Tax	(2,144)	(1,496)
Equity free cash flow (outflow)/inflow	**(3,860)**	**1,092**

[1]*Underlying Operating Cash flows is before interest, tax and exceptional items relating to M&A, integration costs and investment in network partnerships*

Operating analysis – isolating impact of M&A and exceptional items

As a result of the changes to adjusted EBITDA and the Cash generated by operations we also set out below a comparison of the ratio under the old and new basis

Cash generated by operations / adjusted EBITDA	**2019 %**	**2018 %**
As reported for 2018 presentation and accounting policy	**67**	**72**
Consistent with 2019 presentation and accounting policy	**62**	**72**

Using the new basis (due to the adoption of IFRS 16), the cash conversion from operations has reduced by 10 ppts being 5 ppts on like for like basis and 5 ppts impact from IFRS 16 increasing EBITDA. This reduction is due to the 50% increase in adjusted EBITDA £10.2m (FY18: £6.8m) and cash generated from operating activities increasing by 48% to £7.2m (FY18: £4.9m), which subsequently reduces the cash conversion percentage.

Net debt comprises:

	Audited 12 months to 30 November 2019 £000	**Audited 12 months to 30 November 2018 £000**
Cash	5,989	5,067
Debt	(20,187)	(16,979)
Net Debt	**(14,198)**	**(11,912)**

Net debt increased by £2.3m in the period to £14.2m from £11.9m. Cash increased by £1m and debt increased by £3.3m. Debt increased following drawdowns of the RCF facility with HSBC plc which were required to support the purchase of fixed assets of £8.8m (FY18: £2.3m) and support Quickline's earnout payment of £2m following successful post acquisition performance.

The table above excludes the lease liabilities of £5.7m recognised for the first time in 2019 after the adoption of IFRS 16. Including this amount would give a total net debt of £19.9m and a ratio of net debt to adjusted EBITDA of 1.70x. For covenant reporting this has no impact.

Statutory EPS and Adjusted EPS

Statutory EPS loss per share improved to 13.9p from 25.8p. As for EBITDA, the revision to accounting policies and changes in presentation impact the results. We have therefore provided a reconciliation to previous presentation and policies to aid users of these accounts EPS movement following IFRS 16 adoption is (0.1)p due to the foreign exchange element of the calculations:

	Statutory EPS Pence		
	Audited 12 months to 30 November 2019	**Audited 12 months to 30 November 2018**	**Growth**
As reported with 2018 presentation and accounting policy	(13.8)	(25.8)	47%
Changes due to accounting policy			
- **IFRS 16**	(0.1)	-	-
Consistent with 2019 presentation and accounting policy	**(13.9)**	**(25.8)**	**47%**

Adjusted EPS improved to 8.2p versus an adjusted EPS loss of 0.2p in FY18.

Bigblu Broadband plc

Condensed consolidated statement of comprehensive income

12 months ended 30 November 2019

	Note	**Audited 12 months to 30 November 2019 £000**	**Audited 12 months to 30 November 2018 £000**
Revenue		**62,088**	**55,351**
Cost of goods sold		(34,868)	(32,860)
Gross Profit		**27,220**	**22,491**
Distribution and administration expenses	**2**	(20,883)	(21,370)
Depreciation		(3,365)	(6,629)
Depreciation – IFRS 16		(1,245)	-
Amortisation		(7,357)	(7,491)
Operating Loss		**(5,630)**	**(12,999)**
Interest Payable		(2,622)	(2,167)
Loss before Tax		**(8,252)**	**(15,166)**
Tax on continuing Operations		231	1,870
Loss for the period		**(8,021)**	**(13,296)**
Foreign currency translation difference		(879)	(394)
Total comprehensive Income		**(8,900)**	**(13,690)**
Owners of Bigblu Broadband Plc		**(8,816)**	**(13,690)**
Minority Interest		**(84)**	**-**
Loss per share			
Basic and diluted	**3**	**(13.9p)**	**(25.8p)**

Bigblu Broadband plc

Condensed consolidated statement of financial position

As at 30 November 2019

		As at 30 November 2019 £000	As at 30 November 2018 £000
Non-Current Assets			
Intangible assets		29,362	36,087
Property Plant and Equipment		15,865	5,517
Investments		52	53
Deferred Tax asset		643	882
Total Fixed Assets		**45,922**	**42,539**
Current Assets			
Inventory		3,911	1,950
Trade Debtors		2,618	4,811
Other Debtors		5,707	5,082
Cash and Cash Equivalents		5,989	5,067
Total Current Assets		**18,225**	**16,910**
Current Liabilities			
Trade Payables		(11,750)	(9,677)
Recurring Creditors and Accruals		(6,162)	(9,226)
Other Creditors		(12,117)	(9,456)
Payroll taxes and VAT		(2,760)	(2,954)
Total Current Liabilities		**(32,789)**	**(31,313)**
Non-Current Liabilities			
Loans and debt facilities		(20,187)	(16,979)
Other payables		(4,409)	(409)
Deferred taxation		(234)	(657)
Total Non-Current Liabilities		**(24,830)**	**(18,045)**
Total Liabilities		**(57,619)**	**(49,358)**
Net Assets		**6,528**	**10,091**
Equity			
Share Capital		8,636	8,506
Share Premium		23,900	23,900
Other Reserves	**4**	13,025	12,272
Revenue Reserves		(42,412)	(34,587)
Capital & Reserves attributable to owners of Bigblu Broadband Plc		**3,149**	**10,091**
Non-controlling interests		3,379	-
Total Equity		**6,528**	**10,091**

Bigblu Broadband plc

Condensed consolidated Cash Flow Statement

12 Months Ended 30 November 2019

	Audited 12 months ended 30 November 2019 £000	Audited 12 months ended 30 November 2018 £000
Operating Loss after tax for the year	**(8,021)**	**(13,296)**
Interest	2,622	2,167
Taxation	(231)	(1,870)
Release of grant creditors	(605)	(2,556)
Amortisation of intangible assets	4,071	7,491
Impairment of goodwill	3,286	-
Depreciation charge	3,365	6,629
Depreciation – IFRS 16	1,245	-
Share based payments	437	395
Foreign exchange variance and other non-cash items	118	(130)
Movement in working capital	910	6,040
Operating cash flows after movements in working capital	**7,197**	**4,870**
Interest paid	(2,144)	(1,478)
Tax paid	-	(18)
Net cash generated in operating activities	**5,053**	**3,374**
Investing activities		
Purchase of assets	(8,913)	(2,282)
Purchase of intangibles	(665)	(5,498)
Purchase of investments	(200)	(8,169)
Net cash used in investing activities	**(9,778)**	**(15,949)**
Financing activities		
Proceeds from issue of ordinary share capital	37	11,948
Proceeds from loans	3,350	400
Cash within subsidiaries acquired	-	1,491
Investment by non-controlling interest	3,631	-
Loans paid/within subsidiaries acquired	(142)	351
Principal elements of lease payments	(1,229)	-
Cash generated from financing activities	**5,647**	**14,190**
Net increase in cash and cash equivalents	922	1,615
Cash and cash equivalents at beginning of period	5,067	3,452
Cash and cash equivalents at end of period	**5,989**	**5,067**

Bigblu Broadband plc

Condensed consolidated Reserves Movement

12 Months Ended 30 November 2019

	Share Capital	Share Premium	Other Reserves	Revenue Reserve	Total
	£000	**£000**	**£000**	**£000**	**£000**
			Note 4		
At 1st December 2018	**6,826**	**23,900**	**(497)**	**(20,897)**	**9,332**
Profit / (Loss) for the period	-	-		(13,296)	(13,296)
Issue of shares	1,680	-	12,010	-	13,690
Share option reserve	-	-	395	-	395
Foreign Exchange Translation	-	-	364	(394)	(30)
Other Movements					
At 30th November 2018	**8,506**	**23,900**	**12,272**	**(34,587)**	**10,091**
Change in accounting policy – IFRS 16				(550)	(550)
Profit / (Loss) for the period				(7,937)	(7,937)
Issue of shares	130		385		515
Share option reserve			437		437
Foreign Exchange Translation			(69)	(879)	(948)
Disposal of non-controlling interest in subsidiary				1,541	1,541
Capital & Reserves attributable to owners of Bigblu Broadband Plc	**8,636**	**23,900**	**13,025**	**(42,412)**	**3,149**
Sale of non-controlling interest in subsidiary				3,379	3,379
At 30th November 2019	**8,636**	**23,900**	**13,025**	**(39,003)**	**6,528**

Non-Controlling Interest

The loss attributable to shareholders is £7.9m, which represents the loss for the financial year of £8.0m (2018: £13.3m) less the loss attributable to non-controlling interests of £0.1m (2018: nil). The £3.4m represents the carrying value of the non-controlling interest

Bigblu Broadband plc

Notes to the financial statements

For the period ended 30 November 2019

1. Presentation of financial information and accounting policies

Basis of preparation

The condensed consolidated financial statements are for the full year to 30 November 2019.

The nature of the Company's operations and its principal activities is the provision of last mile (incorporating Satellite and Wireless) broadband telecommunications and associated / related services and products.

The company prepares its consolidated financial statements in accordance with International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") as adopted by the EU. The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed further. The principal accounting policies set out below have been consistently applied to all the periods presented in these financial statements, except as stated below.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive Report. The financial position of the Group, its cash flows and liquidity position are described in the Finance Review.

As at 30 November 2019 the Group generated an adjusted EBITDA before a number of non-cash and start-up costs expenses in the Condensed consolidated statement of financial position, of £10.2m (2018: £6.8m), and with cash inflow from operations of £7.2m (2018: inflow of £4.9m) and a net increase in cash and cash equivalents of £0.9m in the year (2018: increase £1.6m). The Group balance sheet showed net cash at 30 November 2019 of £6.0m (2018: £5.1m).

Having reviewed the Group's budgets, projections and funding requirements, and taking account of reasonable possible changes in trading performance over the next twelve months, particularly in light of COVID 19 risks and counter measures, the Directors believe they have reasonable grounds for stating that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

The Board has concluded that no matters have come to its attention which suggest that the Group will not be able to maintain its current terms of trade with customers and suppliers or indeed that it could not adopt relevant measures as outlined in the Strategic report to reduce costs and free cash flow. The latest management information in terms of volumes, debt position, ARPU and Churn are in fact showing a positive position compared to prior year and budget as a result of each government's response to COVID-19 resulting in the remote working position of individuals across our key territories. The forecasts for the combined Group projections, taking account of reasonably possible changes in trading performance, indicate that the Group has sufficient cash available to continue in operational existence throughout the forecast year and beyond. The Board has considered various alternative operating strategies should these be necessary and are satisfied that revised operating strategies could be adopted if and when necessary. As a consequence, the Board believes that the Group is well placed to manage its business risks, and longer-term strategic objectives, successfully.

Estimates and judgments

The preparation of a condensed set of financial statements requires management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities at each period end. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

In preparing these condensed set of consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were principally the same as those applied to the Company's and Individual company's financial statements for the year ended 30 November 2019.

Basis of consolidation

The condensed consolidated financial statements comprise the financial statements of Satellite Solutions Worldwide Group plc and its controlled entities. The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions have been eliminated in full.

2. Distribution and Administration Expenditure

Distribution and administration costs are analysed as follows:

	FY19 **£000**	**FY18** **£000**
Employee related costs	13,118	12,696
Marketing and communication costs	1,926	1,176
Logistics, Finance, IT, banking, insurance AIM and Other costs	503	1,813
Underlying costs	**15,547**	**15,685**
% of Revenue	**25.0%**	**28.3%**
Share based payments	437	395
Fundraise, legal and related costs associated with acquisition activity	2,431	2,417
Employee related costs associated with consolidations in regions	1,999	980
Identified Exceptional Costs	**5,356**	**5,685**
% of Revenue	**8.6%**	**10.2%**
Total	**20,903**	**21,370**
% of Revenue	**33.7%**	**38.6%**

3. Loss per share

Basic loss per share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease earnings per share or increase the loss per share. For a loss-making company with outstanding share options, net loss per share would be decreased by the exercise of options. Therefore, as per IAS33:36, the antidilutive potential ordinary shares are disregarded in the calculation of diluted EPS.

Reconciliation of the profit and weighted average number of shares used in the calculation are set out below:

	Loss £000	**Weighted average Number of Shares units**	**Per share amount Pence**
At 30 November 2018			
Basic and Diluted EPS			
Loss attributable to shareholders: - Continuing operations	**(13,296)**	**51,551,407**	**(25.8)**

	Loss £000	**Weighted average Number of Shares Units**	**Per share amount Pence**
At 30 November 2019			
Basic and Diluted EPS			
Loss for the financial year	(8,021)		
Less: adjustment for non-controlling interest	84		
Loss attributable to shareholders: **- Continuing operations**	**(7,937)**	**56,932,172**	**(13.9)**

The loss attributable to shareholders is the loss for the financial year of £7.9m (2018: £13.3m) less the loss attributable to non-controlling interests of £0.1m (2018: nil).

4. Other capital reserves

	Listing Cost Reserve £000	Merger Relief reserve £000	Reverse acquisition Reserve £000	Other equity reserve £000	Foreign exchange translation reserve £000	Share option reserve £000	Total capital reserves £000
At 30 November 2017	**(219)**	**4,471**	**(3,317)**	**271**	**(2,520)**	**817**	**(497)**
Other comprehensive income							
Other equity		11,762				248	12,010
Foreign Exchange Translation					364		364
Listing Cost Reserve							
Credit to equity for equity settled Share based payments						395	395
At 30 November 2018	**(219)**	**16,233**	**(3,317)**	**271**	**(2,156)**	**1,460**	**12,272**
Other comprehensive income							
Other equity						385	385
Foreign Exchange Translation					(69)		(69)
Listing Cost Reserve							
Credit to equity for equity settled Share based payments						437	437
At 30 November 2019	**(219)**	**16,233**	**(3,317)**	**271**	**(2,225)**	**2,282**	**13,025**

- Listing cost reserve
  - The listing cost reserve arose from expenses incurred on AIM listing.
- Other equity reserve
  - Other Equity related to the element of the BGF Convertible Loan which has been grossed up but may be shown net.
- Reverse acquisition reserve
  - The reverse acquisition reserve relates to the reverse acquisition of Bigblu Operations Limited (Formerly Satellite Solutions Worldwide Limited) by Bigblu plc (Formerly Satellite Solutions Worldwide Group plc) on 12 May 2015.
- Foreign exchange translation reserve
  - The foreign exchange translation reserve is used to record exchange difference arising from the translation of the financial statements of foreign operations.
- Share option reserve
  - The share option reserve is used for the issue of share options during the year plus charges relating to previously issued options.
- Merger relief reserve
  - The merger relief reserve relates to the share premium attributable to shares issued in relation to the acquisition of Bigblu Operations Limited (Formerly Satellite Solutions Worldwide Limited)

5. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed within the financial statements or related notes.

6. Availability of the Full Year Report

A copy of these results will be made available for inspection at the Company's registered office during normal business hours on any week day. The Company's registered office is at Broadband House, 108 Churchill Road, Bicester OX26 4XD. The Company is registered in England No. 9223439.

A copy can also be downloaded from the Company's website at https://www.bigblu.com