Final Results

BIGBLU BROADBAND PLC

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Bigblu Broadband plc

('BBB', the 'Company' or the 'Group')

Final Results

Audited final results for the year ended 30 November 2020

Robust performance with exciting opportunities to increase shareholder value

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 2020.

There is little doubt that 2020 has been a transformational year for the Group. We commenced the year with a reconstitution of our entire debt facilities at highly competitive rates with our lead banking partner Santander Bank UK plc. During the year, we successfully disposed of the UK and European Satellite operations (the "Disposal") to our industry leading partner Eutelsat S.A. ("Eutelsat") for maximum aggregate consideration of up to £39.3m, a value that the Directors believe was extremely attractive. We ended the year with the announcement of three substantial contract wins in Quickline and a fourth just after the year end worth a combined total of around £30m under the BDUK Superfast Programme to improve connectivity in deep rural communities to around 30,000 premises using a combination of fixed wireless and fibre technologies.

We believe that we are well positioned in the satellite and fixed wireless broadband markets in the territories in which we operate, with an attractive portfolio of companies, consisting of our Australasian operations (Skymesh Pty Limited), our Nordics business (Bigblu Norge AS) and our majority interest in Quickline (Quickline Holdings Limited), (the "Continuing Operations"). We believe that we have placed BBB firmly on the front foot with a strong balance sheet and remain focused on maximising and delivering shareholder value from each of our companies.

Financial Highlights - Continuing Operations

- Like for like revenue growth[1] on a constant currency basis of 4.3% (FY19: 3.0%)
- Total revenue increased 1.3% to £27.2m (FY19: £26.8m)
- Adjusted EBITDA[2] increased 29.7% to £6.2m (FY19: £4.8m)
- Adjusted PAT[3] improved to a profit of £1.3m (FY19: profit £0.3m)
- Adjusted EPS[4] of 2.7p (FY19: loss 0.1p)
- Adjusted Operating cash inflow[5] of £3.8m (FY19: £0.7m). Adjusted Free cash outflow[5] of £3.1m (FY19: £3.7m) following capital investment of £5.6m and before exceptional items of £0.5m

Financial Highlights - Total Operations

- Reported EPS of 16.8p (FY19: loss 13.9p)
- Disposal of UK and European Satellite operations generated cash of £37.2m, and a book gain of £18.9m
- Following the Disposal, cash / (debt)[6] improved substantially to a net cash position of £7.4m (FY19: Net Debt £14.2m)

Operational Highlights

- Total customers at period end was c.65k.

- Net customer growth for the continuing business was 6.0k (FY19: growth 3.8k).
- In December 2019, we agreed a new £30m revolving credit facility with Santander Bank UK plc to replace loan notes totalling £12m issued in 2016 to Business Growth Fund ("BGF"), the Company's £10m revolving credit facility with HSBC plc and to provide working capital to support the Group. At the time of the Disposal, we repaid £21m of the facility, replacing it with a new £12m facility.
- Leading position in Australia maintained with SkyMesh named best NBN Co satellite provider (NBN Co was established in 2009 to design, build and operate Australia's wholesale broadband access network). SkyMesh now commands a c.50 per cent market share of net new adds under the NBNCo contract.
- Quickline selected to lead a £6m Government-backed 5G project to boost rural connectivity in North Yorkshire, England's largest rural county.
- Quickline won three significant competitive tenders under the BDUK Superfast Programme to the value of £15m, pre year end, to provide significantly improved broadband speeds to premises across West Yorkshire, Lincolnshire and North Lincolnshire.

Post Period End Highlights

- On 7 December 2020, Quickline announced a further competitive tender win of £15m to provide significantly improved broadband speeds to premises across North Yorkshire that are unable to access fast and reliable internet connectivity. Quickline has won a total of £30m of tenders in a four-month period with approximately £24m of subsidy and Quickline investing approximately £6m in the delivering of these programmes to approximately 30,000 premises.
- On 8 February 2021, the Company signed an important Partner Agreement with leading next-generation Asia Pacific broadband satellite operator Kacific Broadband Satellites Group to provide a high-speed broadband internet service initially across New Zealand.
- On 30 March 2021, Quickline announced that Sean Royce will join the Quickline board as CEO on 4 May 2021. Sean brings a wealth of experience to the business and will further develop its growth strategy and focus on establishing Quickline as a leading provider of rural broadband services across Northern England and beyond. Steve Jagger, founder of Quickline, will remain full time on the Board as Founder and Chief Technology Officer, with a strategic focus on building on the rollout and development of Quickline's fibre and 5G technology.

[1] *Like for like revenue treats acquired businesses as if they were owned for the same period across both the current and prior year and adjusts for constant currency and changes in the commercials of the PPP contract and accounting treatment for Grants.*

[2] *Adjusted EBITDA is stated before interest, taxation, depreciation, amortisation, share based payments and exceptional items. It also excludes property lease costs which, under IFRS 16, are replaced by depreciation and interest charges.*

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

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

[5] *Adjusted Operating cash flow relates to the amount of cash generated from the Group's operating activities and is calculated as follows: Profit/(Loss) before Tax adjusted for Depreciation, Amortisation, Share Based Payments and adjusting for changes in Working Capital and non-cash items. Adjusted Free cash flow being cash (used)/generated by the Group after investment in capital expenditure and servicing debt. Both excludes exceptional items.*

[6] *Cash / Net debt excludes lease-related liabilities of £3.6m of under IFRS 16 (FY19 £5.7m).*

COVID-19

During the first half of 2020, the COVID-19 pandemic began to reach the countries that we operate in. We expect that the consequences of the COVID-19 pandemic will continue in some form well into the foreseeable future.

Consequently, the economic global environment remains challenging in a number of sectors. BBB, has to a large extent been protected during the crisis, based on the increased requirement for remote connectivity, however, BBB's management team carefully monitor and manage any pandemic potential impacts such as customer debt management, customer discounting, installation delays, leading to an increase in in-flight sales (the period between a new contract being signed and the installation being completed) at the period end and the availability and the pressures on our supplier network.

It is worth noting that during the initial stages of the COVID-19 pandemic, there was a seamless transition to home working with over 95% of all staff across all our global hubs working full time from home, enabling the Group to continue servicing existing customers at the same time as converting a growing number of new customer leads. With vaccines being rolled out, we will continue to work with local management to ensure, where appropriate, we continue to provide safe working conditions for teams to be present in locations, taking into consideration their safety needs and mental wellbeing.

The Disposal

On 31 July 2020, BBB announced the proposed Disposal of its European Satellite business (the "Sale Companies") to Eutelsat ("Eutelsat"). The Disposal was approved by Shareholders at a General Meeting held of the Company on 28 August 2020, and after receiving the relevant regulatory approvals and clearances.

The Directors considered that the Disposal represented an attractive opportunity for the Group with a maximum aggregate consideration of £39.3m receivable, being £37.8m initial consideration and up to £1.5m of additional consideration. The additional consideration is payable over the course of 12 months following completion, subject to certain conditions. The initial consideration was subject to customary adjustments for cash, debt and a normal level of working capital at the completion date. Based on provisional estimates, an amount of £37.2m was actually paid in cash on completion as the initial consideration. The process to finalise the completion accounts, determine the balance of the initial consideration and the additional consideration payable remains ongoing. Eutelsat also assumed certain agreed net working capital creditors within the Sale Companies amounting to approximately £13.9m at the date of the disposal.

Outlook

Having significantly reduced debt and established a net cash positive position, the Group is continuing to generate operating cashflows from its Continuing Operations with the Group continuing to see growth in customer numbers, revenue and EBITDA over the comparable period last year. The Board is focused on maximising value and returns for shareholders and the combination of balance sheet strength, favourable market dynamics and having valuable business units in their own right provides a strong backdrop for delivering enhanced shareholder value.

Andrew Walwyn, CEO of BBB, commented:

"2020 was a very eventful year for the Group. The focus during the period was on putting the Group on an increasingly strong financial footing. This can be seen firstly via our refinancing with Santander and secondly with the Disposal of our UK and European satellite assets to Eutelsat, thereby increasing value for shareholders.

"During the year the COVID-19 pandemic unfolded creating an unprecedented impact on our way of life, the economy and business generally. BBB was no exception with virtually the entire workforce working remotely. However, we were delighted that our team still safely met the demands and needs of our customers. We have worked tirelessly with our partners, resellers and suppliers to support our customers during the continuing COVID-19 challenges. Given lock-down restrictions in various jurisdictions during the year, we experienced some installation delays, which led to an increase in in-flight sales during the period as demand increased.

"We were very pleased to announce the agreement with Eutelsat to purchase our UK and European Satellite business. The purchase was a major step in the history of the Group coming off the back of five years of successfully executing our strategy of becoming a leading provider of last mile rural broadband solutions in a number of European territories. The Disposal delivered an excellent return on investment for our shareholders and Eutelsat has purchased a fully operational retail business thereby enabling it to solidify its direct-to-consumer presence in the UK and Europe.

"We remain extremely excited by the potential of the Continuing Operations and we remain very focussed on ensuring that we generate further value for shareholders from our valuable assets. As the market leader in Australia, and given the strong momentum at Quickline and opportunity to strengthen operations in the Nordics, the Group continues to be well placed to create further value."

Investor Briefing

The Company will be hosting an investor briefing on Thursday 22 April from 16.30-18.00. This will 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 and ultra-fast broadband solutions throughout Australasia, the Nordics and England. BBB delivers a portfolio of super-fast wireless broadband products for consumers and businesses who are typically unserved or underserved by fibre.

The Group has a significant target market in all the territories in which we operate, with c.12m customers having speeds of under 4 Mb.

High levels of recurring revenue, increasing economies of scale and significant government stimulation for alternative broadband solutions in all the countries in which we operate provide a solid foundation for strong organic growth as demand for alternative super-fast broadband services increases.

Acquisitive and organic growth enabled BBB to grow rapidly since inception in 2008 during which time the Group completed 21 acquisitions across nine different countries. In July 2020, BBB announced the conditional sale of its UK and European Satellite business to Eutelsat and completion was on 30 September 2020, offering an excellent return for shareholders whilst providing a key asset for Eutelsat to solidify its position in the European Satellite market. With the remaining businesses, BBB is extremely well positioned to continue growing as its business units continue to focus on customers that are trapped in the 'digital divide' with limited broadband options in its target markets.

BBB continues to provide customers with a full suite of ongoing services including hardware supply, installation, pre- and post-sale support, whilst offering appropriate tariffs depending on the requirements of each end user in each territory. 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.

Importantly, as the core technologies evolve, and more affordable capacity is made available, BBB continues to offer ever-increasing speeds and higher data throughputs to satisfy the market. Demand for 'video-on-demand', as well as streaming, covering both video and audio material will only increase. Our 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

2020 was an important year for the Group, and arguably the most important year since listing, with the announced Disposal of the Group's UK and European satellite broadband operations to Eutelsat. Following completion in September 2020, BBB's remaining operations consist of our Australasian operations, our Nordics business, and our majority interest in Quickline.

Over the past five years, the Group has successfully executed its strategy of becoming a leading provider of rural broadband solutions in certain European territories through a combined offering of both satellite and fixed wireless products. Our satellite growth was achieved through a mix of acquisitive and organic growth and as a result the Group established a visible presence for its satellite broadband offering across Europe, with operations and customers in France, Germany, Greece, Hungary, Ireland, Italy, Norway, Poland, Portugal, Spain, and the UK. The Directors considered that the success of the Group's expansion of its satellite offering across Europe made its operations attractive to network operators considering their position in the satellite broadband market across Europe and the UK. The Group also established a market leading presence in Australasia, via SkyMesh, a strong Nordics presence, and a market leading proposition in the UK with Quickline, all of which remain part of the Continuing Group.

The Directors considered that the Group had created a strong value proposition by combining management experience and core IT systems into four hubs to facilitate integration of all newly acquired businesses. The Group's technical and operating systems enable it to control costs, increase margins and average revenues per user (ARPU). The Directors believed that this created a business with critical mass, a wide geographic reach and an established position across multiple markets. The Group had a long-standing strong relationship with Eutelsat and had been a key partner to Eurobroadband Infrastructure S.a.r.L, a joint venture between Eutelsat and Viasat, in providing high speed broadband packages to both residential and business users across Europe. The Group's significant physical, customer and brand presence across a number of European markets including the UK delivered to Eutelsat, through the acquisition of the sale companies, an enhanced capability in the direct-to-consumer satellite broadband market.

The Directors considered that the Disposal represented an attractive opportunity for the Group with a maximum aggregate consideration of £39.3m receivable, being £37.8m initial consideration and up to £1.5m of additional consideration. The additional consideration is payable over the course of 12 months following completion, subject to certain conditions. The initial consideration was subject to customary adjustments for cash, debt and a normal level of working capital at the completion date. Based on provisional estimates, an amount of £37.2m was actually paid in cash on completion as the initial consideration. The process to finalise the completion accounts and determine the balance of the initial consideration and the additional consideration payable remains ongoing. Eutelsat also assumed certain agreed net working capital creditors within the Sale Companies amounting to approximately £13.9m at the date of the disposal. The Board believed that the terms of the Disposal represented an attractive value for Shareholders.

For the year ended 30 November 2020, the Sale Companies generated pro-forma revenue of approximately £25.2m up to the date of sale at the end of September 2020, along with an adjusted pro forma EBITDA of approximately £1.7m in the period prior to disposal. Combined, the Sale Companies accounted for over 49k customers.

Given the strength of the balance sheet, as a result of receipt of the proceeds of the Disposal, the Board remains focused on delivering further increases in shareholder value from its Continuing Operations.

A review of our Continuing Operations:

Australasia

Our Australian business SkyMesh, went from strength to strength with year-on-year overall customer growth of approximately 21% and of equal importance, strong customer engagement with 40% of new customers coming from word of mouth and a net promoter score of 44, up from 36 year on year, and against an average competitor score of 25. During the year SkyMesh was also awarded the Whistleout 2020 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.

Nordic Region

After a period of investment and focus on building the Satellite business with our partner EBI, following the Disposal, the Board continues to evaluate the opportunity to refine and enhance the Group's service proposition in the Nordic market. Initiatives considered and acted upon included recruiting a Sales and Marketing director for the Nordics. In addition to the launch of new satellite offerings across the region offering speeds of 50Mbps and unlimited capacity, the Group increased investment in the upgrade of its fixed wireless network. The Directors consider that the Group's ability to offer FWA (Fixed Wireless Access) and satellite solutions in the Nordics means that there is potentially significant scope to expand its presence and reach in this region and create shareholder value.

Quickline

Quickline, the UK's market leading rural fixed wireless operator, which we retain a majority interest in, has performed well since acquisition. 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 is meaningful with significant investment in the space, including government support. This will enable many more homes and businesses to get connected to next generation super-fast and ultra-fast broadband sooner and cheaper than before. We were therefore delighted to win four competitive tenders under the BDUK Superfast Programme to provide significantly improved broadband speeds to premises across North Lincolnshire, Lincolnshire, West Yorkshire and North Yorkshire, that are unable to access fast and reliable internet connectivity. The programmes will receive combined subsidies of around £24m and Quickline will commit £6m of investment to support the network roll-out. Throughout the year the management team has been strengthened and investment has been made in new systems to support the future growth and position the business as a market leader in the roll out of FWA and fibre infrastructure.

Continuing Operations Performance

Net organic customer growth in 2020 showed a year-on-year increase of c.6k (FY19 net organic growth c.3.8k) resulting in a closing continuing customer base of c.65k compared to FY19 (c.59k).

Total revenue including recurring airtime and other income (equipment sales, installation sales grant and voucher income and network support) covering continuing operations for 12 months shows a solid underlying performance of £27.2m (FY19: £26.8m).

Revenue in satellite was £17.2m, up on prior year by 15% (FY19: £14.9m) due to strong customer growth in Australasia. Revenue in fixed wireless was £10.0m, down on prior year by 16% (FY19: £11.9m) due in the main to churn in the Nordics and focus within the Quickline team on securing Government contracts and the timing of recent grants in the UK.

Recurring revenue, defined as revenue generated from the Group's broadband airtime, which is typically linked to contracts at £25.6m represented 94% of total revenue (FY19 £24.3m represented 91% of total revenue).

Average Revenue Per User ("ARPU") decreased 4.4% year on year to £36.85 (FY19: £38.57) due in the main to discounting packages across the regions during COVID-19. Average customer churn increased fractionally to 22.6% (FY19: 22.1%) in the main due to fixed wireless churn in the Nordics.

Adjusted EBITDA for the period was £6.2m, showing a solid underlying performance, and representing an adjusted EBITDA margin of 23% compared to £4.8m in FY19 and an adjusted EBITDA margin of 18%. This continues to demonstrate the good progress made in driving the quality of the consumer offering, the margin review work being undertaken and improving cost efficiencies.

Importantly, the Group met both its internal and the market expectations for its revenue and EBITDA targets for Continuing Operations, despite the Global challenges posed by COVID - 19.

The Continuing Group

Following the Disposal, the Continuing Group has three distinct businesses with c.65k customer connections and given their respective strengths, each of the business units has potential opportunities to enhance shareholder value.

Australasia

SkyMesh is a leading Australian satellite broadband service provider. It has over 45k customers in total and continues to grow rapidly, targeting 10k new customers per annum through organic channels.

The Board has been exploring the opportunity to accelerate the Company's presence into the wider Australasia region, with New Zealand being the initial area of focus. It was therefore delighted to announce the agreement with Kacific Broadband which has provided SkyMesh with the opportunity to expand its reach into New Zealand.

Nordics

The Nordics business has been focused on growing the Norwegian Satellite market as there has been limited investment by the Group in improving the fixed wireless network over the last couple of years. There have been relatively high levels of customer churn in this region due, in part, in the view of the Directors, to relatively low broadband speeds where legacy infrastructure exists.

Following the Disposal, the Board continues to evaluate the opportunity to improve its offering and proposition into the Nordic market. This includes the launch of new product satellite offerings across the region offering speeds of 50Mbps and unlimited capacity.

The Directors consider that the Group's ability to offer FWA and satellite solutions in the Nordics means that there is potentially significant scope to expand its presence and reach in this region. The suite of competitive offerings and growing demand for working from home solutions means that the target market continues to increase in size.

UK

The Quickline Group is one of UK's leading rural broadband fixed wireless operators and BBB currently has a shareholding of 56.9 per cent in Quickline.

Quickline were delighted to secure four significant tender wins after a period of intense focus which provided the Company with an excellent endorsement of its offering and the opportunity to provide significantly improved connectivity to around 30,000 premises. Quickline builds and operates its own fixed wireless access network, supported by increasing amounts of fibre infrastructure where appropriate, avoiding the high cost, lengthy build periods and actual practicalities of delivering a full fibre solution to all rural settings.

The Directors consider that the 'digital divide' in the UK is driving the need for government and local authority support with around a million homes still unable to receive superfast broadband services and around 12.4 million homes unable to access ultrafast speeds. There are various government programmes to address this digital divide which are overseen by Building Digital UK (BDUK), part of the Department for Digital, Culture, Media & and Sport (DCMS). These include the £1.7 billion Superfast Broadband Programme that is committed to run until 2026 and the £200m Rural Gigabit Connectivity Programme. In May 2019, the Chancellor also announced a £5 billion commitment to fund gigabit-capable deployment in the hardest to reach 20 per cent. through the 'Outside-In' approach. In March 2021, the DCMS announced its "Project Gigabit-Phase 1 Delivery Plan" which details the approach to the deployment of this £5 billion commitment. Importantly the DCMS confirmed that its procurements will be technology neutral and focused on Gigabit capable technologies, consistent with Quickline's hybrid approach.

The addition of Sean Royce as CEO further strengthens Quickline's growth potential. Sean spent over 18 years at KCOM Group, the UK communications provider, in various senior executive roles and where he was recently Managing Director of KCOM's Hull and East Yorkshire business.

Steve Jagger, founder of Quickline, will remain full time on the Board as Founder and Chief Technology Officer, with a strategic focus on building on the rollout and development of Quickline's fibre and 5G technology. Steve has been pivotal to the business's success and will continue to build on the strong momentum made to date.

Accelerating Technology Evolution

Products

Our fixed wireless businesses have been benefiting from significant advances in technology, improving speeds and throughput. In the UK as part of the ITT (Invitation to Tender) contracts that it has won, Quickline will be rolling out 5G technology alongside licenced spectrum so as to provide for a gigabit capable network and customer products with speeds well in excess of 100 Mbps. The objective is for the Quickline network to have a full 5G fibre core with fibre backhaul to the mast and provide for full fibre to the premises where it is required.

Across Australasia, Skymesh expects to be able to offer a fibre like service via Satellite from the sky, with 100 Mbps download speeds and unlimited data allowances across its key territories over the next couple of years with the launch of significant new satellite capacity.

Marketing

We use a digital-first strategy to both acquire and retain new and existing customers. 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 as clearly demonstrated in our Australasian business.

Continued Government Support

We remain focused on helping governments across the United Kingdom and further afield achieve their targets of delivering ultrafast and gigabit capable broadband connections nationwide.

We remain convinced that it will be difficult for governments to meet these challenging targets without the use of alternative technologies such as fixed wireless broadband. Indeed, many governments have already launched 'intervention schemes. These are aimed at stimulating the market and educating consumers about the options available to them - given that fixed fibre broadband to the premises is unlikely to become a reality for many customers.

Quickline became one of a select few companies that have been awarded Superfast contracts by BDUK and Local Authorities in the year. The DCMS/BDUK programme is in place to support the roll-out of gigabit-capable networks in the 20% of the country where it would otherwise not be commercially viable, and the UK government has provided a £5bn commitment to support this programme which will include funding only available to existing Superfast contracts alongside further ITTs and vouchers.

A similar scheme exists in Australia, where SkyMesh 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 FY21.

Carbon Reporting

Large UK companies are required to report their levels of greenhouse gases (GHG) emissions in their annual report and accounts. This obligation is for Scope 1 (direct) and Scope 2 (indirect) emissions, only to the extent that emissions are the responsibility of the Company. Direct emissions originate from combustion of natural gas and transportation, whilst indirect emissions are based on purchased electricity.

Emissions are calculated following the UK Government GHG Conversion Factors for Group Reporting 2020 and UK Government Environmental Reporting Guidelines. Emissions are based on the Group's global sales and operations. An intensity ratio of carbon dioxide equivalent (CO_2e) per £1m of revenue has been selected which will allow a comparison of performance over the time and with other similar types of businesses.

Source of Emissions	**2020 Tonnes CO_2e**
Direct Emissions - Scope 1 - Gas and Transport	15
Indirect Emissions - Scope 2 - Electricity	53
Gross Emissions	68
Turnover - UK £m	3.7
Tonnes CO_2e per £1m of revenue	18

We are currently reviewing ways to address the emissions which are typically higher in the initial stages of infrastructure build but reduced significantly once completed.

Post Balance Sheet Events

We highlight the following post balance sheet events:

On 7 December 2020, BBB announced that its majority owned subsidiary Quickline had won a further competitive tender to provide significantly improved broadband speeds to premises across North Yorkshire that are unable to access fast and reliable internet connectivity. At the same time Quickline received a further £2m investment from external shareholders, to fund its growth. This had the effect of reducing BBB's controlling interest to 56.9%.

On 8 February 2021, BBB announced that it's Australian Subsidiary, Skymesh, had signed an important Partner Agreement with leading next-generation Asia Pacific broadband satellite operator Kacific Broadband Satellites Group to provide a high-speed broadband internet service initially across New Zealand.

On 30 March 2021, Quickline announced that Sean Royce will join the Quickline board as CEO on 4 May 2021. Sean brings a wealth of experience to the business and will further develop its growth strategy and focus on establishing Quickline as a leading provider of rural broadband services across Northern England and beyond. Steve Jagger, founder of Quickline, will remain full time on the Board as Founder and Chief Technology Officer, with a strategic focus on building on the rollout and development of Quickline's fibre and 5G technology.

Current Trading

The Group has positioned itself at the forefront of the alternative super-fast and ultrafast broadband industry in its chosen markets. Even post the disposal, the Group's product portfolio and expanding routes to market mean that it remains one of the largest and most recognised companies in the industry.

During the current year to date, the Group has continued to show year on year growth while still benefiting from the strong visibility afforded by the high percentage of recurring revenues. Our robust model and sturdy infrastructure continue to underpin year on year growth in customers and average revenues per user.

In the current environment, whilst we are clearly dealing with unprecedented events, we continue to monitor potential impacts on the business of COVID-19, and 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.

The Board believes that the Group has, in its Continuing Operations, valuable assets that have established a meaningful market position in each of their respective territories and the Board therefore believes that it is well positioned to ensure it can continue to focus on maximising and delivering enhanced shareholder value.

Andrew Walwyn
CEO
31 March 2021

FINANCIAL REVIEW

2020 was a momentous year for the Group.

We started the financial period refinancing all of our historic debt facilities, with a new £30m revolving credit facility from Santander Bank UK plc.

In July 2020, we announced the conditional disposal of the Group's UK and European satellite broadband operations (the "Sale Companies") to Eutelsat S.A. ("Eutelsat"). This process completed successfully in September 2020 following the resolution being passed at the General Meeting, approval being obtained from the Australian Foreign Investment Review Board in respect of the proposed transfer of the entire issued share capital of SkyMesh Pty Limited to the Group as part of the Pre-sale Reorganisation and the Italian government approving the change of control of Opensky S.p.a pursuant to the Disposal.

BBB's Continuing operations post the Disposal consist of our Australasian operations (SkyMesh Pty Limited), our Nordics business (Bigblu Norge AS) and our majority interest in Quickline (Quickline Holdings Limited), (together, the "Continuing Group").

The financial review will therefore focus primarily on the performance of the Continuing Group.

Financial Review

Total results - Including Continuing and Discontinued Operations

Total revenue including recurring airtime and other income (including equipment sales, installation sales grant and voucher income and network support) covering continuing operations for 12 months and discontinued operations to the date of disposal, 10 months, was £52.4m (FY19: £62.1m).

Adjusted EBITDA covering continuing operations for 12 months and discontinued operations for 10 months to the date of disposal was £7.9m (FY19: £11.7m), representing an adjusted EBITDA margin of 15.2% (FY19: 17.9%).

Depreciation increased to £5.6m in FY20 from £4.6m in FY19 as a result of increased purchase of assets in the core UK and European regions.

Amortisation reduced to £1.6m in FY20 from £4.1m in FY19. FY19 included a one-off impairment of £3m for Avonline (a discontinued subsidiary), and in FY20 we made a decision to impair our investment in JHCS by £0.2m as this is now fully integrated into the books and operations of Quickline.

Finance costs were £7.1m in FY20 with £0.2m relating to the discontinued business, up £4.5m on FY19 (FY19: £2.6m). This increase included the repayment of the Company's BGF redemption premium following the refinancing. The total amount repaid in the period was £5.5m of which there was a charge in the period of £3.2m (up £2.3m on prior year).There was a BGF Share option charge of £1.0m as part of the refinancing, and penalty interest due to the early settlement of the BGF loan and HSBC RCF was £1.5m. These exceptional costs were offset by lower underlying interest on the RCF, which fell by £0.3m to £1.5m in FY20, from £1.8m on a like for like basis.

Financial Review - Continuing Operations

Key Performance Indicators for Continuing Operations

The Group utilises a number of Key Performance Indicators ('KPI's') to measure performance against our strategy. A description of these KPI's and performance against them for continuing operations is set out below.

KPI	2020	2019	Description	2020 performance
Customer Base	**64,918**	**58,891**	Represents total gross organic connections plus acquisitions less disposals, less lost customers (churn) and base management since inception.	10% increase
Customer Net Organic Connections	**6,027**	**3,885**	Represents gross organic connections in the period less lost customers (churn) in the period	Significant improvement in performance YOY - c55% increase
Churn	**22.6%**	**22.1%**	Defined as the number of subscribers who discontinue their service as a percentage of the average total number of subscribers within the period	This was mainly in our Nordics business where market conditions became more competitive, and Fibre continued to be rolled out across the region resulting in churn at 31% in Norway
ARPU	**£36.85**	**£38.57**	Calculated by dividing total revenues from all sources by the average customer base	Lower due in the main to the loss of higher ARPU fixed Wireless customers in the Nordics.
Like for Like Revenue Growth	**£27.2m**	**£26.0m**	Like for like "LFL" revenue treat acquired/disposed businesses as if they were owned for the same period across both the current and prior year and adjusts for constant currency and changes in the commercials of the PPP contract and accounting treatment for Grants.	LFL revenues in 2019 were £26.0m, after £0.8m of currency movements which would result in a 4.3% increase LFL revenues of £1.2m on a constant currency basis.
Adjusted EBITDA **Adjusted EBITDA margin %**	**£6.2m** **23.0%**	**£4.8m** **17.9%**	Earnings before share based payments, depreciation, intangible amortisation, impairment costs, acquisition costs, one-off employee related costs, deal related costs and start-up costs is the measure of the Group's operating performance. It evaluates performance without factoring in financing decisions, accounting decisions or tax environments or provisions for potential legal costs, share based payments, acquisition costs and fund-raising fees.	EBITDA growth of 29.7% driven by organic revenue growth and driving cost efficiencies
Adjusted Operating Cash Flow - Continuing Operations	**£3.8m**	**£0.7m**	Adjusted Operating cash flow relates to the amount of cash generated from the Group's operating activities and is calculated as follows: Profit/(Loss) before Tax adjusted for Depreciation, Amortisation, Share Based Payments and adjusting for changes in Working Capital and non-cash items.	Adjusted Operating cash inflow due to increased EBITDA, offset by a working capital movement.
Adjusted	**(£3.1m)**	**(£3.7m)**	Cash (used)/generated by the Group	Adjusted Free Cash Flow improved in

Free Cash Flow - Continuing Operations			after investment in capital expenditure and servicing debt.	year following improvements in EBITDA and working capital. There was capital expenditure in the year of £5.6m, up £3.4m on FY19 reflecting the start of the ITT contracts in the UK
Adjusted EPS *	**2.7p**	**(0.1p)**	Adjusted Earnings per share (EPS) is the portion of the Continued business's profit (£9.6m) less the exceptional gain on the disposal (£14.4m) and exceptional costs (£6.2m) divided by the weighted average number of shares.	Adjusted EPS (continuing business) during the year was a profit of 2.7p in 2020 compared to a loss of 0.1p in 2019. Improved due to improvements in underlying trading performance and lower underlying interest

* Basic EPS, based on the continued and discontinued business and including the gain on the Disposal results in a profit of 16.8p in the year (FY19: loss 13.9p).

Customer Connections

Total customer connections at the period end including in flight customers for continuing operations were c.65k (FY19: c.59k). During the year we delivered c.6k net adds (FY19: c.3.8k) This is summarised as follows:

	FY20 000	**FY19** 000	**Comments**
Organic			
Opening base	**58.9**	**54.0**	
Inflight customers	0.8	0.8	
Gross Adds	19.0	14.9	28% increase
Churn	(13.8)	(11.9)	16% increase
Net Growth	**6.0**	**3.8**	
M&A	0.0	1.1	Being acquisition of JHCS in FY19
Closing Base	**64.9**	**58.9**	

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) increased to an average annualised churn rate of 22.6% in FY20 (FY19: 22.1%). This was mainly in our Nordics business where market conditions became more competitive, and Fibre continued to be rolled out across the region resulting in churn at c.31%. In the first three months of FY21, underline churn remains at a similar level, and importantly we are starting to see it reduce as we roll out next generation products, demount old infrastructure and rationalise customers as appropriate.

Continuing Operations - Revenue

Total revenue on a like for like constant currency basis increased in the year by 4.3%, (FY19: increase 3%) as the Group continued to add net new customers during the year.

Total revenue, including recurring airtime and other income (equipment sales, installation sales grant and voucher income and network support) covering continuing operations for 12 months was £27.2m (FY19: £26.8m).

ARPU, calculated by dividing total revenues from all sources by the average customer base, in 2020 was £36.85 per month (FY19: £38.57) due in the main to the loss of higher ARPU fixed Wireless customers in Norway.

Revenue in the period from satellite was £17.2m (FY19: £14.9m) which reflected continued strong organic growth in our Australian business, and revenue from fixed wireless was £10.0m (FY19: £11.9m), due to the increased churn from our Nordics and UK fixed wireless businesses and huge focus and deployment of resources on securing the recent ITT wins.

Recurring revenue, defined as revenue generated from the Group's broadband airtime, which is typically linked to contracts and monthly subscriptions, was £25.6m in the period, representing 94% of total continuing revenue (FY19 £24.3m representing 91% of total revenue).

Continuing Operations - Margins and profitability

Gross profit margins remained constant year on year at c 49%. During the year we supported customers with special offers as a result of COVID-19, however with the continued focus on improved product sales mix and additional high margin other income, including data packages and grant income we maintained margins.

Distribution and Administrative Expenses, post items identified as exceptional in nature, increased to £11.2m (FY19: £10.4m) representing 41% of revenue (FY19: 37%) due to increased exceptional costs and costs in Quickline where there was significant investment in headcount and systems prior to the ITT wins.

Adjusted EBITDA (before share based payments and specific items relating to refinancing, fundraising, M&A, integration and the establishment of the network partnerships) for the period was £6.2m representing an adjusted EBITDA margin of 23.0% compared to £4.8m in FY19 and an adjusted EBITDA margin of 17.9%. This growth in EBITDA of 29.7% was delivered through the continued growth in customer connections, along with continued operational expenditure cost efficiencies across all regions flowing through to EBITDA.

Continuing Operations analysis

A reconciliation of the adjusted EBITDA to adjusted PAT of £1.3m (FY19: £0.3m profit) is shown below:

		2020 £000	**2019** £000
Adjusted EBITDA	**1**	**6,238**	**4,810**
Depreciation	2	(2,819)	(2,574)
Amortisation	3	(282)	(612)
Amortisation Adjustment	3	-	788
Adjusted EBIT		**3,137**	**2,412**
Share based payments		(332)	(437)

	Note	2020	2019
Continuing Operations operating profit - pre-exceptional items		**2,805**	**1,975**
Exceptional items relating to refinancing, fundraising, M&A, integration and the establishment of network partnerships	4	(447)	(981)
Exceptional income and credit	5	-	1,739
Continuing Operations Statutory operating profit - post exceptional items		**2,358**	**2,733**
Adjusted EBIT		**3,137**	**2,412**
Underlying interest		(1,521)	(1,842)
Tax charge		(316)	(262)
Adjusted PAT		**1,300**	**308**

Group Statutory Results and EBITDA Reconciliation

1. Adjusted EBITDA (before share based payments, depreciation, intangible amortisation, impairment of goodwill, refinancing, fundraising, acquisition, employee related costs, deal related costs and start-up costs) improved to £6.2m (FY19: £4.8m) as a consequence of continuously adding new customers in the period and a relentless focus on driving cost efficiencies in the business.

2. Depreciation increased to £2.8m in FY20 from £2.6m in FY19 due in the main to ITT infrastructure investment in Quickline in the final quarter of the year amounting to £3.7m (Of the £5.6m total capital expenditure in the period), with a corresponding depreciation charge of £0.2m.

3. Underlying amortisation reduced to £0.3m from £0.6m in FY 19 as a result of lower amortisation on acquisitions now fully written down. In the year a decision was made to impair a small UK acquisition made inFY19 by £0.2m, namely JHCS. In FY 19 there was a £0.8m credit relating to an accumulated amortisation adjustment arising on consolidation of subsidiaries. During the year we undertook a full review of acquisitions and the carrying value of Goodwill and there was no further impairment required.

4. The Group incurred limited expenses in the period, that are considered exceptional in nature and appropriate to identify. These comprise:

    a. £0.4m (FY19: £0.6m) of acquisition, deal, legal and other costs relating to the refinancing, and M&A activities, during the period. These costs comprise mainly professional and legal fees.

    b. £nil (FY19: £0.4m) employee termination and redundancy.

    c. £0.1m (FY19: £nil) of specific set up costs incurred in relation to the ITT contracts.

5. Exceptional income in the prior year mainly relates to an adjustment to goodwill (£0.8m) on consolidation and the sale of the fibre customers in Skymesh (£0.9m).

Customer Connections, Revenue, Adjusted EBITDA in FY20 and the comparative period for Continuing Group is segmented by the following categories as follows:

	Customer Connections				Revenue		Adjusted EBITDA	
	2020		**2019**		**2020**	**2019**	**2020**	**2019**
	Number 000's	**%**	**Number 000's**	**%**	**£m**	**£m**	**£m**	**£m**
Australia	46.7	*72%*	38.1	65%	16.6	14.1	2.8	2.3
Norway	11.2	*17%*	12.9	22%	6.3	8.4	2.9	3.0
UK	7.0	*11%*	7.9	13%	3.7	4.3	1.5	1.6
Pre-Central	64.9	*100%*	58.9	100%	26.6	26.8	7.2	6.9
Central Revenue and Costs[1]	-		-		0.6	-	(1.0)	(2.1)
Total	**64.9**	***100%***	**58.9**	**100%**	**27.2**	**26.8**	**6.2**	**4.8**

[1] Central revenue includes recharges to Eutelsat for post-sale services and central costs include finance, IT, HR and plc costs.

Customer Connections by Technology

	2020	**2020**	**2020**		**2019**	**2019**	**2019**	
	Satellite 000's	**Fixed Wireless 000's**	**Total 000's**	**%**	**Satellite 000's**	**Fixed Wireless 000's**	**Total 000's**	**%**
Australia	40.1	6.6	46.7	72%	33.1	5.0	38.1	65%
Norway	2.3	8.9	11.2	17%	2.6	10.3	12.9	22%
UK	-	7.0	7.0	11%	-	7.9	7.9	13%
Total	**42.4**	**22.5**	**64.9**	**100%**	**35.7**	**23.2**	**58.9**	**100%**

From the above analysis for Continuing Operations year on year movements from a Customers, Revenue, Adjusted EBITDA and product mix perspective are analysed as follows:

1 Australasia

a. Strong organic customer net growth of 8.6k over the course of the year with launch of Sky Muster Plus

b. The increase in revenue of £2.5m was a result of the continued organic growth in customer numbers and an improved product mix.

c. Importantly, EBITDA improved by 22% following continued cost efficiencies across the Group.

2 Norway

a. Customer numbers reduced by 1.7k due in the main to churned Fixed Wireless customers where Fibre had encroached legacy towers.

b. Consequently, revenue in the year reduced £2.1m due to the loss of these customers, and lower grant income than the prior year of £0.2m.

c. Notwithstanding the above, adjusted EBITDA reduced by only £0.1m in the year due to strict overhead cost controls implemented during the year.

3 UK

a. Customer numbers reduced by 0.9k in the year reflecting mainly base management associated with two wholesale customers together with increased churn which occurred prior to the ITT's being won.

b. Revenue in fixed wireless in FY20 reduced by 9% mainly reflecting a previous BDUK grant (FY19: £0.8m) that was fully amortised in the prior year. Quickline is already experiencing a sharp rebound in revenues in the current year as it rolls-out the new ITT infrastructure.

c. Adjusted EBITDA reduced by only £0.1m in the year as we managed to control costs tightly despite the reduced revenue and increased investment prior to winning the ITT's.

Cashflow performance

The underlying cash flow performance analysis seeks to clearly identify underlying cash generation within the Continuing Group, discontinued operations and separately identify the cash impact of refinancing, identified exceptional items including refinancing, fundraising M&A activity cash costs and is presented as follows:

		2020 **£000**	2019 **£000**
Adjusted EBITDA		**6,238**	**4,810**
Release of Grant	1	(772)	(1,051)
Underlying movement of working capital	2	(542)	(2,160)
Forex and other non-cash items	3	(1,112)	(879)
Adjusted operating cash inflow before interest, tax Capex and exceptional items	**4**	**3,812**	**720**
Tax and interest paid	5	(1,387)	(2,273)
Purchase of Assets	6	(5,568)	(2,165)
Adjusted free cash outflow before exceptional and M&A items		**(3,143)**	**(3,718)**
Exceptional items relating to refinancing, fundraising, M&A, integration and the establishment of network partnerships	7	(447)	(981)
Underlying free cash outflow after exceptional and M&A items		**(3,590)**	**(4,699)**
Investing activities	8	37,095	(598)
Movement in cash from Discontinued operations	9	(1,837)	273
Movement in working capital from discontinued operations	10	(4,485)	-
Financing activities	11	(17,866)	5,946
Increase in cash balances		**9,317**	**922**

1) Release of deferred grant income to revenue in the year £0.8m (FY19: £1.1m)

2) Underlying movement in working capital was an outflow of £0.5m (FY19: outflow £2.2m). Working capital benefitted from an increase in creditors as a result of the agreed deferred payment of creditors at the year end

3) Forex and non-cash outflow of £1.1m (FY19: Outflow £0.9m) 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 adjusted operating cash flow before Interest, Tax, Capital expenditure and Exceptional items of £3.8m inflow (FY19: £0.7m inflow), and an adjusted operating cash flow to EBITDA conversion of 61% (FY19: 15%).

5) Tax and interest paid was £1.4m (FY19: £2.3m) on a like for like basis. The settlement of the BGF redemption premium (£5.5m), and the BGF penalty interest (£1.2m), which is included in the interest charge in the Statement of Comprehensive Income is regarded as an exceptional cash payment.

6) Purchase of assets in FY20 were £5.6m. These purchases covered the fixed wireless investment of £5.4m, as well as installations and IT costs of £0.2m.

7) Exceptional items relating to refinancing, fundraising, M&A, integration, and the establishment of network partnerships of £0.4m (FY19: £1.0m) is net of non-cash exceptional items including provisions made in accordance with IAS 37 which are expected to be incurred in 2021.

8) Sales proceeds from the disposal of subsidiaries was £37.2m less the purchase of intangibles in FY20 of £0.1m compared to £0.6m in FY19 due to less M&A activity.

9) Relates to the total amount of cash in the year that covered the discontinued operations and was transferred as part of the sale.

10) Relates to the written down value of the intercompany between BBB and the discontinued operations (£4.0m) and additional consideration on the income relating to future receipts in association with the sale.

11) In FY20 the major financing activities amounted to an outflow of £17.9m (FY19: inflow £5.9m) and related to the following:

- Company drew down £29.4m from the RCF with Santander relating to a refinancing of external debt, to repay the HSBC plc RCF (£8.25m), the BGF loan notes (£12.0m). A further £21m was repaid to Santander after disposal of the subsidiaries.
- £2.0m, net, was received from further investment by the non-controlling interests of Quickline.
- The Principal element of lease payments was an outflow of £1.4m
- The payment of the BGF redemption premium was an outflow of £5.5m
- The payment of the BGF penalty interest was an outflow of £1.2m

This resulted in an adjusted Free Cash Flow in the year being an outflow of £3.1m (FY19: outflow £3.7m)

Net debt to net cash reconciliation

	2020	2019
	£000	£000
Opening Net Debt	**(14,198)**	**(11,912)**
Profit/(loss) after tax from Continuing operations	(4,917)	(109)
Interest charge	6,959	2,580
Depreciation	2,819	2,574
Amortisation	282	(176)
Tax charge	316	262
Share Based payments	332	437
Exceptional costs	447	(758)
Adjusted EBITDA	**6,238**	**4,810**
Release of Grants	(772)	(1,051)
Forex movement and other non-cash	(1,112)	(879)
Movement in Working Capital	(542)	(2,160)
Cash inflow from Continuing operations	**3,812**	**720**
Interest paid	(1,311)	(2,273)
Tax paid	(76)	-
Underlying inflow / (outflow) from Continuing operations	**2,425**	**(1,553)**
Purchase of Assets	(5,568)	(2,165)
Adjusted outflow Continuing operations Free Cash Flow	**(3,143)**	**(3,718)**
Exceptional items relating to refinancing, fundraising, M&A, integration and the establishment of network partnerships	(447)	(981)
Adjusted free cash outflow after exceptional and M&A items	**(3,590)**	**(4,699)**
Investment activities (Pre cash used and retained by Discontinued operations)	37,095	(598)
Movement in working capital from discontinued operations	(4,485)	-
Financing activities	(17,866)	5,946
Movement in Cash from Continuing operations	**11,154**	**649**
(Outflow) / Inflow in cash from Discontinued operations	(1,837)	273
Movement in Cash	**9,317**	**922**
Decrease / (Increase) in Debt	**12,300**	**(3,208)**
Closing Net Cash / (Debt)	**7,419**	**(14,198)**

Cash and Net debt for the overall Group is further analysed as follows:

	2020	2019
	£000	£000

Opening Net Debt	(14,198)	(11,912)
Facilities Received	(29,400)	(3,350)
Facilities Repaid	41,700	142
Movement in Cash	9,317	922
Movement in Net Cash / (Debt)	21,617	(2,286)
Closing Net Cash / (Debt)	**7,419**	**(14,198)**
Composition of closing net debt		
Net cash and cash equivalents	15,306	5,989
Bank loans	(7,887)	(8,250)
BGF loan	-	(11,728)
Other loans / Finance Leases	-	(209)
Net Cash / (Debt)	**7,419**	**(14,198)**
Adjusted Net Cash (Debt) / EBITDA pre IFRS16	**1.24x**	**(1.39x)**
Adjusted Net Cash (Debt) / EBITDA inc IFRS16	**0.48x**	**(1.70x)**

Net debt reduced from £14.2m in FY19 to a net cash position of £7.4m, a movement of £21.6m in the year. Cash increased by £9.3m and debt reduced by £12.3m.

The table above excludes the lease liabilities of £3.6m (FY19: £5.7m) recognised for the first time in 2019 after the adoption of IFRS 16. Including this amount would give a total net cash of £3.8m (FY19: Net debt £19.9m) and a ratio of net cash to adjusted Group EBITDA before IFRS 16 of 0.48x (FY19: Net debt 1.70x).

Applying Santander's measure of financial leverage, the Group's year-end net cash to EBITDA ratio was 1.24x, improving from a net debt to EBITDA ratio of (1.39x) at the previous year-end.

Consolidated Statement of Financial Position

There was a step change in the balance sheet following the disposal of the Group's UK and European satellite broadband operations to Eutelsat S.A. Following completion in September 2020 BBB's remaining operations consist of its Australasian operations, its Nordics business and its majority interest in Quickline in the UK.

Fixed Assets reduced in the year to £10.9m (FY19: £15.9m), following the sale of assets within the discontinued business (£10.4m) and the purchase of new fixed assets (£10.9m), adjusted for depreciation provided in the year (£5.6m) and foreign exchange movements (£0.1m).

Intangible Assets decreased to £12.0m (FY19: £29.4m) following the sale of the discontinued business and underlying amortisation of £0.1m in FY20 (FY19: £0.6m). Following a review there was a small impairment charge of £0.2m relating to the impairment of the JHCS Ltd goodwill balance (£0.2m) as the customer based was migrated within the Quickline business and is analysed as follows:

Goodwill and Amortisation	**FY20 £000**	**FY19 £000**	**Comments**
Underlying Amortisation	69	612	
Amortisation adjustment	-	(788)	Revision to prior year accumulated amortisation arising on consolidation of subsidiaries.
Additional charge - Impairment	213	-	Relates to JHCS, part of Quickline
Reported Amortisation	282	(176)	

Working Capital

Inventory days reduced to 11 days (FY19: 18 days) as we efficiently reduced stock holdings in each region.

Debtor days decreased to 11 days (FY19: 16 days) following strengthening of the recovery team and implementation of auto suspend in several regions.

Creditor days reduced to 73 days (FY19: 83 days) due to agreed revised payment terms with suppliers.

Total net cash increased to £7.4m from a net debt position of £14.2m in FY19 and is explained further in the Cash Flow analysis section. The increase in cash is largely due to the sale of the discontinued business, 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 Group can deliver consistently improving products and services to its customers.

As at 30 November 2020, the Group had a cash balance of £15.3m, debt of £7.9m (£8.4m pre refinancing capitalised costs against debt of £0.5m) and £3.6m of headroom under the Santander plc facility and £4m under the HSBC plc facility for Quickline.

Earnings per share

As a result of the material exceptional profit, and non-underlying costs in the year as detailed above, the Group delivered a basic profit per share of 16.8p (2019: loss per share of 13.9p) and fully diluted profit per share of 16.6p (2019: loss per share of 13.8p). However, adjusted earnings per share (before non-underlying and exceptional items) was a profit per a share of 2.7p (2019: loss per share of 0.1p).

	2020	**2019**

Basic earnings per share	**16.8p**	**(13.9p)**
Diluted earnings per share	**16.6p**	**(13.8p)**
Basic adjusted earnings per share	**2.7p**	**(0.1p)**

Basic EPS and Statutory EPS

Basic EPS improved to a profit of 16.8p per share in FY20 from a loss of (13.9p) in FY19, largely due to the sale of the Discontinued businesses.

Diluted EPS

Diluted EPS is a calculation used to gauge the quality of a Group's earnings per share (EPS) if all share options are exercised.

Accounting standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed and adopted for use in the EU. There have been no changes to IFRS standards this year that have a material impact on the Group's results. No forthcoming new IFRS standards are expected to have a material impact on the financial statements of the Group.

Dividend

The directors do not recommend the payment of a dividend (2019: Nil).

Going Concern

The Directors have prepared and reviewed projected cash flows for the Group, reflecting its current level of activity and anticipated future plan for the next 12 months, from the date of signing, and post the disposal of the UK and European Satellite Operations in September 2020. The Group is currently loss-making, before the gain on the sale of the discontinued business, mainly as a result of amortisation, exceptional charges and the BGF redemption premium payment. The business continues to grow customer numbers and revenue in key target markets and continues to monitor the short-term business model of the Group.

While we are yet to understand the medium and long term 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 with further lockdowns
- 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
- Increased CAPEX costs to meet ITT targets or shipping delays
- Potential banking covenant breaches if profit or cash minimum targets not met or CAPEX is overspent

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

- The COVID-19 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 risks to businesses posed by COVID-19, the Board believes that the Group is well placed to manage its business risks and longer-term strategic objectives, successfully. The latest management information shows a strong net cash position, and in terms of volumes, ARPU and churn, we 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 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.

On behalf of the Board

Frank Waters

Chief Financial Officer

31 March 2021

Bigblu Broadband plc

Condensed consolidated statement of comprehensive income

12 months ended 30 November 2020

Continuing Operations	Notes	Audited 12 months to 30 November 2020 £'000	Audited 12 months to 30 November 2019 £'000
Revenue		27,174	26,827
Cost of sales		(13,604)	(13,656)
Gross profit		**13,570**	**13,171**
Distribution expenses	2	(7,875)	(7,354)
Administrative expenses	2	(3,337)	(3,084)
Operating profit		**2,358**	**2,733**
Interest payable and Finance costs	3	(6,959)	(2,580)
(Loss) / Profit before tax		**(4,601)**	**153**
Taxation on operations		(316)	(262)
(Loss) from continuing operations		**(4,917)**	**(109)**
Profit/(Loss) from discontinued operations	4	14,350	(7,912)
Profit/(loss) for the year		**9,433**	**(8,021)**
Other comprehensive expense			
Foreign currency translation difference		(204)	(879)
Total comprehensive income/(expense) for the year		**9,229**	**(8,900)**
Total comprehensive income / (expense) for the year is attributable to:			
Owners of Bigblu Broadband Plc		**9,456**	**(8,816)**
Non-controlling interests		**(227)**	**(84)**
Earnings/(loss) per share from profit/(loss) attributable to the ordinary equity holders of the company			
Basic EPS	**5**	**16.8p**	**(13.9p)**
Diluted EPS	**5**	**16.6p**	**(13.8p)**
Earnings/(loss) per share from continuing operations attributable to the ordinary equity holders of the company			
Basic EPS	**5**	**2.7p**	**(0.1p)**
Diluted EPS	**5**	**2.6p**	**(0.1p)**

Bigblu Broadband plc

Condensed consolidated statement of financial position

As at 30 November 2020

	Notes	2020 £'000	2019 £'000
Assets			
Non-current assets			
Property, plant and equipment		10,876	15,865
Intangible assets		11,968	29,362
Investments		-	52
Deferred tax asset		501	643
Total non-current assets		**23,345**	**45,922**
Current assets			
Cash and cash equivalents		15,306	5,989
Inventory		896	3,911
Trade and other receivables		3,798	8,325
Total current assets		**20,000**	**18,225**
Total assets		**43,345**	**64,147**
Current liabilities			
Trade and other payables		(12,507)	(32,461)
Provisions for liabilities and charges		(1,468)	(328)
Total current liabilities		**(13,975)**	**(32,789)**
Non-current liabilities			
Other payables		(2,618)	(4,409)

Loans		(7,887)	(20,187)
Deferred tax liability		(104)	(234)
Total non-current liabilities		**(10,609)**	**(24,830)**
Total liabilities		**(24,584)**	**(57,619)**
Net assets		**18,761**	**6,528**
Equity			
Share capital		8,638	8,636
Share premium		23,919	23,900
Other Reserves	6	14,036	13,025
Revenue reserves	6	(32,403)	(42,412)
Capital and reserves attributable to owners of Bigblu Broadband Plc		**14,190**	**3,149**
Non-controlling interests		4,571	3,379
Total equity		**18,761**	**6,528**

Bigblu Broadband plc

Condensed consolidated Cash Flow Statement

12 Months Ended 30 November 2020

	2020	2019
	£'000	**£'000**
(Loss) after tax from Continuing operations	(4,917)	(109)
Profit/(Loss) after tax from Discontinued operations	14,350	(7,912)
Profit/(Loss) for the year including discontinued operations	**9,433**	**(8,021)**
Adjustments for:		
Interest charge	7,108	2,622
Gain on disposal of subsidiaries	(18,928)	-
Goodwill impairment	213	3,286
Amortisation of intangible assets	1,626	4,071
Release of grant creditors	(772)	(1,051)
Depreciation of property, plant and equipment - owned assets	3,897	3,365
Depreciation of property, plant and equipment - ROU assets	1,680	1,245
Tax charge	316	262
Share based payments	332	437
Foreign exchange variance and other non-cash items	(1,112)	118
Movement in working capital	(1,291)	863
Cash generated from operations	**2,502**	**7,197**
Interest paid	(8,171)	(2,144)
Tax paid	(1)	-
Net cash (outflow) / inflow from operating activities	**(5,670)**	**5,053**
Investing activities		
Purchase of property, plant and equipment	(8,679)	(8,913)
Purchase of intangibles	(907)	(665)
Purchase of investments	-	(200)
Cash retained in disposed subsidiaries	(1,035)	-
Profit on sale of Fixed Assets	45	-
Proceeds from sale of subsidiary	37,222	-
Net cash generated / (used) in investing activities	**26,646**	**(9,778)**
Financing activities		
Proceeds from issue of ordinary share capital	21	37
Proceeds from bank revolving credit facility	29,400	3,350
Loans (paid)	(41,353)	(142)
Investment by non-controlling interest	1,972	3,631
Principal elements of lease payments	(1,699)	(1,229)
Net cash (outflow) / inflow generated from financing activities	**(11,659)**	**5,647**
Net increase in cash and cash equivalents	**9,317**	**922**
Cash and cash equivalents at beginning of year	**5,989**	**5,067**
Cash and cash equivalents at end of year	**15,306**	**5,989**

Bigblu Broadband plc

Condensed consolidated Reserves Movement

12 Months Ended 30 November 2020

	Share Capital	Share Premium	Other Reserves	Revenue Reserve	Total
	£000	£000	£000 Note 4	£000	£000
At 1 December 2019	**8,506**	**23,900**	**12,272**	**(34,587)**	**10,091**
Change in accounting policy - IFRS 16				(550)	(550)
(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
At 30 November 2019	**8,636**	**23,900**	**13,025**	**(42,412)**	**3,149**
Acquisition of shares in subsidiary by non-controlling interest				553	553
Profit for the period				9,660	9,660
Issue of shares	2	19			21
Share option reserve			332		332
Foreign Exchange Translation			(344)	(204)	(548)
Equity settled share-based payments			1,023		1,023
Capital & Reserves attributable to owners of Bigblu Broadband Plc	**8,638**	**23,919**	**14,036**	**(32,403)**	**14,190**
Sale of non-controlling interest in subsidiary				4,571	4,571
At 30 November 2020	**8,638**	**23,919**	**14,036**	**(27,832)**	**18,761**

Non-Controlling Interest

The profit attributable to shareholders is £9.7m (2019: loss £7.9m), which represents the profit for the financial year of £9.5m (2019: loss £8.0m) less the loss attributable to non-controlling interests of £0.2m (2019: profit £0.1m). The £4.6m represents the carrying value of the non-controlling interest.

Bigblu Broadband plc

Notes to the financial statements

For the period ended 30 November 2020

1. Presentation of financial information and accounting policies

Basis of preparation

The condensed consolidated financial statements are for the full year to 30 November 2020.

The nature of the Group'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 Group 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 2020 the Continued 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 £6.2m (2019: £4.8m), and with cash inflow from operations of £3.8m (2019: inflow of £0.7m) and a net increase in cash and cash equivalents of £9.3m in the year (2019: increase £0.9m). The Group balance sheet showed net cash at 30 November 2020 of £15.3m (2019: £6.0m).

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 continued 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 Group's accounting policies and the key sources of estimating uncertainty were principally the same as those applied to the Group's and Individual company's financial statements for the year ended 30 November 2020.

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 intercompany balances and transactions have been eliminated in full.

2. Distribution and Administration Expenditure

Distribution and administration costs are analysed as follows:

	FY20 £000	FY19 £000
Employee related costs	6,536	6,322
Marketing and communication costs	664	775
Logistics, Finance, IT, banking, insurance AIM and Other costs	132	1,264
Underlying costs	**7,332**	**8,361**
% of Revenue	**26.9%**	**31.2%**
Depreciation	2,819	2,574
Amortisation	282	(176)
Underlying Depreciation and Amortisation	**3,101**	**2,398**
% of Revenue	**11.4%**	**8.9%**
Share based payments	332	437
Fundraise, legal and related costs associated with acquisition activity	402	519
Employee related costs associated with consolidations in regions.	45	462
Exceptional credit relating to goodwill adjustment and income from the sale of fibre business in Australasia	-	(1,739)
Identified Exceptional Costs	**779**	**(321)**
% of Revenue	**2.9%**	**(1.2%)**
Total	**11,212**	**10,438**
% of Revenue	**41.2%**	**38.9%**

3. Interest Payable and Finance Costs

	2020 £'000	2019 £'000
BGF unsecured loan interest payable	55	1,200
Bank loan interest payable	87	12
Revolving Credit Facility interest payable	1,117	344
Lease interest expense	262	286
Total interest payable	1,521	1,842
BGF Penalty Interest	1,408	-
BGF redemption premium and finance charges	4,179	780
Total finance costs	7,108	2,622
Finance costs include the following amounts charged to the discontinued operations:		
Bank loan interest payable	87	3
Lease interest expense	62	39
Total interest payable	149	42
Interest split as follows:		
Continued business	6,959	2,580
Discontinued business	149	42
Total interest payable	7,108	2,622

Interest in the Condensed consolidated statement of comprehensive income is total finance costs less the element associated with the discontinued business.

The RCF FY20 interest covers an element of the previous HSBC facility and the new Santander facility.

4. Profit and loss on Discontinued Operations

On 30 September 2020 Bigblu Operations Ltd together with all its subsidiaries was sold to Eutelsat SA and is reported in the current year as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

Financial performance and cash flow information

	2020	2019
	£'000	£'000
Revenue	25,164	35,261
Expenses	(30,187)	(43,665)
(Loss) before tax	(5,023)	(8,404)
Taxation on operations	445	492
(Loss) after tax of discontinued operations	(4,578)	(7,912)
Gain on sale of the subsidiary after tax (see below)	18,928	-
Profit/(Loss) from discontinued operations	14,350	(7,912)
Exchange differences on translation of discontinued operations	(292)	-
Other comprehensive income from discontinued operations	(292)	-
Net cash inflow/(outflow) from operating activities	3,491	(395)
Net cash inflow from investing activities	32,296	925
Net cash (outflow) from financing activities	(401)	(257)
Net increase in cash generated by the subsidiaries	**35,386**	**273**
Details of sale of subsidiary		
Consideration received or receivable:		
Cash	37,222	-
Fair value of contingent consideration	449	-
Total disposal consideration	37,671	-
Carrying amount of net assets sold	(16,058)	-
Expenses of sale and provisions	(2,685)	
Gain on sale before tax	18,928	-
Corporation tax expense on gain	-	-
Gain on sale after tax	**18,928**	-

5. Profit / (Loss) per share

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

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

	Profit/(Loss) £'000	30 November 2020 Weighted Average Number of Shares	Per Share Amount Pence
Basic and adjusted EPS			
Profit for the financial year	9,433		
Add: adjustment for non-controlling interest share of losses	(227)		
Basic EPS - Profit attributable to shareholders	**9,660**	**57,589,857**	**16.8**
Adjusted EPS - Profit attributable to shareholders from continuing operations	1,527*	57,589,857	2.7
Diluted EPS			
Basic Diluted EPS - Profit attributable to shareholders	**9,660**	**58,027,855**	**16.6**
Adjusted Diluted EPS - Profit attributable to shareholders from continuing operations	1,527*	58,027,855	2.6

	Loss £'000	30 November 2019 Weighted Average Number of Shares	Per Share Amount Pence
Basic and adjusted EPS			
Loss for the financial year	(8,021)		
Less: adjustment for non-controlling interest	84		
Basic EPS - Loss attributable to shareholders	**(7,937)**	**56,932,172**	**(13.9)**
Adjusted EPS - Loss attributable to shareholders from continuing operations	(45)**	56,932,172	(0.1)
Diluted EPS			
Basic Diluted EPS - Loss attributable to shareholders	**(7,937)**	**57,370,170**	**(13.8)**
Adjusted Diluted EPS - Loss attributable to shareholders from continuing operations	(45)**	57,370,170	(0.1)

The profit attributable to shareholders of £9.7m (2019: £7.9m loss) is the profit for the financial year of £9.4m (2019: £8.0m loss) after adjusting for the add back of the loss attributable to non-controlling interests of £0.2m (2019: £0.1m loss).

* Whilst this is a non-GAAP measure, the profit attributable to shareholders from continuing operations is £1.5m, after adjusting for the gain from the sale of the discontinuing operations and adding back exceptional costs.

** Whilst this is a non-GAAP measure, the loss attributable to shareholders from continuing operations is £45k, after adjusting for the loss from discontinuing operations and exceptional costs.

6. 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 December 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**
Other comprehensive income							
Other equity							
Foreign Exchange Translation					(344)		(344)
Listing Cost Reserve							
Credit to equity for equity settled Share based payments				1,023		332	1,355
At 30 November 2020	**(219)**	**16,233**	**(3,317)**	**1,294**	**(2,569)**	**2,614**	**14,036**

- 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)

7. 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.

8. 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 weekday. The Company's registered office is at Broadband House, The Old Bakery, Victoria Road, Bicester, OX26 6PB. The Company is registered in England No. 9223439.

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

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