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Bigblu Broadband PLC
05 June 2023

Bigblu Broadband plc
('BBB' or the 'Company')

Trading Update for the six month period to 31 May 2023

Trading in line with expectations

Bigblu Broadband plc (AIM: BBB.L), a leading provider of alternative super-fast and ultra-fast broadband services, announces its trading update for the six months period ending 31 May 2023 (the "Period"). The Company has operations in Australia, the Nordics and a residual shareholding in Quickline Communications ("Quickline").

There was progress across all the Company's geographies and business units in the period in terms of expanding the product offerings, implementing new core platform systems and a sizeable reduction in costs, recognising market challenges globally. The Company is therefore well positioned for the second half of the year.

Financial Highlights

- Total revenue was £14.9m (1H22: £14.9m).
- Like for like revenue growth[1] on a constant currency basis was 3.1% (1H22: growth 15.1%).
- Adjusted EBITDA[2] increased 3.2% to £2.1m (1H22: £2.0m).
- Adjusted Free cash inflow[3] of £0.1m (1H22: inflow £0.4m)
- Net debt[4] as at 31 May 2023 was £0.3m (1H22: Net Cash £4.5m) after payments for the acquisition of the satellite operations of Harbour (£2.7m) in February 2023, the deferred and earn out consideration payments on the acquisition of Clear (£0.4m), together with planned redundancy payments in Norway and Central.

Operational Highlights

- In February 2023, the Company's fully owned Australian business, SkyMesh PTY LTD completed the acquisition of the satellite operations of Harbour ISP PTY LTD, a subsidiary of Uniti Group LTD in Australia (the "Acquisition") that brought with it c.5.7k customers, before base adjustment. This base has been fully migrated onto Skymesh systems and first billings commenced in May 2023, thereby completing the transfer.
- Total customers at period end were 62.6k (1H22: 60.4k) including the Acquisition. During the period there was net churn in customers of 1.2k due to further demounting in the Nordics and base management on transfer of the Clear and Unity acquisitions.
- The emergence of 5G and LEO satellite technologies is expected to lead to accelerated uptake of non-fibre broadband internet services in Australia. Starlink has continued to progress in our market with strong promotional offers which continue to impact on current churn rates, and we are monitoring such promotion and marketing activity. We believe we can counter such threats to the business by expanding the product offerings as well as an addressable market. In this regard and working with our network partners c25% of the base has been transferred to new product offerings with NBN Co, and although early, we are seeing far higher customer satisfaction and reduced churn. Further acquisitions and new product opportunities are also emerging as SkyMesh heads into 2H23 with its product offerings likely to offer faster speeds / capacity, leading to increases in customer numbers and customer satisfaction.
- In the period and recognising global challenges, the Company has pro-actively undertaken a reorganisation of our Norwegian business and reduced the central costs within the business. This has resulted in redundancies in our Norway business, reducing the workforce by approximately 30%, with an annualised cost saving of c.£0.4m, and further savings from our UK head office, resulting in approximately 75% of the central team being made redundant, with annualised savings of c£0.5m.
- In Norway we completed the planned separation of the business into two legal entities, recognising the different attributes of each being our satellite and 5G technology business, typically lower capex, and our infrastructure business, typically higher capex. Following the launch of new FWA 5G products and the new satellite offerings, we are showing early signs of stabilising, although the business remains cash consumptive.
- Quickline continues to be well supported by Northleaf, who acquired the majority of Quickline in June 2021, and at the half year can address over 350,000 premises with its hybrid FWA and fibre infrastructure. The Company retains a 4% stake holding after Northleaf investment of £70m.

1 Like for like (LFL) 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 business disposed of in the period are excluded from the calculation.
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 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 and excludes items identified as exceptional in nature. Adjusted Free cash flow being cash (used)/generated by the Group after investment in capital expenditure, servicing of debt and payment of taxes and excludes items identified as exceptional in nature.
4 Cash / Net debt excludes lease-related liabilities of £0.7m of under IFRS 16 (FY22 £0.9m).

Andrew Walwyn, Chief Executive Officer of Bigblu Broadband plc, commented:

"The overall performance of the Group is in line with the Board's expectations. We remain focused on realising value for shareholders. Whilst doing so, we are extending our product offerings with our partners in each region, thereby substantially increasing our addressable markets, at the same time implemented new systems in each territory and cut central headcount / other costs by c£0.9m.

We have reorganised our Norwegian business, and our Australian business has completed another important bolt on acquisition. We continue to 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, whether full time or part time.

The Board remains focused on maximising value and returns for shareholders. The combination of favorable market dynamics and opportunities available to our business units provides a strong backdrop for delivering enhanced shareholder value."

For further information:

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About Bigblu Broadband plc

Bigblu Broadband plc (AIM: BBB.L), is a leading provider of alternative superfast and ultrafast broadband solutions throughout Australasia and the Nordics. BBB delivers a portfolio of superfast and ultrafast wireless broadband products for consumers and businesses typically 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 ultrafast broadband services increases around the world.

BBB's range of solutions includes satellite, next generation fixed wireless and 4G/5G FWA delivering between 30 Mbps and 500Mbps for consumers, and up to 1 Gbps for businesses. BBB provides customers with a full range of services including hardware supply, installation, pre-and post-sale support, billings, and collections, whilst offering appropriate tariffs depending on each end user's 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 broadband services. BBB's alternative broadband offerings present a customer experience that is broadly similar to that offered by wired broadband and the connection can be shared in the normal way with PCs, tablets and smart phones.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR.

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