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Bigblu Broadband PLC
29 August 2023

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.

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

Interim Results
Trading in line with expectations, Operational Improvements

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

There was progress across the Company's business units in the period, with the focus on the introduction of new products and systems improvements. The Company is therefore well positioned for the second half of the year.

Financial Highlights

- Total revenue was £15.0m (1H22: £14.9m)
- Adjusted EBITDA[1] increased 2.1% to £2.1m (1H22: £2.0m)
- Like for like revenue[2] and adjusted EBITDA growth, on a constant currency basis increased by 3.1% and 21.4% respectively
- Adjusted Free cash inflow[3] of £0.2m (1H22: inflow £0.4m)
- Net debt[4] as at 31 May 2023 was £0.3m (1H22: Net Cash £4.5m) following the Acquisition in Australia, as well as one off restructuring payments made in Norway and Central.

Operational Highlights

- SkyMesh completed the acquisition of the satellite operations of Harbour ISP PTY LTD, a subsidiary of Uniti Group LTD in Australia (the "Acquisition") at a cost of c.£2.7m which included net 5.2k customers
- Total customers at period end were 62.6k (1H22: 60.4k), including the Acquisition
- The Company has pro-actively undertaken a reorganisation of the Norwegian business and restructured the central costs within the business. This has resulted in a reduction in the Norwegian workforce of approximately 30%, and a reduction of c.75% of our UK head office. Together bringing annual savings of £0.9m
- 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.
- Quickline continues to be well supported by Northleaf with an addressable base of over 350,000 premises at the half year, with its hybrid Fixed Wireless (FWA) and Full Fibre infrastructure. The Company retains a 3.1% stake holding following further investment since the year end with a current carrying value of £5.9m. Northleaf have invested £110m in total since they acquired the majority stake.

1 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.
2 Like for like (LFL) revenue and EBITDA is adjusted for new or divested businesses in both the current and prior year and adjusts for constant currency.
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 £0.9m of under IFRS 16 (FY22 £1.4m).

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 are carefully extending our product offerings with our partners in each region, thereby increasing our addressable markets, at the same time implementing new systems in each territory and cutting central headcount / other costs.

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 large numbers of customers are likely to be working from home, whether full or part time.

Specifically, following the recent acquisitions by SkyMesh in Australia, the Board believes that its strategy of organic growth complemented by further bolt-on acquisitions should accelerate the Company's presence across Australia with the potential to achieve 80,000 customers over the next three years. Furthermore, the Board continues to assess all options to realise value for shareholders, including a potential spin out ASX listing, as previously announced.

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

For further information:

Bigblu Broadband Group PLC	www.bbb-plc.com
Andrew Walwyn, Chief Executive Officer	**Tel: +44 (0)20 7220 0500**
Frank Waters, Chief Financial Officer	

Frank Waters, Chief Financial Officer

finnCap (Nomad and Broker) **Tel: +44 (0)20 7220 0500**
Marc Milmo / Simon Hicks / Charlie Beeson (Corporate Finance)
Tim Redfern / Harriet Ward (ECM)

About Bigblu Broadband plc

Bigblu Broadband plc (AIM: BBB.L), is a leading provider of alternative superfast and ultrafast broadband solutions throughout Australia and Norway. 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.

CHIEF EXECUTIVE'S REPORT

Overview

The first half of this financial year has been a further period where we have had to contend with the challenges created by the global economy and inflationary issues. In the context of these global challenges, our long-term relationships with our network partners were vital as we worked together to ensure we could deal with the growing demand for rural and remote broadband services.

In early 2023, our 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"). The total cash consideration, including deferred payments, was AUD$4.72m (£2.7m). The cash consideration was satisfied from existing cash resources including our revolving credit facilities with Santander. The satellite operations acquired consisted of net 5.2k customers and in 1H23 contributed £0.9m of revenue, £0.3m of EBITDA and £0.3m of cash generation. Post this acquisition the Board continues to explore all options to realise value for BBB shareholders from SkyMesh, which could include an ASX listing of SkyMesh.

Key Financials for the continuing operations

Net customer growth after the Acquisition in the first half of 2023 was 3.6% to 62.6k (1H22: 2.6%). There was a big focus on driving new products, with Telenor 4G/5G FWA in Norway and fixed line in Australia together with continued marketing campaigns to migrate c.1k customers to more suitable products which the Board believe should help to reduce churn in the future.

Total revenue was £15.0m, up 0.5% (1H22: £14.9m). This increase in revenue reflected a net increase in customers, including the acquisition (£0.5m) and ARPU progression (£0.1m) but reduced by impact of negative FX rates (£0.5m) in the period. Recurring airtime revenue, defined as revenue generated from the Company's broadband airtime, which is typically linked to contracts, was £14.0m representing 93% of total revenue (1H22: 95%). Total like-for-like (LFL) revenue for the Continuing Group in the period was £14.6m representing 3.1% growth on a constant currency basis.

Gross profit margins reduced to 39.0% in 1H23 (1H22: 41.8%), due to planned product mix changes with the increase in 5G FWA customers being at slightly lower margins than existing recurring margins for fixed wireless, but which have a higher lifetime value, as well as plan switching in Australia.

Overheads, before items identified as exceptional in nature, reduced to £3.8m (1H22: £4.2m), representing 25.2% of revenue (1H22: 28.3%) due in the main to reduced headcount costs of c.9 FTE (£0.4m).

Consequently, adjusted EBITDA for the period increased 2.1% to £2.1m (1H22: £2.0m), alongside an adjusted EBITDA margin of 13.8% (1H22: 13.6%). Total like-for-like (LFL) adjusted EBITDA for the Continuing Group on a constant currency basis in the period was £1.8m (1H22: £1.5m) representing 21.4% growth.

Australia

SkyMesh remains the leading Australian satellite broadband service provider having been named Best Satellite NBN Provider for the fifth year in succession (2019-2023). SkyMesh commanded a 55 per cent market share of net new adds under the NBN scheme in the period to 31 May 2023.

SkyMesh ended the period with customer numbers at 55.1k - up 5.9% on the prior year (1H22: 52.0k), which includes the net customers acquired from Uniti (5.2k) and revenues of £12.8m. Gross margins were c.35% (down c.1% on 1H22) due to the slightly lower margin from the Harbour customer base acquisition (34%) and less data packs sold in the period. With new products being implemented in the second half of the year, as well as price increases, we expect gross margins to increase to around 36%.

Adjusted EBITDA was in line with prior year at £2.2m supporting both a positive adjusted operating cash inflow of £1.4m and generating a positive adjusted underlying free cash flow before group transfers of £1.2m.

The acquisition of customers from Harbour continues SkyMesh's strategy of expanding its presence across Australia.

The Board believes that it can continue to complement organic growth opportunities by accretive acquisitions and partnerships that could accelerate the Company's presence across Australia.

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The emergence of 5G and LEO satellite technologies has accelerated the uptake of non-fibre broadband internet services in Australia. Starlink has continued to target our market with strong promotional offers which continue to impact current churn rates, and we are monitoring such promotion and marketing activity. We believe we can counter such challenges to the business by expanding our product offerings to increase our addressable market. In this regard and working with our network partners, c.25% of the base has been transferred to new product offerings from NBN Co, and although early, we are seeing far higher customer satisfaction and reduced churn.

Norway

Our Norwegian business ended 1H23 with customer numbers of 7.5k (1H22: 8.4k) and underlying churn has reduced to 12.1% (1H22: 16.7%).

Revenues remained in line with prior year at £1.9m. Gross margin decreased in line with expectations to a blended 55.0% (1H22: 62.3%) with lower margins in our Satellite base of 46.2% (1H22: 47.5%), our 4G/5G FWA base of 57.3% (1H22: 59.2%) and our fixed wireless base of 66.0% (1H22: 67.2%). The 4G/5G FWA revenue stream continues to strengthen and is now contributing in excess of 70% of net new customers and revenue on a monthly basis.

Adjusted EBITDA for Norway was £0.2m (1H22: £0.5m), Adjusted operating cash was an inflow of £0.4m (1H22: Outflow £0.6m) and adjusted underlying free cash flow was an inflow of £0.2m (1H22: Outflow £1.1m) following capital expenditure of £0.2m.

The Company has pro-actively undertaken a reorganisation and restructuring of our Norwegian business and consequently reduced the workforce by approximately 30%, with an annualised cost saving going forward of c.£0.5m

The Directors consider that each of the remaining business units in Australia and Norway are progressing in line with expectations; product offerings are being widened, increasing the addressable markets, and costs reduced. The Directors are carefully balancing new initiatives with the desire to realise shareholder value. Specifically

Strategy

The demand for our products has increased with an element of home working in the countries we operate being the norm, and the consequential need for faster broadband solutions to the home. Whilst recognising the pressure on individuals and companies' disposal income and profits, we believe that the solution set the Group offers its customers is important and a necessary utility cost.

The Directors consider that, each of the remaining business units in Australia and Norway are progressing in line with expectations in terms of, carefully widening product offerings and therefore addressable markets, reducing costs. The Directors are carefully balancing new initiatives with the desire to realise shareholder value. Specifically

- For the SkyMesh business in Australia, the Board believes that it could complement organic growth opportunities by additional acquisitions that could accelerate the Company's presence across Australia's addressable market. As noted previously, the Board believes the business has the potential to achieve 80,000 customers in the region over the next three years through organic and acquisitive growth. Post the recent acquisition the Board continues to explore all options to realise value for BBB shareholders from SkyMesh including an ASX listing.

- Norway is showing early signs of stabilising, but we recognise the importance of limiting further cash requirements.

Current Trading and Outlook

During the period to 31 May 2023, the Company continued to grow its customer base while still benefiting from the strong visibility afforded by the high percentage of recurring revenues. This will prove to be key to the Group as we seek to maximise shareholder value from our Australian and Norwegian businesses.

The Board will continue to consider such opportunities as they arise including, but not limited to, capitalising on organic growth and considering acquisition targets in Australia to further solidify our position in the region, create scale and at the same time reigniting our Norway operation with a smaller, more profitable footprint, reduced churn and new product offerings to our customers.

In the current environment, part of our continued growth, and improvement year on year, is satisfying the increased demand for high-speed broadband in rural areas as more and more employees work from home. We closely monitor a number of KPIs daily that impact on the businesses, to ensure that the economic pressures faced by our customers and suppliers don't materially impact our operations and financial performance. These KPIs include customer sales, activations, churn, customers inflight, FOREX, cash and stock levels.

Following typical seasonal trends, we expect a positive second half and remain comfortable with financial market expectations for the current year.

Andrew Walwyn
CEO

FINANCIAL REVIEW

This financial review describes the performance of the Company during the Period.

Total customers at the Period end for the Group were c.62.6k (1H22: c.60.4k). During the period the Company had gross adds of 7.5k, (1H22: 8.5k) and underlying churn of 8.2k (1H22: 7.5k) giving c.0.7k net organic churn (1H22: net organic adds c.1.0k). In addition, there were net 5.2k customers acquired with the acquisition of Harbour satellite customers. The exceptional churn c.1.3k (1H22: c.1.6k) resulted in the main from demounting equipment on Norwegian masts that are no longer profitable. This is summarised as follows:

	Unaudited	Unaudited	Audited
	As at	As at	As at

	As at 31-May-23	As at 31-May-22	As at 30-Nov-22
Opening base	**59.4**	**58.8**	**58.8**
Gross Additions[1]	7.5	8.5	16.7
Churn - Underlying[2]	(8.2)	(7.5)	(16.5)
Migrated / Switched out[3]	(1.0)	(4.0)	(9.0)
Migrated / Switched in[3]	1.0	4.0	9.0
Underlying Net Additions / (Churn)	**(0.7)**	**1.0**	**0.2**
Acquisition	5.2	2.2	2.2
Net Additions	**4.5**	**3.2**	**2.4**
Churn - Exceptional[4]	(1.3)	(1.6)	(1.8)
Net growth	**3.2**	**1.6**	**0.6**
Closing Base	**62.6**	**60.4**	**59.4**

[1] *Customers where orders have been received but not activated (0.5k) and Customers who have taken a contract out and commenced service (7.0k)*

[2] *Underlying churn is where customers have cancelled their contract*

[3] *Customers who have been specifically targeted to switch their contract and renew with a new product and contract*

[4] *Exceptional churn is where we or a customer cancels their contract due to uncontrollable circumstances impacting their service such as cyber event and demounting*

Significant focus in 1H23 was on launching 4G/5G FWA services in Norway and "right sizing" the business across all territories. Total Churn (defined as the number of subscribers who discontinue their service as a percentage of the average total number of subscribers within the period, including the exceptional churn), increased slightly to an average annualised churn rate of 32.3% (Excluding exceptional churn 28.3%) in 1H23 from 30.7% in 1H22 (Excluding exceptional churn 25.3%). The main areas of exceptional churn were the continued demounting of loss making fixed wireless customers in Norway.

Total revenue increased 0.5% to £15.0m (1H22: £14.9m). This reflects the higher customer numbers (£0.5m) and increased underlying ARPU (£0.1m), reduced by currency movement (£0.5m). ARPU improved from £40.64 to £40.88 as we sought to offer better packages to customers, more appropriate to increasing demands for speed and data, with increased revenue from services and installations. Importantly Like for like revenue in the period increased 3.1% to £14.6m (1H22: £14.1m).

The sales revenue mix across the Company at the end of the period was c.75% Satellite, c.21% Fixed Wireless and 4% 4G / 5G FWA (1H22: c.76% Satellite, c.22% Fixed Wireless and 2% 4G / 5G FWA).

Gross margin was lower due to the product mix associated with the introduction of 5G FWA products in Norway and the gross margin from the Harbour acquisition slightly lower than the existing run rate in Australia. Overheads reduced £0.4m (10.4%) on 1H22, due to lower staff costs following the Group restructuring.

Depreciation reduced in the period to £0.7m (1H22: £1.0m) following the write down of fixed assets in Norway at last year end.

Amortisation of intangible assets increased to £0.8m (1H22: £0.2m), due to the customer contracts acquired with Clear (£0.3m) and Harbour (£0.5m), which are being amortised over 24 months.

The Company incurred charges identified as exceptional in nature during the period of £2.3m (1H22 £0.9m), including costs related to internal restructuring/redundancy (£1.3m), legal and related costs associated with acquisition and disposal activities (£0.4m), system costs (£0.5m) and other costs deemed exceptional to ordinary activities (£0.1m).

Interest costs increased during the period to £0.1m (1H22: £0.1m) as a result of a draw down of the revolving credit facility in 1H23 of £2.1m to support M&A activity, working capital and the restructuring costs.

	Unaudited As at 31 May 2023	Unaudited As at 31 May 2022	Audited As at 30 Nov 2022
	£000	£000	£000
Underlying Interest	100	18	78
Interest element of lease payments	17	34	46
Reported Interest	117	52	124

Statutory Results and EBITDA Reconciliation

Adjusted EBITDA (before share based payments and exceptional items) for the half year increased 2.1% to £2.1m (1H22: £2.0m). A reconciliation of the adjusted EBITDA to statutory operating loss of £1.7m (1H22: £0.1m loss) and to adjusted PAT of £1.2m (1H22: £0.5m profit) is shown below:

	Unaudited 6 months to 31 May 2023 £000	Unaudited 6 months to 31 May 2022 £000	Audited 12 months to 30 November 2022 £000

Adjusted EBITDA	1	**2,062**	**2,020**	**5,101**
Depreciation	2	(688)	(979)	(2,076)
Impairment of Fixed Assets	2	-	-	(966)
Amortisation	3	(808)	(188)	(702)
Adjusted EBIT		**566**	**853**	**1,357**
Share based payments		-	(154)	(309)
Continuing Operations operating profit - pre-exceptional items		**566**	**699**	**1,048**
Exceptional items	4	(2,272)	(830)	(2,707)
Continuing Operations Statutory operating loss - post exceptional items		**(1,706)**	**(131)**	**(1,659)**
Adjusted EBIT		**566**	**853**	**1,357**
Underlying interest		(117)	(52)	(124)
Tax charge		(91)	(330)	(1,031)
Impairment of Fixed Assets		-	-	966
Amortisation		808	-	702
Deferred taxation adjustment in Norway		-	-	714
Continuing Adjusted PAT		**1,166**	**471**	**2,584**
Company				

1) Adjusted EBITDA (before share based payments, depreciation, intangible amortisation, acquisition, employee related costs, deal related costs, and start-up costs) was £2.1m (1H22: £2.0m).

2) Depreciation reduced to £0.7m in 1H23 from £1.0m in 1H22, following the impairment of fixed assets in Norway at the year end.

3) Amortisation of intangible assets increased to £0.8m (1H22: £0.2m), due to the customer contracts acquired with Clear (£0.3m) and Harbour (£0.5m) being amortised over 24 months.

4) The Company incurred expenses in the period that are considered exceptional in nature and appropriate to identify. These comprise:
   a. £1.3m (1H22: £0.1m) employee termination and redundancy costs where internal restructuring has occurred.
   b. £0.4m (1H22: £0.5m) of net acquisition, deal, legal and other costs relating to M&A activities and fundraising during the period. These costs comprise mainly professional and legal fees associated with the Harbour acquisition.
   c. System development related costs of £0.5m (1H22: £nil).
   d. £0.1m of other one-off costs (1H22: £0.2m)

Total Revenue and Adjusted EBITDA in 1H23 and the comparative period is analysed as follows:

	Revenue			**Adjusted EBITDA[2]**		
	Unaudited 6 months to 31 May 2023 £m	**Unaudited 6 months to 31 May 2022 £m**	**Audited 12 months to 30 Nov 2022 £m**	**Unaudited 6 months to 31 May 2023 £m**	**Unaudited 6 months to 31 May 2022 £m**	**Audited 12 months to 30 Nov 2022 £m**
Australia	12.8	12.6	26.5	2.2	2.2	5.0
Norway	1.9	1.9	4.0	0.2	0.5	1.0
Pre-Central	14.7	14.5	30.5	2.4	2.7	6.0
Central Revenue and Costs[1]	0.3	0.4	0.7	(0.3)	(0.7)	(0.9)
Total	**15.0**	**14.9**	**31.2**	**2.1**	**2.0**	**5.1**

[1] *Central costs include finance, IT, marketing and plc costs*

[2] *Adjusted EBITDA includes the impact of adoption of IFRS16*

The Company's total customer base of c.62.6k as at 31 May 2023 (1H22: c.60.4k) was split as follows: Australia: 87% (1H22: 86%), Norway: 13% (1H22: 14%).

The year-on-year analysis from both a revenue and EBITDA perspective is explained as follows:

Australia

- Revenue increased from £12.6m to £12.8m and is analysed as follows
  - increase in revenue following customer acquisition from Harbour - £0.9m
  - decrease in revenue from net underlying Churn - (£0.2m)
  - impact of currency reduced revenue - (£0.5m)
- Adjusted EBITDA remained constant year-on-year at £2.2m and is analysed as follows
  - Increase following acquisition - £0.3m
  - Reduced GM% from 36% to 35% - (£0.4m)

- Cost reductions positive impact £0.1m

Norway

- Revenue is in line with prior half year at £1.9m and is analysed as follows
  - decrease due to the cyber-attack last year impacting 1.3k customers - (£0.3m)
  - fixed wireless decreased by mainly due to the demounting of identified loss-making masts in period - (£0.1m)
  - Revenue in 5G increased - £0.4m
- Adjusted EBITDA decreased from £0.5m in 1H22 to £0.2m in 1H23 and is analysed as follows
  - Reduction following cyber-attack and demounting - (£0.3m)
  - Increased from 5G - £0.1m
  - Reduced GM% from 62% to 55% - (£0.5m)
  - Cost reductions positive impact£0.4m

Central

- Revenue reduced from £0.4m to £0.3m
  - Due to a reduction in services to third parties - (£0.1m)
- Adjusted EBITDA improved from a loss of £0.7m to a loss of £0.3m
  - Reduced from impact of lower revenue - (£0.1m)
  - Cost reductions with positive impact £0.5m

Cash Flow Analysis:

Underlying Cashflow performance

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

		Unaudited 6 months to 31 May 2023 £000	**Unaudited 6 months to 31 May 2022 £000**	**Audited 12 months to 30 Nov 2022 £000**
Adjusted EBITDA		**2,062**	**2,020**	**5,101**
Underlying movement of working capital	1	(870)	(1,314)	777
Forex and non-cash	2	(556)	595	(113)
Underlying operating cash flow before interest, tax, Capex and exceptional items	3	**636**	**1,301**	**5,765**
Tax and interest paid	4	(208)	(382)	(663)
Purchase of Assets	5	(216)	(526)	(1,432)
Underlying free cash flow before exceptional and M&A items		**212**	**393**	**3,670**
Exceptional items	6	(1,500)	448	(2,707)
Investing activities	7	(2,621)	(1,192)	(1,154)
Movement in cash from discontinued operations	8	-	-	(120)
Proceeds from Loans	9	2,100	-	-
Financing activities	10	(634)	(308)	(695)
Decrease in cash balance		**(2,443)**	**(659)**	**(1,006)**

1) Underlying movement in working capital was an outflow of £0.9m (1H22: outflow £1.3m), an improved working capital position of £0.4m due in the main to
   - an decrease in Trade & Other Receivables £0.6m
   - a reduction in Trade Payables (£1.1m)
   - lower inventory £0.6m
   - and improved working capital movements £0.3m

2) Forex and non-cash outflow of £0.6m (1H22: inflow £0.6m) relate to the exchange movement in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Financial Position (£0.5m) where AUD and NOK values are translated to GBP for the Group reporting currency, as well as costs/income which have no impact on operating cashflow (£0.1m).

3) This resulted in an underlying operating cash flow before Interest, Tax, Capital expenditure and Exceptional items of £0.6m (1H22: £1.3m inflow) and an underlying operating cash flow to EBITDA conversion of 30.9% (1H22: 64.4%).

4) Tax and interest paid was £0.2m (1H22: £0.4m). Tax paid relates to the prepayment in Australia on the monthly revenue (£0.1m), with the interest element being the fee on the undrawn and drawn funds from the RCF

5) Purchases of assets were £0.2m (1H22 £0.5m). These relate to Norwegian 5G FWA stock capitalised (£0.2m).

This resulted in an underlying Free Cash inflow before exceptional items, M&A activities and financing activities in

This resulted in an underlying Free Cash inflow before exceptional items, M&A activities and financing activities in the period of £0.2m (1H22: inflow £0.4m) and an underlying free cash flow to EBITDA conversion of 74.4% (1H22: (10.0%)). Excluding the currency translational impact this would have been an underlying operating cash flow to EBITDA conversion of 95.1% (1H22: 34.9%).

6) Exceptional items of £1.5m (1H22: Inflow £0.4m) covers completion payments (£0.1m) in respect of earlier M&A activity, staff restructuring/redundancy costs in Norway (£0.4m) and central (£0.5m), disposals and acquisitions (£0.2m) and others (£0.3m).

7) Investing activities included the purchase of Uniti of £2.7m (1H22: purchase of Clear Networks for £1.2m)

8) There were no operations discontinued during 1H23 (1H22: £nil).

9) Proceeds from the RCF facility with Santander.

10) In 1H23 the financing activities related to the principal element of lease payments of £0.6m (1H22: £0.3m).

Statutory Cash flow Analysis

Underlying operating cash inflow was £0.6m in 1H23 (1H22: Inflow of £1.3m).

Tax and interest paid increased to £0.2m in 1H23 from £0.4m in 1H22, covering the monthly corporation tax payments on account in Australia as well as interest payments.

The net summary of the above is an equity free cash inflow of £0.2m in 1H23 (1H22: £0.4m inflow) which is summarised as follows:

	Unaudited 6 months to 31 May 2023 £000	Unaudited 6 months to 31 May 2022 £000	Audited 12 months to 30 Nov 2022 £000
Underlying Operating Cash Flows[1]	**636**	**1,301**	**5,765**
Purchase of assets	(216)	(526)	(663)
Interest and Tax	(208)	(382)	(1,432)
Equity free cash flow inflow	**212**	**393**	**3,670**
Underlying Operating cash flow analysis - Underlying Operating Cash Flow /Adjusted EBITDA	**30.9%**	**64.4%**	**113.0%**
Underlying Operating cash flow analysis - Adjusted for currency - Underlying Operating Cash Flow (currency adjusted) /Adjusted EBITDA	**95.1%**	**34.9%**	**115.2%**
Underlying Free cash flow analysis - Adjusted for currency - Underlying Free Cash Flow (currency adjusted) /Adjusted EBITDA	**74.4%**	**(10.0%)**	**74.1%**

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

Net Cash / (debt) comprises:

	Unaudited 6 months to 31 May 2023 £000	Unaudited 6 months to 31 May 2022 £000	Audited 12 months to 30 Nov 2022 £000
Cash	1,752	4,542	4,195
Debt	(2,100)	-	-
Net Cash / (Debt)	(348)	4,542	4,195

In the last twelve months (LTM) period, comparing 1H23 with 1H22, cash decreased by c£2.8m to £1.8m, from £4.5m, excluding IFRS 16 liabilities. Along with the drawdown from the RCF this results in a net debt position of £0.3m (1H22: £nil).

In the LTM period, we generated cash inflows of £5.1m, and this was utilised as follows;

- investment in fixed assets of £1.1m
- purchase of intangibles £2.7m
- interest and tax £0.5m
- and other working capital elements £0.8m.

The table above excludes the lease liabilities of £0.9m relating to IFRS 16 (1H22: £1.4m). Including this amount would give a total net debt of £1.2m (1H22: net cash £3.1m).

Balance Sheet

Non-current assets have decreased in the last 12 months by £1.1m to £17.1m (1H22: £18.2m) and are analysed as follows

Non-current assets have decreased in the last 12 months by £1.1m to £17.1m (1H22: £18.2m) and are analysed as follows
- Increased due to the acquisition of customer contracts from Harbour (Uniti) £2.7m
- Decreased by depreciation in the year (£2.7m)
- Decreased by amortisation in the year (£1.3m)
- Increased due to currency translation £0.2m

Capital expenditure in 1H23 was £0.2m (1H22: £0.5m) relate to Norwegian 5G FWA stock capitalised.

Intangible Assets of £8.7m comprise Goodwill and other intangibles (1H22: £7.9m). Of the increase of £0.8m,
- £2.7m relates to the customer acquisition by SkyMesh of the Harbour customer base,
- offset by a reduction in deferred consideration payments of £0.5m and
- amortisation of £1.4m.

Working Capital

Inventory days decreased to 19 days (1H22: 31 days) due to stock sold to support the increasing 5G FWA sales in Norway.

Debtor days increased to 14 days (1H22: 10 days) due to delayed collections associated with the Harbour acquisition and transfer of base.

Creditor days decreased to 64 days (1H22: 87 days) due to cash being used to improve our credit position with our suppliers, specifically in our Norwegian business.

Total net debt, excluding lease liabilities, increased in the year to £0.3m (FY22: Net cash £4.5m) and is explained further in the Cash Flow Analysis section.

Statutory EPS and Adjusted EPS for total company including discontinued operations
Statutory EPS loss per share increased to 3.3p from 1.1p.

		Statutory EPS Pence	
	Unaudited	**Unaudited**	**Audited**
	6 months to	**6 months to**	**12 months to**
	31 May	**31 May**	**30 Nov**
	2023	**2022**	**2022**
Basic EPS attributable to ordinary shareholders	(3.3)	(1.1)	(5.0)
Diluted EPS from continuing operations	(3.3)	(0.9)	(4.8)

Statutory basic EPS shows a loss of 3.3p (1H22: Loss 1.1p). Diluted EPS increased to a loss of 3.3p (1H22: Loss 0.9p).

Frank Waters
CFO

Bigblu Broadband plc
Consolidated statement of comprehensive income
6 months ended 31 May 2023

	Note	**Unaudited 6 months to 31 May 2023 £000**	**Unaudited 6 months to 31 May 2022 £000**	**Audited 12 months to 30 Nov 2022 £000**
Revenue		**14,965**	**14,894**	**31,220**
Cost of goods sold		(9,131)	(8,662)	(18,121)
Gross Profit		**5,834**	**6,232**	**13,099**
Distribution and administration expenses	**2**	(6,044)	(5,196)	(11,014)
Depreciation		(688)	(979)	(3,042)
Amortisation		(808)	(188)	(702)
Operating Loss		**(1,706)**	**(131)**	**(1,659)**
Interest Payable		(117)	(52)	(124)
Loss before Tax		**(1,823)**	**(183)**	**(1,783)**
Taxation charge		(91)	(330)	(1,031)
Loss from continuing operations		**(1,914)**	**(513)**	**(2,814)**
Loss from discontinued operations		-	(101)	(120)
Loss for the period		**(1,914)**	**(614)**	**(2,934)**
Foreign currency translation difference		(570)	226	206
Total comprehensive expense for the period		**(2,484)**	**(388)**	**(2,728)**
(Loss) / Profit per share				
Total - Basic EPS	**3**	**(3.3p)**	**(1.1p)**	**(5.0p)**
Total - Diluted EPS	**3**	**(3.3p)**	**(1.1p)**	**(5.0p)**

Total - Diluted EPS	3	(3.3p)	(1.1p)	(5.0p)
Continuing operations - Basic EPS	**3**	**(3.3p)**	**(0.9p)**	**(4.8p)**
Continuing operations - Diluted EPS	**3**	**(3.3p)**	**(0.9p)**	**(4.8p)**
Discontinued operations - Basic EPS	**3**	**-**	**(0.2p)**	**(0.2p)**
Discontinued operations - Diluted EPS	**3**	**-**	**(0.2p)**	**(0.2p)**
Adjusted earnings per share from continuing operations				
Total - Basic EPS	**3**	**2.0p**	**0.8p**	**4.4p**
Total - Diluted EPS	**3**	**2.0p**	**0.8p**	**4.4p**

Bigblu Broadband plc
Consolidated statement of financial position
As at 31 May 2023

	Note	Unaudited As at 31 May 2023 £000	Unaudited As at 31 May 2022 £000	Audited As at 30 Nov 2022 £000
Non-Current Assets				
Intangible assets		8,730	7,880	7,433
Property Plant and Equipment		2,209	3,879	2,881
Investments		5,911	5,750	5,830
Deferred Tax asset		282	717	303
Total Non-Current Assets		**17,132**	**18,226**	**16,447**
Current Assets				
Inventory		937	1,577	1,142
Trade Debtors		1,215	851	773
Other Debtors		431	1,354	1,562
Cash and Cash Equivalents		1,752	4,542	4,195
Total Current Assets		**4,335**	**8,324**	**7,672**
Current Liabilities				
Trade Payables		(3,242)	(4,364)	(4,223)
Recurring Creditors and Accruals		(2,326)	(2,958)	(2,363)
Other Creditors		(54)	(991)	(534)
Payroll taxes and VAT		(587)	(359)	(924)
Lease liabilities		(633)	(487)	(795)
Provisions for liabilities and charges		(685)	(685)	(685)
Total Current Liabilities		**(7,527)**	**(9,844)**	**(9,524)**
Non-Current Liabilities				
Loans and debt facilities		(2,100)	-	-
Lease liabilities		(300)	(865)	(559)
Deferred taxation		(601)	(288)	(646)
Total Non-Current Liabilities		**(3,001)**	**(1,153)**	**(1,205)**
Total Liabilities		**(10,528)**	**(10,997)**	**(10,729)**
Net Assets		**10,939**	**15,553**	**13,390**
Equity				
Share Capital		8,777	8,755	8,763
Share Premium		8,608	8,589	8,589
Other Reserves	**4**	19,777	20,178	20,347
Revenue Reserves		(26,223)	(21,969)	(24,309)
Total Equity		**10,939**	**15,553**	**13,390**

Bigblu Broadband plc
Consolidated Cash Flow Statement
6 months ended 31 May 2023

	Unaudited 6 months ended 31 May 2023 £000	Unaudited 6 months ended 31 May 2022 £000	Audited 12 months ended 30 Nov 2022 £000
Loss after tax from Continuing operations	**(1,914)**	**(513)**	**(2,814)**
(Loss)/Profit after tax from Discontinued operations	**-**	**(101)**	**(120)**
(Loss)/Profit for the year including Discontinued operations	**(1,914)**	**(614)**	**(2,934)**

(Loss)/Profit for the year including Discontinued operations	(1,914)	(614)	(2,934)
Interest	117	52	124
Taxation	91	330	1,031
Amortisation of intangible assets	808	188	702
Depreciation of property, plant and equipment - owned assets	424	699	2,281
Depreciation of property, plant and equipment - ROU assets	264	280	761
Share based payments	-	154	309
Foreign exchange variance and other non-cash items	(556)	595	(102)
Movement in working capital	(217)	(2,879)	(2,021)
Operating cash flows after movements in working capital	**(983)**	**(1,195)**	**151**
Interest paid	(117)	(52)	(124)
Tax paid	(91)	(330)	(539)
Net cash generated/(used) in operating activities	**(1,191)**	**(1,577)**	**(512)**
Investing activities			
Purchase of property, plant and equipment	(216)	(526)	(1,191)
Purchase of intangibles and investments	(2,621)	(1,091)	(1,452)
Payment of deferred consideration	(310)	-	-
Proceeds from sale of subsidiary	-	2,843	2,843
Net cash generated / (used) in investing activities	**(3,147)**	**1,226**	**200**
Financing activities			
Proceeds from issue of ordinary share capital	36	6	14
Loans drawn down	2,100	-	-
Principal elements of lease payments	(241)	(314)	(708)
Cash generated/(used) from financing activities	**1,895**	**(308)**	**(694)**
Net increase / (decrease) in cash and cash equivalents	(2,443)	(659)	(1,006)
Cash and cash equivalents at beginning of period	4,195	5,201	5,201
Cash in disposal group held for sale	-	-	-
Cash and cash equivalents at end of period	**1,752**	**4,542**	**4,195**

Bigblu Broadband plc
Condensed consolidated Reserves Movement
6 months ended 31 May 2023

	Share Capital £000	**Share Premium £000**	**Other Reserves £000 Note 4**	**Revenue Reserve £000**	**Total £000**
At 31 May 2022	**8,755**	**8,589**	**20,178**	**(21,969)**	**15,553**
Profit for the period	-	-	-	(2,320)	(2,320)
Issue of shares	8	-	-	-	8
Share option reserve	-	-	155	-	155
Foreign Exchange Translation	-	-	14	(20)	(6)
At 30 November 2022	**8,763**	**8,589**	**20,347**	**(24,309)**	**13,390**
Loss for the period	-	-	-	(1,914)	(1,914)
Issue of shares	14	19	-	-	33
Foreign Exchange Translation	-	-	(570)	-	(570)
At 31 May 2023	**8,777**	**8,608**	**19,777**	**(26,223)**	**10,939**

Bigblu Broadband plc
Notes to the financial statements
For the period ended 31 May 2023

1. Presentation of financial information and accounting policies

Basis of preparation

The condensed consolidated financial statements are for the half year ending 31 May 2023.

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

The Company prepares its consolidated financial statements in accordance with International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") as adopted by the UK. 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 Company'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 Company, its cash flows and liquidity position are described in the Finance Review.

As at 31 May 2023 the Company generated an adjusted EBITDA before exceptional items in the Consolidated statement of financial position, of £2.1m (1H22: £2.0m), and with cash inflow from operations of £0.6m (1H22: inflow of £1.3m) and a net decrease in cash and cash equivalents of £2.8m in the year (1H22: increase £0.4m). The Company balance sheet showed net debt at 31 May 2023 of £0.3m (1H22: net cash £4.5m). Having reviewed the Company'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 the current global economy situation and counter measures, the Directors believe they have reasonable grounds for stating that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Board has concluded that no matters have come to its attention which suggest that the Company 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 and ARPU are showing a positive position compared to prior year and current forecasts. The forecasts for the combined Company projections, taking account of reasonably possible changes in trading performance, indicate that the Company 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.

Furthermore, the continuing arrangements with key banking partners gives the Board further comfort on the going concern concept.

As a consequence, the Board believes that the Company 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 this set of consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were principally the same as those applied to the Company's financial statements for the year ended 30 November 2022.

Basis of consolidation

The condensed consolidated financial statements comprise the financial statements of Bigblu Broadband plc and its controlled entities. The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions have been eliminated in full.

2. Distribution and Administration Expenditure

Distribution and administration costs are analysed as follows:

	Unaudited As at 31 May 2023 £000	**Unaudited As at 31 May 2022 £000**	**Audited As at 30 Nov 2022 £000**
Employee related costs	2,160	2,608	5,164
Marketing and communication costs	720	711	1,339
Finance, Legal, IT, banking, insurance, logistics, domains AIM and Other costs	892	893	1,495
Underlying costs	**3,772**	**4,212**	**7,998**
% of Revenue	**25.2%**	**28.3%**	**25.6%**
Share based payments	-	154	309
Professional and legal related costs associated with corporate activity and restructuring / redundancy costs	2,272	830	2,707
Identified Exceptional Costs	**2,272**	**984**	**3,016**
% of Revenue	**15.2%**	**6.6%**	**9.6%**
Total	**6,044**	**5,196**	**11,014**
[illegible]	[illegible]	[illegible]	[illegible]

% of Revenue	40.4%	34.9%	35.2%

3. Earnings per share

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

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

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

	Unaudited 6 months to 31 May 2023 £000	**Unaudited 6 months to 31 May 2022 £000**	**Audited 12 months to 30 Nov 2022 £000**
Loss for the period	**(1,914)**	**(614)**	**(2,934)**
Loss for the period from continuing operations	(1,914)	(513)	(2,814)
Loss for the period from discontinued operations	-	(101)	(120)
Loss attributable to shareholders	**(1,914)**	**(614)**	**(2,934)**
Add exceptional items	**2,272**	**830**	**2,707**
Add Share Based Payment	**-**	**154**	**309**
Add loss from discontinued operations	**-**	**101**	**120**
Impairment of Fixed Assets	**-**	**-**	**966**
Amortisation	**808**	**-**	**702**
Deferred taxation adjustment in Norway	**-**	**-**	**714**
Adjusted profit attributable to shareholders	**1,166**	**471**	**2,584**

		EPS Pence	
Basic EPS[1]	(3.3p)	(0.9p)	(4.8p)
Basic EPS from discontinued operations[2]	-	(0.2p)	(0.2p)
Total basic EPS attributable to ordinary shareholders[3]	(3.3p)	(1.1p)	(5.0p)
Adjusted basic EPS[4]	2.0p	0.8p	4.4p
Diluted EPS from continuing operations[1]	(3.3p)	(0.9p)	(4.8p)
Diluted EPS from discontinued operations[2]	-	(0.2p)	(0.2p)
Total diluted EPS attributable to ordinary shareholders[3]	(3.3p)	(1.1p)	(5.0p)
Adjusted diluted EPS[4]	2.0p	0.8p	4.4p
Weighted average shares	**58,505,079**	**58,352,525**	**58,376,211**
Weighted average diluted shares	**58,874,820**	**59,880,537**	**58,828,959**

[1]*Basic and diluted EPS from continuing operations is the loss for the period divided by the weighted average shares and weighted average diluted shares respectively. None of these losses are attributable to non-controlling interests.*

[2]*Basic and diluted EPS from discontinued operations is the (loss)/profit for the period less the amounts attributable to non-controlling interests divided by the weighted average shares and weighted average diluted shares respectively. The loss incurred in 1H22 of £101k was in relation to the costs incurred with the Eutelsat claim, which is classified as exceptional in nature and specific to the discontinued business.*

[3]*Total basic and diluted EPS attributable to ordinary shareholders is the sum of (losses)/profits from continuing and discontinued operations less the amounts attributable to non-controlling interests, divided by the weighted average shares and weighted average diluted shares respectively.*

[4]*Adjusted basic and diluted EPS is the loss for the period from continuing operations before exceptional expenses, exceptional interest and share based payments, divided by the weighted average shares and weighted average diluted shares respectively. None of these losses are attributable to non-controlling interests. This is a non-GAAP measure.*

4. Other capital reserves

	Listing Cost Reserve £000	**Reverse acquisition Reserve £000**	**Foreign exchange translation reserve £000**	**Share option reserve £000**	**Capital redemption reserve £000**	**Total capital reserves £000**
At 31 May 2022	**(219)**	**(3,317)**	**(2,560)**	**154**	**26,120**	**20,178**
Foreign Exchange Translation	-	-	14	-	-	14
Equity settled Share based payments	-	-	-	155	-	155
At 30 November 2022	**(219)**	**(3,317)**	**(2,546)**	**309**	**26,120**	**20,347**
Foreign Exchange Translation	-	-	(570)	-	-	(570)

Foreign Exchange Translation	-	-	(370)	-	-	(370)
At 31 May 2023	**(219)**	**(3,317)**	**(3,116)**	**309**	**26,120**	**19,777**

- Listing cost reserve
    - The listing cost reserve arose from expenses incurred on AIM listing.
- 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 differences 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.
- Capital Redemption reserve
    - The capital redemption reserve relates to the cash redemption of the bonus B shares issued in order to return c. £26m to ordinary shareholders.

5. Related party transactions

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

6. Intangible assets recognised in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date.

Amortisation is charged to profit or loss on a straight-line basis (Within administration expenses) over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually. Other intangible assets are amortised from the date they are available for use. The useful lives are as follows:

- Customer Contracts - 2 years
- Intellectual Property - 3 years

7. Availability of the Half 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 60 Gracechurch Street, London, EC3V 0HR. 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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