RNS Number : 9995O
Bigblu Broadband PLC
20 May 2024

Bigblu Broadband plc

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

Audited final results for the year ended 30 November 2023
and
CEO Resignation

Continued focus on shareholder value realisation

Bigblu Broadband plc (AIM: BBB.L), a leading provider of alternative super-fast and ultra-fast broadband services, announces its audited results for the period ended 30 November 2023 (the "Period").

During the Period, BBB delivered progress against its stated objectives to drive profitability growth in Australia and post Period end has made further progress against its stated realisation strategy with the disposal of the Norwegian operations announced today. Furthermore, the Company was encouraged to see the important recent contract wins in Quickline where the Company retains a 2.8% shareholding.

The Board remains focused on executing its value realisation strategy and ensuring it can maximise the inherent value within its remaining Australian asset as well as the retained investment in Quickline and deliver shareholder returns.

Financial Highlights - Continuing Operations (being mainly the Australian operations given the disposal of the Norwegian Operations)

- Total revenue £25.9m (FY22: £27.2m) with like for like revenue growth[1] on a constant currency basis of c.0.3%
- Adjusted EBITDA[2] in the Period of £4.5m (FY22: £4.1m) following further cost initiatives
- Adjusted PAT[3] improved to £4.2m (FY22: £3.2m)
- Adjusted EPS[4] profit of 7.1p (FY22: profit 5.4p) with Reported EPS loss of 8.0p (FY22: Loss 5.0p)
- Adjusted Operating cash inflow[5] of £5.3m (FY22: Inflow £0.7m)
- Adjusted Free cash inflow[3] before exceptional items of £4.7m (FY22: outflow £0.3m)
- Net cash as at 30 November 2023 was £1.5m which is after the Clear and Harbour acquisition payments of £2.8m and reorganisation costs of £0.8m incurred during the year

Financial Highlights - Group Operations including the Norwegian operations

- Group revenue in the year of £30.1m (FY22: £31.2m)
- Group adjusted EBITDA, before items identified as exceptional in nature, grew by 15% for the period to £5.9m (FY22: £5.1m)
- Reported loss for the year £4.7m after items identified as exceptional in nature and including a loss of £3.3m from the Group's Norwegian operations.

Operational Highlights

- Total customers for our operations in Australia at the period end were 55.3k (FY22: 51.5k) with like for like overall customer numbers largely maintained.
- In February 2023, SkyMesh completed the acquisition of the satellite operations of Harbour ISP PTY LTD, a subsidiary of Uniti Group LTD in Australia that brought with it 5.2k customers. This customer base was fully migrated onto SkyMesh systems in May 2023.
- As highlighted at the half year, 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 demonstrated the appetite of consumers for alternative broadband solutions and has successfully progressed in our market with continued strong promotional offers which have impacted churn rates throughout the year in Australia, increasing from 30% to 32%. We are working with our network partners and c.15% of the customer base had been transferred to new product offerings with NBN Co by the year end.
- New product opportunities recently launched at SkyMesh will offer faster speeds and greater capacity, leading to a potential increase in customer numbers and satisfaction and therefore improved retention. The investment the Group has made in being able to offer Starlink solutions will strengthen our position in the Australian market.
- We migrated all customers from the bespoke 13-year-old legacy operational and financial systems in Australia to the latest Pathfinder Cloud based Microsoft system. Whilst this large undertaking has caused some initial strain, we are beginning to see the targeted benefits of this investment in terms of servicing customers more efficiently and improved integrations with networks.
- SkyMesh won WhistleOut best Satellite NBN provider award for the fifth year in a row.
- Quickline continues to be well supported by Northleaf, who acquired majority control in June 2021. Northleaf has provided £130m of additional funding since acquisition with BBB currently retaining a 2.8% stake. Quickline can currently address over 200,000 rural premises with its hybrid FTTP and FWA infrastructure and has over 10,000 customers.

Post Balance Sheet Events

- Director changes
    - As part of the acquisition of the Norwegian Operations by local management, Andrew Walwyn, is also participating in the Buy Out. As a result, Andrew Walwyn resigned with immediate effect from his position as Executive CEO within the plc to prevent any conflicts perceived or otherwise arising. Andrew remains a major shareholder of BBB having founded the business in 2008 and listed the business in 2015. Andrew has undertaken to support the Board as required whilst it executes its strategy of realising value for

shareholders. Frank Waters will remain as CEO of the plc whilst the Board of BBB continues to execute the value realisation strategy and will be supported by the new CFO in Australia, Ray Vaughan, who joined on 1 April 2024. Ray will be responsible for all financial aspects of the Skymesh operations alongside Paul Torrisi and the management team and will support Frank Waters with plc matters as appropriate. We are delighted to welcome Ray in a Non-Board Role as CFO of Skymesh (the Group's only remaining trading operations) having previously worked with the business between 2016 and 2019 and spent the last 5 years as CFO of Ion Group in Sydney.

- Norwegian Operations.
    - Following a full market exercise undertaken by independent advisors the Board has today announced a Management Buy Out (MBO) of the business by local management, supported by Andrew Walwyn. The Board believe that this disposal was in the best interests of shareholders. In arriving at this decision, the Board recognised the challenges being faced in the turnaround of the Norwegian business as well as the potential need for further cash investment to grow the business far less support any further demounting and migration projects as the Norwegian operations sought to continue its transition to an asset light business. In addition, the disposal of the Norwegian business allows the Board to reduce annual central costs by c.£0.4m (including the costs associated with Andrew's position as CEO).

- Starlink
    - In December 2023, BBB plc invested c£2.0m in an important distribution contract with Starlink enabling the Group to provide high-speed internet to business and small office / home office workers. This alongside the One Web contract allows BBB to offer customers an extended suite of products covering all their needs.

- Quickline
    - Quickline has recently been awarded two contracts under the government's £5bn Project Gigabit programme. The contracts will subsidise the rollout of a full fibre network to more than 60,000 hard-to-reach rural homes and businesses across the parts of Yorkshire which have been left behind by commercial rollouts. The contracts have been secured by Quickline following competitive public procurement processes and totals £104m of government subsidy. Quickline will make further private investment alongside Project Gigabit to roll out its full fibre network to over 200,000 premises.

Outlook

- The Board is focused on continuously improving the underlying Australian business unit performance by addressing the challenges posed by Starlink and other LEO operators in the Australian market, hence the importance of the recently announced contract with Starlink. Also supporting Quickline in realising its potential whilst at the same time reducing central plc costs to reflect the reduced size of the group.

Current trading - Continuing operations

- There has been progress in the Australian market in terms of expanding the product offerings, Skymesh now offers an enhanced NBNCo GEO satellite offering as well as going live with LEO offerings including Starlink and One Web and a range of Optus 4G / 5G offerings in May. The new core platform systems are live and despite some teething problems we are working to deliver the expected value in terms of operational improvements.

- The emergence of 5G and LEO satellite technologies is expected to lead to accelerated uptake of non-fibre broadband internet services in Australia. Working with our network partners c25% of the base has now been transferred to new product offerings with NBNCo, and although early and at lower margins, we are seeing far higher customer satisfaction and reduced churn, giving a higher customer lifetime value.

- Trading in continuing operations reflects the market challenges mentioned above however, the local management team remain focussed and have robust plans to accelerate growth in EBITDA in the business following the launch of new product offerings in Australia in the second half of the year. With the launch of these new products in Australia the Skymesh team will be pro-actively migrating customers onto new tariffs with faster speeds and improved data packages. The disposal of the Norwegian operations will result in a reduction in central costs.

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 exceptional items and business disposed of in the period are excluded from the calculation.
2 Adjusted EBITDA is stated before interest, taxation, depreciation, amortization, 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, 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 as well as items identified as exceptional in nature.
6 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.
7 Cash / Net debt excludes lease-related liabilities of £0.2m of under IFRS 16 (FY22 £0.4m).

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

For further information:

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About Bigblu Broadband plc

Bigblu Broadband plc (AIM: BBB.L), is an in market leading provider of alternative superfast and ultrafast broadband solutions throughout Australia. BBB delivers a portfolio of superfast and ultrafast wireless broadband products for consumers and businesses.

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, GEO and LEO, 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 OFFICER'S REPORT

2023 was an important year for the Group as we continued to focus on maximising shareholder value. We have delivered improved underlying profitability in Australia and have announced the disposal of the Group's Norwegian operations to a management led team, post the end of the Financial Year. As a result, our remaining focus is now on our Australian operations and our retained minority interest in Quickline.

Operational Review of Continuing Operations

The last year has seen a hive of activity across the sector generally and the business units more specifically. We have seen the advancement of Starlink in Australia our only remaining market and are absolutely delighted to have entered into a distribution agreement with them in December 2023.

- Further positive sector momentum includes Satellite communications market's profile raised in 2023.
- Significant mergers and constellation expansions have created satellite network operators with greater scale, especially in the low-earth orbit (LEO) sector.
- Telcos with ambitious, and extremely challenging, goals of delivering communications and digital services to every corner of the world, will increasingly rely on satellite coverage to close connectivity gaps in various locations, especially the digital divide where BBB operate.

In Australia, we remain focused on our strategy of organic growth combined with targeting suitable bolt-on acquisition opportunities as well as considering all options available to BBB to best achieve our value realisation strategy.

SkyMesh, is the leading Australian satellite broadband service provider, having been named Best Satellite NBN Provider for the fifth year in succession (2019-2023). SkyMesh has continued to be the market leader in the satellite broadband market with total market share post the Harbour transaction of 46% of NBNCo Skymuster, a growth of 7.6% year on year.

SkyMesh now commands a 53% market share of all new orders placed, the fastest growing operator in the GEO satellite market. Customer numbers at 30 November 2023 were 55.3k (FY22: 51.5k), an increase of 7% on prior year and includes the customers acquired from Harbour (5.2k).

Increased competition from Starlink in FY23 had an impact on customer numbers mainly during the first half of the year. SkyMesh worked with its major satellite provider NBNCo to bring uncapped data packages to market for the first time, which are more affordable, comparable in speed, and better supported than other networks. From the launch of this product in late 2023, customer growth has returned. An expanded suite of uncapped data products at varying price points was released on 1 December 2023, which the business expects will further enhance its growth potential.

During the year, SkyMesh upgraded their legacy systems with an investment of £1.3m. This brings touchless integration with NBNCo for ordering, provisioning of services and support. The outcome is a more efficient system that enables customers to be set up online faster than ever. The sales process has been streamlined and provides the ability to track orders and sales in real time. The system brings upgraded security and flexibility to integrate with future vendors. This was a large exercise and resulted in a number of teething challenges. We are now seeing a more stable platform and have invested in additional IT resources to drive future developments.

Further acquisition opportunities and new product opportunities are emerging as SkyMesh heads into 2024 with the potential for the product offering to expand further underpinning future growth in customer numbers.

Revenue is underpinned with a high percentage (c.93%) of recurring revenue attached to contracts. We remain confident in our ability to deliver further returns for shareholders from our operations in Australia together with the remaining equity stake in Quickline. As we enter the new financial year, there are opportunities to deliver improved shareholder value as we continue to support customers unserved and underserved in the digital divide, whilst at the same time improving our product range thereby reducing churn. Given the changes in the product offering in Australia, the Company is only expecting the benefits of the actions it is taking to be seen in the second half of the year and therefore the Group expects that underlying revenues for FY24 in Australia are likely to be below the results for FY23.

The Board's focus will remain on both organic growth with our network partners, and suitable accretive bolt on acquisitions that can accelerate the Company's presence as well as scaling the Australian business. In addition, the Board continues to explore all options to realise value for BBB shareholders from SkyMesh, which could include an MBO supported by private equity, trade sale or ASX listing of SkyMesh.

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Board Changes

As part of the acquisition of the Norwegian Operations by local management, Andrew Walwyn is also participating in the Buy Out. As a result, Andrew Walwyn has resigned with immediate effect from his position as Executive CEO within the plc to prevent any conflicts perceived or otherwise arising. Andrew remains a major shareholder of BBB having founded the business in 2008 and listed the business in 2015.

Andrew has undertaken to support the Board as required whilst it executes its strategy of realising value for shareholders.

Frank Waters has become CEO of the plc in addition to his CFO responsibilities, whilst the Board of BBB continues to execute the value realisation strategy and will be supported by the new CFO in Australia Ray Vaughan who joined on 1 April 2024. Ray will be responsible for all financial aspects of Skymesh finances and support Frank Waters with plc matters as required.

Post Balance Sheet Events

We highlight the following post balance sheet events:

Quickline Contract Wins

Quickline has been awarded two contracts under the government's £5bn Project Gigabit programme. The contracts will subsidise the rollout of a full fibre network to more than 60,000 hard-to-reach rural homes and businesses across the parts of Yorkshire which have been left behind by commercial rollouts. The contracts have been secured by Quickline following competitive public procurement processes and totals £104m of government subsidy. Quickline will make further private investment alongside Project Gigabit to roll out its full fibre network to over 200,000 premises. Project Gigabit is the government-backed programme to connect hard-to-reach areas which, without government intervention, would miss out on fast and reliable, gigabit capable broadband. The rollout of Project Gigabit is overseen by Building Digital UK (BDUK) - an executive agency of the Department for Science, Innovation and Technology.

Starlink Distribution Agreement

We were delighted to sign a distribution contract with Starlink in December 2023 to provide high-speed internet to business and small office / home office workers. BBB plc invested £2m in buying stock in advance to support future orders. This, alongside the One Web contract allows BBB to offer customers an extended suite of products covering all their needs.

Norway disposal

We have separately today also announced the disposal of our Norwegian operations for consideration of £1 to a team led by local management and Andrew Walwyn. This business has faced meaningful headwinds over the last few years and the Board has actively been seeking to find an exit for this business, including the appointment of external advisors to try and find appropriate buyers for these operations. The management buyout offered the most realistic and quickest exit for the Group without having to potentially incur further costs in the region and the Board believes that this transaction is in the best interests of shareholders.

Current Trading

The Group has positioned itself at the forefront of the alternative super-fast and ultrafast broadband industry in Australia. The Group's product portfolio and expanding routes to market mean that it remains one of the most recognised companies in its sector in Australia. Underlying trading in Australia in the first few months is in line with prior year and the planned migration of customers to the new tariffs, whilst likely to result in a far higher Customer Lifetime Value will potentially impact short term EBITDA and cash, however the business will benefit from the strong visibility afforded by the high percentage of recurring revenues. At the same time, we are progressing with our systems efficiencies. The disposal of the Norwegian business therefore allows us to focus on the remaining operating unit in Australia. Prior to disposal the trading conditions in the Norwegian operations remained challenging as the business continues to pivot into a low capex business. We have enacted significant cost savings at the plc level following the disposal as we seek to realise value in Australia.

Frank Waters
Chief Executive Officer
20 May 2024

Key Financials

Total results for the Continuing and Discontinued operations

Total Group revenue including recurring airtime, equipment, installation sales, one off IP sales, network support and the Harbour acquisition was £30.1m. (FY22: £31.2m) of which the negative impact of currency movements translating Skymesh trading currency in Australian Dollars to Sterling reporting currency of BBB, was £1.4m. Recurring airtime revenue (revenue generated from the Company's broadband airtime) which is typically linked to contracts, was £28.0m representing 93% of total revenue (FY22: 93%).

Gross profit margins decreased marginally to 41.2% in FY23 (FY22: 42.5%), due to planned product mix changes net of additional income earned in the period. This is an area of constant focus in the business working with our network partners and at the same time as providing the most suitable products to our customers.

Overheads, before items identified as exceptional in nature, reduced to £11.2m (FY22: £11.7m) representing 37.2% of revenue (FY22: 37.5%) mainly due to lower headcount costs from the re-organisation program of £1.4m, lower depreciation due to the assets in the Norwegian business being written off in FY22 of £0.7m, reduced marketing cost of £0.1m and lower IT costs of £0.2m, partially offset by higher amortisation in Australia due to the Harbour acquisition of £1.0m and higher impairment of Fixed Assets of £0.6m in the period.

Consequently, adjusted EBITDA for the period was £5.9m (FY22: £5.1m) growth of 15.6% and representing an improved adjusted EBITDA margin of 20.1% (FY22: 16.3%).

Depreciation, excluding 'right of use assets', decreased to £1.0m in FY23 from £2.3m in FY22 in line with the reduced scale of the continuing operations but reflecting increased investment in the Nordic region.

Amortisation increased to £1.7m in FY23 from £0.7m in FY22 due to the amortisation on the customer base acquired from Harbour in the year. There was also an impairment of £2.1m relating to the write down of the goodwill associated with the Norwegian business.

Finance costs were £0.3m in FY23 (up £0.2m on FY22 (FY22: £0.1m), relating to the revolving credit facility (RCF) with Santander.

Financial Review - Continuing Operations

We ended the year with a customer base of 55.3k (FY22: 51.5k) despite contending with a challenging market environment in Australia with Starlink promotional activity and a massive systems migration. In addition, there has been a negative currency impact of £1.4m on revenue and £0.4m on EBITDA in the year.

Within the Australian market, we focused on the integration of bases acquired, the go live with new systems as well as working with our network partners to migrate as many customers as possible to new NBNCo tariffs with c10k migrated to more suitable products which the business believes should help to reduce churn in the future. In terms of year end customer mix the FY23 closing base of 55.3k customers is split as follows:

- Satellite 49.1k (FY22: 44.0k)
- Fixed Wireless 6.2k (FY22: 7.5k)

Total revenue including recurring airtime, equipment, installation sales, network support other income and the Harbour acquisition decreased by £1.3m (4%) to £25.9m (FY22: £27.2m) of which the negative impact of currency movements was £1.4m. Total like-for-like revenue for the Continuing Group in the period was £27.3m, representing 0.3% growth (FY22: increase 4%).

Recurring revenue, defined as revenue typically generated from the Group's broadband airtime contracts, which is typically linked to contracts and monthly subscriptions, was £23.9m in the period, representing 93% of total continuing revenue (FY22: 93%).

ARPU, calculated by dividing total revenues from all sources by the average customer base, in 2023 was £39.80 per month (FY22: £40.44), down on FY22 by 2% due to the impact of the currency translation, as well as specific switching of customers to more appropriate packages with a higher customer lifetime value CLV. CLV is calculated by comparing the Present Value of a new customer (considering ARPU, Churn and Margin) with the net costs of customer acquisition (considering up front revenue less equipment, shipping, installation and marketing costs).

Revenue in satellite was £21.9m, down on prior year by 3.4% (FY22: £22.7m) due in the main to plan switching in Australia offset by the satellite base acquired from Harbour, offset by currency impact of £1.4m. Revenue in fixed wireless was £3.5m, down on prior year by 8% (FY22: £3.8m). PLC added £0.5m (FY22: £0.7m) from services related revenue.

Gross profit margins reduced marginally to 37% in FY23 (FY22: 38%), due to planned product mix changes. This is an area of constant focus in the business working with our network partners and at the same time as providing the most suitable products to our customers.

Distribution and Administrative Expenses, pre-exceptional costs, increased by £0.1m to £7.4m (FY22: £7.3m) due to increased underlying costs covering headcount costs, marketing, and IT costs, as well as increased costs combining depreciation, impairment of fixed assets and amortisation on the customer acquisition from Clear and Harbour.

Consequently, adjusted EBITDA for the period from our continuing operations was £4.5m (FY22: £4.1m) a growth of 8.7% and representing an improved adjusted EBITDA margin of 17.2% (FY22: 15.1%).

Items identified as exceptional in nature, increased to £3.9m (FY22: £2.6m) representing 15% of revenue (FY22: 9%) due to specific deal related and operational exceptional costs primarily associated with the reorganisations in the Norwegian and Central Operations.

Depreciation, including 'right of use assets', remained unchanged at £0.6m in FY23 from £0.6m in FY22.

Amortisation increased to £1.5m in FY23 from £0.4m in FY22 due to the amortisation of the customer base acquired from Uniti (FY22) and Harbour (FY23) in the year which will be written off over a 2-year period from acquisition. In addition, the assets acquired through the Clear acquisition were impaired by £0.1m.

Finance costs were £0.2m in FY23 relating to the RCF facility in the period compared with £0.1m in FY22.

Consequently, Adjusted PAT (adjusted for exceptional items, impairment and amortisation) for the period was £4.2m (FY22: £3.2m) growth of 31.4% and representing an improved adjusted PAT margin of 16.0% (FY22: 11.6%).

The focus of the Board now turns to creating shareholder value from the remaining business unit being our Australian operations (SkyMesh Pty Limited) through organic growth and the possibility of accretive acquisitions and our retained interest in Quickline.

The financial review will therefore focus primarily on the performance of continuing business unit which is operational.

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	2023	2022	Description	2023 performance
Customer Base	**55.3k**	**51.5k**	Represents total gross organic connections plus acquisitions, less disposals, less lost customers (churn) and base management.	7.4% increase reflecting the Harbour acquisition.
Customer Net Connections	**3.8k**	**4.4K**	Represents gross connections in the period less lost customers (churn) in the period. Includes M&A and excludes exceptional churn.	Underlying Customer growth reduced year on year due in the main to Starlink in Australia offset to a degree with the Harbour acquisition.

				The focus during the period was on switchers with c4k during the period. Switchers arise where we proactively migrate a customer to a more appropriate tariff during the period.
Gross Underlying Churn	**32%**	**30%**	Gross underlying churn defined as the number of subscribers who discontinue their service as a percentage of the average total number of subscribers within the period and excludes exceptional churn.	Churn rate of 32.3% (FY22: 30%) in Australia following pressure from Starlink during the year.
ARPU	**£39.80**	**£40.44**	Calculated by dividing total revenues from all sources by the average customer base	Lower by 1.6% due in the main to currency translation. On a LFL basis ARPU increased to £40.54 in current year.
Revenue	**£25.9m**	**£27.2m**	Revenue includes sales from all operations. 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, omitting any distinct differences that skew the numbers. Business disposed of in the period are excluded from the calculation.	Total Revenue decreased by 4%. On a constant currency basis this would show an increase on FY22 of 0.3%.
Adjusted EBITDA	**£4.5m**	**£4.1m**	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.	Adjusted EBITDA increase of 8.7% (£0.4m) driven in the main by reduced overheads across the Group. EBITDA Margin of 17% (FY22: 15%) following reduced marketing spend of £0.1m and £0.1m reduced headcount costs.
Adjusted Operating Cash Flow - Continuing Operations	**£5.3m**	**£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 Exceptional Items, Depreciation, Amortisation, Share Based Payments and adjusting for changes in Working Capital and non-cash items.	Adjusted operating cash inflow was £5.3m (FY22: £0.7m), an improvement of £4.6m YOY, due to increased EBITDA (£0.4m), lower forex and non-cash charge (£0.4m), and better working capital management year on year (£3.8m).
KPI	**2023**	**2022**	**Description**	**2023 performance**
Adjusted Free Cash Flow - Continuing Operations	**£4.7m**	**(£0.3m)**	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.	Adjusted free cash inflow in the year was £4.7m (FY22: £0.3m outflow), an improvement of £5.0m YOY. Operating cash inflow improved £4.6m, lower capital expenditure of £0.3m at £49k (FY22: £0.4m), higher interest of £0.2m (FY22: £0.1m), offset by decreased tax instalments of £0.3m (FY22: £0.5m)
Adjusted EPS	**7.1p**	**5.4p**	Adjusted Earnings per share (EPS) is the Continued business's profit/(loss) after tax before exceptional costs, share based payments, impairment of Fixed Assets and deferred tax adjustments, divided by the weighted average number of shares.	Increased post improved EBITDA and lower tax charge.

Total customers at the period end including in-flight customers for our Australian operations were 55.3k (FY22: 51.5k). During the year we delivered 3.8k net adds (FY22: 4.4k).

This is summarised as follows:

	FY23 000	FY22 000
Opening base	**51.5**	**47.1**
Switched out customers	(4.0)	(9.0)
Switched in customers	4.0	9.0
Gross Adds	15.9	16.9
Acquisition	5.2	2.2
Churn	(17.3)	(14.7)
Net Growth	**3.8**	**4.4**
Closing Base	**55.3**	**51.5**

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 32% in FY23 (FY22: 30%) due in the main to the launch of Starlink in the Australian market.

In the first three months of FY24, underlying churn has slightly reduced to 31%, and importantly we are starting to roll out next generation products in Australia.

Continuing Operations analysis

A reconciliation of the adjusted EBITDA to PAT of £4.2m (FY22: £3.2m profit) is shown below. This is a non-GAAP alternative performance measure.

		2023 £000	2022 £000
Adjusted EBITDA	1	**4,459**	**4,102**
Depreciation	2	(597)	(561)
Amortisation	3	(1,515)	(444)
Impairment of Intangible Assets	3	(147))	-
Adjusted EBIT		**2,200**	**3,097**
Share based payments		-	(309)
Continuing Operations operating profit - pre-exceptional items		**2,200**	**2,788**
Exceptional items relating to M&A and restructuring activities	4	(3,929)	(2,271)
Continuing Operations Statutory operating (loss) / profit - post exceptional items		**(1,729)**	**517**
EBIT		**2,200**	**3,097**
Interest charge	5	(238)	(64)
Tax credit / (charge)	6	529	(328)
Impairment of Intangible and Fixed Assets	7	147	-
Amortisation	7	1,515	444
Adjusted PAT		**4,153**	**3,149**

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 8.7% to £4.5m (FY22: £4.1m).
2. Total depreciation was broadly unchanged at £0.6m in FY23 from £0.6m in FY22 due to the weaker AUD offsetting a small increase reflecting the full year effect of FY22 purchases.
3. Amortisation increased to £1.5m from £0.4m in FY22 as a result of the acquisition of the Uniti customer base. During the year we undertook a full review of the carrying value of Goodwill, with the review resulting in impairment charges of £0.1m for the IP of the Clear customers of SkyMesh.
4. The Group incurred expenses in the period that are considered exceptional in nature and therefore appropriate to identify. These comprise:
   a. £1.2m (FY22: £1.2m) of acquisition, deal, legal and other costs relating to M&A (primarily the acquisition of Harbour in Australia) and restructuring activities during the period. These costs comprise mainly professional and legal fees and includes an apportionment of staff and management time spent specifically on M&A projects
   b. £0.8m (FY22: £0.4m) employee restructuring costs in the UK and Australia
   c. £1.3m (FY22: £0.3m) development costs in the period primarily for the new Pathfinder system in Australia and APIs with key suppliers, that do not meet the criteria for intangible asset capitalisation
   d. £0.6m (FY22: £0.3m) relating to various non-operational costs including one-off trademark licensing, payment provider historical balances written off and Commercial and Financial due diligence.
5. The interest charge in the year of £0.2m (FY22: £0.1m) relates to the RCF (£0.2m)
6. The tax credit of £0.5m (FY22: charge £0.3m) relates to our Australia business where amortisation of the customer base goodwill, increased depreciation and increased development costs resulted in a taxable loss.
7. Adjustments
   a. Impairment amortisation charge relates to SkyMesh IP £0.1m (FY22: Nil).
   b. Amortisation of £1.5m (FY22: £0.4m) following the acquisitions of the Uniti and Clear customer bases being amortised over two years.

Customer Base, Revenue, Adjusted EBITDA in FY23 and the comparative period for Continuing Group is segmented by the following categories as follows:

	Customer Base				Revenue			Adjusted EBITDA		
	2023		**2022**		**2023**	**2022**		**2023**	**2022**	
	Number 000's	**%**	**Number 000's**	**%**	**£m**	**£m**	**%**	**£m**	**£m**	**%**
Australia	55.3	100%	51.5	100%	25.4	26.5	(4%)	5.2	5.0	4%
Central Revenue and Costs[1]	-	-	-		0.5	0.7	(22%)	(0.7)	(0.9)	16%
Total	**55.3**	**100%**	**51.5**	***100%***	**25.9**	**27.2**	(4%)	**4.5**	**4.1**	9%

[1] *Central revenue includes recharges for post-sale services and Loan Note interest and central costs include finance, IT, HR and*

Central revenue includes recharges for post sale services and Loan Note interest and central costs include finance, IT, HR and plc costs.

Customer Connections by Technology

	2023 Satellite 000's	2023 Fixed Wireless/5G 000's	2023 Total 000's	%	2022 Satellite 000's	2022 Fixed Wireless/5G 000's	2022 Total 000's	%
Australia	49.1	6.2	55.3	100%	44.0	7.5	51.5	100%
Central								
Total	**49.1**	**6.2**	**55.3**	**100%**	**44.0**	**7.5**	**51.5**	**100%**

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

1 Australia

a. There was customer net growth of 3.8k over the course of the year, including the c5.2k from the Harbour acquisition.

b. During the year there were a number of customers switching contracts (c.4k)

c. The reduction in revenue of £1.3m was a reflection of the currency movement on translation and the increased churn, the acquisition of customers from Harbour, and a reduced ARPU from £40.44 to £39.80. Like for like ARPU would be £40.53, a slight increase.

d. Importantly, EBITDA improved by 9% following continued cost efficiencies across the company.

2 PLC

a. Revenue was down on prior year at £0.5m due to reduced invoiced support services.

b. With lower costs, following the rationalisation this resulted in EBITDA losses improving by 45% at £0.5m.

Cashflow performance - Continuing Operations

Adjusted Free Cash Flow in the year, before exceptional costs and M&A activities undertaken by the Group, was an inflow of £4.7m (FY22: outflow £0.3m). This reflects the improvement in operating cashflow of £4.6m, lower capital expenditure by (£0.3m) at £0.1m (FY22: £0.4m) and tax payments lower by (£0.3m), offset by interest higher by £0.2m, at £0.5m (FY22: £0.6m).

This is a non-GAAP alternative performance measure.

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

		2023 £000	2022 £000
Adjusted EBITDA		**4,459**	**4,102**
Underlying movement of working capital	1	544	(3,309)
Forex and other non-cash items	2	262	(99)
Adjusted operating cash inflow before interest, tax Capex and exceptional items	**3**	**5,265**	**694**
Tax and interest paid	4	(506)	(603)
Purchase of Assets	5	(49)	(374)
Adjusted free cash inflow/(outflow) before exceptional and M&A items.		**4,710**	**(283)**
Exceptional items relating to refinancing, fundraising, M&A, integration, restructuring and the establishment of network partnerships.	6	(3,929)	(2,271)
Free cash inflow/(outflow) after exceptional items		**781**	**(2,554)**
Investing activities	7	(2,693)	1,632
Movement in cash from Discontinued operations	8	(2)	53
Financing activities	9	1,856	(137)
Decrease in cash balances		**(58)**	**(1,006)**

1) Underlying movement in working capital was an inflow of £0.5m (FY22: outflow £3.3m). This reflects the inflow of receipts from sale of inventory £1.0m, and increased Creditors payments (£0.5m).

2) Forex and non-cash represent a movement in the year of £0.3m (FY22: £0.1m). This reflects the currency revaluation of key balance sheet accounts using the closing rate as at 30 November of a charge £0.3m (FY22: £0.2m) and other non-cash movements resulting in a charge of Nil (FY22: Credit £0.1m).

3) This resulted in an adjusted operating cash flow before Interest, Tax, Capital expenditure and Exceptional items of £5.3m inflow (FY22: £0.7m inflow), and an adjusted operating cash flow to EBITDA conversion of 118% (FY22: positive 17%).

4) Tax and interest paid was £0.5m (FY22: £0.6m) on a like-for-like basis. This covers interest on the loan facility and leases (£0.2m) and monthly taxation paid by our Australian business (£0.3m). Final corporation tax calculations for the financial year show year-on-year tax savings in excess of £0.5m.

5) Purchases of assets in FY23 were £0.1m (FY22: £0.4m). These purchases were primarily office related costs in Australia. Note that asset purchases do not include the capitalized value of new leases of ROU assets, which are non-cash items.

6) Exceptional items relating to M&A, finance raising and restructuring costs of £3.9m (FY22: £2.3m).

7) In FY23 investing activities include the acquisition of customers and assets of Uniti by SkyMesh £2.5m plus a deferred payment of £0.3m in respect of Clear Networks less £0.1m proceeds of asset sales (FY22: acquisition of customers and assets of Clear Networks £1.2m).

8) The net movement of cash held in the discontinued operations during the year.

9) The inflow in the year of £1.9m comprises the loan finance of £2.1m offset by lease principal payments of £0.2m (FY22: £0.2m lease principal payments).

Adjusted Net Cash reconciliation

This is a non-GAAP alternative performance measure.

	2023 £000	2022 £000
Opening Net Cash	**4,195**	**5,201**
(Loss) / profit after tax from Continuing operations	(1,438)	125
Interest charge	238	64
Depreciation	597	561
Impairment of Intangible and Fixed Assets	147	-
Amortisation	1,515	444
Tax (credit) / charge	(529)	328
Share Based payments	-	309
Exceptional costs	3,929	2,271
Adjusted EBITDA	**4,459**	**4,102**
Forex movement and other non-cash	262	(99)
Movement in Working Capital	544	(3,309)
Cash inflow from Continuing operations	**5,265**	**694**
Interest paid	(209)	(64)
Tax paid	(297)	(539)
Underlying inflow from Continuing operations	**4,759**	**91**
Purchase of Assets	(49)	(374)
Adjusted free cash inflow/(outflow) before exceptional and M&A items	**4,710**	**(283)**
Exceptional items relating to refinancing, fundraising, M&A, integration, restructuring and the establishment of network partnerships	(3,929)	(2,271)
Free cash inflow/(outflow) after exceptional and M&A items	**781**	**(2,554)**
Investment activities	(2,693)	1,632
Financing activities	1,856	(137)
Movement in Cash from Continuing operations	**(56)**	**(1,059)**
(Outflow) / inflow of cash from Discontinued operations	(2)	53
Movement in Net Cash	**(58)**	**(1,006)**
Increase in Debt	**(2,100)**	**-**
Closing Net Cash inclusive of Escrow arrangements (£0.8m)	**2,037**	**4,195**

Cash split		
Net cash and cash equivalents	1,532	4,195
Discontinued operations cash / cash equivalents including deposits	505	-
Closing net cash	2,037	4,195

Cash and net debt for the overall Group is summarised as follows:

	2023 £000	2022 £000
Opening Net Cash	4,195	5,201
Increase in loans: offset in financing activities		
Facilities utilised	(2,100)	-
Cash inflow / (outflow) from operating activities	1,660	(512)
Cash (outflow) / inflow generated in investing activities	(3,166)	200
Cash inflow / (outflow) from financing activities	1,448	(694)
Movement in Net Cash	(2,158)	(1,006)
Closing Net Cash	**2,037**	**4,195**

Composition of closing net cash		
Cash and cash equivalents	1,782	4,195
Cash held in escrow - restricted cash	850	-
Gross cash and cash equivalents	3,632	4,195
Gross cash and cash equivalents in disposal group	505	
Bank loans	(2,100)	-
Net Cash	2,037	4,195
Net Cash		
Net cash and cash equivalents	1,532	4,195
Discontinued operations cash / cash equivalents including deposits	505	-
Adjusted net cash	2,037	4,195
Net Cash and cash equivalents / Adjusted EBITDA	**0.34x**	**1.02x**

Net cash reduced from £4.2m in 2022 to a net cash position of £1.5m, a reduction of £2.7m in the year, as detailed in the net cash reconciliation above. With discontinued cash this is a net cash position of £2.0m.

At the year end an amount of £0.9m within the adjusted net cash balance was held in Escrow and received on 5 December 2023 (FY 22: Nil).

The table above excludes the lease liabilities of £0.1m (FY22: £1.4m). Including this amount would give a total adjusted net cash of £1.4m (FY22: Adjusted net cash £2.8m) and a ratio of adjusted net cash to adjusted Group EBITDA before IFRS 16 of 0.31x (FY22: Adjusted net cash 0.54x).

Consolidated Statement of Financial Position

Fixed Assets reduced in the year to £0.4m (FY22: £2.9m), following the purchase or lease of new fixed assets (£0.8m), less disposals (£0.3m), and adjusted for depreciation provided in the year (£1.4m) and negative foreign exchange movements (£0.2m) together with the reclassification of £1.4m of assets as held for sale at year end.

Intangible Assets decreased to £5.6m (FY22: £7.4m) due to the contracts acquired from Uniti £2.5m less amortization of £1.7m together with impairment of goodwill and IP values by £1.9m following a review in the year. Negative foreign exchange movements accounted for a (£0.4m) translation adjustment. £0.4m carrying value was reclassified as assets held for sale.

Working Capital

Inventory days decreased to 16 days (FY22: 24 days) as stock holdings in Australia were reduced from the planned high level in FY22 by £0.4m. Reclassification of £0.6m as held for sale resulted in a balance of £0.1m (FY22: £1.1m). Trade Debtor days increased to 14 days (FY22: 9 days) with a £0.7m increase in the closing Trade Debtors year on year. Trade Creditor days decreased to 70 days (FY22: 77 days) due to alignment of terms for a key network provider in Australia.

Earnings per share - Continuing operations

	2023	2022
Basic earnings per share	**(8.0p)**	**(5.0p)**
Diluted earnings per share	**(8.0p)**	**(5.0p)**
Non-GAAP Adjusted basic earnings per share	**7.1p**	**5.4p**

Basic EPS

Basic EPS was a loss of 8.0p per share in 2023, increasing from a loss of 5.0p in 2022, largely due to increased amortisation and exceptional costs.

Diluted EPS

Diluted EPS is a calculation used to gauge the quality of a company's earnings per share (EPS) if all share options are exercised. Diluted EPS was a loss of 8.0p per share in 2023 from a loss of 5.0p in 2022.

Basic adjusted earnings per share

Adjusted basic EPS was a profit of 7.1p per share in FY23 from a profit of 5.4p in FY22.

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 (2022: £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. The Group is currently loss-making, mainly because of depreciation, amortisation and exceptional charges. 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 revenue in key target markets and continues to monitor the short term business model of the Group.

The Board have identified the key risks, and these include:

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

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

- 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
- Support from network partners for the business and customers
- Strong support from banking partners with an increased RCF facility of £10m

The Board has conducted stress tests against our business performance metrics to ensure that we can manage any continuing risks. We recognise that a number of our business activities could be impacted, and we have reflected these in this analysis including supply chain disruptions, 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, and working with suppliers on terms particularly our network partners.

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 an increase in demand in Australia. Accordingly, we continue to adopt the going concern basis in preparing these results.

On behalf of the Board

Frank Waters
Chief Executive Officer
20 May 2024

Bigblu Broadband plc

Condensed consolidated statement of comprehensive income

12 months ended 30 November 2023

	2023	2022
Continuing Operations	**£'000**	**£'000**
Revenue from contracts with customers	25,937	27,192
Cost of sales	(16,310)	(16,770)
Gross profit	**9,627**	**10,422**
Distribution expenses	(5,639)	(5,638)
Administrative expenses	(5,717)	(4,267)
Operating (loss) / profit	**(1,729)**	**517**
Finance costs	(238)	(64)
(Loss) / profit before tax	**(1,967)**	**453**
Taxation charge on operations	529	(328)
Loss from continuing operations	**(1,438)**	**125**
Loss from discontinued operations	(3,263)	(3,059)
Loss for the year	(4,701)	(2,934)
Other comprehensive expense		
Foreign currency translation difference	(406)	206
Total comprehensive loss for the year	(5,107)	(2,728)

Total comprehensive loss for the year is all attributable to the owners of Bigblu Broadband Plc

Earnings per share from loss attributable to the ordinary equity holders of the company		
Total - Basic EPS	**(8.0p)**	**(5.0p)**
Total - Diluted EPS	**(8.0p)**	**(5.0p)**
Continuing operations - Basic EPS	(2.5p)	0.2p
Continuing operations - Diluted EPS	(2.5p)	0.2p
Discontinued operations - Basic EPS	(5.6p)	(5.2p)
Discontinued operations - Diluted EPS	(5.6p)	(5.2p)

Adjusted earnings per share from continuing operations attributable to the ordinary equity holders of the company (A non-GAAP measurement)		
Continuing operations - Adjusted Basic EPS	**7.1p**	**5.4p**
Continuing operations - Adjusted Diluted EPS	**7.1p**	**5.4p**

Bigblu Broadband plc

Condensed consolidated statement of financial position

As at 30 November 2023

	2023	**2022**
	£'000	**£'000**
Assets		
Non-current assets		
Property, plant and equipment	378	2,881
Intangible assets	5,553	7,433
Investments	5,995	5,830
Deferred tax asset	800	303
Total non-current assets	12,726	**16,447**
Current assets		
Cash and cash equivalents	3,632	4,195
Inventory	111	1,142
Trade and other receivables	2,830	2,335
	6,573	**7,672**
Asset classified as held for sale	2,516	-
Total current assets	**9,089**	**7,672**
Total assets	**21,815**	**24,119**
Current liabilities		
Trade and other payables	(7,743)	(8,839)
Provisions for liabilities and charges	(685)	(685)
Loans	(2,100)	-
	(10,528)	**(9,524)**
Liabilities associated with assets classified as held for sale	(2,349)	-
Total current liabilities	**(12,877)**	**(9,524)**
Non-current liabilities		
Other payables	-	(559)
Deferred tax liability	(616)	(646)
Total non-current liabilities	**(616)**	**(1,205)**
Total liabilities	**(13,493)**	**(10,729)**
Net assets	**8,322**	**13,390**
Equity		
Share capital	8,783	8,763

Share premium	8,608	8,589
Share option reserve	309	309
Capital redemption reserve	26,120	26,120
Foreign exchange translation reserve	(2,952)	(2,546)
Reverse acquisition reserve	(3,317)	(3,317)
Listing cost reserve	(219)	(219)
Retained losses	(29,010)	(24,309)
Capital and reserves attributable to owners of Bigblu Broadband Plc	**8,322**	**13,390**
Total equity	**8,322**	**13,390**

Bigblu Broadband plc

Condensed consolidated Cash Flow Statement

12 Months Ended 30 November 2023

	2023	**2022**
	£'000	**£'000**
Loss after tax from Continuing operations	(1,438)	125
Loss after tax from Discontinued operations	(3,263)	(3,059)
Loss for the year including discontinued operations	**(4,701)**	**(2,934)**
Adjustments for:		
Interest charge	287	124
Amortisation of intangible assets	1,676	702
Impairment charges	2,558	-
Depreciation of property, plant and equipment - owned assets	690	2,281
Depreciation of property, plant and equipment - ROU assets	712	761
Tax (credit) / charge	(529)	1,031
Share based payments	-	309
Foreign exchange variance and other non-cash items	218	(102)
Decrease / (Increase) in inventories - adjusted for discontinued operations	406	(440)
Increase in trade and other receivables - adjusted for discontinued operations	(826)	(212)
Increase in trade and other payables - adjusted for discontinued operations	1,763	(1,353)
Gain on disposals of fixed assets	(39)	(16)
Cash generated from operations	**2,215**	**151**
Interest paid	(258)	(124)
Tax paid	(297)	(539)
Net cash inflow / (outflow) from operating activities	**1,660**	**(512)**
Investing activities		
Purchase of property, plant and equipment	(462)	(1,191)
Purchase of business	(2,757)	(1,211)
Purchase of other intangibles	(9)	(241)
Proceeds from sale of property, plant and equipment	62	-
Proceeds from sale of subsidiary	-	2,843
Net cash (outflow) / inflow generated from investing activities	**(3,166)**	**200**
Financing activities		
Proceeds from issue of ordinary share capital	39	14
Loans received	2,100	-
Principal elements of lease payments	(691)	(708)
Net cash inflow / (outflow) generated from financing activities	**1,448**	**(694)**
Net (decrease) / increase in cash and cash equivalents	**(58)**	**(1,006)**
Cash and cash equivalents at beginning of year	4,195	5,201
Less cash held for sale	(505)	
Cash and cash equivalents at end of year	**3,632**	**4,195**

Note that the presentation of the cashflow takes into consideration the combined Continued and Discontinued movements in cash

Bigblu Broadband plc

Condensed consolidated Reserves Movement

12 Months Ended 30 November 2023

	Share Capital	**Share Premium**	**Other Reserves**	**Revenue Reserve**	**Total**

	£000	£000	£000	£000	£000
			Note 6		
At 30 November 2021	**8,749**	**8,589**	**20,154**	**(21,581)**	**15,911**
Loss for the period				(2,934)	(2,934)
Issue of shares	14				14
Share option reserve			309		309
Foreign Exchange Translation			(116)		(116)
Other comprehensive expense				206	206
At 30 November 2022	**8,763**	**8,589**	**20,347**	**(24,309)**	**13,390**
Loss for the period				(4,701)	(4,701)
Issue of shares	20	19			39
Share option reserve					-
Foreign Exchange Translation			(406)		(406)
At 30 November 2023	**8,783**	**8,608**	**19,941**	**(29,010)**	**8,322**

Bigblu Broadband plc

Notes to the financial statements

For the period ended 30 November 2023

1. Presentation of financial information and accounting policies

Basis of preparation

The condensed consolidated financial statements are for the full year to 30 November 2023.

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 continuing Group, its cash flows and liquidity position are described in the Finance Review. In addition, the financial statement includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk and liquidity risk.

In the year to 30 November 2023 the continuing Group generated an adjusted EBITDA from continuing operations before a number of non-cash and start-up costs expenses as shown on page 15, of £4.5m (2022: £4.1m), and with cash inflow from operations before interest, tax and capital expenditure, of £5.3m (2022: inflow of £0.7m) and a net reduction in cash and cash equivalents of £0.1m in the year (2022: decrease £1.0m). The Group balance sheet showed net cash and cash equivalents at 30 November 2023 of £2.0m (2022: £4.2m).

Having reviewed the Group's budgets, projections, prospective covenant compliance, and funding requirements, and taking account of reasonable possible changes in trading performance over the next twelve months, 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. 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 2023.

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 intercompany balances and transactions have been eliminated in full.

2. Distribution and Administration Expenditure

Distribution and administration costs for the continued operations are analysed below. This is non-GAAP information, in which the allocation is unaudited.

	2023 £000	2022 £000
Employee related costs	4,268	4,307
Marketing and communication costs	1,038	1,145
Logistics, Finance, IT, banking, insurance AIM and Other costs	(138)	866
Underlying costs	**5,168**	**6,318**
% of Revenue	**19.9%**	**23.9%**
Depreciation	597	561
Impairment of Fixed Assets	147	-
Amortisation	1,515	444
Underlying Depreciation and Amortisation	**2,259**	**1,005**
% of Revenue	**8.7%**	**3.7%**
Share based payments	-	309
Professional, legal and related costs associated with corporate activity	3,929	2,273
Identified Exceptional Costs	**3,929**	**2,582**
% of Revenue	**15.1%**	**9.5%**
Total	**11,356**	**9,905**
% of Revenue	**43.7%**	**36.4%**

3. Interest Payable and Finance Costs

	2023 £'000	2022 £'000
Revolving Credit Facility interest payable	227	38
Other interest payable	4	6
Lease interest expense	7	20
Total finance costs	**238**	**64**

Interest in the Condensed consolidated statement of comprehensive income is total finance costs.

The Revolving Credit Facility interest payable is in respect of the Santander facility.

4. Profit and loss on Discontinued Operations

Group financial information for 2023 is set out below for the disposal group. 2022 comparative information in the Financial Statements has been adjusted to reflect the revised split of activities between continuing and discontinued operations.

Financial performance and cash flow information

	Group 2023 £'000	2022 £'000
Revenue	4,157	4,028
Expenses	(7,420)	(6,264)
Loss before tax	(3,263)	(2,236)
Taxation on operations	-	(703)
Loss after tax of discontinued operations	(3,263)	(2,939)
Loss on sale of the subsidiary after tax (see below)	-	(120)
Loss from discontinued operations	**(3,263)**	**(3,059)**
Net cash inflow from operating activities	830	1,668
Net cash outflow from investing activities	(424)	(1,058)
Net cash outflow from financing activities	(408)	(557)
Decrease in cash generated by the subsidiaries	**(2)**	**(53)**
Details of sale of subsidiary		
Expenses of sale	-	(120)
Gain on sale before tax	-	(120)
Corporation tax expense on gain	-	-
Loss on sale after tax	**-**	**(120)**

In 2022 additional expenses of sale in respect of the disposal of Quickline in 2021 were incurred.

As at 30 November 2023 the operations of Brdy AS and Brdy Nordics AS were classified as held for sale and therefore no details of their sale are included here since no sale was concluded as at the date of signature of these accounts. The carrying value of Goodwill was impaired by £2.1m in the year, with a remaining carrying value as at 30 November 2023 of £nil.

Assets and liabilities of disposal group held for sale

	2023	2022
	£'000	£'000
Assets classified as held for sale		
Property, plant and equipment	1,034	-
Intangible assets	85	-
Inventory	615	-
Cash	505	
Trade receivables	67	-
Other receivables	210	-
Total assets of disposal group held for sale	**2,516**	**-**
Liabilities directly associated with assets classified as held for sale		
Trade payables	(1,066)	-
Lease liabilities	(573)	-
Other payables	(710)	-
Total liabilities of disposal group held for sale	**(2,349)**	**-**

The cumulative foreign exchange losses recognised in other comprehensive income in relation to the discontinued operation as at 30 November 2023 were £0.7m

5. Earnings / (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:

	30 November 2023		
	Profit/(Loss)	**Weighted Average Number of**	**Per Share Amount**
	£'000	**Shares**	**Pence**
Basic EPS - Loss attributable to shareholders	**(4,701)**	**58,524,645**	**(8.0)**
Add back loss from discontinued operations	3,263		
Add back exceptional costs	3,929		
Adjusted Profit attributable to shareholders from continuing operations	2,491		
Add back amortisation and impairment of intangible assets	1,662		
Adjusted EPS - Adjusted Profit attributable to shareholders from continuing operations[1]	**4,153**	**58,524,645**	**7.1**
Diluted EPS - Loss attributable to shareholders	**(4,701)**	**58,820,176**	**(8.0)**
Adjusted Diluted EPS - Adjusted Profit attributable to shareholders from continuing operations as above[1]	**4,153**	**58,820,176**	**7.1**

	30 November 2022		
	Profit/(Loss) £'000	**Weighted Average Number of Shares**	**Per Share Amount Pence**
Basic and diluted EPS			
Basic EPS - Loss attributable to shareholders	**(2,934)**	**58,376,211**	**(5.0)**
Add back loss from discontinued operations	3,059		
Add back exceptional costs	2,271		
Add back share based payments	309		
Adjusted Profit attributable to shareholders from continuing operations	2,705		
Add back amortisation	444		
Adjusted EPS - Adjusted Profit attributable to shareholders from continuing operations[1]	**3,149**	**58,376,211**	**5.4**
Diluted EPS - Profit attributable to shareholders	**(2,934)**	**58,828,959**	**(5.0)**
Adjusted Diluted EPS - Adjusted Profit attributable to shareholders from continuing operations as above[1]	**3,149**	**58,828,959**	**5.4**

[1] Non-GAAP measure, the profit attributable to shareholders from continuing operations is £4.2m (2022: £3.2m profit) after adding back exceptional costs £3.9m (FY22: £2.3m), share based payments (FY22: £0.3m), impairment of Fixed Assets £0.1m (FY22: £nil), amortisation £1.5m (FY22: £0.4m) and the deferred tax

adjustment in the Norwegian business in FY22. Adjusted EPS and adjusted diluted EPS are alternative non-GAAP performance measures.

6. Other capital reserves

	Listing Cost Reserve £000	Reverse Acquisition Reserve £000	Foreign Exchange Translation Reserve £000	Capital Redemption Reserve £000	Share Option Reserve £000	Total Capital Reserves £000
At 30 November 2021	**(219)**	**(3,317)**	**(2,430)**	**26,120**	**-**	**20,154**
Share Options					309	309
Foreign Exchange Translation			(116)			(116)
At 30 November 2022	**(219)**	**(3,317)**	**(2,546)**	**26,120**	**309**	**20,347**
Foreign Exchange Translation			(406)			(406)
At 30 November 2023	**(219)**	**(3,317)**	**(2,952)**	**26,120**	**309**	**19,941**

- 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.
- 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.
- 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 disclosed within the financial statements and related notes are as follows

Management charges from Parent to the other Group companies

During the year the Company made management charges on an arm's length basis to its subsidiaries amounting to £1.6m (FY22: £2.2m)

As part of the reductions in the headcount within the plc during the course of the year the Company entered into certain service contracts with Bigblu Operations Limited ("BBO"), a company of which Andrew Walwyn is a director (the "BBO Contracts"). The BBO Contracts are summarised below:

Licence Agreement

The Company has agreed to grant a licence over certain trademarks to BBO in relation to the Brdy brand. In consideration for the rights granted by the Company to BBO, BBO has agreed to pay the Company a notional annual license fee for each period of usage for £12k (FY22: £nil).

Service Agreement - Company to BBO

The Company has entered into a service agreement with BBO. The services provided by the Company to BBO include legal and corporate finance support, IT, marketing, and certain Executive support services (the "Services"). Costs and expenses are charged on a time and material basis based on the time spend by individuals performing the Services. This equated to £118k in the last financial year (FY22: £nil).

Service Agreement - BBO to Company

In addition, the Company has entered into a further service agreement with BBO. The services provided by BBO to the Company primarily include finance, IT and tech support (the "BBO Services"). Costs and expenses are charged on a time and material basis for the time spend by individuals performing the BBO Services. This equated to £73k in the last financial year (FY22: £nil).

Products

In the normal course of events the Company has entered into reseller agreements with BBO for certain broadband products sold by the Company (the "Products"). This equated to £10k in the last financial year (FY22: £nil).

Post the disposal of the Norwegian operations we anticipate these services to reduce alongside further plc rationalisations.

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 6th Floor, 60 Gracechurch Street, London, EC3V 0HR. The Company is registered in England No. 9223439.

A copy of the full year report will be available in May and can also be downloaded from the Company's website at https://www.bbb-plc.com

9. Post Balance Sheet Events

Starlink

The Company signed an important distribution contract with Starlink in December 2023 to provide high-speed internet to businesses, as well as small office / home office workers with an investment of c£2m. This alongside the One Web contract allows BBB to offer customers an extended suite of products covering all their needs. To accommodate the investment of c£2.5m for Starlink post year end we have drawn down further on the Revolving Credit Facility.

Quickline

Quickline has been awarded two contracts under the government's £5bn Project Gigabit programme. The contracts will subsidise the rollout of a full fibre network to more than 60,000 hard-to-reach rural homes and businesses across the parts of Yorkshire which have been left behind by commercial rollouts. The contracts have been secured by Quickline following competitive public procurement processes and totals £104m of government subsidy. Quickline will make further private investment alongside Project Gigabit to roll out its full fibre network to over 200,000 premises.

Australia

We are very pleased to announce the appointment of a CFO in Australia, Ray Vaughan. Ray previously worked with the business between 2016 and 2019 and spent the last 5 years as CFO of Ion Group in Sydney.

Disposal of Norway and Director Changes

We are pleased to announce the disposal of the Norwegian Operations comprising Brdy AS and Brdy Nordics AS (the "Brdy Group") to Brdy Holding AS (under construction), a company owned by the Norwegian Management Team and Andrew Walwyn who has today also announced that he has stepped down from his position as Chief Executive Officer of the Company. Frank Waters, currently Chief Financial Officer, has taken over as Chief Executive Officer of the Company.

Ultimate Controlling Party Note

No one shareholder has ultimate control over the business.