2021 Interim Results August - September 21

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2021 Interim Trading Overview

Andrew Walwyn CEO

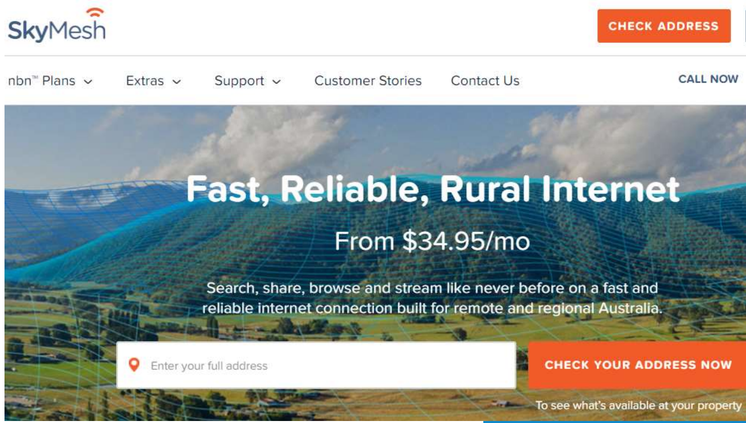
Highlights at a glance Interim 2021

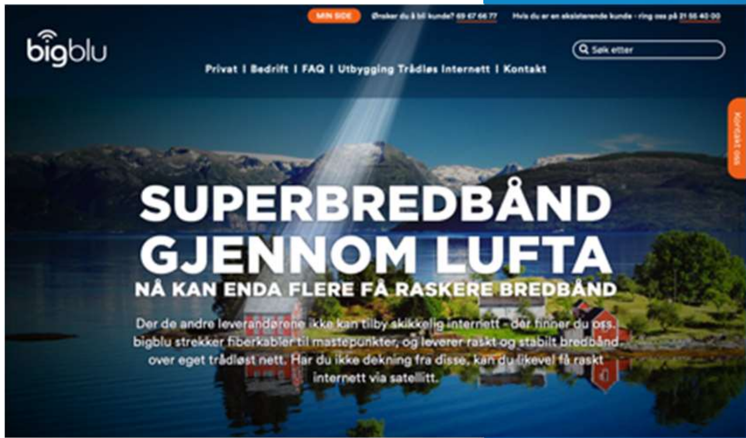
- Increasing demand continues for products in all regions

- **Disposal of UK FW business - Quickline**
  - Disposal of Quickline to Northleaf, valuing BBB's interest at up to £48.6m completed 10 June 21

- **Australasia**
  - Skymesh continued as Australia's number 1 Satellite provider – 3 years in a row
  - Commercial agreement with Kacific for New Zealand expansion commencing 2H21

- **Nordics**
  - Consolidation
    - Upgrade plans underway
    - Demounting progressing
  - Growth
    - Launch of 5G FWA across Norway in 2H21





Results – Interim 2021 Continuing Operations[1]

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Customers	Revenue	Adjusted EBITDA[2]
58.3k	£13.1m	£2.0m
+3.9%	+23.6%	+4.1%

Adjusted Operating Cash inflow[3]	Adjusted Free Cash inflow[3]	Net Cash / (Debt)[4]
£1.3m	£0.3m	£4.1m
(£0.9m) 1H20	(£2.3m) 1H20	(£20.1m) 1H20

[1]The comparison is made for continuous business activities, following the disposal of the Satellite operations in Europe and the FW operations in the UK.
[2]Adjusted EBITDA is stated before interest, taxation, depreciation, amortisation, share based payments and exceptional items. It also excludes property lease costs which, under IFRS 16, are replaced by depreciation and interest charges.
[3]Adjusted Operating Cash flow relates to the amount of cash generated from the Group's operating activities and is calculated as follows: Profit/(Loss) before Tax adjusted for Depreciation, Amortisation, Share Based Payments and adjusting for changes in Working Capital and non-cash items. Adjusted Free Cash flow being cash (used)/generated by the Group after investment in capital expenditure and servicing debt. Both excludes exceptional items.
[4]Net Cash / (Debt) excludes lease-related liabilities of £1.9m.

Strategy For Continuing Group

- Following the Disposal, the Group will consist of :
    - Two exciting business units with c. 58.3k customers (as at 31 May 2021)
        - Australasia 48.7k
        - Nordics 9.6k
    - Investment in Quickline with upside potential
- Given their respective strengths, the remaining business units have potential opportunities to enhance shareholder value:
    - Australasia M&A pipeline in addition to consistent organic growth and new territories
    - Nordics turnaround continues and launch of 5G FWA services
- Return of surplus cash to shareholders in the current financial year - See Finance Section
- Focus on increasing Shareholder Value from remaining Assets

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2021 Interim Financial Performance

Frank Waters CFO

Highlights - Continuing[1] Operations

	1H 2021	1H 2020	% Change
Revenue	**£13.1m**	£10.6m	24%
Adjusted EBITDA[2]	**£2.0m**	£1.9m	4%
Adjusted profit after tax[3]	**£0.9m**	(£0.3m)	400%
Adjusted basic EPS[4]	**(1.3p)**	(12.1p)	
Adjusted OCF[5]	**£1.3m**	(£0.9m)	
Adjusted FCF[6]	**£0.3m**	(£2.3m)	
Net Cash / (Debt)[7]	**£4.1m**	(£20.1m)	

[1]Continuing Operations consist of our head office in the UK, as well as our Australasian and Nordics businesses
[2]Adjusted EBITDA is stated before interest, taxation, depreciation, amortisation, share based payments and exceptional items. It also excludes property lease costs which, under IFRS 16, are replaced by depreciation and interest charges.
[3]Adjusted PAT represents adjusted EBITDA less interest, taxation, depreciation, and amortisation
[4]Adjusted EPS is adjusted PAT divided by the weighted average 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.
[6]Adjusted Free Cash flow being cash (used)/generated by the Group after investment in capital expenditure and servicing debt. Both excludes exceptional items.
[7]Net Cash / (Debt) excludes lease related liabilities of £1.9m (1H20 £5.1m).

Trading

- Continued growth in customer base c.2.2k, (3.7%), versus 1H20
- Further Development in ARPUs up 11.7% to £38 (1H20, £34)
- Revenue growth 24%
  - LFL growth based on constant currency is +15.6%.
- Strong recurring revenue of 93.4% vs 93.1% in 1H20.
- Further improvement in EBITDA of 4%, driven by increased revenues and cost efficiencies, allowing for increased marketing spend to promote new product offerings in Australia and Norway

EPS

- Adj. basic EPS loss improved 10.8p to 1.3p (1H20: Loss 12.1p)

Cash flow

- Adj. OCF of £1.3m (66% of EBITDA), YOY improvement of £2.2m, due to improved working capital management £1.9m, and a positive impact of Forex of £0.3m.
- Adj. FCF of £0.3m, YOY improvement of £2.6m, after
  - (£0.7m) Capex, up £0.2m (1H20 £0.5m).
  - (£0.3m) tax and interest, down £0.6m (1H20 £0.9m).

Results overview: Segmental analysis

1H 2021	AUS	NOR	PLC	Group
Customers	**48.7k**	**9.6k**	**-**	**58.3k**
Revenue	**£10.5m**	**£2.4m**	**£0.2m**	**£13.1m**
Adj. EBITDA	**£1.8m**	**£0.8m**	**(£0.6m)**	**£2.0m**
Adj. FCF	**£1.4m**	**£0.1m**	**(£1.2m)**	**£0.3m**

1H 2020				
Customers	43.1k	13.1k	-	56.2k
Revenue	£7.4m	£3.2m	£0.0m	£10.6m
Adj. EBITDA	£1.2m	£1.5m	(£0.8m)	£1.9m
Adj. FCF	£0.7m	£0.3m	(£3.3m)	(£2.3m)

Movements				
Customers	**5.7k**	**(3.5k)**	**-**	**2.2k**
Revenue	**£3.1m**	**(£0.8m)**	**£0.2m**	**£2.5m**
Adj. EBITDA	**£0.6m**	**(£0.7m)**	**£0.2m**	**£0.1m**
Adj. FCF	**£0.7m**	**(£0.2m)**	**£2.1m**	**£2.7m**

Changes %				
Customers	**13%**	**(26%)**	**-**	**4%**
Revenue	**42%**	**(25%)**	**-**	**24%**
Adj. EBITDA	**50%**	**(47%)**	**(25%)**	**5%**
Adj. FCF	**105%**	**(54%)**	**(65%)**	**(114%)**

Australasia

- Customer growth of 5.7k, ARPU up 18%, resulted in 42% increase in Revenue and 50% increase in EBITDA
- FCF of £1.4m (76% of EBITDA) after tax (£0.2m) and FX movements (£0.2m).

Nordics

- Churn of FW customers 3.5k, o/w 3.3k relating to demounting loss-making masts, ARPU down 6%, resulted in 25% reduction in Revenue and 47% in EBITDA.
- Upgrade and demounting projects expected to impact positively in 2H21
- FCF of £0.1m (13% of EBITDA) after tax (£0.1m) and FX movements (£0.1m).

PLC

- Reduced EBITDA loss due to recharges and reduced costs from a smaller head-office function.
- FCF outflow after interest (£0.2m) and WC Movements (£0.4m).

Adjusted OCF and FCF – Continuing Operations

1H21 improved Adj. OCF to £1.3m and Adj. FCF to £0.3m

	1H2021	1H2020	Var
EBITDA	**£2.0m**	**£1.9m**	**£0.1m**
WC & Non-cash	(£0.7m)	(£2.8m)	£2.2m
Adj OCF in/(outflow)	**£1.3m**	**(£0.9m)**	**£2.3m**
Int & tax	(£0.3m)	(£0.9m)	£0.6m
Capex	(£0.7m)	(£0.5m)	(£0.2m)
Adj FCF in/(outflow)	**£0.3m**	**(£2.3m)**	**£2.6m**

OCF improved £2.3m to £1.3m (1H20: (£0.9m))

- Improved EBITDA by £0.1m, to £2.0m
- Working Capital and Non-Cash improved by £2.2m
  - Working Capital £1.9m - Improved debtors' collections, lower carrying value of stock and improved payment terms
  - Non-Cash £0.3m - Forex gains

FCF improved £2.6m to £0.3m inflow (1H20: £2.3m outflow) after

- Tax and Interest £0.3m (Reduction of £0.6m from H120 due to lower debt)
- CAPEX investment of £0.7m (£0.2m higher than 1H20) due to planned investment in Nordics covering upgrade project

Proposed Distribution

Post Disposal - Undertaking to return Capital

- Following completion of the Quickline disposal, and receipt of the initial gross cash consideration of £31.1 million

Quantum

- The Board is in process of completing its review and has concluded that the proposed return of capital of, in aggregate, c.£25.9m (c. 45p per share with 57.59m shares in circulation) provides Shareholders with an excellent return whilst also allowing the Board to retain the capital required to invest in its Australasian and Nordic businesses to continue its strategy of maximising shareholder value

Timelines

- The return of capital is planned for October. Forecast cash at the end of September is c.£29.5m pre the capital return and after repayment of the Company's full debt with Santander of £8.4m.
- After the distribution this leaves c£3m of cash to support on-going operations

Business Unit Performance and Outlook

Andrew Walwyn CEO

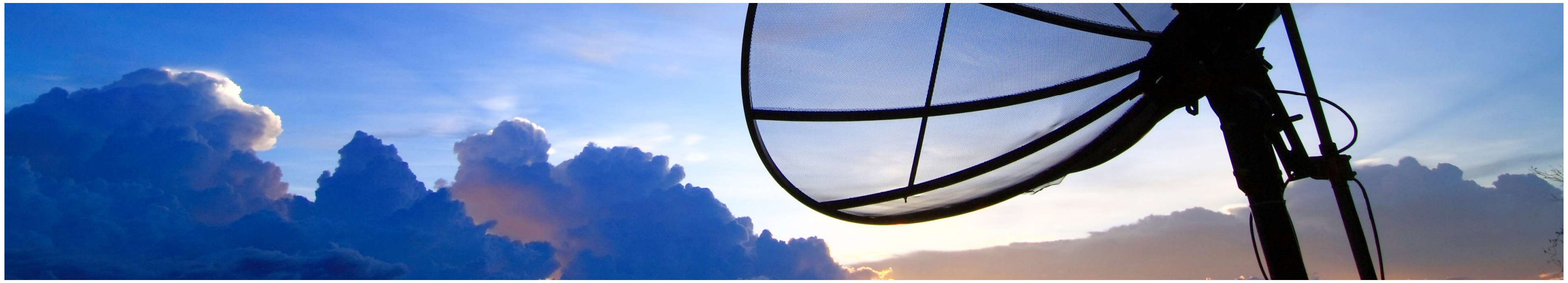
Australasia

Current Market Position

- Skymesh is the largest Satellite provider in Australia with 36% of market share
- Won Whistleout award 3rd year in a row
- 52% share of SkyMuster Plus active premises
- Currently have 50% market share of the net new adds in the Australian satellite market
- Growth in customers by +10% year on year for the past three years.
- On track to capture an increasing share of a growing market
- Regional expansion through secured Partnership Agreement to enter New Zealand.

Market Outlook[1]

- NBN's decision to limit fixed-line roll-out to 92–93% coverage leaving 1.1m premises as of Q3 20:
  - Satellite: 435k premises (107k premises covered Q3 2020)
  - FW: 618k premises
- Expected acceleration switch to FW and Satellite, from copper decommissioning
- Expectations from NBN Privatisation
  - More competitive wholesale tariffs and speeds
  - Satellite able to compete with FW
  - 2023/24: new satellite operator entry
- SkyMesh well positioned to win over customers in FWA areas with new non-NBN satellites.
- B2B NBN co opening up across full footprint.



Key strengths

- **99%** availability in Australia
- **97%** of customers would recommend SkyMesh
- Net promoter score of **44** (outperforming telco industry)
- Strong focus on retention and customer engagement to minimise churn

Strategy

- Current focus on selling the new NBN satellite product Sky Muster Plus
- New Zealand potential opportunities for expansion

[1] Based on Analysys Mason report "SkyMesh vendor commercial due diligence and Australia market study" (December 2020).

Nordics

Current Market Position

- Progress being made in streamlining the business
  - Upgrading fixed wireless footprint, demounting non-profitable sites
  - Moving to an infrastructure light model (FWA 5G, Sat: LEO & GEO)
  - Expanding the geographic focus of the operation into Sweden, Finland and Denmark

Market Outlook[1]

- Limited overlap between FWA players
- 2022 national copper switch-off could increase the number of addressable households for FWA operators to over 200k households
  - 300k customers current copper users may be attractive targets
- White label wholesale opportunity: Bigblu could build on its local sales and marketing expertise, and its knowledge of the rural market in Norway to become an effective reseller

[1] Based on Analysys Mason report "FWA market study for the UK and Norway" (October 2020).

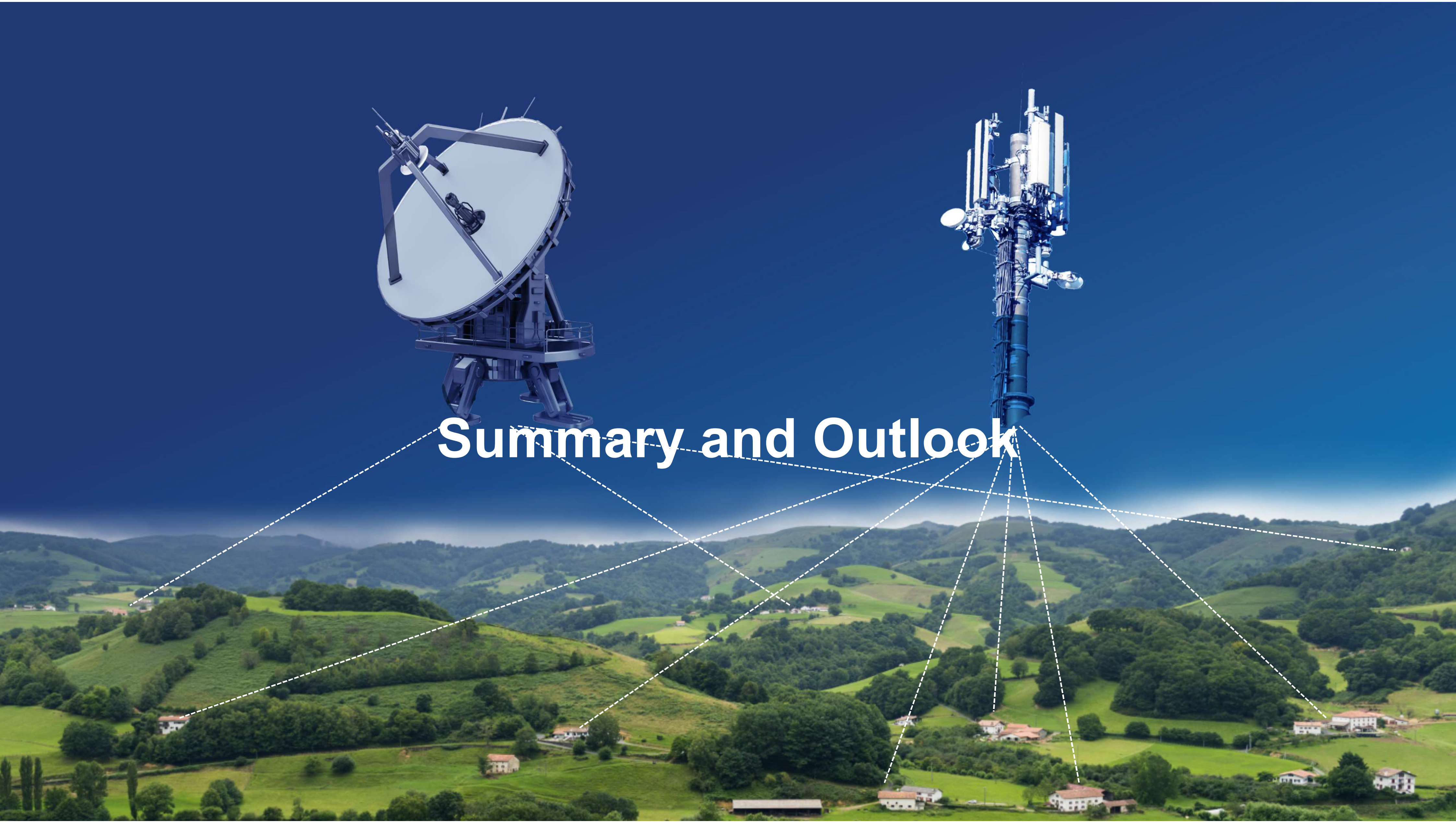
Key strengths

- Diversified presence in lower density regions with a network strength of more than 1,000 towers
- Capable of delivering 100 Mbps speed
- Possibility for fast upgrade
- Building experience – time to delivery
- Strong EBITDA margin
- Cost efficient

Strategy

- Opportunity to develop 5G FWA agreements in all Nordic Countries and consider M&A opportunities in the region.

Summary and Outlook



Summary and Outlook

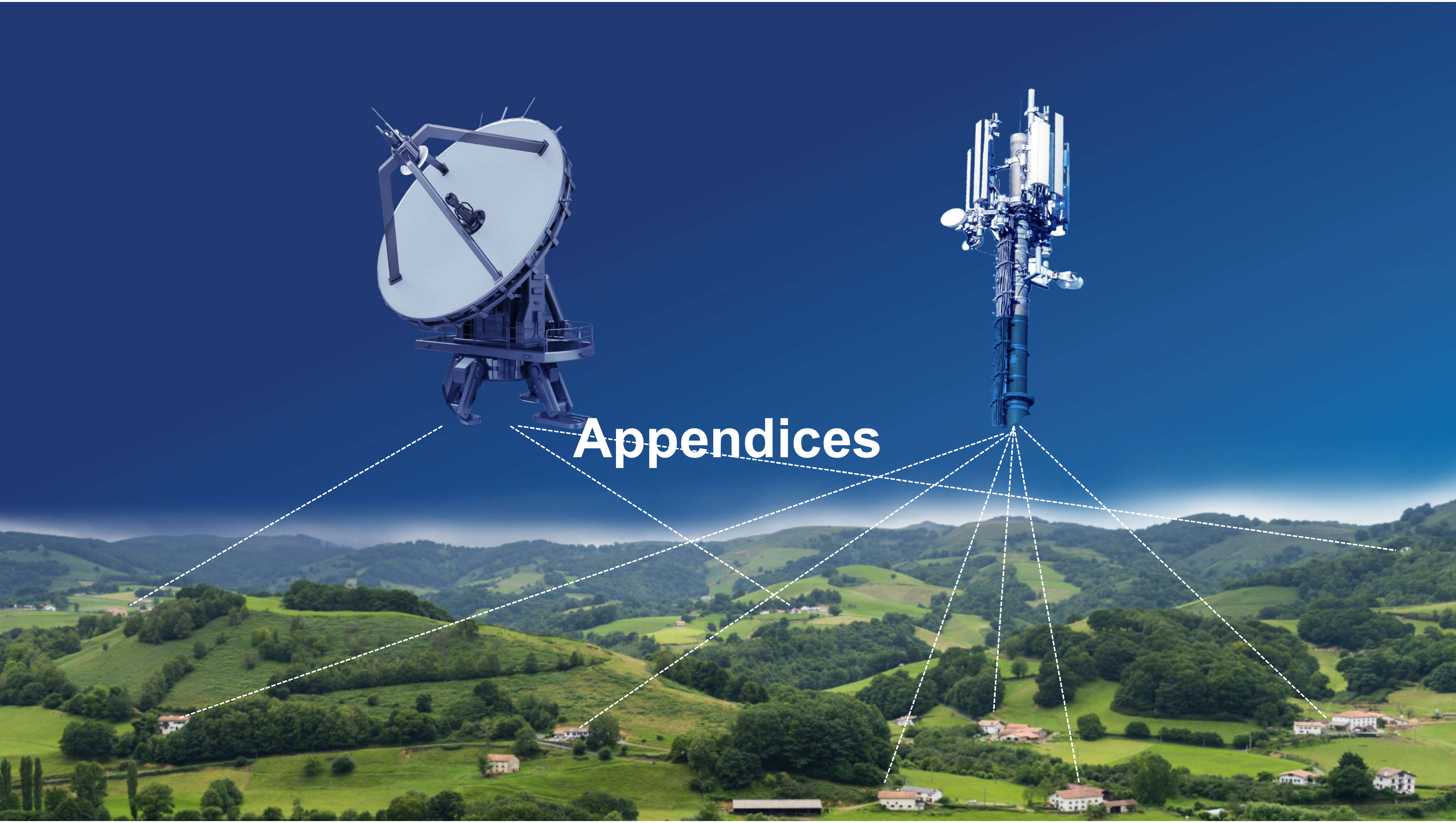
Summary

- Further robust performance from continuing operations in 1H 2021
- Disposal delivered at significant premium to consideration paid just after period end
- BBB in a strong financial position - net cash and strong balance sheet flexibility
- Company able to consider investing in growth opportunities for continuing operations

Future Prospects

- Quality businesses with high levels of recurring revenues and increasing levels of cash generation
- Opportunity to create further shareholder value
  - Australasia: expanded footprint, and B2B with NBN. Synergy opportunity with new players on the horizon, aiming to increase fixed wireless market share. Could consider M&A to complement organic growth, a disposal or an IPO in Australia.
  - Nordics: finalising rollout of tower upgrades, new opportunities with new satellite players across Scandinavia and the Baltics, including low orbit solutions.
  - Quickline growth in investment holding

Appendices



Disposal of majority interest in Quickline

Transaction details

- Sale of Quickline to Northleaf Capital Partners Ltd - Valuation of up to £92.1m, of which BBB's share is a maximum of up to £48.6m (equivalent to 84p per share) at completion, with estimated gain on disposal c. £40m
- Consideration payable to BBB as follows:
    - £31.1m in cash paid on completion on 10 June 2021
    - £5.6m in TopCo - £2.2m shares & £3.4m loan notes issued and convertible into shares representing 8.0% of TopCo.
    - Based on the delivery of certain operating metrics by 31 March 2022
        - Up to £10.1m in cash as deferred contingent consideration
        - Up to a further £1.8m in TopCo loan notes and shares as deferred contingent consideration

Northleaf

- Invests in infrastructure across 40 OECD countries with over £10bn of financial commitments - target of passing 500,000 premises

Rationale

- Represented a c. 5.8x multiple to total consideration paid by BBB for Quickline (acquired in August 2017)
- BBB retain an ongoing interest in Quickline to allow it to benefit from potential continued growth in Quickline under Northleaf Capital Partners' ownership
- BBB entitled to a board seat - FVW

Condensed Consolidated Statement of Comprehensive Income

£m	1H 2021	1H 2020	2021 v 2020
Revenue	**13.1**	10.6	24%
Adj. EBITDA[1]	**2.0**	**1.9**	**4%**
EBITDA margin %	**15%**	*18%*	
Depreciation	(0.6)	(0.7)	(7%)
Interest	(0.3)	(4.3)	(94%)
Net Profit Before Exceptional	**1.1**	**(3.1)**	**(135%)**
Amortisation of intangibles	0.0	(0.0)	(100%)
Exceptional	(1.2)	(0.6)	100%
Net Profit Before Taxation	**(0.1)**	**(3.7)**	**(97%)**
Taxation	(0.2)	(0.4)	(36%)
Profit / (Loss) – Continued Ops	**(0.3)**	**(4.0)**	**(92%)**
Profit / (Loss) – Discontinued Ops	(0.7)	(3.0)	**(78%)**
Loss For The Financial Year	**(1.0)**	**(7.0)**	**(85%)**
Foreign currency translation difference	(0.0)	(0.4)	(98%)
Total comprehensive income for the year	**(1.0)**	**(7.4)**	**(86%)**
PROFIT / (LOSS) PER SHARE (basic) (pence)	**(1.3p)**	**(12.1p)**	**(89%)**

Adjusted EBITDA (+4%YOY)
- Solid Gross Margin at 44%
- Underlying Overheads as % sales decreased to 28% from 35%

Depreciation (-7% YOY)
- Reduced due to lower IFRS 16 and fully depreciated assets

Interest (-94% YOY)
- £0.3m of interest relating to charge for the RCF from Santander
- PY included £1.2m of penalty interest paid to BGF on settlement of loan, £2.7m of additional charge related to the BGF redemption premium, and interest charges of £0.5m

Exceptional (+£0.6m YOY)
- £0.1m shared base payment, £0.3m Market studies, £0.8m Associated with M&A activities.

Taxation (-£0.2m YOY)
- £0.2m lower taxation reflecting increased capital allowances and CAPEX spend

EPS
- Basic EPS[2]: Loss of 1.3p (1H20: loss 12.1p).
- Adjusted EPS excluding discontinued operations: a loss of 0.5p (1H20: loss 7.0p).

[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] Basic EPS is after share based payments and exceptional items relating to M&A, integration costs and investment in network partnerships and amortisation charges.

Condensed consolidated statement of financial position

	1H 2021 £m	1H 2020[1] £m
Goodwill and intangibles	**6.1**	30.4
Property, plant and equipment	**3.5**	18.1
Fixed assets	**9.6**	48.4
Working capital	**7.3**	(21.0)
Cash	**12.1**	5.9
Net current assets / (liabilities)	**19.4**	(15.1)
Non current liabilities	**(9.1)**	(34.5)
Net assets	**19.9**	(1.1)
Days Sales of Inventory	**18.0**	28.0
Trade Debtors Days	**12.0**	22.0
Days Creditors Outstanding	**113.0**	138.0
Net Cash/(Debt) / EBITDA	**2.1x**	(1.4x)

Intangible assets decrease £24.3m

- Intangible Assets decreased by £24.3m to £6.1m, due to transfer of GW linked to sale to Eutelsat £8.9m and the post period sale to Northleaf £15.4m (split £23.1m goodwill and £1.2m intangibles)

Fixed Assets (PPE) decrease of £14.6m

- PPE reduced by £14.6m to £3.5m after removal of discontinued PPE (£15.8m), Capex investment £2.4m, Depreciation (£1.1m) and Amortisation (£0.1m).

Working Capital

- Working Capital movement of £28.3m with £29.8m related to the disposal, resulting in a net reduction of £1.5m in WC for the continuing business.
- Stock levels YOY of £0.7m after disposals, split Norway (£0.6m) and Australia (£0.1m)
- Improvement in Debtors days, excluding the disposal, remains strong with DSO 12 days.
- Creditors and Other Payables lower by £2.3m year on year, excluding the disposals of £20.3m.

Net Cash / (Debt)

- Net cash position of £4.1m (Excluding IFRS 16 of £1.1m) after repayment of £21m debt from proceeds of sale (1H20 net debt £20.1m excluding IFRS 16 £3.4m and Redemption Premium of £4.8m))

Net assets improved by £21.0m, following the disposal of the discontinued business last year, which removed net assets to the value of £16.1m.

[1]As per IFRS 5, 1H 2020 includes the full group statement of financial position.

Condensed Consolidated Statement of Financial Position – IFRS 5 disclosures

Summary Balance Sheet (£m)	1H21
Intangible assets	6.1
Investments	0.0
Property Plant and Equipment	3.5
Assets classified as held for sale	20.1
Inventory	0.7
Trade & Other Debtors	2.5
Trade Creditors	(8.9)
Liabilities classified as held for sale	(6.3)
Other Non current Creditors	(1.2)
Net (Debt)/Cash (Excludes IFRS 16)	4.1
Net Assets	**19.9**

Assets classified as held for sale (£m)	1H21
Tangible - Fixed Asset	9.1
Intangible – Goodwill	6.2
Intangible – Other	0.1
Inventory	0.2
Trade & Other Debtors	1.2
Cash	3.3
Assets classified as held for sale	**20.1**

Liabilities classified as held for sale (£m)	
Trade Creditors	2.4
Recurring Creditor & Accruals	1.2
Loans – RCF	2.0
Other	0.7
Liabilities classified as held for sale	**6.3**

- Under IFRS 5, assets held for sale (including disposal groups) are classified as discontinued operations and should be presented separately in the income statement. Even though the sale of Quickline was a post-balance sheet event the Company has opted to show this as discontinued operations as laid out by IFRS 5 as at 31 May. The above Balance Sheet split out those assets for reference.
- Balance sheet reclassed to show assets and liabilities held for sale of Quickline to Northleaf. Gain of £29.0m pre costs of £2.8m and deferred consideration of £10.1m

Condensed Statement of Cash Flows – Includes Continued and discontinued

	Unaudited 6 months ended 31 May 2021 £000	Unaudited 6 months ended 31 May 2020 £000	Audited 12 months ended 30 Nov 2020 £000
(Loss) after tax from Continuing operations	**(295)**	**(4,032)**	**(4,214)**
(Loss)/Profit after tax from Discontinued operations	**(664)**	**(2,987)**	**13,647**
(Loss)/Profit for the year including discontinued operations	**(959)**	**(7,019)**	9,433
Interest	326	4,439	7,108
Gain on disposal of subsidiaries		-	(18,928)
Taxation	228	229	316
Release of grant creditors	(1,626)	(84)	(772)
Amortisation of intangible assets	20	1,302	1,626
Impairment of goodwill	-	-	213
Depreciation of property, plant and equipment - owned assets	1,314	2,017	3,897
Depreciation of property, plant and equipment - ROU assets	524	802	1,680
Share based payments	75	325	332
Foreign exchange variance and other non-cash items	(146)	(717)	(1,112)
Movement in working capital	781	1,345	(1,291)
Operating cash flows after movements in working capital	**537**	**2,639**	**2,502**
Interest paid	(160)	(1,850)	(8,171)
Tax paid	(102)	-	(1)
Net cash generated/(used) in operating activities	**275**	**789**	**(5,670)**
Investing activities			
Purchase of property, plant and equipment	(3,655)	(3,694)	(8,679)
Purchase of intangibles	-	(661)	(907)
Cash retained in disposed subsidiaries	-	-	(1,035)
Proceeds from sale of property, plant and equipment	-	-	45
Proceeds from sale of subsidiary	-	-	37,222
Net cash (used(/generated in investing activities	**(3,655)**	**(4,355)**	**26,646**
Financing activities			
Proceeds from issue of ordinary share capital	-	20	21
Proceeds from bank revolving credit facility	-	-	29,400
Proceeds from loans	2,000	4,318	-
Investment by non-controlling interest	2,000	-	1,972
Loans paid	-	(52)	(41,353)
Principal elements of lease payments	(566)	(802)	(1,699)
Cash generated/(used) from financing activities	**3,434**	**3,484**	**(11,659)**
Net increase / (decrease) in cash and cash equivalents	54	(82)	9,317
Cash and cash equivalents at beginning of period	15,306	5,989	5,989
Cash in disposal group held for sale	(3,276)	-	-
Cash and cash equivalents at end of period	**12,084**	**5,907**	**15,306**