Bigblu Broadband plc
Annual Report and Accounts 2019

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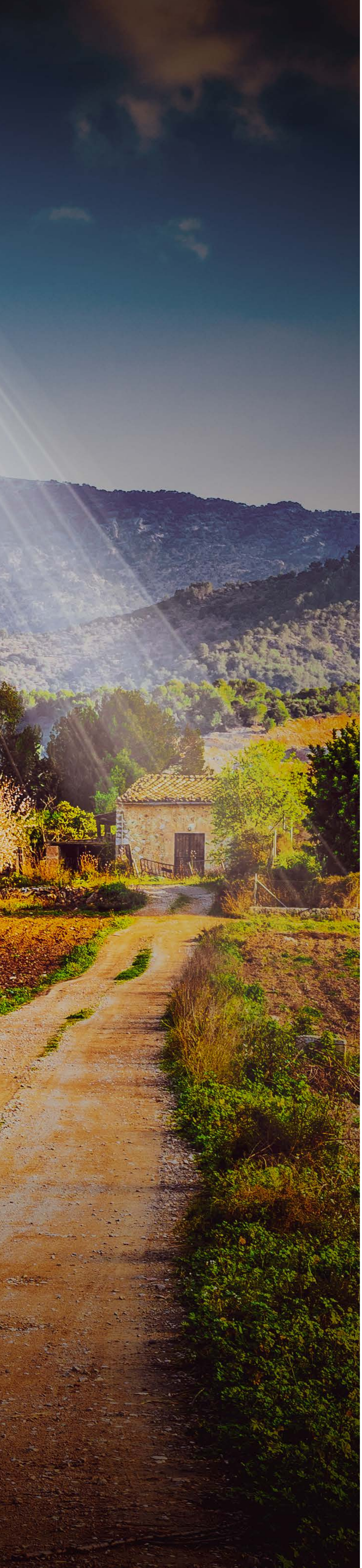
Content



Company Information

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COMPANY OVERVIEW

Bigblu Broadband plc (AIM: BBB), is a leading provider of alternative superfast broadband solutions throughout Europe and Australia.
BBB delivers a portfolio of super-fast wireless broadband products for consumers and businesses unserved or underserved by fibre.

The Group has a significant target market with 27m customers in Europe with speeds of under 4 Mbps, and a further 1m in Australia who have been identified as only suitable for either satellite or fixed wireless broadband.

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 super-fast broadband services increases around the world.

Acquisitive and organic growth have enabled BBB to grow rapidly since inception in 2008 during which time the Company has completed 21 acquisitions across nine different countries. It is extremely well positioned to continue growing as it targets customers trapped on the other side of the 'digital divide' with limited fibre broadband options.

BBB's range of solutions includes satellite, next generation fixed wireless and 4G/5G delivering between 30 Mbps and 150 Mbps for consumers, and up to 1 Gbps for businesses. BBB provides customers ongoing services including hardware supply, installation, pre and post-sale support, billings and collections, whilst offering appropriate tariffs depending on each end user 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 'video-on-demand'. Its alternative broadband offerings present a customer experience that is similar to that offered by wired broadband and the connection can be shared in the normal way with PCs, tablets and smart-phones via a normal wired or wireless router.

STRATEGIC REPORT
Chairman’s Statement

I am very pleased to be able to report another year of growth for the Group.

2019 has been a significant year for the Group. Having acquired 21 businesses since listing in our target markets, 2019 was about consolidation, integration, operational improvements and working with our network partners to ensure we provided the very best offerings to our customers across our geographical footprint.

Customer numbers ended on c110k after organic growth of c10k customers and after the transfer of customers to other networks or lost customers during migration of 13k. We have made significant improvements in our back-end systems, the consolidation of the hubs and the customer journey to ensure we are well placed going into 2020 to capitalise on opportunities in our target markets.

During the year, we generated strong growth in our core markets, with an 11% increase in constant currency like-for-like revenues in the year (2018: 8%).

On 6th December 2018 the Group announced that it had been selected as a preferred partner by Eurobroadband Infrastructure (“EBI”), a subsidiary of Eutelsat (NYSE/Euronext: ETL), to launch a market leading superfast satellite broadband service to consumers and businesses across Europe significantly extending our market offerings throughout Europe. Under this commercial arrangement EBI will provide satellite network capacity, as well as assist with subscriber premises equipment, installation and marketing to support the ‘Konnect’ brand. The Group will promote and sell satellite broadband services while managing all activities related to subscriber management including installation, billing and support. Based on a shared growth model, the Group will be an integral part of EBI’s strategy of revitalising the distribution network over its KA-SAT satellite to boost the deployment of internet access via satellite across Europe in line with EU 2020 targets.

We raised £12m of equity and debt funding during the year from existing and new investors. This £12m funding package allows our UK fixed wireless business, Quickline (“QCL”) to significantly increase the size and scale of its fixed wireless access (“FWA”) business to target a customer base of approximately 30,000 subscribers over the next three years, with significantly increased revenue, EBITDA and profitability anticipated as new capital is deployed and the business increases in scale. This funding valued QCL at an enterprise value of £15m (pre new money), a significant uplift compared to the valuation at the time of the acquisition in August 2017 of £8.4m. The funding includes £4m of new equity initially with a further £4m of equity committed and a £4m revolving credit facility provided by HSBC. This allows QCL to expand its infrastructure, consider selective acquisitions and support BDUK investment in rural broadband projects. Compelling market fundamentals exsist, given the digital divide in the UK with over a million homes still unable to receive super-fast broadband services. Pure fibre to the home is widely considered uneconomic in rural areas. FWA is a quicker and lower cost solution and is supported by government grants.

Finally reflecting the increasing scale and performance of the Group, we were delighted to agree a new £30m revolving credit facility with Santander Bank UK plc in December 2019. This will be used to replace the two tranches of loan notes totalling £12m issued in 2016 by Business Growth Fund (“BGF”) (the “Loan Notes”) and the Group’s £10m revolving credit facility with HSBC plc (the “HSBC Facility”) and to provide additional working capital to support the Group. The Group also announces that HSBC has provided a new revolving credit facility to provide a £4m operational banking support to the Group’s UK fixed wireless subsidiary QCL.

We thank Santander, BGF and HSBC for their continued support to the Group.

As stated last year, I am a strong believer that good corporate governance supports a group’s long-term success. This is even more important for 2020 and beyond, given the speed of our growth, the increased amounts of capital raised and the geographic spread and size of our business. The structures, advisers and committees we have in place for establishing and articulating the Board’s strategy and monitoring the performance of the Group’s management continue to evolve.

Part of our governance regime is our continued regular communication with shareholders as our strategy continues to progress. To this end, we have embarked on an inclusive investor relations programme in 2020. This year the AGM will be held at 2.15pm on 21 May 2020 and such notice of the AGM will be circulated to shareholders shortly.

Finally, I would like to thank Andrew Walwyn, his management team and all the staff in the Group for their efforts in 2019. Everyone played their part in a demanding yet successful year in the Group's life. I, and the rest of the Board, fully recognise the uncertain nature that the COVID-19 virus brings on a global scale and recognise that the team are working very hard to look after our existing customers and support new customers requiring our service and so continue to look forward to the remainder of 2020 with confidence.

Michael Tobin OBE
Chairman
26 March 2020

Chief Executive Report

Overview

2019 was a pivotal year for the Company, and arguably the most important year since listing - given it was the first period where acquisition activity was minimal, and the importance of bolting the last ten years together for future growth continued with the integration of acquired businesses onto the Company's operational platforms to underpin further organic growth.

We were pleased to launch 50 Mbps super-fast Satellite products throughout our European Hubs during the period. This cemented the Company's leading position within the alternative super-fast broadband industry, whilst expanding routes to market to position the Company for strong organic growth in the current financial year and beyond. Critical to our future growth remains new satellite capacity – the first tranche of which is expected to come on stream in October following the successful launch of Eutelsat's Konnect satellite in January 2020. We successfully opened new operations in Greece and Hungary in the period and more importantly, together with our network partners, we have made good progress in connecting new customers in low filled beam areas such as Southern Italy.

Our Australian business Skymesh, went from strength to strength with year-on-year overall customer growth of c10% and of equal importance, strong customer engagement with 40% of new customers coming from word of mouth and a net promoter score of 44. During the year Skymesh was also awarded the Whistleout 2019 Best Satellite NBN Co provider. We further reinforced our close working relationship with NBN Co as it pro-actively extended the use of satellite in regional and remote Australia.

Quickline, our fixed wireless operator in the UK, has performed well since acquisition and we are now at the forefront of broadband technology developments to deliver fixed wireless services, with fibre-like performance. The market opportunity for a fibre backed fixed wireless network roll-out has never been so attractive with significant investment in the space, including government support, which will mean many more homes and businesses will get connected to next generation super-fast and ultra-fast broadband sooner and cheaper than before. We were therefore delighted to secure a £12m new equity and debt funding package for Quickline in August 2019 to support the build-out of its fibre backed fixed wireless infrastructure across the UK in 2020. Since this funding was obtained the management team has been strengthened and investment has been made in new systems to support the future growth.

In Norway, we have been exceptionally busy launching the Preferred Partner Program ("PPP") in the Nordic region and this is starting to gain good traction. In addition, we have had success in attracting new customers and reducing churn following the upgrade of towers in five regions across the country.

Preferred Partner Agreement

Our organic growth expansion was pleasing given the significant set-up costs and delays experienced throughout the year due to operational difficulties within the partnerships between Viasat and Eutelsat. These were completely out of our control but resulted in us rebuilding all our operations in the affected countries to transition into the PPP offering. In December 2017, the Company signed an agreement with a joint venture between Viasat and Eutelsat - Hybrid Retail Agreement. This covered an initial five regions Spain, Poland and the Nordics (Norway, Sweden and Finland). Under this original agreement Viasat and Eutelsat were responsible for all marketing activities and owned the customers premises equipment. BBB was responsible for supporting all needs of the customers including sales activities, billings and collections via our multilingual IT solution, contact centre, installation network and channel partners. In December 2018, BBB was awarded preferred partner status with Eurobroadband Infrastructure ("EBI") for the launch of new European super-fast broadband services to consumers and businesses across Europe with download speeds of up to 50 Mbps. Under this revised commercial arrangement, BBB promotes and sells satellite broadband services while managing all activities related to subscriber management including installation, billing and support. Despite both contracts being with Eutelsat and Viasat, they precluded selling both products in a region and hence BBB chose to pivot into those services that are the best for the customer and provided much greater geographical coverage, albeit at a significant cost and disruption to the business. We do not anticipate such material costs in the future.

Importantly, while increasing upfront investment, the PPP offering provides the Company with an increased geographic reach, increased customer control, more attractive commission payments and a better product offering.

The Company has ultimately benefited from being involved in the strategic ambitions of two of the World's largest satellite operators and the Company expects to benefit significantly going forward as its network partners launch new services across Europe and further afield.

The most significant news events were the raising of the funding from new and existing investors to support our UK fixed wireless access ambitions with Quickline, and the completion of the refinancing of the BGF and HSBC plc facilities with a new £30m revolving credit facility with Santander UK, thus ensuring that the Company is well funded with a stronger balance sheet going into another period of growth.

Total Revenue

Total revenue including recurring airtime and other income including equipment, installation sales and network support increased by 12.2% to £62.1m (FY18: £55.4m). Revenue in satellite was £49.8m (FY18: £40.6m) and revenue in fixed wireless was £12.3m (FY18: £14.8m - which included additional grant income recognised that was not repeated in FY19).

Recurring airtime revenue, defined as revenue generated from the Company's broadband airtime, which is typically linked to contracts at £48.6m represented 78.1% of total revenue.

Adjusted EBITDA for the period was £10.2m (£11.7m after IFRS 16 adjustment) representing an adjusted EBITDA margin of 16.5% compared to £6.8m in FY18 and an adjusted EBITDA margin of 12.3%, demonstrating the good progress made in driving acquired businesses forward, the quality of the consumer offering and the consolidation of certain hubs.

Net organic customer growth in 2019 showed a year on year increase of 9%. During the period, following transition to the PPP program, we rationalised c.13k customers who were utilising non-competitive network offers during the period. These customers have either been disconnected or migrated to other providers. This was a positive decision taken to move away / migrate these customers onto alternate packages (FY18 net organic growth c.3k with no migrations) - leaving a closingcustomer base of c.110k compared to FY18 (c.113k).

Importantly, the Company met its total revenue and EBITDA targets once again despite the challenges and set up costs faced during the period. Average Revenue Per User ("ARPU") improved by 6% year on year to £43.80 (FY18: £41.50) and average customer churn (excluding the rationalised customer base) reduced to 20.5% (FY18: 21.9%).

Eutelsat and Viasat Relationships

In December 2018, we were selected as a preferred partner ("PPP") by Eurobroadband Infrastructure ("EBI"), a joint venture between Eutelsat and Viasat, Inc. to offer super-fast satellite broadband services across our European territories.
Previously we operated under a sales and marketing agreement (the "Hybrid Retail Agreement") with the European broadband joint venture company established between Viasat, Inc. and Eutelsat Communications. The main changes are summarised as follows:

	Existing PPP agreement	Historic HRA
Agreement with	EBI – 51% Eutelsat 49% Viasat	EBR – 51% Viasat 49% Eutelsat
Branded	Bigblu	Viasat
SAC Marketing	Incurred primarily by BBB and recovered via up front commission granted by EBI earned for each new activation	Incurred primarily by Viasat
Customer premise equipment	Supported via up front commission granted by EBI	Provided by Viasat
In language / in market sales	Provided by BBB	Provided by BBB
Installation services	Provided by BBB with support from EBI	Provided by BBB with support from Viasat
Subscriber billings and management	Provided by BBB	Provided by BBB
Customer care	Provided by BBB	Provided by BBB
Logistics services	Provided by BBB	Provided by BBB
Countries	15	5

The move to PPP improved the product suite with increased download speeds and extended data allowances for customers across multiple markets but resulted in us rationalising 13k customers. There continues to be ongoing discussions between Eutelsat and Viasat on satellite capacity over Europe and we will continue to navigate through these discussions to work with our partners Eutelsat and Viasat as well as other network providers.

Strategy

Our strategy is to be the leading provider of alternate super-fast broadband solutions in Europe and Australia. What is extremely exciting is that the market place is changing significantly and accelerating at pace, where in the past a service of 30 Mbps was seen as an appropriate solution to a typical customer, nowadays this is north of 50 Mbps and only a combination of our satellite and fixed wireless solutions will ensure that all customers can be served and not left on the other side of the digital divide.

2020 has already seen the launch of Eutelsat's Konnect satellite which becomes operational in the last quarter of this year with anticipated selling from September and activations expected to commence in October, promising to deliver speeds of 100Mbps. However, this is just the first of many launches over Europe with Viasat 3 and Eutelsat's VHTS coming on-line in 2022 offering even faster speeds of around 200Mbps and with combined capacity to supply over 1 million households with broadband. The sector is at a true inflection point where the satellite product now matches (and sometimes) exceeds its terrestrial equivalent in terms of speed.

Mirroring the improvements in satellite, we see our fixed wireless platforms moving from strength to strength increasing their footprints and increase in speeds. Whilst we own our infrastructure in Norway and the UK, we also offer virtual fixed wireless solutions in Italy and Australia.

Continued Underlying Organic Growth

Whilst the future is exciting, the focus remains firmly on organic growth and the Company reported a 11% increase in like-for-like revenue when compared to the prior period. This increase was primarily driven by increased net new customer additions, improving ARPU's from customers as well as further government and network support.

Working with our network partners is a key aspect in driving organic growth in our existing and new markets especially as we target low fill beams for new growth opportunities.

Acquisitive Growth

The Company maintains an active list of pipeline opportunities in all jurisdictions and reviews acquisitions as appropriate.

Accelerating Technology Evolution

Products

New satellites from our partners, which are fully funded and already in build, will usher in a completely different satellite broadband proposition. From the final quarter of 2020, the Company expects to be able to offer a fibre like service from the sky, with 100 Mbps download speeds and unlimited data allowances across key European markets. Furthermore from 2022, we expect to be able to offer our customers between 200 Mbps and 300 Mbps download speeds.

Our fixed wireless businesses are also benefiting from significant advances in technology, improving speeds and throughput.
The Company has now demonstrated the first gigabit capable network with a pioneering mmWave technology, utilising the newly released 60 GHz spectrum. Importantly, all customers who have been connected to the Company's networks in Norway and the UK within the last year are now able to be connected at up to 100 Mbps if desired.

Marketing

We use a digital-first strategy to both acquire new customers, retain and up-sell (ensuring our customers are on the most appropriate package) to our existing base. For customer acquisition, we target in-market prospects based on geography, broadband speed and purchase intent. Channels used vary depending on in-country results, blending Facebook, Google, Bing and lead-generation partners in order to achieve our internal KPI's in terms of cost per lead and cost per activation. We deploy a suite of engaging content from ad copy, through to static display ads and video. Most important of all is word of mouth or customer referral hence the importance of looking after our existing customers.

Continued Government Support

We remain focused on helping governments across Europe achieve their stated targets to deliver 'universal broadband coverage' with download speeds of at least 30 Mbps by 2020 and coverage to more than 50% of households with speeds of at least 100 Mbps by 2025.

We remain convinced that it will be difficult for governments to meet these challenging targets without the use of super-fast alternative technologies such as satellite and fixed wireless broadband. Indeed, many governments have already launched 'intervention schemes'. These are aimed at artificially stimulating the market and educating consumers about the options available to them - given that fixed fibre broadband is unlikely to become a reality for many in the foreseeable future. Across Europe, there are now government funded support schemes in the UK, France, Germany, Spain and Hungary where the hardware and installation costs of getting online with satellite or fixed wireless are subsidised.

A similar scheme exists in Australia, where since entering the Australian satellite broadband market in March 2017 following the acquisition of BorderNET, the Company commanded a 50% market share of net new adds under the Government funded NBN Co scheme during the last six months of the financial period. This performance has continued into Q1 FY20. Looking forward, other countries and governments are expected to launch similar schemes in the near future.

Post Balance Sheet Events

On 16 December 2019 we announced the agreed new £30m revolving credit facility with Santander Bank UK plc. This will be used to replace the two tranches of loan notes totalling £12m issued in 2016 by BGF (the "Loan Notes") and the Group's £10m revolving credit facility with HSBC plc (the "HSBC Facility") and to provide additional working capital to support the Group. This leaves a redemption premium of £5.5m repayable in 2024 and BGF with a matching option on 4.9m shares at 112.5p and an option on 1.8m shares at 135.0p. The Group also announced that HSBC plc will continue to provide a £4m revolving credit facility and operational banking support to the Group's UK fixed wireless subsidiary Quickline.

Additionally, Quickline was selected to lead a £6m Government-backed project to boost rural connectivity in North Yorkshire, England's largest rural county.

Current Trading and Outlook

The Company has now successfully positioned itself at the forefront of the alternative super-fast broadband industry.

Our exciting product portfolio and expanding routes to market mean the Company is now one of the largest and most recognised companies in the industry.

During the current year to date, the Company continued to grow its customer base while still benefiting from the strong visibility afforded by the high percentage of recurring revenues. Our robust model and infrastructure continued to underpin growth in customers and revenues per user. Whilst we are facing satellite capacity constraints in certain markets, the timely launch of the Eutelsat Konnect Satellite (launched in January 2020) will significantly increase capacity in our core markets and also provide enhanced speeds and bandwidths for customers. Continued government support for connectivity also provides scope for further demand for our alternative solutions.

Looking beyond the challenging global backdrop and capacity shortages, the Board remains very convinced that there is plenty of scope for the Company to take advantage of the long term global growth opportunities. These include, but are not limited to, the launch of new super-fast satellite broadband services within the European arena, rolling-out next-generation fixed wireless networks and further growth across Australia. Importantly, sales through partnership agreements have been gaining strong traction through compelling consumer product offerings and increased marketing spend.

In the current environment, whilst we are clearly dealing with unprecedented events, we continue to monitor potential impacts on the business. As a global business with customers in some of the countries that have been most affected by COVID-19, we continue to support staff and customers during these difficult times. We develop products and solutions with our network partners that will enable customers to operate as effectively as possible, particularly at a time where increasing numbers of customers are likely to be working from home. Against this backdrop we are seeing a surge in customer demand across most areas of the business as the need for fast broadband in the home increases, especially in our target markets where the digital divide exists. We continue to work with our installation partners to provide this support to our customers.

The Board is working hard and taking action to mitigate any COVID-19 impacts so as to manage any short-term disruption to the business or for customers.

The investment in global systems including our Cloud Based IT platform and telephony system is significantly reducing risks to the business and assisted in supporting our customers. In addition, the Board's current view is that the business has strong recurring revenues of c.80%, strong network partners and installer support. We also enjoy excellent relationships with our main funding partners in Santander and HSBC. Whilst the Board recognise that it is difficult to predict with absolute certainty the impact COVID-19 will have on the business and indeed our customers, the Board recognises the robust nature of the business, including but not limited to, delivering a product existing and potential customers urgently need, strong underlying recurring revenue, ready access to additional funding and underlying strong cash generation underpins future growth prospects.

Whilst there may be short-term challenges in the current climate created by COVID-19, the Board believes that the Company continues to be well positioned and it is therefore confident in the long-term prospects for the business. The Company aims to continue leveraging its increased scale while also benefiting from improved management systems to ensure the Company can continue to deliver shareholder value.

Going Concern

The Directors have prepared and reviewed projected cash flows for the Company, reflecting its current level of activity and anticipated future plan for the next 12 months. The Company is currently loss-making, mainly as a result of amortisation and exceptional charges including additional depreciation.The business continues to grow the number of users in a number of key target markets and continues to review the short-term business model of the Company by which the Company becomes profitable and delivers a return on the investments.

While we are yet to understand the full impacts of COVID-19, the Board has identified the key risks and these include,:

- Slower revenue growth, EBITDA and cash generation if sales activities, installations or activations decrease over the period
- 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
- Potential banking covenant breaches if profit or cash minimum targets not met

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

- The current situation has resulted in a significant increase in demand for our products as the global workforces are forced to work from home
- Super-fast broadband is already an essential utility for many and even more so now, it is likely to be one of the last services that customers will stop paying for
- Increased self-install / tripods to offset any installation delays
- Reduced CAPEX / discretionary spend
- Support from Network Partners for the business and customers
- Strong support from banking partners

The Board has conducted stress tests against our covenants and business valuation metrics to ensure that we can manage the risks that COVID-19 presents. We recognise that a number of our business activities could be impacted, and we have reflected these in this analysis including supply chain disruptions, closure of hubs, delays in sales or installations, earnings, or cash generation. By modelling sensitivities in specific KPIs such as volume of activations, churn, ARPU, margin, overhead and FOREX, management is satisfied that it can manage these risks over the going concern period.

Furthermore, management has in place and continues to develop robust plans to protect EBITDA and cash during this period of uncertainty and disruption. Under this plan identified items include reducing discretionary spend, postponing discretionary Capex, reducing marketing, freezing all headcount increases, working with suppliers on terms particularly our network partners and ultimately seeking relief, as appropriate, from the various forms of Government support being put into place.

As a consequence, despite the obvious near-term challenges facing the business, the Board believes that the Company is well placed to manage its business risks and longer-term strategic objectives, successfully.

The latest management information in terms of volumes, debt position, ARPU and churn are in fact showing a strong position compared to prior year and budget and indeed the business is seeing a significant increase in demand across all main territories of the business as a result of government's response to COVID-19 resulting in the remote working of individuals across our key territories. Accordingly, we continue to adopt the going concern basis in preparing these results.

Andrew Walwyn
CEO
26 March 2020

Financial Review

2019 was characterised by an underlying strong trading performance across the Company's key indicators. This is discussed below, after an explanation of changes to the presentation of figures and the Group's accounting policies following the adoption of relevant International Financial Reporting Standards ("IFRS").

Changes in presentation and accounting policy

These are the first full year results which are presented following the adoption of IFRS 9, IFRS 15 and IFRS 16.

IFRS 9 – Financial Instruments - specifies how an entity should classify and measure financial assets, financial liabilities, impairment provisions and contracts to buy or sell non-financial items. IFRS 9 requires an entity to recognise a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, an entity measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability. These two classification categories replace the multiple models and classification in place under the previous IAS 39.

Impact - IFRS 9 has not resulted in any material financial changes but additional disclosures

IFRS 15 - Revenue from contracts with customers - establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To recognise revenue under IFRS 15, an entity applies the following five steps:

1. identify the contract(s) with a customer;
2. identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct;
3. determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer;
4. allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract;
5. recognise revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Impact - IFRS 15 has been adopted without any material impact on comparative numbers. The new PPP contract income stream, entered into post 01 December 2018, has been accounted for under IFRS 15.

IFRS 16 – Leases - is effective for annual reporting periods beginning on or after 1 January 2019, with earlier application permitted (as long as IFRS 15 is also applied). This is the chosen route of BBB.

The objective of IFRS 16 is to report information that (a) faithfully represents lease transactions and (b) provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities arising from a lease.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Impact - BBB has chosen to use the modified retrospective approach to adoption which means there are no restatements to the prior year figures. The impact of IFRS 16 on FY18 has had no change as we have adopted the modified retrospective approach permitted by the standard. FY20 impact is currently expected to be in line with FY19, at around £1.5m. A summary of FY19 is as follows:

- Statement of Comprehensive Income – increase in adjusted EBITDA from £10.2m to £11.7m
  - EBITDA increased by £1.5m representing the removal of operating leases reported
  - Depreciation increased by £1.2m representing the annual charge for all operating leases
  - Non cash interest charge increased by £0.3m
- Statement of Financial Position
  - Fixed assets increased by net book value of £5.1m
  - A corresponding £5.1m increase in finance leases, with £0.7m being less than 12 months and £4.4m representing the period greater than 12 months for all lease commitments

Financial Review

Total revenue increased by £6.7m to £62.1m, an increase of 12.2% (FY18: £55.4m), driven by organic growth as well as the net impact of acquisitions and disposals in the previous period impactingduring the current period. Constant currency like for like revenue growth was 11%, after adjusting for customer rationalisation (FY18: 8%) as the Company continued to add net new customers during the year, at an improved rate, an improved average revenue per user ("ARPU") and an increase in other income including installations, services, network support and grants during the period.

Total customers at the period end were c.110k (FY18: c113k). During the year we added c.9k net adds (FY18: c.3k) and we rationalised c.13k customers (returned to networks or cancelled from networks). This compares with FY18 as follows:

	FY19	FY18	Comments
	£000	£000	
Opening base	113	100	
Acquisition	1	21	FY 18 Italy and Germany
Gross Adds	33	28	18% increase
Churn	(24)	(25)	Reduced as percentage of base
Base Manage-ment	(13)	(11)	FY18 disposal of fibre customers in Australia. FY19 rationalisation of customers following move to PPP
Closing Base	110	113	

The sales revenue mix across the Company at the end of the period was c.80% Satellite and c.20% Fixed Wireless (FY18 c.72% Satellite and c.28% Fixed Wireless).
ARPU, calculated by dividing total revenues from all sources by the average customer base, increased in 2019 to £43.80 per month (FY18: £41.50) as we sought to offer better packages to customers with increased revenue from services, installations, network support and grant income.

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, excluding the rationalisation of customers), decreased to an average annualised churn rate of 20.5% in FY19 (FY18: 21.9%). In the first three months of FY20 the churn rate has reduced further supporting the importance of regular review of our customers tariffs and ensure where appropriate we migrate customers to up to date product offerings.

Gross profit margins improved to 43.8% FY19 (FY18: 40.6%) as a result of improved product sales mix and additional high margin other income, including data packages and network support.

Distribution and Administrative Expenses, pre items identified as exceptional in nature, reduced to £15.5m (FY18: £15.7m) representing 25.0% of revenue (FY18: 28.3%) due to reduction across most categories as hubs have been consolidated. This reduction is despite an increased marketing investment in the period from £1.2m to £1.9m, representing 3% of revenue (FY18: 2%).

Depreciation decreased to £4.6m in FY19 from £6.6m in FY18. In FY18 there was an additional charge of £3.1m following a full review of the useful economic life of fixed wireless assets in the UK and Norway, offset by increased depreciation charges in 2019 and a charge relating to the adoption of IFRS 16 of £1.2m.

This is summarised below:

	FY 19	FY18	Comments
	£000	£000	
Base depreciation	3,365	3,523	
Useful life of Fixed wireless assets review adjustment	-	3,106	To align group policy
IFRS 16 impact	1,245	-	Early adoption
Reported depreciation	4,610	6,629	

Amortisation decreased slightly to £7.4m in FY19, from £7.5m in FY18, mainly due to the completed amortisation of acquisitions made in 2016, which are written off over a 24-month period, offset against increased amortisation for acquisitions completed in FY18 and FY19, and an impairment of previous acquisitions of £3.3m.

The Company incurred charges identified as exceptional in nature during the period, including costs related to fundraising, acquisitions, business consolidations and the initial start-up costs associated with partnership agreements as the business pivoted into the PPP agreement with Eutelsat and are described in more detail below.

Interest costs increased slightly during the year to £2.6m (FY18: £2.2m) as a result of increased interest charges for the draw down on the Revolving Credit Facility ("RCF") with HSBC plc during the period, which increased by £3.3m to £8.2m, and finance charges on IFRS 16 adoption of £0.3m.

	FY19	FY18	Comments
	£000	**£000**	
Underlying Interest	2,340	2,167	Increase in RCF
IFRS 16 impact	282	-	Early adoption
Reported Interest	2,622	2,167	

This RCF was repaid in full in December 2019 other than the redemption premium which is not due until May 2024. This was replaced by the Santander facility announced in December 2019. The difference between the charge and the interest paid in the cash flow statement relates to the accrued redemption premium on the BGF debt; as at the end of the financial year a total of £2.4m has been accrued out of a total £5.5m. In accordance with previous years the redemption premium is included within other creditors and not net debt.

The tax credit arises from the release of deferred tax on amortised customer base intangible assets.

Group results

Adjusted EBITDA (before share based payments and specific items relating to M&A, integration and the establishment of the network partnerships) for the full year increased 50% to £10.2m (FY18: £6.8m). A reconciliation of the adjusted EBITDA to statutory operating loss of £5.6m (FY18: £13.0m loss) is shown below:

	AUDITED	AUDITED
	12 months to 30 November 2019 £000	12 months to 30 November 2018 £000
Adjusted EBITDA	**10,208**	**6,806**
IFRS 16 adoption	1,487	-
Revised adjusted EBITDA	**11,695**	**6,806**
Depreciation - Core	(3,365)	(6,629)
Depreciation – IFRS 16	(1,245)	-
Amortisation	(4,071)	(7,491)
Impairment charge	(3,286)	-
Adjusted EBIT	**(272)**	**(7,314)**
Share based payments	(437)	(395)
Exceptional items relating to M&A, integration and the establishment of the network partnerships (see 4) below)	(4,921)	(5,290)
Statutory operating loss	**(5,630)**	**(12,999)**

Company Statutory Results and EBITDA Reconciliation

1. Adjusted EBITDA (before share based payments, depreciation, intangible amortisation, impairment of goodwill, acquisition, employee related costs, deal related costs, start-up costs and IFRS 16 adjustment) was £10.2m (FY18: £6.8m)
2. Depreciation decreased to £4.6m in FY19 from £6.6m in FY18. In FY18 there was an additional charge of £3.1m following a full review of the useful economic life of fixed wireless assets in the UK and Norway, offset by increased depreciation charges in 2019 and a charge relating to the adoption of IFRS 16 of £1.2m.
3. Total amortisation decreased slightly to £7.4m in FY19, from £7.5m in FY18. Underlying amortisation reduced significantly (down 45% on FY18) mainly due to the completed amortisation of acquisitions made in 2016, which are written off over 24-month period, offset against amortisation for acquisitions completed in FY18 and FY19. During the year we undertook a full review of acquisitions and the carrying value of Goodwill. A decision was made to impair two UK acquisitions by £3.3m as they were fully consolidated within the underlying books and records of Bigblu Operations, the core UK trading entity and no longer had separate brands, websites, invoicing or indeed communications.
4. The Company incurred significant expenses in the period, that are considered exceptional in nature and appropriate to identify. These comprise:
   a) £2.5m (FY18: £2.4m) of net acquisition, deal, legal and other costs relating to fundraising and M&A activities, during the period. These costs comprise mainly professional and legal fees. Such identifiable costs included the successful fundraise costs for Quickline
   b) £2.0m (FY18: £1.0m) employee termination and redundancy costs where divisions or hubs have been agreed to be consolidated.
   c) £0.4m (FY18: £1.9m) of specific set up costs incurred in relation to the agreement with Eutelsat and costs associated with the HRA agreement with Viasat. These one off costs were incurred in setting up business operations in Greece, Hungary, including statutory entities, legal, telecommunications licenses, websites, rebranding, finance, IT and identifiable headcount cost incurred in going live in these territories.

Adjusted EBITDA and revised Adjusted EBITDA

The combination of increasing sales of new products and operational improvements resulted in adjusted EBITDA growing to £10.2m from £6.8m in FY18 a 50% increase year on year. In addition, due to the adoption of IFRS 16 we present a reconciliation below between adjusted and revised adjusted EBITDA:

		EBITDA		
		Audited	Audited	
		12 months to 30 November 2019 £000	12 months to 30 November 2018 £000	Growth
Consistent with 2018 presentation and accounting policy	**Adjusted**	**10,208**	**6,806**	**50%**
Changes due to accounting policy				
- IFRS 16		1,487	-	
Consistent with 2019 presentation and accounting policy	**Revised Adjusted**	**11,695**	**6,806**	**72%**

Revenue and Adjusted EBITDA in FY19 and the comparative period is segmented by the following categories as follows:

	Revenue		Adjusted EBITDA	
	Audited	Audited	Audited	Audited
	12 months to	12 months to	12 months to	12months to
	30 November	30 November	30 November	30 November
	2019	2018	2019	2019
	£000	£000	£000	£000
UK	19,119	16,406	6,474	2,462
Europe[1]	28,078	23,779	4,388	6,524
Australia	14,891	15,166	2,807	1,505
Plc and Central Costs[2]	-	-	(3,461)	(3,685)
IFRS 16[3]	-	-	1,487	-
Total	62,088	55,351	11,695	6,806

[1]Europe includes Norway, France, Ireland, Poland, Italy and Germany, Sweden, Finland, Poland and Spain
[2]Central costs include finance, IT, marketing and plc costs

The Company's total customer base of c110k as at 30 November 2019 was split as follows:

- UK: 20% (FY18: 23%)
- Europe: 44% (FY18 49%)
- Australia: 37% (FY18: 28%)

The above analysis shows some clear swings year on year from both a revenue and EBITDA prospective, and is explained as follows

1. **UK / Europe**
    a) Revenue in satellite increased mainly due to organic customer growth and additional revenue associated with the new PPP customer contract in FY19 (up £9.4m from FY18), and this combined with improved gross margins and cost reductions increased EBITDA in FY19 (up c.£4.8m from FY18). Churn in satellite base reduced to 22% in FY19, from 27% in FY18 PPP revenue is all received in the UK and reallocated, as appropriate to Europe based on activations.
    b) Revenue in fixed wireless in FY19 reduced by c.£2.4m due a one-off benefit of £2.2m in relation to additional grant income recognised in FY18 and churn increasing in the Nordic region (£0.2m). Furthermore, post the refinancing of Quickline the management team have been strengthened and investment has been made in new systems to support the future growth (£0.7m). Consequently, EBITDA reduced by c.£2.9m. Churn in the Fixed Wireless base reduced to 18% in FY19, from 20% in FY18
2. **Australia** – The reduction in revenue was a direct consequence of the disposal of the Fibre business in FY18 which impacted revenue in FY19 by £0.8m. This was offset by increased revenues of £0.5m from the continued growth every month in customer numbers. Importantly, EBITDA improved by 87% following the disposal of the fibre business and the cost control actions taken subsequently.
3. **IFRS adjustments** - In FY19 there was an IFRS 16 adjustment of £1.5m.

Average revenue per user ("ARPU") increased by c6% to £43.80 per month in FY19 to (FY18: £41.50). Customer average annualised churn was 20.5% (FY18: 21.9%) in the period. Whilst customer churn is in line with management expectations at this stage, we are confident churn will continue to reduce as we continue to invest in our customer engagement programmes, our network suppliers offering more compelling services and significant improvements in our customer support platforms come on-stream as planned. Churn has reduced in the main due to the migration of certain customers to better network packages and the launch of PPP in core regions.

Performance against Key Performance Indicators

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 is set out below.

KPI	2019	2018	Description	2019 performance
Customer Base	**110,041**	**113,520**	Represents total gross organic connections plus acquisitions less disposals, less lost customers (churn) and base management since inception.	(3%) change
Customer Net Organic Connections	**10,536**	**2,983**	Represents Gross organic connections less lost customers (churn)	Significant increase in performance YOY – c.250% increase
Customer Net Connects	**(3,479)**	**13,280**	Represents net organic connections plus acquisitions less disposals, churn and base management in the period.	Whilst customer net organic connections grew significantly there was base management of c13k whereas FY18 included c23K M&A
Revenue	**£62.1m**	**£55.4m**	Revenue represents that element of billings recognised in the period, including from bases or companies acquired from their date of acquisition and government grants	Includes one acquisition this year generating revenues of £0.2m. Remainder comes from organic and acquisitions growth in 2018 annualised and government grants
Organic Revenue Growth	**15.5%**	**8.2%**	Organic revenue growth compares current and prior period revenue, treating acquired businesses as if they had been owned for the relevant period in both years on a constant currency basis	Continued growth in current year, impacted by increased churn in core markets and delays in JV
Adjusted EBITDA **EBITDA %**	**£11.7m** **18.9%**	**£6.8m** **12.3%**	Earnings before share based payments, depreciation, intangible amortisation, impairment costs, acquisition costs, one-off employee related costs, deal related costs and start-up costs is the measure of the Group's operating performance. It evaluates performance without factoring in financing decisions, accounting decisions or tax environments or provisions for potential legal costs, share based payments, acquisition costs and fund-raising fees.	Includes contributions from one acquisition this year. Remainder comes from current year organic and acquisitions in 2018 annualised. £1.5m due to accounting policy change, being adoption of IFRS16 Leases.
Operating Cash Flow	**£7.2m**	**£4.9m**	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.	Operating cash flow improved due to increased EBITDA and working capital management.
Free Cash Flow	**(£3.9m)**	**£1.1m**	Cash (used)/generated by the Group after investment in capital expenditure and servicing debt.	Free Cash Flow declined in year mainly due to increase capital expenditure and interest payments.
EPS	**(13.9p)**	**(25.8p)**	Earnings per share (EPS) is the portion of a Group's profit allocated to the weighted average of each outstanding share, allowing for the May share issue and capital structure change of 15 shares for each 1.	EPS during the year was loss of 13.9p in 2019 compared to a loss of 25.8p in 2018

Operating and Free Cash Flow

The Group delivered a revised adjusted EBITDA in the year of £11.7m after adoption of IFRS 16 (2018: £6.8m). Operating cash flow including M&A (Mergers and Acquisitions) related costs and working capital movements was £7.2m inflow (2018: £4.9m inflow), which represents a conversion of 67% (2018: 72%) of adjusted EBITDA.

Interest paid in the period amounted to £2.1m (FY 2018 £1.5m) and the Group received approximately £3.6m from the sale of 30.3% of the share capital of the Quickline Communications business and other bank support of £3.3m (FY 2018 £0.4m) which enabled it to invest in further growth. At 30 November 2019, the Group had cash in the bank of £6.0m (2018 £5.1m).

	2019	2018
	£000	£000
Operating Loss from Continuing Operations	(5,630)	(12,999)
Add back: non-cash items and M&A related costs	17,325	19,805
Adjusted EBITDA	**11,695**	**6,806**
Fundraise, legal and related costs associated with acquisition and disposal activity	(2,431)	(2,417)
Employee related costs associated with consolidations in the regions	(1,999)	(980)
Partnership investment start-up costs	(626)	(1,893)
Other cash flow items including working capital and foreign exchange variances	558	3,354
Operating Cash Flow	**7,197**	**4,870**
Interest paid	(2,144)	(1,478)
Tax Paid	-	(18)
Capital expenditure	(8,913)	(2,282)
Free Cash Flow	**(3,860)**	**1,092**

Statutory Cash flow Analysis

Operating cash flows improved to £7.2m in FY19 (FY18: £4.9m) in an improvement of 48% reflecting in the main an improvement in Adjusted EBITDA. This results in an operating cash flow to adjusted EBITDA (pre IFRS 16 adjustment) conversion of 62% (FY18: 72%).

In terms of working capital, during the year we have had great support from our main airtime suppliers and we will continue to work with them to ensure that trading and payment terms are appropriate alongside marketing and product support to ultimately ensure that the customer continues to get better product offerings.

Tax and interest paid increased to £2.1m in FY19 from £1.5m in FY18 following the increase in the RCF facilities during the year and the interest element in relation to the adoption of IFRS 16 (£0.3m)

The net summary of the above is an Equity free cash outflow to (£3.9m) in FY19 from a £1.1m inflow in FY18 and is summarised as follows:

	Unaudited 12 months to 30 November 2019 £000	Audited 12 months to 30 November 2018 £000	
Consistent with 2018 presentation and accounting policy	6,915	4,870	42%
Changes due to accounting policy			
IFRS 16	282	-	
Consistent with 2019 presentation and accounting policy – UNDERLYING Operating Cash Flows[1]	**7,197**	**4,870**	**48%**
Interest and Tax	(2,144)	(1,496)	
Purchase of assets	(8,913)	(2,282)	
Equity free cash flow (outflow)/inflow	**(3,860)**	**1,092**	

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

Operating analysis – isolating impact of M&A and exceptional items

As a result of the changes to adjusted EBITDA and the Cash generated by operations we also set out below a comparison of the ratio under the old and new basis

Cash generated by operations / adjusted EBITDA	2019	2018
	%	%
As reported for 2018 presentation and accounting policy	67	72
Consistent with 2019 presentation and accounting policy	62	72

Using the new basis (due to the adoption of IFRS 16), the cash conversion from operations has reduced by 10 ppts being 5 ppts on like for like basis and 5 ppts impact from IFRS 16 increasing EBITDA. This reduction is due to the 50% increase in adjusted EBITDA £10.2m (FY18: £6.8m) and cash generated from operating activities increasing by 48% to £7.2m (FY18: £4.9m), which subsequently reduces the cash conversion percentage.

Underlying Cashflow performance

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

		Audited 12 months to 30 November (Pre IFRS 16)	IFRS 16 Impact	Audited 12 months to 30 November	Audited 12 months to 30 November
		2019	2019	2019	2018
		£000	£000	£000	£000
Underlying adjusted EBITDA		10,208		10,208	6,806
IFRS 16 adoption	1	-	1,487	1,487	-
Revised underlying adjusted EBITDA		**10,208**	**1,487**	**11,695**	**6,806**
Underlying movement of working capital	2	2,426	-	2,426	2,824
Forex and non-cash	3	(1,518)	24	(1,494)	(2,228)
Underlying operating cash flow before interest, tax Capex and exceptional items	4	**11,116**	**1,511**	**12,627**	**7,402**
Tax and interest paid	5	(1,862)	(282)	(2,144)	(1,496)
Purchase of Assets	6	(8,913)	-	(8,913)	(2,282)
Underlying free cash flow before exceptional and M&A items		**341**	**1,229**	**1,570**	**3,624**
Cash Exceptional items	7	(3,337)	-	(3,337)	(5,152)
Cash impact of M&A Activity	8	(2,093)	-	(2,093)	2,620
Underlying free cash flow after exceptional and M&A items		**(5,089)**	**1,229**	**(3,860)**	**1,092**
Investing activities	9	(865)	-	(865)	(13,667)
Financing activities	10	6,876	(1,229)	5,647	14,190
INCREASE IN CASH BALANCES		**922**	**-**	**922**	**1,615**

1. IFRS 16 is shown as an adjusted item between underlying adjusted EBITDA and revised underlying adjusted EBITDA. The £1.5m is offset by £1.2m in Financing activities and £0.3m in non - cash interest. The net impact therefore eliminates to zero on the increase in cash balances.

2. Underlying movement in working capital was a benefit of £2.4m (FY18: £2.8m). This is despite a precautionary measure to increase stock by £2.1m towards the end of the year to support the PPP growth strategy.

Working capital benefitted from an increase in creditors as a result of the agreed deferred payment of £3.2m for PPP kit.

3. Forex and non-cash outflow of £1.5m (FY18: Outflow £2.2m) relate to the exchange movement in the Condensed consolidated statement of comprehensive income and the Condensed consolidated statement of financial position, as well as costs/income where there is no impact on operating cashflow.

4. This resulted in an underlying operating cash flow before Interest, Tax, Capital expenditure and Exceptional items of £12.6m (FY18: £7.4m), and an underlying operating cash flow to EBITDA conversion of 123.7% (FY18: 108.7%).

5. Tax and interest paid was £2.1m (FY18: £1.5m) with the difference to the condensed consolidated statement of comprehensive income being accrued interest of £0.5m.

6. Purchase of assets in FY19 were £8.9m. These purchases covered the rental equipment of £5.5m, fixed wireless investment of £2.1m, as well as installations and IT costs of £1.3m.

7. Cash Exceptional items of £3.3m (FY18: £5.2m) is net of non-cash exceptional items including provisions made in accordance with IAS 37 which are expected to be incurred in 2020.

8. Cash impact of M&A activity was an outflow of £2.1m (FY18: £2.6m inflow) and includes the £2.0m deferred consideration paid to previous owners of Quickline (UK £2.0m) and Sat Internet (Germany £0.2m) - it was accrued in 2018 and reversed in 2019 with the majority relating to the payment to Quickline for exceeding their set performance criteria.

9. Purchase of intangibles in FY19 was £0.7m compared to £1.5m in FY18 due to less M&A activity. FY19 consists of Software development costs of our Pathfinder project (£0.2m). FY18 covered both the Italian and German assets acquired at acquisition.

10. In addition, there were purchase of investments in FY19 relating to the acquisition of JHCS (£0.2m) compared to £8.2m in FY18 which related to the acquisitions of the Italian and German businesses.

    a. In FY19 the major financing activities related to the:

        - Company draw down of an additional £3.3m from the RCF with HSBC plc to support the deferred consideration payments to QCL (£2.0m) and Italian and German businesses after 1 year of performance.
        - £3.6m, net, was received due to the part disposal (30.3%) to new Shareholders of Quickline.
        - Principal elements of lease payments in relation to IFRS 16 adoption (Outflow £1.2m)

    b. In FY18 the major financing activities related to:

        - The share issue for £12m to fund the acquisitions of the Italian and German businesses, offset by £0.1m of costs.
        - The drawdown of £0.4m from the RCF and the receipt of £1.5m in cash from the acquisitions.

This resulted in an underlying Free Cash Flow in the year being an outflow of £3.9m (FY18: inflow £1.1m)

Net debt and Cash

	Audited 12 months to 30 November 2019	Audited 12 months to 30 November 2018
	£000	**£000**
Cash	5,989	5,067
Debt	(20,187)	(16,979)
Net Debt	**(14,198)**	**(11,912)**

Net debt increased by £2.3m in the period to £14.2m from £11.9m. Cash increased by £0.9m and debt increased by £3.3m. Debt increased following drawdowns of the RCF facility with HSBC plc which were required to support the purchase of fixed assets of £8.9m (FY18: £2.3m) and support Quickline's earnout payment of £2m following successful post acquisition performance.

The table above excludes the lease liabilities of £5.7m recognised for the first time in 2019 after the adoption of IFRS 16. Including this amount would give a total net debt of £19.9m and a ratio of net debt to adjusted EBITDA of 1.70x. For covenant reporting this has no impact.

	2019	2018
	£000	**£000**
Opening Net (Debt) / Cash	(11,912)	(13,127)
Facilities Received	(3,350)	(400)
Debt on acquisition	-	(400)
Facilities Repaid	142	400
Movement in Cash	922	1,615
Movement in Net Debt	(2,286)	1,215
Closing Net Debt	**(14,198)**	**(11,912)**

Applying our bank's adjusted measure of financial leverage, the Group's year-end net debt to EBITDA ratio was 1.39x, reducing from 1.75x at the previous year-end.

	2019	2018
	£000	**£000**
Net cash and cash equivalents	5,989	5,067
Bank loans	(8,250)	(4,900)
BGF loan	(11,728)	(11,728)
Other loans / Finance Leases	(209)	(351)
Net Debt	**(14,198)**	**(11,912)**
Adjusted Net Debt / EBITDA	**1.39x**	**1.75x**

Capital expenditure

Purchase of assets of £8.9m in FY19, excluding IFRS 16 adoption (£5.2m), compares to £2.3m in FY18 as the Company invested in providing PPP customers with equipment c£6.5m, including installation of £1.0m (FY18: Nil), previously supplied direct by networks. In addition, the Company invested £2.1m (FY18: £1.2m) in its fixed wireless infrastructure and IT development costs.

Taxation

The reported tax credit in the year was £231k (2018: £1,870k credit) against a reported pre-tax loss of £8.3m (2018: £15.2m). The underlying effective tax rate measured against adjusted loss before tax is 19% (2018: 19%).

Balance Sheet

There was a step change in the balance sheet following the investment in capital expenditure during the year to support the PPP roll out in Europe, the continued investment in fixed wireless and the impact of the adoption of IFRS 16. The changes are highlighted as follows:

Fixed Assets have increased in the year to £15.9m (FY18: £5.5m), following a planned capital expenditure investment as a direct result of a transition out of the HRA (CAPEX incurred by Viasat) to the PPP (CAPEX incurred by the Company). The main components of the £10.4m increase include the purchase of rental equipment of £5.5m (c.17k customers at £310 each), fixed wireless investment of £2.1m and the adoption of IFRS 16 creating a right to use asset (£5.2m), adjusted by depreciation provided in the year (£3.4m) and foreign exchange movements.

Intangible Assets decreased to £29.4m (FY18: £36.1m) following amortisation charges (£4.1m) and an impairment of prior year acquisitions (£3.3m) in the year. Total amortisation reduced slightly to £7.4m in FY19 (FY18: £7.5m). Underlying amortisation reduced significantly (down by 45% on FY18) mainly due to the completed amortisation of acquisitions made in FY16, which are written off over 24-month period, offset against amortisation for acquisitions completed in FY18 and FY19 (small acquisition made earlier in the year of JHCS (£0.2m)). During the year we undertook a full review of acquisitions and the carrying value of Goodwill. A decision was made to impair two UK acquisitions (Bigblu Services Limited - previously Avonline Satellite Services Ltd a business purchased in FY16) and BeyonDSL (a previous customer base acquisition in FY18) resulting in a one off charge of £3.3m as they were fully consolidated within the underlying books and records of Bigblu Operations Limited, the core UK trading entity and no longer had separate brands, websites, invoicing or indeed communications.

Goodwill and Amortisation	FY19 £000	FY18 £000	Comments
Underlying Amortisation	4,071	7,491	2016 acquisitions now fully amortised
Additional charge - Impairment	3,286	-	BBS Limited/BeyonDSL as integrated with BBO Ltd
Reported Amortisation	7,357	7,491	

Creation of Right of use asset

Upon the adoption of IFRS 16, an additional fixed asset of £5.2m was created. A corresponding liability was also created.

Working Capital

Inventory days increased to 41 days (FY18: 22 days) as we sought to ensure that there was sufficient stock in all markets and channels through Brexit.

Debtor days decreased to 20 days from (FY18: 32 days) following strengthening of the recovery team and implementation of auto suspend in several regions.

Creditor days increased to 120 days from (FY18: 107 days) due to extended terms from our airtime providers and agreed payments to a key supplier in Australia in respect of the disposal of the fibre business.

Total net debt increased in the year by £2.3m to £14.2m (FY18: £11.9m) and is explained further in the Cash Flow Analysis section.

As at 30 November 2019, the Group had a cash balance of £6.0m and £1.8m of headroom under the HSBC plc facility. The increase in cash is largely due to the continued support of our network partners. However, we recognise as we work closer with our network partners across existing and new territories, there will be a desire to reduce creditor days. We will continue to work with them to ensure payment terms are appropriate for our size of business alongside the ongoing marketing and product support obligations to ensure the Company can deliver consistently improving products and services to its customers.

Earnings per share

On 28 May 2018 the Group reorganised its share capital by way of a consolidation (the "Consolidation"). Upon implementation of the Consolidation, every 15 ordinary shares of 1p each in the capital of the Group ("Existing Ordinary Shares") then in issue were consolidated into 1 new ordinary share of 15p ("New Ordinary Share"). The weighted average number of shares for last year and the earnings per share has been restated to reflect the Consolidation.

Basic earnings per share from continuing operations was a loss of 13.9p in the year, compared with a loss in 2018 of 25.8p. Adjusted earnings per share (i.e. before amortisation of intangibles, share based payments, start-up costs and accelerated depreciation) moved from a loss of 0.2p last year to a profit of 8.2p this year.

	2019	2018
Basic earnings per share	**(13.9p)**	**(25.8p)**
Basic adjusted earnings per share	**8.2p**	**(0.2p)**

Adjusted EPS and Statutory EPS

Adjusted EPS loss per share decreased from 25.8p to 13.9p. As for EBITDA, the revision to accounting policies and changes in presentation impact the results. We have therefore provided a reconciliation to previous presentation and policies to aid users of these accounts:

	Adjusted EPS		
	Audited 12 months to 30 November 2019	Audited 12 months to 30 November 2018	
	Pence	Pence	Growth
As reported with 2018 presentation and accounting policy	(13.8)	(25.8)	47%
Changes due to accounting policy			
- IFRS 16	(0.1)	-	-
Consistent with 2019 presentation and accounting policy	**(13.9)**	**(25.8)**	**47%**

Adjusted EPS movement in IFRS 16 adoption is (0.1p) due to the foreign exchange element of the calculations (£38k).

Accounting standards

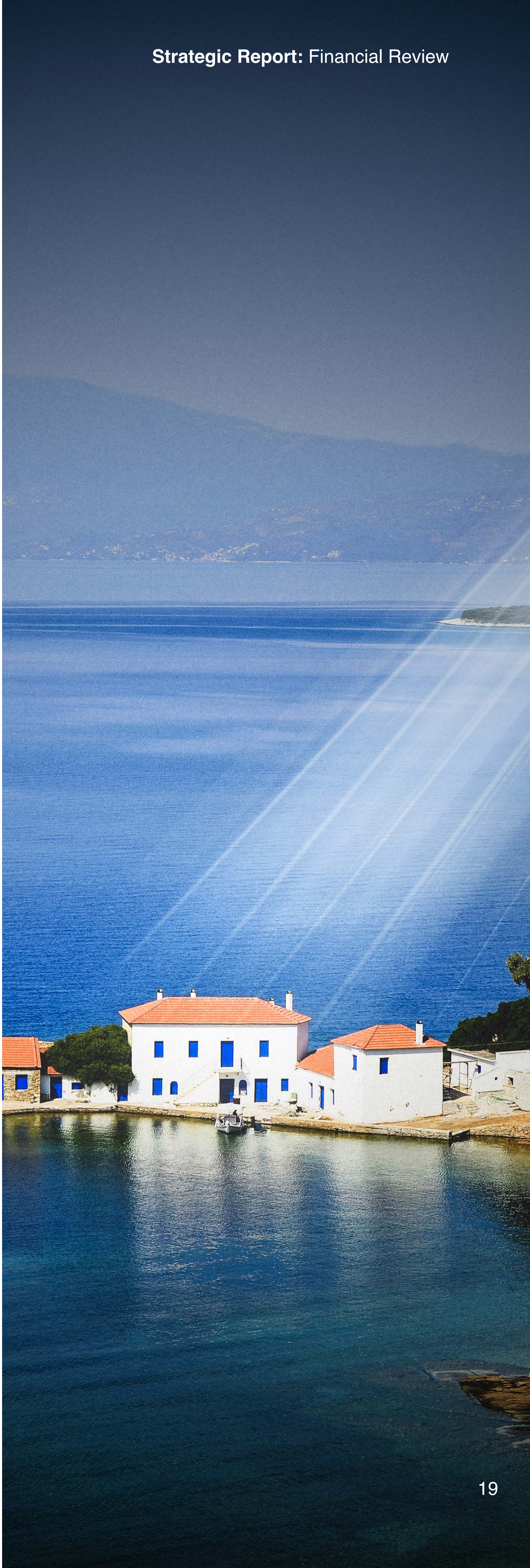
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed and adopted for use in the EU. Changes to IFRS this year that have a material impact on the Group's results include IFRS 16 Leases which was adopted early. IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers also came into effect from January 2018 but had no material impact on the Group's results requiring the restatement of comparatives. New revenue streams have however been accounted for applying the principles of IFRS 15.

Dividend

At this stage given the investment in organic growth opportunities being considered, the directors do not recommend the payment of a dividend (2018: Nil)

On behalf of the Board

Frank Waters
Chief Financial Officer
26 March 2020



Principal Risks and Uncertainties

The Board and management regularly review and monitor the key risks involved in running and operating the business. The future success of the Group is dependent on the Board's ability to implement its strategy. The model for the future development of the Group is reliant on its ability to achieve a critical mass of customers, its ability to derive revenue from these customers by providing excellent technical support, a value-added service, solution delivery and delivering operational gearing. The table below sets out a number of the material risks together with relevant mitigating factors.

Dependence on satellite owners and satellite infrastructure

Risk: The Group is dependent on its ability to purchase broadband capacity from satellite owners. The terms upon which satellite owners sell such capacity may change to the Group's detriment and the Group may not be able to secure capacity from the satellite owners with which it currently deals.

In the event of the failure of a satellite, the Group may not be able supply broadband access to parts of its customer base, which would have an adverse impact on the Group's relationship with its customers and its revenues, its operational results of operations and its prospects.

Mitigation: The Board is in regular dialogue with the network providers to ensure appropriate capacity exists in target markets at an affordable price. New satellites and capacity changes from time to time, so it is vital the relationship with the satellite owners, both in Europe and Australasia, continues to prosper.

Overbuild by fibre in areas where the Group has presence

Risk: Operators, either commercially or funded through Government Schemes, overbuilds the Group's existing wireless network. This increases price competition and could provide faster speeds (potentially up to Ultrafast) than wireless internet is currently capable of. This would reduce Group revenues and could potentially make certain areas unviable.

Mitigation: Group strategy is to focus in rural areas where fibre is not commercially viable thereby avoiding direct competition with fibre operators where possible.

Key contract terms

Risk: The Group's current contractual agreements with the satellite owners are typically non-exclusive, are terminable immediately or within a short timeframe of giving notice, do not contain restrictive covenants which would prevent the satellite owners from directly competing with the Group and do not contain express provisions obliging them to continue providing services to the Group.

Mitigation: The Board work closely with satellite owners as partners to develop short, medium and longer-term sales plans, target opportunities and markets. This is especially so with the agreement signed with Eurobroadband Infrastructure ("EBI"), a subsidiary of Eutelsat (Euronext: ETL), "EBI"

Lack of spare capacity within satellite fleets

Risk: Currently there is significant spare capacity within the satellite fleets for a much larger number of customers, while competition between satellite owners serves to keep the wholesale cost of the capacity in proportion to (albeit typically still more expensive than) a fibre broadband offering.

However, the nature of satellite broadband coverage means that whilst there is excess capacity overall, in specific locations certain satellites can have very limited availability if their capacity is already full or in the peripheral areas of satellite coverage.

In the event that there is insufficient capacity, the Group may be unable to provide services to existing customers or to accept new customers which may have an adverse effect on the Group's relationship with its customers, revenues, results of operations and prospects.

Mitigation: The Board works closely with the satellite owners to identify potential congestion issues and in the development of ways to overcome these challenges.

The Group seeks to maximise coverage availability to its customers by having relationships with a range of satellite broadband providers.

Acquisitions

Risk: The Group believes there is an opportunity to continue acquisition of customers by way of accretive bolt-ons in existing markets.

However, there can be no guarantee the Group will be able to agree terms with potential sellers of assets, or that, if terms are agreed, that the new customer base can be retained and integrated into the Group's operations. This would slow down inorganic growth plans.

The Group intends to conduct appropriate due diligence in respect of its acquisition targets and to identify any material issues that may affect the decision to proceed with the purchase. During the due diligence process the Group is only able to rely on the information that is available to it. That information may not be accurate or remain accurate during the due diligence process.

More broadly, there can be no guarantee that due diligence undertaken will be adequate or reveal all relevant facts or uncover all significant liabilities. If due diligence fails to identify key information, or if the Group considers such material risks to be commercially acceptable, the Group may be forced to write-down or write-off assets of the target acquired. This may have a material adverse effect on the Group's business, financial condition or results of operations.

In addition, following an acquisition, the Group may be subject to significant, previously undisclosed liabilities of the acquired business that were not identified during due diligence and which could have a material adverse effect on the Group's financial condition and results of operations, especially if the due diligence is required to be undertaken in a short timeframe or in a competitive situation.

Mitigation: Roll up strategies are inherently risky. This risk is mitigated as far as possible by working closely with existing management teams, professional advisors and network operators to reduce the risks during the acquisition stage.

Dedicated resources are employed internally to support the due diligence process and to on-board the businesses into the Group and further enhance our operating system capabilities to reduce on going risk.

Competition from existing/emerging alternative technologies

Risk: There may be competition from existing and emerging alternative technologies, such as 4G, and 5G, improved versions of the wide area radio network or mesh radio technologies. In the event that such technologies become widely available, the Group's subscriber base, revenues, results from operations and prospects may be adversely affected

Mitigation: The Board recognises this risk and seeks to mitigate it by regular dialogue in the marketplace with other solution providers to ensure the Group's offering is adjusted accordingly to meet the market demands.

Government policy and increased investment in fibre roll-out

Risk: Given the importance of digital connectivity to the economy, it may be the case that many Governments further invest in fibre roll-out thus reducing the market size for satellite and wireless broadband.

Mitigation: Recent government announcements in the UK and Australia indicate support will be provided for satellite and wireless providers. We remain confident this will continue within the jurisdictions in which we operate.

System reliance

Risk: The Group believes the proprietary technology platform, Pathfinder, built on Microsoft technology is a key contributor to the operational success of the business. In the event of a system failure of the platform or any other technology or system operated by a third party, short term operations would be affected adversely. This is especially important as we on-board new acquisitions.

Mitigation: Continued and sustained development and testing of the existing systems is undertaken regularly. Enhancements are rolled out during the course of the year.

Dependence on key executives

Risk: The performance of the Group will depend heavily on its ability to retain the services of the Board and to recruit, motivate and retain further suitably skilled personnel. The loss of the services of key individuals may have an adverse effect on the business, operations, customer relationships and results.

Mitigation: The Board will continue to ensure that the management team are appropriately incentivised and that there is scope to appropriately incentivise new key personnel where required. The Group operates a share option scheme which enables employees to benefit from continued growth. It also ensures that the management team, staff and shareholders objectives are aligned.

Fraud, including cyber attacks

Risk: As a provider of broadband solutions, the Group is a potential target and products may have vulnerabilities that may be targeted by attacks specifically designed to disrupt the Group's business and harm its reputation.

If an actual or perceived breach of security occurs in the Group's internal systems, it could adversely affect the markets perception of the Group's products or internal control systems. In addition, a security breach could affect the Group's ability to provide support for customers.

Mitigation: The Group have dedicated technical staff who focus on investigation and mitigation of risks related to fraud and cyber-attacks.

COVID -19 and similar

Risk: Global responses to the coronavirus disease 2019 (COVID-19) outbreak continue to rapidly evolve. COVID-19 has already had a significant impact on global financial markets, and it will have implications for many businesses including BBB.

Some of the key risks that could impact on the BBB group include, but are not limited to:

Supply chain disruptions, unavailability of personnel, closure of hubs, delays in sales or installations, earnings, or cash generation. Delays in planned business expansions and the launching of new products.

In addition, BBB is aware of the risks posed by the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets

Mitigation: The BBB Board and Management has considered the effects as best possible with the information currently available and the Government guidance given in each jurisdiction and has taken precautionary measures which include the testing and enforcement of

- Home working, self isolation
- Integrated telephony systems
- Business continuity

Entities must carefully consider their unique circumstances and risk exposures when analysing how recent events may affect their financial reporting. Specifically, financial reporting and related financial statement disclosures need to convey all material effects of COVID-19.

Future funding

Risk: Should the Group decide to accelerate its growth strategy, new funding, either debt and/or equity, will be required. No assurance can be given that any such additional financing will be available or that, if available, it will be on terms acceptable to the Group. Furthermore, any additional equity capital may dilute shareholders' ownership interests in the Group and may have an adverse impact on the value of the Group's equity. The terms of financing may also adversely affect shareholders' holdings or rights or may contain restrictive covenants. If adequate additional funding cannot be obtained, the Group may have to abandon or limit any planned acquisitions which may have a material adverse effect on the Group's business, financial condition, future trading performance and prospects.

Mitigation: The Board will seek additional funding as appropriate and at the appropriate time to achieve the strategic goals of the Group. This may involve acceleration of the funding requirements should the relevant opportunities arise.

With that in mind the Directors will continuously review funding and capital requirements relative to acquisition opportunities that it negotiates.

Force majeure

Risk: The Group's operations now or in the future may be adversely affected by risks outside its control, including space debris damaging or destroying satellites, labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Mitigation: This continues to be monitored by the Board with our professional advisors, satellite and wireless operators and insurance specialists.

General economic conditions

Risk: Market conditions, particularly those affecting telecoms and technology companies may affect the ultimate value of the Group's share price, regardless of operating performance. The Group could be affected by unforeseen events outside its control, including, natural disaster, terrorist attacks and political unrest and government legislation or policy. Market perception of telecoms and technology companies may change which could impact on the value of investors' holdings and impact on the ability of the Group to raise further funds. General economic conditions may affect exchange rates, interest rates and inflation rates.

Mitigation: This continues to be monitored by the Board with our professional advisors.

Brexit

Risk: The Board is monitoring the impact that Brexit may have on the Group's performance but awaits clearer guidance on what this might look like in reality once the decisions are made.

Mitigation: A significant part of the business arises within the EU but is primarily linked to airtime provision in these countries rather than the specific trade in goods. The systems are developed in such a way to provide maximum flexibility in billings and collections and we are in regular dialogue with Santander and our Network Partners to assess risks

The Strategic Report was approved by the Board of Directors on 26 March 2020 and was signed on its behalf by:

Andrew Walwyn
Chief Executive Officer

GOVERNANCE
Directors' Report

The Directors present their report together with the audited financial statements for the year ended 30 November 2019.

Results and dividends

The consolidated statement of comprehensive income for the year is set out on page 46. No dividend has been declared or is proposed for the year (2018: Nil).

Directors and their interests

The Directors who served during the year are set out below, together with their beneficial interests in the ordinary shares of the Group. Biographical details are included on pages 26-27.

		2019		2018	
		Ordinary	**Share**	**Ordinary**	**Share**
	Appointed	**shares of 15p each**	**options**	**shares of 15p each**	**options**
Michael Tobin	29 Sept 2015	236,553	226,667	227,277	226,667
Andrew Walwyn	12 May 2015	2,968,438	954,729	2,968,438	755,240
Frank Waters	12 May 2015	314,780	585,908	296,480	848,753
Simon Clifton	29 Sept 2016	1,866,030	585,963	1,866,030	429,953
Paul Howard	29 Sept 2015	149,577	133,333	149,577	133,333
Stephen Morana	10 Feb 2017	199,783	133,333	199,783	133,333
Christopher Mills*	23 May 2018	258,334	-	258,334	-
Total		5,993,495	2,619,933	5,965,919	2,527,279

* Mr Christopher Mills also has an indirect interest in a further 13,050,000 shares in the Group (through his interests in Oryx International Growth Fund Limited, Harwood Capital LLP and North Atlantic Smaller Companies Investment Trust). His total indirect and direct holdings is 13,308,334 shares representing 23.1% of the issued share capital.

The Group has established an EMI option scheme and an 'unapproved' share option scheme, pursuant to which the CEO and other members of staff have been or may be granted share options. The number and exercise price of options over ordinary shares in the Group held by Directors at the end of the year were as follows:

	EMI Share options	Exercise price (pence)	Remaining share options	Remaining exercise price (pence)
Michael Tobin	-	-	133,333	78.75
Michael Tobin	-	-	93,333	114.45
Andrew Walwyn	233,333	78.75	-	
Andrew Walwyn	51,942	114.45	48,057	114.45
Frank Waters	217	114.45	86,450	114.45
Simon Clifton	-	-	100,000	114.45
Paul Howard	-	-	66,667	114.45
Paul Howard	-	-	66,666	78.75
Stephen Morana	-	-	133,333	131.25
Total	285,492		727,839	

Following consultation with a number of shareholders and as highlighted in last year's report the Group has established a Long Term Incentive Plan ("LTIP"), pursuant to which the CEO and other members of staff have been or may be granted shares. The number and exercise price of ordinary shares in the Group held by Directors and other staff members at the end of the year were as follows:

	LTIP Share options	**Exercise price (pence)**
Andrew Walwyn	621,396	15.0
Frank Waters	499,241	15.0
Simon Clifton	485,963	15.0
Other staff members	1,197,741	15.0
Total	2,804,341	

The Directors' beneficial interests in share options shown in the table above comprise options issued under the EMI option scheme, the "unapproved" option scheme and the LTIP.

There are a number of performance conditions as well as time restrictions relating to the financial year ended 30 November 2019 attached to these options.

Frank Waters exercised and subsequently sold options over 423,115 shares during the year realising a gain of £225k. Apart from this no Director options were exercised, lapsed or forfeited during the year.

Directors' Remuneration

The following table shows emoluments paid to Directors during the financial year:

	Year ended 30 November 2019					Year ended 30 November 2018
	Salary/fees	Bonus	BIK	Pension	Total emoluments	Total emoluments
	£000	£000	£000	£000	£000	£000
Current Directors:						
Michael Tobin (Non-Executive Director and Chairman)	85	--	-	-	85	69
Andrew Walwyn (Chief Executive Officer)	244	60	3	10	317	340
Frank Waters (Chief Financial Officer)	194	48	3	8	253	274
Simon Clifton (Chief Technology Officer)	189	112	-	3	304	276
Paul Howard (Non-Executive Director) *	75	-	-	-	75	52
Stephen Morana (Non-Executive Director)	57	-	-	-	57	46
Christopher Mills (Non-Executive Director)	52	-	-	-	52	-
	896	**220**	**6**	**21**	**1,143**	**1,057**

* Paul Howard was appointed Chairman of Quickline Communications Holdings Ltd in August 2019

Service Contracts

The Chief Executive Officer, Chief Financial Officer and Chief Technology Officer have entered into service contracts with the Group that are terminable by either party on not less than 12 months prior notice. The non-executive Directors have entered into service contracts with the Group that are terminable by either party on not less than 3 months prior notice.

Pensions and Private Healthcare

There are pensions and private healthcare arrangements in place for the Chief Executive Officer, Chief Financial Officer and Chief Technology Officer.

Substantial shareholdings

As at 30 November 2019 the Group was aware of the following interests in 3% or more of its issued voting share capital:

Shareholder	% holding	No. of shares
Harwood Capital LLP	23.0	13,050,000
BGF Investment Management Limited	7.9	4,544,444
Herald Investment Management Ltd	6.8	3,891,111
Canaccord Genuity Wealth Management	6.3	3,605,000
Mr Andrew Walwyn	5.2	2,968,438
Gresham House Asset Management	4.7	2,703,644
Hargreaves Lansdown	4.7	2,686,177
UBS collateral account	4.3	2,492,227
Tellworth Investments	4.1	2,332,257
Mr Simon Clifton	3.2	1,866,030

Employee involvement

The Group's policy is to encourage involvement at all levels, as it believes this is essential for the success of the business. Employees are encouraged to present their views and suggestions in respect of the Group's performance and policies.

Financial risk management objectives and policies

The Group's financial instruments comprise cash, liquid resources and various items, such as trade receivables and trade payables that arise directly from its operations. The main risks arising from the Group's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The Directors review the policies for managing each of these risks on an on-going basis and they are summarised in note 24 to the financial statements.

Directors' indemnity and insurance

Pursuant to the Company's articles of association, the Company has granted an indemnity to its Directors and officers under which the Company will indemnify them, subject to the relevant article, against all costs, charges, losses and liabilities incurred by them in the performance of their duties. The Company has also arranged directors' and officers' liability insurance.

Board of Directors

Michael Tobin OBE: Non-Executive Chairman

Appointment
Michael joined the Board and became Chairman in September 2015

Committee Membership
Michael chairs the Board's remuneration and nomination committees and is a member of the audit committee.

Independence
The Board consider Michael to be an independent Director.

External appointments
Michael currently holds numerous Non-Exec Directorships including Teraco in South Africa, Datapipe in the USA, Iconic in Madrid, Basefarm in Norway, Eurodiesel in Belgium, Chayora in Hong Kong and TeamRock, Popshack and PeoplePerHour in the UK, where he is also Chairman of Ultrahaptics. He is also an advisor to the board of OCom in Amsterdam.

Michael is a highly successful serial technology entrepreneur & pioneer with over 30 years' experience in the telecoms & technology sector.

As Chief Executive, Michael Tobin OBE led TelecityGroup plc, a leading FTSE250 Technology company from 2002 to 2015.

Michael joined Redbus in 2002 delisting it from the main market to AIM and then took it private, winning the London Business Awards "Business Turnaround of the Year" award in 2005. After engineering the merger with Telecity he successfully re-listed TelecityGroup in October 2007 winning the accolade of UK Innovation Awards IPO of the year 2008 and the techMARK Achievement of the year in the same year.
Subsequently he grew the business from £6m market cap in 2002 to being a top performer in the FTSE250 worth over £2Bn, being recognized as Britain's Most admired Tech Company in 2012.

Prior to joining TelecityGroup, Michael headed-up Fujitsu's e-Commerce operations in Frankfurt, Germany. Before that, he ran ICL's Danish outsourcing subsidiary out of Copenhagen Denmark. He also held several senior positions based in Paris for over 11 years including Business Development Director at International Computer Group coordinating global distribution of IT infrastructure. As a Non-Exec Director, Michael was instrumental in transforming PACNET in Hong Kong from a Sub Sea Cable operator to a successful Datacentre operator culminating in its sale in 2016 to Telstra for $800m.

Michael was named 'UK IT Services Entrepreneur of the Year' by Ernst & Young in 2009, 2010 & 2011; PWC Tech CEO of the Year 2007; London Chamber of Commerce 'Business Person of the Year' for 2009 & 2010; In 2009 was named techMARK 'Personality of the Year'; In 2007 & 2009 he was the winner of the DCE Outstanding Leader of the Year, and in 2008 won 'Data Centre Business Person of the Year' at the Data Centre Leaders awards. He was awarded 'Outstanding Contribution to the Industry' at the Data Centre Europe awards and in 2011 received a Lifetime Achievement Award for services to the industry. In 2005 he was named number 31 of Britain's Top 50 Entrepreneurs.

In 2015 Michael was honoured in the Queens New Year's Honours List with the Order of the British Empire medal for Services to the Digital Economy.

Paul Howard: Non-Executive Director

Appointment
Paul joined the Board in September 2015.

Committee Membership
Paul serves on the Board's remuneration and audit committees.

Independence
The Board consider Paul to be an independent Director.

External appointments
Paul is an advisor to Oakley Advisory and joined the business in March 2015

Paul spent over 15 years with J.P Morgan Cazenove as a telecoms and media analyst and was one of Cazenove's youngest ever partners. He won numerous awards from Reuters and Starmine and was Head of the Number One ranked European telecoms research team as ranked by the Institutional Investor in 2011. Paul left Cazenove in 2011 and became an investor and non-executive director of various small telecoms companies. He also spent a year with Morgan Stanley in 2015 helping their Select Risk equity trading business. Paul has a BSc from Durham University in Maths and is a qualified accountant.

Stephen Morana: Non-Executive Director

Appointment
Stephen joined the Board in February 2017.

Committee Membership
Stephen chairs the Board's audit committee and serves on the nomination committee.

Independence
The Board consider Stephen to be an independent Director.

External appointments
Stephen holds a number of non-executive roles.

Stephen has a wealth of technology, financial and equity capital markets experience. Until recently, Stephen was CFO of Zoopla Property Group plc, the FTSE250 digital media group, which also owns the uSwitch business. Before that he spent a decade at Betfair plc during which time he acted as CFO and interim CEO. He was part of the management team that grew the business from an early stage start-up to a multi-billion-pound listed business, which ultimately merged with Paddy Power to create one of the world's largest public online betting and gaming companies.

Christopher Mills: Non-Executive Director

Appointment
Christopher joined the Board in May 2018.

Committee Membership
None

Independence
The Board consider Christopher to be an independent Director.

External appointments
Christopher holds a number of non-executive roles.

Christopher founded Harwood Capital Management in 2011, a successor of the former parent company of Harwood, J O Hambro Capital Management which he co-founded in 1993. He is Chief Executive and Investment Manager of North Atlantic Smaller Companies Investment Trust plc and Chief Investment Officer of Harwood Capital LLP. He is a Non-Executive Director of several companies. Christopher was a Director of Invesco MIM, where he was head of North American Investments and Venture Capital, and of Samuel Montagu International.

Andrew Walwyn: Chief Executive Officer

Appointment
Andrew joined the Board as CEO on the completion of the reverse acquisition in May 2015.

Committee Membership
Andrew serves on the Board's nomination committee.

Independence
Executive – non-independent

External appointments
None

Andrew began his career at Carphone Warehouse before moving to DX Communications as Sales Director. Following the sale of DX to Telefonica, Andrew took on the role as Managing Director of Tiny Computers where he oversaw the sale of the ISP business to Tiscali and the eventual sale of the company to Time Computers.

In 2008, Andrew co-founded Bigblu Broadband having identified the gap in the market for satellite broadband

Frank Waters: Chief Financial Officer

Appointment
Frank joined the Board as CFO on the completion of the reverse acquisition in May 2015.

Committee Membership
None

Independence
Executive – non-independent

External appointments
Frank holds a number of non-executive directorships in sports clubs.

Frank qualified as a Chartered Accountant (ICAS) with Ernst & Young in 1989. Frank has spent the last 20 years, primarily as finance director, in a number of fast growing entrepreneurial companies in the mobile, consumer electronics and technology sectors.

Frank was instrumental in the sale of DX Communications alongside Andrew Walwyn to what is now Telefonica.

Frank joined Bigblu Broadband in the autumn of 2013 and, as Chief Financial Officer, is responsible for finance, commercial, legal, regulatory, and M&A matters.

Simon Clifton: Chief Technology Officer

Appointment
Simon joined the Board in September 2016 following the fundraise and acquisitions in summer 2016.

Committee Membership
None

Independence
Executive – non-independent.

External appointments
None

Simon co-founded the business with Andrew Walwyn in 2008 and has a background in mobile telecoms and alternative broadband technologies.

Since 2003 Simon has been at the forefront of the development of satellite broadband as a technology for both the consumer and business markets in Europe, and foresaw the disruptive opportunity for the company presented by the arrival of Ka band satellite communications in 2010.

Simon is responsible for leveraging the satellite owners' investment in capacity and for the company harnessing the growing and abundant commodity market in Ka band spectrum, and then delivering it as a consumable satellite broadband product that address particular geographical and vertical market opportunities globally.

Simon also has responsibility for integrating complimentary technologies like fixed wireless broadband into the business portfolio, as well as R&D and supplementary product development like VOIP and TV services. Simon has served as the CTO of the Group since its inception and has previously been involved with several successful, fast growing entrepreneurial companies.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.
UK Company law requires the directors to prepare Group and Company Financial Statements for each financial year.
Under that law the directors are required to prepare Group Financial Statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The Directors have chosen to prepare the Group financial statements in accordance with IFRS as adopted by the EU.
The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position, financial performance and cash flows of the Group for that year.
In preparing each of the group and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the group had complied with IFRS, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Andrew Walwyn
Chief Executive Officer
26 March 2020

Corporate Governance Statement

Dear Shareholder,

At Bigblu Broadband plc all our stakeholders are important to us. The design and operation of a robust governance structure appropriate for a Group of our scale and ambition is critical to meeting their needs. Our approach to governance is based on the concept that good corporate governance enhances long-term shareholder value and sets the culture, ethics and values for the rest of the Group.

The Board has ultimate responsibility for reviewing and approving the Annual Report and Accounts and it has considered and endorsed the arrangements for their preparation. The Directors confirm the Annual Report and Accounts, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Michael Tobin OBE
26 March 2020

Quoted Companies Alliance Code for Small & Mid-sized Quoted Companies 2018

The board of Bigblu Broadband Group plc (the "Company") is responsible for the Group's corporate governance policies and recognises the importance of high standards of corporate governance and integrity. The Group adopted the Quoted Companies Alliance Code for Small & Mid-sized Quoted Companies 2018 (the "QCA Code") in September 2018. This statement sets out how the Group complies with the 10 principles of the QCA Code.

1. Strategy & business model

The Company is an alternative broadband provider who markets and delivers fast broadband services to homes and businesses mainly located in areas of poor or underserved telecoms infrastructure. The Company's target customers are homes and businesses who are not served by fibre broadband. The Company is technology agnostic and uses a variety of technologies to deliver a super-fast broadband service to target customers including satellite broadband, 4G, 5G and licensed and unlicensed spectrum fixed wireless broadband (point to point and point to multi-point).

The Company is active and has customers in 32 countries including many countries in Europe and Australia and had approximately 110,000 customers as at 30th November 2019. The Company operates from a number of strategic bases in the

UK, France, Norway, Spain Germany, Italy, Poland, Portugal and Australia. The Company has grown strongly since listing on AIM in May 2015 both organically and by acquisition. The Company has acquired and integrated 21 businesses in 7 countries in the last 4 years. The Company works closely with network partners to ensure we get the best customer offer in a particular jurisdiction.

The Company's cloud-based global billing and customers service (ERP) platform, Pathfinder, enables it to support customers around the world in any language the customer chooses, with the system supporting multiple currencies and VAT jurisdictions. The Company also has one phone system across all territories enabling flexibility in delivering customer support. The Company uses satellite capacity from a number of different satellite owners to enable it to provide satellite broadband services and these include but are not limited to Eutelsat, SES Astra, Viasat, Avanti, and NBNCo. The Company makes its decisions on which satellite operator to use in each country based on a mixture of quality of their services, their product roadmap, business model, resultant price structure, and the amount of capacity available in a particular market.

Satellite design and processing efficiency continue to progress at a pace resulting in continually improving satellite economics with each new satellite launch allowing the Company to continue to improve its broadband offerings and keep pace with the growth in internet demand. Since the Company's inception in 2008, headline consumer satellite broadband speeds in Europe have increased from 4 Mbps to 50 Mbps and the Company, working with its satellite owner partners, believes that speeds and data allowances will continue to increase exponentially over the next 3 – 5 years.

Our FW business in QCL continues to grow with a new management team in place, which will strengthen processes and IT, with the recruitment of a new COO, a new Head of Systems and a new Project Manager shortly. Development of a new FW billing platform on Sonar progresses and will bring enhanced functionality. The business continues to work closely with the government and local authorities on ITTs/Grants/RGVs/BDUK, with QCL leading a £6 million project to boost rural connectivity in North Yorkshire, England's largest rural county.

The Company could face challenges if consumer demand for faster broadband services and continual increases in data consumption were not matched by exponential improvements in satellite economics by the satellite fleet operators. The wide number of satellite operators coming to the market with new business models and technologies mean that the Company perceives this risk as relatively small.

The Company embraces new technologies like 4G and 5G and indeed is itself helping to develop and design new hardware to bring technologies like fixed broadband via 5G to the mainstream market. Many of the Company's existing fixed wireless customers are already being connected to fixed 5G type services.

The Directors believe there is a significant opportunity to continue to grow the Company's subscriber base organically and also through acquisition by consolidating the currently fragmented market of alternative broadband providers across Europe and Australia.

2. Understanding and meeting shareholder needs and expectations

The AGM is the main forum for dialogue with shareholders and the Board. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The chairs of the Board and all committees, together with all other Directors, routinely attend the AGM and are available to answer questions raised by shareholders.

Feedback from investors is also obtained through direct interaction between the CEO, CFO and CTO at meetings following the publication of its full-year and half-year results. The Company also holds an open retail investor meeting shortly after results have been published. There is also regular dialogue with investors through the medium of the Company's corporate broker (finnCap), and through the Company's Investor Relations and Financial PR agency Walbrook PR.

The Company has a dedicated investor relations website at www.bbb-plc.com which aims to keep all types of investor fully informed and up to date on the Company's activities, share price and future meetings as well as supplying documents and information which may be of general interest.

Details of specific contacts at finnCap and Walbrook PR are published on all the Company's RNS releases and on the Company's investor website.

3. Taking into account wider stakeholder & social responsibilities & their implications for long-term success

The long-term success of a business and good Corporate Governance includes the Board considering the Company's impact on the communities it operates in, the environment and society as a whole. The group's stakeholders include shareholders, customers, members of staff, suppliers, regulators, industry bodies and creditors including lenders. The Board works hard to identify the Company's stakeholders and understand their needs, interests and expectations.

The principal ways in which their feedback on the Group is gathered are via meetings, conversations, surveys and online reviews. Following this feedback, the Group has continued and evolved its clearly defined customer-focused and people-led strategy.

Every company should consider its corporate social responsibilities (CSR). Any CSR policy should include a narrative on social and environmental issues and should show how these are integrated into the Company's strategy. Integrating CSR into strategy will help create long-term value and reduce risk to shareholders and other stakeholders. The Company see CSR as a very important area for consideration and are currently in the process of finalising a CSR Policy.

The Directors are aware of the impact the business activities have on the communities in which it operates and has in place an environmental policy. The Group's responsibilities to stakeholders including staff, suppliers and customers and wider society are also recognised and this is evidenced and underpinned by our values:

- Customers – Grow profitable elements of the business whilst putting the customer first
- Innovation – Industry leading product design always exceeding customers' expectations
- Quality – Excellence in operations, processes and systems
- Environment – Engaging with and supporting the communities in which we work
- Team Work – Support and engage with our people

4. Embedding effective risk management

The board of the Company ensures that its risk management framework identifies and addresses all the relevant risks and threats that the business may be subject to in the execution of its business plan. These include extended business activities including key customers and its supply chain. The section "Principal Risks and Uncertainties" on pages 20 to 23 of this Annual Report identifies these risks and how the Board and the business mitigate these risks. The board of the Company meets regularly during the year and continually reappraises and discusses the tactics and strategy employed to mitigate these risks.

5. Maintaining a balanced and well-functioning board

The Board and its committees

The Board is responsible for the effective oversight of the Group. It also agrees the strategic direction and governance structure that will help achieve the long-term success of the Group and deliver shareholder value. The Board takes the lead in areas such as strategy, financial policy and making sure a sound system of internal control is maintained. The Board's full responsibilities are set out in the schedule of matters reserved for the Board described below. The Board delegates authority to its Committees to carry out certain tasks on its behalf, so that it can operate efficiently and give the right level of attention and consideration to relevant matters.

Role of the Board and management

Role of Chairman and Chief Executive Officer

There is a clear division of responsibilities between the running of the Board and the executive responsible for the Group's business.

The Chairman is responsible for leadership of the Board, ensuring its effectiveness and setting the agenda for Board meetings. Once strategic objectives have been agreed by the Board, it is the Chief Executive Officer's responsibility to ensure they are delivered upon and consistently to be accountable to the Board. The day to day operations of the Group are managed by the Chief Executive Officer and his management team.

Board processes

The full Group Board met eight times in the financial year under report and is scheduled to meet eight times in the current financial year and at any other time as may be necessary to address any specific significant matters that may arise.

The agenda for Board meetings is prepared in conjunction with the Chairman. Submissions are circulated in advance and for regular Board meetings will include operational and financial updates together with papers relating to specific agenda items.

Management prepare monthly finance reports which allow the Board to assess the Group's activities and review its performance. Members of management are regularly involved in Board discussions and Directors have other opportunities for contact with a wider group of employees.

To assist in the execution of its responsibilities, the Board has established an Audit Committee, a Remuneration Committee and a Nominations Committee together with a framework for the management of the consolidated Group including a system of internal control.

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. This includes financial, operational and compliance controls and risk-management systems. The Board has reviewed the effectiveness of the system of internal control during the year in conjunction with the External Auditors.

Internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

Role and Responsibilities of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall management and corporate governance of the consolidated Group including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

From time to time the Board may delegate or entrust to any Director holding executive office (including the CEO) such of its powers, authorities and discretions for such time and on such terms as it thinks fit. During 2018, the Board reviewed and updated the "Delegation of Board authority" which establishes those matters which it is considered appropriate remain within the overall control of the Board (or its committees) and those which are delegated to the CEO (or onwards as appropriate). In addition to overall Group strategy, the Board approves the annual budget and retains control over corporate activity (mergers, acquisitions, partnerships, material disposals and investments) and material contract and financing decisions (over and above set value/credit-risk limits). The Board considers that the current authority remains appropriate for the Board.

Management's role is to implement the strategic plan established by the Board and to work within the corporate governance and internal control parameters established by the Board.

The Board has approved a schedule of matters reserved for its decision; specifically, the Board is responsible for:

Guiding the Group's long-term strategic aims, leading to its approval of the Group's strategy and its budgetary and business plans:

- Approval of significant investments and capital expenditure
- Approval of annual and half-year results
- Ensuring maintenance of a sound system of internal control and risk management (taking into consideration recommendations of the Audit Committee)
- Ensuring adequate succession planning for the Board and Executive management (taking into consideration the recommendations of the Nomination Committee)
- Determining the remuneration policy for the Directors and the senior management team (taking into consideration the recommendations of the Remuneration Committee)

Board focus during the year

- **Strategy:**

During FY19, the Board worked with management to identify and anticipate industry trends to ensure that the Group's strategy is designed to address these trends as well as other industry dynamics, such as the competitive landscape. The Board also considered various fundraises, in particular the funding raised to support the growth of Quickline, the Group's UK fixed wireless business. In addition, the Board considered the refinancing of the BGF and HSBC debt. The Board also reviewed relationships with the Group's main partners and suppliers including the HRA with

EBR and the PPP with EBI.

- **Financials:**

During FY19, the Board reviewed the Group's operating results and financial statements with management and the Group's external auditors. The Board also reviewed and approved the Budget and operating plan for the financial year.

- **Fundraising:**

During FY19, the Board worked with management to identify and source appropriate funding options to accelerate the growth of Fixed Wireless in the UK and also to consider the wider funding structure of the Group. The Board were delighted with the support from HSBC, BGF and Harwood Capital as well as new and existing shareholders throughout the 2019 and with Santander post the year end.

- **Governance:**

The Board continues to review its governance structure following the adoption of the QCA Code to ensure, where possible, the Company is compliant with the requirements applicable to a publicly listed Group and the QCA Code. In addition, the control environment was improved with the recruitment of additional Operational HR and systems resources and starting the Hub consolidation.

- **Business performance:**

In FY19, the Board received and reviewed reports from management on the performance of the Group's business. The Board engaged in discussions with management on various aspects of business performance, Key Performance Indicators, including business drivers, industry trends, risks, opportunities and the competitive landscape.

Board committees

Prior to listing in May 2015, the Board established the Audit and Risk Committee (chaired by Stephen Morana) to oversee financial reporting, internal control and the management of the risks the Group faces. The Board also established a Nomination Committee (chaired by Michael Tobin OBE) to lead the process for appointments to the Board and a Remuneration Committee (chaired by Michael Tobin OBE) which has the responsibility of helping to develop and manage the Group's Remuneration Policy. The committee reports can be found on pages 33 to 34 and each committee's full terms of reference are available on our website.

Table of Attendance

The table below summarises the attendance of the Directors and committee members at the scheduled Board and committee meetings held during the year:

	Board		Audit and Risk Committee		Remuneration Committee		Nomination Committee***	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Michael Tobin OBE*	8	8	2	1	3	3	-	-
Andrew Walwyn	8	8	-	-	-	-	-	-
Frank Waters	8	8	-	-	-	-	-	-
Simon Clifton	8	8	-	-	-	-	-	-
Paul Howard	8	8	2	2	3	3	-	-
Stephen Morana**	8	7	2	2	-	-	-	-
Christopher Mills	8	7	-	-	-	-	-	-

The figures in the "held" column represent the number of meetings a Director was eligible to attend as a Director and the "attended" column represents the number of meetings attended by that Director.
* Michael Tobin OBE is Chairman of the Board and Chairman of the Nomination and Remuneration Committees.
** Stephen Morana is Chairman of the Audit and Risk Committee.
***It was deemed not necessary to hold a meeting of the Nomination Committee during 2019 however it is envisaged that the Nomination Committee will meet at least one in the next financial year.

6. Having appropriate experience, skills and capabilities on the board

Board Composition, Qualification and Experience

The Board currently comprises seven (2018 seven) Directors. The number and/or composition may be changed where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified.

The composition, experience and balance of skills on the Board are periodically reviewed to ensure that there is the right mix on the Board and its Committees and they are working effectively. The Board comprises a Non-Executive Chairman (who, for the purposes of the QCA Code was independent on appointment), three Non-Executive Directors, two of whom are considered by the Board to be independent for the purpose of the QCA Code. There are three Executive Directors who are considered by the Board to be non-independent for the purpose of the QCA Code.

The current members of the Board have a wide range of skills and experience. The Board believes that a membership that combines detailed knowledge of the Group's operations, the technology industry and leading a Group listed on the London Stock Exchange are crucial to the Board's ability to lead the Group successfully.

The composition of the Board is determined using the following principles:

- a majority of the Board should be non-executive Directors. Currently there are 4 non-executive Directors and from 3 executive Directors.
- the role of Chairman is to be filled by a non-executive Director,
- the Board should have enough Directors to serve on various committees of the Board without overburdening the Directors or making it difficult for them to fully discharge their responsibilities,
- Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter one third of Directors are subject to retire by rotation each year.

The Company Secretarial service is provided by a professional services company in order to conform to requirements.

Key Board Roles

Chairman	Chief Executive Officer	Non-Executive Directors
Leads the Board	Leads the management team	
Promotes highest standard of corporate governance	Supports the Chairman to ensure appropriate governance standards spread through the Group	Acts as intermediary between Directors when required
Challenges strategic matters	Raises strategic initiatives aimed at improving shareholder returns in line with the strategic direction of the Group	Challenges strategic initiatives presented by Executive Directors as well as assists in the development concept of Group Strategies
Promotes a culture of openness and debate	Oversees implementation of all Board-approved actions	Available to shareholders to address any concerns or issues that they feel have not adequately been addressed through usual channels of communication.
Encourages constructive relations between Executive and Non-Executive Directors	Ensures that the Board is made aware of the employees' views on relevant issues	Integral role in succession planning
Facilitates effective contributions by the Non-Executive Directors	Develops proposals for the Board to consider in conjunction with fellow Executive Directors	

Non-Executive Director Independence

The Board considers and reviews the independence of Non-Executive Directors on an annual basis as part of the Directors' performance evaluation. In carrying out the review, consideration is given to factors such as their character, judgement, commitment and performance on the Board and relevant committees and their ability to provide objective challenge to management.

The Board considers its Independent Non-Executive Directors bring strong judgement and considerable knowledge and experience to the Board's deliberations.

As noted in the Annual Report on Remuneration on page 38, Michael Tobin OBE, Paul Howard and Stephen Morana all participate in the Company's share option plan. Notwithstanding this, in character and judgement, this is evidenced by the valuable contributions they make at Board and Committee meetings, and in particular, the knowledge and experience they bring to the roles as Chairman, Non-Executive Directors and Committee members. In addition, whilst Christopher Mills is considered Non-Independent Christopher provides enormous contribution guidance and support to the business and is considered to be independent in character and judgement.

Appointment and Tenure

All Non-Executive Directors serve on the basis of letters of appointment which are available for inspection upon request. The letters of appointment set out the expected time commitment of Non-Executive Directors who, on appointment, undertake that they will have sufficient time to meet what is expected of them. Non-Executive Directors are appointed for an initial three-year term and the continuation of their appointment is conditional on satisfactory performance and subject to annual re-election at the Company's Annual General Meetings.

Executive Directors serve on the basis of service agreements which are also available for inspection upon request. Further details on the Executive Directors' service agreements are included in the Annual Report on Remuneration, on page 38.

Director Training

The Chairman is responsible for the induction of new Directors and ongoing development of all Directors. The Board received tailored training as appropriate for service on a listed Company Board. New Directors receive a full, formal and tailored induction on joining the Board designed to provide an understanding of the Group's business, governance and key stakeholders. The induction process typically includes an induction pack, operational site visits, meetings with key individuals and the Group's advisors, and briefings on key business, legal and regulatory issues facing the Group.

As the business environment changes, it is important to ensure the Directors' skills and knowledge are refreshed and updated regularly. Accordingly, the Nomad ensures that updates on corporate governance, regulatory and technical matters are provided to Directors at special sessions in between formal Board meetings. In this way, Directors keep their skills and knowledge relevant so as to enable them to continue to fulfil their duties effectively.

Information and Support Available to Directors

All Board Directors have access to the Company Secretary, who advises them on Board and governance matters. The Chief Executive Officer, Chief Financial Officer and the Company Secretary work together to ensure that Board papers are clear, accurate, delivered in a timely manner to Directors, and of sufficient quality to enable the Board to discharge its duties. As well as the support of the Company Secretary, there is a procedure in place for any Director to take independent professional advice at the Group's expense in the furtherance of their duties, where considered necessary or advisable.

Director Election

Following recommendations from the Nomination Committee, taking into account the results of the Board's performance evaluation process, the Board considers that all Directors continue to be effective, committed to their roles and have sufficient time available to perform their duties. In accordance with the Company's Articles of Association one third of Directors are to retire by rotation excluding those appointed during the year and those re-elected at the Group's AGM in 2019 as set out in the Notice of AGM.

Directors' Conflicts of Interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned is either not present or does not take part in discussions and voting at the meeting whilst the item is considered.

Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of the Company, unless that conflict is first authorised by the Directors. This includes potential conflicts that may arise when a Director takes up a position with another Company. The Company's Articles of Association allow the Board to authorise such potential conflicts, and there is in place a procedure to deal with any actual or potential conflict of interest. The Board deals with each appointment on its individual merit and takes into consideration all the circumstances.

All other appointments have been authorised by the Board and have been included in the conflicts register.

Independent professional advice and access to Company information

Each Director has the right of access to all relevant Group information and to the Group's management and, subject to prior consultation with the Chairman, may seek independent professional advice at the Group's expense. A copy of any advice received by the Director is to be made available to all other members of the Board.

7. Evaluating board performance

Board Evaluation and Effectiveness

The Board and its Committees were formed upon listing in May 2015 and are reviewed from time to time. A Board Effectiveness Review was carried out at the beginning of 2019 with the results being analysed and reported to the Board. A small number of proposed recommendations were made and are being implemented by the Board.

8. Ethical values & behaviours

The Company operates a corporate culture that is based on ethical values and behaviours. The Executive Directors (comprising Andrew Walwyn, Frank Waters and Simon Clifton) communicate regularly with staff through meetings and messages to ensure best-in-class ethical standards and to provide clear guidance on how the members of staff are expected to behave towards their colleagues, suppliers, customers, shareholders and on their wider responsibilities to the communities within which they operate. In addition, we launched Blu Buzz, an online Portal to ensure communication constantly improves across the Group and all the company's policies are displayed.

9. Maintaining governance structures and processes

The Chairman is responsible for leadership of the Board, ensuring its effectiveness and setting the agenda for Board meetings. Once strategic objectives have been agreed by the Board, it is the Chief Executive Officer's responsibility to ensure they are delivered upon. The day to day operations of the Group are managed by the Chief Executive Officer and the wider management team comprising the Chief Financial Officer and the Chief Technical Officer.

The division of responsibilities between the Chairman, Chief Executive Officer and Non-Executive Directors is set out in writing in their contracts and agreed by the Board. The roles of the Chairman and the Chief Executive Officer are separate with a distinct division of responsibilities. The partnership between Michael Tobin OBE and Andrew Walwyn is based on mutual trust and facilitated by regular dialogue between the two. The separation of authority enhances independent oversight of the executive management by the Board and helps to ensure that no one individual on the Board has unfettered authority.

For the roles and responsibilities of the Board please see section 6 on page 31.

10. Communicating with shareholders and other relevant stakeholders

Shareholder engagement

Responsibility for shareholder relations rests with Andrew Walwyn, the Group's Chief Executive Officer. He ensures that there is effective communication with shareholders and is responsible for ensuring that the Board understands the views of shareholders. Andrew is supported by the Group's corporate brokers with whom he is in regular dialogue. As a part of a comprehensive investor relations programme, formal meetings with investors are scheduled to discuss the Group's interim and final results. In the intervening periods, the Group continues its dialogue with the investor community by meeting key investor representatives and holding investor roadshows as appropriate.

Annual General Meeting

This year the Company's Annual General Meeting ("AGM") will be held at 2.15pm on 21 May 2020 and such notice of the AGM will be circulated to shareholders shortly. All shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM. The notice of the AGM can be found on our website and in a notice, which is being mailed out at the same time as this Report. The Notice of AGM sets out the business of the meeting and an explanatory note on all proposed resolutions. Separate resolutions are proposed in respect of each substantive issue. The AGM is the Company's principal forum for communication with private shareholders.

Risk management and internal controls

The Audit Committee report explains the process carried out for the assessment of the effectiveness of the Group's risk management and internal control systems on page 36.

Independent auditor and audit information

Each person who is a Director at the date of approval of this report confirms that, so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act 2006.

Haysmacintyre LLP have expressed their willingness to continue as the Group's auditor. As outlined in the Audit and Risk Committee report on page 35, resolutions proposing their reappointment and to authorise the Audit and Risk Committee to determine their remuneration will be proposed at the next AGM.

On behalf of the Board

Ben Harber
Company Secretary
26 March 2020

Nomination Committee Report

Nomination Committee Report

The role of the Nomination Committee is documented in its terms of reference which were reviewed and adopted by the Board of Directors in May 2016. The Nomination Committee is chaired by Michael Tobin OBE, and its other member is Stephen Morana who is also a Non-Executive Director.

Role and responsibilities

The Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any Committees of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or Committee members as the need may arise. The Committee is responsible for evaluating the balance of skills, knowledge and experience as well as the size, structure and composition of the Board and Committees of the Board, retirements and appointments of additional and replacement Directors and Committee members and makes appropriate recommendations to the Board on such matters, having regard to the Company's aim to be an equal opportunity employer, addressing its corporate social responsibility by promoting equality and diversity in its workforce. A copy of the Committee terms of reference is available on the Company's website.

Meetings during the year

It was deemed not necessary to hold a meeting of the Nomination Committee during 2019 however it is envisaged that the Nomination Committee will meet at least once in the next financial year.

Process for Board appointments

When the Company decides to appoint a Non-Executive Director:

- The Committee Chairman, or search consultants where engaged, will submit a short-list of candidates to members of the Committee and the Chief Executive Officer for them to review and enable them to suggest other candidates.
- The Committee Chairman, one other Committee member and the Chief Executive Officer will then meet short-listed candidates selected by the Committee. In addition, potential candidates will be given the opportunity to meet with Executive Directors as appropriate. If the Chairman wishes to proceed with the selection process, the candidate will then be invited to meet all members of the Committee.
- After meeting the candidate, the Committee will decide whether to recommend the candidate to the Board for appointment.
- Where an exceptional candidate is identified the process may be shortened by Committee decision.

When the Company decides to appoint an Executive Director:

- The Committee Chairman and the Chief Executive Officer or, where engaged, search consultants, will submit a short-list of one or more candidates to the Committee following meetings with Executive management.
- Some or all of the Committee members will then meet the candidates selected for interview.
- The Committee's assessments will be reviewed with the Chairman of the Board and the Chief Executive Officer, following which a candidate may be recommended to the Board for appointment.

Michael Tobin OBE
Nomination Committee Chairman
26 March 2020

Audit Committee Report

The role of the Audit Committee is documented in its terms of reference which were reviewed and adopted by the Board in May 2016. The annual report on the role and activities of the Audit Committee are as follows:

Membership of the Committee

The Committee was chaired by Stephen Morana with Michael Tobin OBE and Paul Howard being the other members of the Committee. All members and the Chair are Independent Non-Executive Directors. All of the members of the Committee have extensive experience of the technology industry as well as financial procedures and controls. During the year ended 30 November 2019, the Committee met two times. The table on page 46 summarises the attendance of members at committee meetings:

Only members of the Committee have the right to attend meetings, though the Committee may invite others to attend if it is considered appropriate or necessary. The external auditors are invited to attend meetings of the Committee on a regular basis as is the Chief Financial Officer where appropriate. The Chairman, the Chief Executive Officer and members of the finance function may also be invited to Audit Committee meetings at the discretion of the Committee. The Committee plans to meet at least twice during the year.

Roles and activities

The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities for financial reporting, corporate control and risk management. The Committee is responsible for monitoring the integrity of the Group's financial statements, including its annual and half-yearly reports, interim management statements, preliminary result announcements and any other formal announcements relating to its financial performance prior to release. The Committee oversees the relationship between the Group and its external auditors and makes recommendations to the Board on their appointment. In addition, the Committee monitors and reviews the external auditor's independence and objectivity and the effectiveness of the audit process, taking into account relevant legal, professional and regulatory requirements.

The terms of reference of the Committee also includes the following responsibilities:

- to increase shareholder confidence and to ensure the credibility and objectivity of published financial information
- to assist the Board in meeting its financial reporting responsibilities
- to assist the Board in ensuring the effectiveness of the Group's accounting and financial controls
- to strengthen the independent position of the Group's external auditors by providing channels of communication between them and the Non-Executive Directors;
- to review the performance of the Group's external auditing functions
- to review and challenge significant accounting and treasury policies, the clarity and completeness of disclosures in financialreports and significant estimates and judgements;
- to review the findings of the audit with the external auditors
- where requested by the Board, to review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- to monitor and keep under review the adequacy and effectiveness of the Group's financial controls and risk management systems, including a review of the Group's risk management framework; and monitoring and reviewing the appropriateness of timing of creation of a Group internal audit function together with an annual internal audit plan; and
- to review the Group's policies and procedures for preventing and detecting fraud, its systems and controls for preventing bribery, its Code of Conduct and its policies for ensuring that the Group complies with relevant regulatory and legal requirements. The full terms of reference of the Committee can be found on the Group's website.

During the year-ended 30 November 2019 the Committee:

- reviewed and approved the year-end and interim results and accounts;
- discussed with the external auditors and reviewed and approved the annual audit plan and receive their findings and reports of the annual audit and interim review; and
- received, reviewed and challenged the half-year and year-end accounting papers prepared by management covering significant accounting policies, significant transactions, judgemental areas, estimates, disclosures and going concern.

Significant issues

Revenue recognition

The Group principally generates revenue from sales of airtime, data, hardware and installation in connection with supplying Broadband services and network recharges. There is a risk therefore that revenue is inappropriately recognised if revenue is incorrectly apportioned to a product or service.

A detailed revenue recognition policy is in place, and follows IFRS 15, and includes processes and procedures for recognition dependent upon the individual nature of the goods or services sold. The Group's external auditors have reported to the Committee that they have reviewed the revenue recognition policy and processes as well as performing detailed testing of revenue recognition across the year and found revenue to be appropriately accounted for.

As a result of the above and after providing appropriate challenge the Committee has concluded that the revenue recognition for the Group is appropriate.

Goodwill and intangibles carrying value

At 30 November 2019, the Group had on its balance sheet goodwill of £25.8m (2018: £29.0m) and other intangibles of £3.6m (2018: £7.1m) that has primarily arisen as a consequence of acquisitions. Management perform impairment reviews annually, or more frequently if there is an indication of impairment, based on the Group's hubs. The cash flow forecasts used for each hub are based on the latest Board approved budgets.

Management prepare an accounting paper for review by the Committee that details the methodology applied, key assumptions used and the impact of sensitivity analysis. This includes a discounted cashflow, taking into consideration the Group debt value, equity value, the cost of debt and cost of equity, and a growth rate of 2% pa.

Having considered the impairment reviews performed, the

Committee is satisfied that the carrying value of goodwill and intangibles at 30 November 2019 is appropriate, after an impairment of £3.3m of goodwill relating to Bigblu Services Limited, an acquisition made in 2016, and BeyonDSL, an acquisition made in 2018.

Internal controls and risk environment

Whilst the Board is ultimately responsible for the establishment, monitoring and review of effectiveness of control systems throughout the Group, each of the individual Company leaders drive the process through which risks and uncertainties are identified. The Board recognises that rigorous internal control systems are critical to managing the risks in achieving its strategic objectives. The Board further acknowledges that these systems are designed to manage rather than eliminate risk in the Group.

The normal process for identifying, evaluating and managing significant risks faced by the Group would be overseen by a Risk and Compliance Committee, in association with work performed by an internal audit function. Currently, this has not been required and instead the Group operations team have taken a lead role in looking at controls in the various jurisdictions. It is the Board's intention and desire, that as the Hubs are consolidated, that within a year a Risk and Compliance Committee will be established and will design a risk framework in order to capture and evaluate control weaknesses and risks facing the business. In the meantime, where the Board defines an identified risk as significant, procedures exist to ensure that necessary action is taken to rectify or mitigate as appropriate. The aforementioned functions will provide additional assurance to an established Audit and Risk Committee who will have ultimate responsibility for the oversight and review of the adequacy and effectiveness of the Group's systems of internal controls. In addition, the Committee in the absence of an established Audit and Risk Committee from time to time engage with External consultants to review aspects of the business as appropriate. Such findings are / will bediscussed at the Audit Committee.

The external auditors provide a supplementary, independent and autonomous perspective on those areas of the internal control system which they assess in the course of their work. Their findings are regularly reported to the Audit Committee and the Board.

Key elements of the control environment are:

- annual budgets and strategic plans prepared for all business units
- monitoring of performance against budget and forecast with reporting to the Board on a regular basis
- monthly review of detailed key performance indicators
- all contracts are reviewed at a level of detail appropriate to the size and complexity of the contract
- timely reconciliations are performed for all significant balance sheet accounts
- clearly defined organisational structure and authorisation lines
- an operations team reviews key business processes, controls and their effectiveness, as well as identifying, assessing and managing significant control issues; and
- the Audit Committee, which assesses the overall appropriateness of the Group's internal control environment.

The preparation and issue of financial reports is managed by the Group Finance Team, as delegated by the Board. The Group's financial reporting process is controlled using the Group accounting policies and reporting systems. The Group Finance Team supports all reporting entities with guidance on the preparation of financial information. This is especially important for new acquisitions. In the current year, this process was supported by the group operations team. Each legal entity has a Finance Director or Controller allocated who has responsibility and accountability for providing information which is in accordance with agreed policies and procedures. The financial information for each entity is subject to a review at reporting entity and Group level by the Group Finance Director and also the Chief Financial Officer. The Annual Report is reviewed by the Audit Committee in advance of presentation to the Board for approval.

The Directors, by using appropriate procedures, systems and the employment of competent personnel, have ensured that measures are in place to secure compliance with the Group's obligation to keep adequate accounting records. The accounting records are kept at the registered office of the Group or relevant statutory entity office.

How we manage risk

To enhance effective governance and risk management oversight in the future, it is intended that the Group will, as appropriate, establish an additional layer of risk management in the Audit Committee with the appointment of an Internal Auditor following the consolidation of hubs. This function is authorised by the Board to provide an additional level of assurance to the Audit Committee in overseeing risk management and internal control activities.

It will also provide the business with a framework for risk management, upward reporting of significant risks and policies and procedures.

On a half yearly basis, the Audit Committee will review the status on risk exposures and risk management throughout the business within a pre-agreed risk management framework. The risk management framework will be designed to identify, evaluate, analyse and mitigate or manage risks appropriate to the achievement of the business strategy.

The Group will adopt a two-pronged approach to identifying risks:

a. a bottom-up approach at the business function level; where risks are managed at the operational level with an appropriately defined escalation process in place for those risks rated as high; and

b. a top-down approach at the Executive level; where the principal risks and uncertainties are identified and managed.

A series of risk identification approaches will be used including adding risk discussions into team meetings.

All identified risks will be assessed against a pre-defined scoring matrix and prioritised accordingly. Any risks identified in the bottom-up approach deemed to be rated as higher risk are escalated in line with pre-defined escalation procedures for further evaluation. The Group's risk appetite is considered by the Board and evaluated to ensure appropriateness of risk management and mitigation.

Whistle-blowing and anti-bribery

Whistleblowing and Anti Bribery policies are in place in the Group enabling employees to confidentially report matters of concern directly to Non-Executive Directors, and that all Executives are reminded of their responsibility in relation to Anti Bribery Legislation. This is also a regular topic on the Board Meeting agendas.

External Auditor

The Audit Committee reviews and makes recommendations with regard to the appointment and reappointment of the external auditors. In making these recommendations, consideration is given to auditor effectiveness and independence, partner rotation and any other factors that may impact the reappointment of the external auditors. There are no contractual restrictions on the choice of external auditors.

The Audit Committee is confident that the effectiveness and independence of the external auditors is not impaired in any way. The Committee will continue to assess the effectiveness and independence of the external auditors.

The external auditors may perform certain non-audit services for the Group, any such non-audit services require pre-approval by the Audit Committee and are only permitted to the extent allowed by relevant laws and regulations.
During the year-ended 30 November 2019, the non-audit services provided by Haysmacintyre LLP primarily related to tax compliance activities, a review of the half year reporting and a review of transfer pricing arrangements. Full details of auditor's remuneration are shown in note 4 to the Financial Statements.

Review of effectiveness of External Auditors

An important role of the Committee is to assess the effectiveness of the external audit process. In performing this assessment, the Committee:

- reviewed the annual audit plan and considered the auditors performance against that plan along with any variations to it
- met with the audit engagement partner to review the audit findings and responses received to questions raised by the Committee
- held regular meetings with the audit engagement partner, including with the absence of executive management
- considered their length of tenure
- reviewed the nature and magnitude of non-audit services provided; and
- reviewed the external Auditors own independence confirmation presented to the Committee.

Based on the assessment performed, the Committee has recommended to the Board that a resolution to reappoint Haysmacintyre LLP be proposed at the next Annual General Meeting.

Stephen Morana
Chairman of the Audit Committee
26 March 2020

Annual statement of the remuneration committee chairman

As Chairman of Bigblu Broadband Remuneration Committee, I am pleased to present the Board of Directors' Remuneration Report for the year ended 30 November 2019, which has been prepared by the Committee and approved by the Board. In line with the UK reporting regulations, this report is divided into three sections:

- The Annual Statement by the Remuneration Committee Chairman;
- The Directors' Remuneration Policy, which details the Group's remuneration policies and their link to Group strategy, as well as projected pay outcomes under various performance scenarios; and
- The Annual Report on Remuneration, which focuses on our remuneration arrangements and incentive outcomes for the year under review and how the Committee intends to implement the Remuneration Policy in FY19

The role of the Remuneration Committee is documented in its Terms of Reference which were reviewed and adopted by the Board of Directors in May 2016. The objectives of the Remuneration Committee are to ensure that the Group's Directors and senior executives are fairly rewarded for their individual contributions to the Group's overall performance by determining their pay and other remuneration and to demonstrate to all shareholders that the general policy relating to, and actual remuneration of individual senior executives of the Group, is set by a committee of the Board members who have no personal interest in the outcome of the decisions and who will give due regard to the interests of the shareholders and to the financial and commercial health of the Group.

The Remuneration Committee intends that its policy and practice should align with and support the implementation of the Group's strategy and effective risk management for the long term. The policy is intended to motivate the right behaviours and to ensure that any risk created by the remuneration structure is acceptable to the Committee and within the risk appetite of the Board and its strategy.

The remuneration package for executive Directors comprises a combination of annual salary, annual performance bonus and share options / Long Term Incentive Plans with performance criteria. Remuneration for non-executive Directors consists of an annual fee plus options. There were additional fees awarded for serving on Board committees and non-executive Directors are not entitled to bonuses.

The members of the Remuneration Committee are Michael Tobin OBE and Paul Howard. The Chief Executive Officer, the Chief Financial Officer or other Non-Executive Director, may be invited to Remuneration Committee meetings at the discretion of the Committee. The Committee plans to meet at least twice during the year.

The agenda for Remuneration Committee meetings is prepared in conjunction with the Chairman of the Committee. Submissions are circulated in advance and may include remuneration benchmark surveys and best practice guidelines together with papers relating to specific agenda items.

Remuneration policy for FY19 and future years

Bigblu Broadband plc was listed on the Alternative Investments Market (AIM) in May 2015.

In advance of its listing, the Remuneration Committee reviewed the Group's remuneration structure to ensure it aligns with the forward-looking strategy, is able to motivate and retain the executive team over the next key phase in the Group's development, and o ensure it takes into account market practice and best practice for a listed Group. The remuneration structure for Executive Directors applied throughout the financial year and is carried forward as appropriate into the new financial year commencing 1 December 2019, is set out in the Remuneration Policy below. As reported previously during the year the Committee continued the Long-Term Incentive Plan for certain senior executives to ensure their interests are aligned with that of the shareholders.

Our remuneration arrangements reflect that we compete for talent in a competitive market against other telecommunications companies. The Committee has also carefully considered the expectations of our Funders and UK shareholders in formulating our policy and has included claw back provisions in our incentive schemes for Directors and Board Members, to align with developing best practice. The overarching principles of our Remuneration Policy are to provide a competitive package of fixed and variable pay that will enable the Group to ensure it can attract and retain executives with the right skills and experience to drive the long-term success of the Group.

The Committee believes that our remuneration arrangements can achieve these goals through the application of stretching performance targets and strong shareholder alignment through our equity incentives.

Remuneration decisions in FY19

The activities of the Committee and key decisions in FY19 are set out below:

- Executive salaries were reviewed. No specific adjustments were made in the current year save an increase of 2.4%%, reflecting the performance of the enlarged Group and their additional global responsibilities. This is in line with awards made to other team members
- The basis and awards under the bonus scheme were updated and linked intrinsically to delivering revenue, EBITDA and Cash targets
- Non-Executive Director salaries were increased in June 2018
- An award of Options under the Long-term Incentive Plan was made

The Group achieved forecast results in the year-ended 30 November 2019, with revenue of £62.1m (2018: £55.4m) and adjusted EBITDA of £10.1m (2018: £6.8m). As a result, Andrew Walwyn, Frank Waters and Simon Clifton will receive bonuses of 37.5% percent of their respective salaries. Additional uplift bonuses can be earned when performance materially exceeds targets. No such bonuses were awarded during the period.

Long-Term Incentive Plan

Following consultation with External Advisors, the Company's Nominated Advisor and a Panel of Shareholders last year an LTIP was put in place to further ensure Executives are fully aligned with Shareholder Returns and to remove the subjectivity surrounding Option awards. The basis of the award is in line with best practice and is calculated by reference to two metrics, actual BBB share price performance and relative performance versus a basket of similar companies in the following weightings:

- 50% on how the actual BBB share price performs and
- 50% compared to how BBB performs against a basket of similar Companies

An award was made in the current year to Senior Executives as follows;

During the course of the year the following Executive Directors were granted awards under the LTIP as follows

Director	Options	Price	Date	Vesting
Andrew Walwyn	199,489	15p	October 2019	October 2021
Frank Waters	160,273	15p	October 2019	October 2021
Simon Clifton	156,010	15p	October 2019	October 2021

Directors' remuneration policy

This section describes the Group's proposed remuneration structure for Directors which, if approved, will apply for up to three years from the date of the Annual General Meeting.

The overarching principles of our remuneration policy are to provide a competitive package of fixed and variable pay that will enable the Group to ensure it has executives with the right skills and experience to drive the success of the Group, and that their remuneration is linked to shareholder interests and the Group's long-term success. Our remuneration philosophy is:

- to promote the long-term success of the Group, with stretching performance targets which are rigorously and consistently applied
- to provide appropriate alignment between the Group's strategic goals, shareholder returns and executive reward
- to have a competitive mix of base salary and short and long-term incentives, with an appropriate proportion of the package determined by stretching targets linked to the Group's performance

Executive Directors' fixed and variable remuneration arrangements have been determined taking into account:

- the role, experience in the role, and performance of the Executive Director
- the location in which the Executive Director is working
- remuneration arrangements at UK listed companies of a similar size and complexity
- remuneration arrangements at UK telecommunications companies of a similar size and complexity, including companies with which the Group competes for talent
- best practice guidelines for UK listed companies set by institutional investor bodies

Future policy table

The key components of Executive Directors' remuneration are as follows:

Fixed Pay

Type	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Base Salary	To attract and retain talent of the right calibre and with the ability to contribute to strategy, by ensuring base salaries are competitive in the relevant talent market	Base salaries are usually reviewed annually, with reference to individual performance, Group performance, market competitiveness, salary increases across the Group and the position holder's experience, competence and criticality to the business. Any increases are generally effective from 1 December.	Executive Director salary increases will normally be in line with those for the wider executive employee population. However, higher salary increases may be made where there is a change in role or responsibilities.	Group performance against market expectations is taken into account when determining appropriate salary levels.
Pension	Provide post-retirement benefits for participants in a cost-efficient and equitable manner.	Pension contributions are provided by the Group as part of a legislatively compliant Workplace Pension Scheme that requires an overall contribution of 9% of gross base salary to be made by Year 3 of the scheme. This overall percentage contribution will be made up from a combination of contributions from the Executive Directors and the Group, with a choice of funding vehicles through either the Group Plan or by contributions being made to a personal SIPP chosen and set up by the Executive Director.	The CEO, CFO and CTO will receive a matching contribution of 1 percent (year 1), 3 percent (year 2) and 4.5 percent of salary (in Year 3 of the scheme) under his opt-in to the Group Workplace Pension Scheme. Subject to the applicable maximum contribution (£2,000 FY17). The Committee does not anticipate pension benefits as being at a cost to the Group that would exceed 10 percent of base salary, notwithstanding future changes to pension legislation.	None
Benefits	To provide competitive benefits for each role.	Benefits currently include the provision of private medical and dental insurance, life insurance, permanent health and disability insurance and car allowance. Reasonable relocation package including annual family visitation allowance, legal fees allowance and health insurance. Travel and subsistence allowances in line with the Group Expenses Policy and other benefits may be provided based on individual circumstances.	Benefits currently include the provision of private medical and dental insurance, life insurance, permanent health and disability insurance and car allowance. Reasonable relocation package including annual family visitation allowance, legal fees allowance and health insurance. Travel and subsistence allowances in line with the Group Expenses Policy and other benefits may be provided based on individual circumstances.	None

Variable Pay

Type	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Annual Bonus	Aims to focus executives on achieving financial targets relevant to the business priorities for the financial period.	Performance measures and targets are set prior to or shortly after the start of the relevant financial period. At the end of the financial period, the Remuneration Committee will determine the extent to which the targets have been achieved. Awards are typically delivered in cash; however, the Committee has discretion to defer awards in cash or in shares. The Committee has discretion and the contractual legal vehicle, to reduce or recoup the bonus in the event of serious financial misstatement or misconduct. In extreme cases of misconduct, the Committee may claw back annual bonus payments previously made.	The base bonus opportunity for Executive Directors will be up to 75 percent of base salary. Up to 75 percent of maximum will vest for target performance. Performance above base performance can result in additional bonuses being paid linked to improved performance - ie paying for themselves.	The annual bonus will be based on achievement of financial targets (e.g. revenue growth, cash conversion, EBITDA). The Committee has discretion to adjust the formulaic bonus outcome downwards (or upwards with shareholder consultation) within the limits of the plan, to ensure alignment of pay with the underlying performance of the business.

Non- Executive Directors' Fees

Type	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Non-Executive Directors' Fees	To reflect the time commitment in preparing for and attending meetings, the duties and responsibilities of the role and the contribution expected from the Non-Executive Directors.	Monthly invoiced fee for Chairman. Monthly invoiced fees for Non-Executive Directors. Additional fees paid to the Chairmen of Board Committees may be paid if there is a material increase in time commitment required. Non-Executive Directors do no participate in any bonus incentive schemes, nor do they receive any pension or benefits (other than nominal travel expenses). Non-Executive Directors will participate in the Company's share option schemes.	Any increases to Non-Executive Director fees will be considered as a result of the outcome of a review process and taking into account wider market factors, e.g. inflation. There is no prescribed individual maximum fee. Further details are set out below.	None

Notes to the policy table

- Revenue growth, adjusted EBITDA and cash generation and cash conversion are considered to be the best measures of the Group's annual performance given our current size and stage of growth and will continue to determine at least 75% of the achievement criteria for annual bonus awards. The Committee will keep this under review and may select alternative measures as the Group evolves and strategic priorities change.
- nnual bonus targets will be selected prior to, or shortly after, the start of the financial period. Financial targets will be calibrated with reference to the Group's budget for the upcoming financial period and the Group's performance over the prior financial period.
- Differences in remuneration policy operated for other employees
- Other senior and key-role employee remuneration has some of the same components as set out in the policy, being base salary, annual bonus, long-term incentive participation and pension provision. However, there is no provision for Medical insurance, Permanent Health Insurance, Life assurance or Car Allowance for non-Executive employees. Annual bonus and long-term incentive arrangements share a similar structureand pay-out arrangement, although the mix between performance-based and time-based awards, and the maximum award, varies by seniority and role.

In recruiting a new Non-Executive Director, the Committee will use the policy as set out in the table below.

Non-Executive Directors

The appointments of each of the Chairman and the Non-Executive Directors are for a fixed term of 3 years, and subject to one third retirement by rotation and re-election at the AGM. Their letters of appointment set out the terms of their appointment and are available for inspection upon request. They are not eligible to participate in the annual bonus scheme, nor do they receive any additional pension or expenses (other than nominal travel expenses) on top of the fees disclosed below. They do however have eligibility to participate in the Company's Share Schemes. Non-Executive Directors appointment may be terminated at any time upon written notice or in accordance with the articles and receive no compensation on termination.

Non-Executive Director	Role	Appointment date	Re-appointment date	Term of appointment
Michael Tobin	Chairman	September 2015	May 2019	3 years
Paul Howard	Non-Executive Director	September 2015	May 2019	3 years
Stephen Morana	Non-Executive Director	February 2017	April 2017	3 years
Christopher Mills	Non-Executive Director	May 2018	May 2019	3 years

Executive Directors

Each of the Executive Directors entered into a service agreement with the Company as follows.

Executive Director	Role	Contract date	Re-appointment date	Notice period
Andrew Walwyn	Chief Executive Officer	May 2015	May 2018	12 months
Frank Waters	Chief Financial Officer	May 2015	May 2018	12 months
Simon Clifton	Chief Technology Officer	September 2016	April 2017	12 months

The Employer is entitled to terminate an Executive Director's employment by payment of a cash sum in lieu of notice, equal to (i) the basic salary and bonuses that would have been payable, and (ii) the cost that would have been incurred in providing the Executive Director with medical insurance benefits for any unexpired portion of the notice period (the "Payment in Lieu"). The Company can alternatively choose to continue providing the medical insurance benefits under item (ii) instead of paying a cash sum representing their cost. The Payment in Lieu can be paid typically in one lump sum or alternatively monthly instalments over the notice period. The Company's policy on termination payments is to consider the circumstances on a case-by-case basis, taking into account the executive's contractual terms, the circumstances of termination and any duty to mitigate.

The Committee will continue to monitor market trends and developments over the next year in order to assess ongoing relevance for the Company's remuneration practices. The Committee welcomes feedback from our shareholders as we remain committed to an open and transparent dialogue and hope to receive your support at the forthcoming AGM. On behalf of the Remuneration Committee.

Michael Tobin
Chairman of the Remuneration Committee
26 March 2020

Independent Auditor's Report

Opinion

We have audited the financial statements of Bigblu Broadband Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in ccordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis ofaccounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Audit risk	How we responded to the risk
Impairment of intangible assets As shown in note 11 of these financial statements the Group held £29.4m of intangible assets at the year end, in the form of goodwill and other intangibles. For the year ended 30 November 2019 management assessed for indicators of impairment in each of the cash-generating units (CGU's) for goodwill. The assessment was based on the future cash flows of each CGU using a discounted cash flow model. An impairment was recognised when the goodwill value exceeded the recoverable amount. Significant management judgement and estimation uncertainty is involved in this area, where the primary inputs are: Estimating forecast cash flows; Selecting an appropriate discount rate and other variables within the cash flow model. For the other intangible assets, they are amortised over two to three years. Given the value of the goodwill and intangible assets we consider this to be a significant risk.	Our audit work included, but was not restricted to, the following: • We assessed Management's impairment review process and performed analysis to challenge Managements' assumptions. • We reviewed each cash generating unit for indicators of impair • We reviewed Management's forecasted cash flows that feed into the discounted cash flow model and challenged assumptions around this with reference to historic results, market trends and future expectations. • We assessed the appropriateness of the growth and discount rates used by Management and challenged Management on those that fell outside of our expectations. • We reviewed the amortisation rates of other intangibles and challenged these. • We recalculated the amortisation to ensure it was arithmetically correct. • We ensured there were no indicators of impairment for other intangibles.
Revenue Recognition As shown in note 2 of these financial statements the Group earned £62.1m of revenue during the financial year. The group generates this revenue from the sale of airtime, data, hardware and installation in connection with the supply of broadband services. There is a risk therefore that revenue is inappropriately recognised or revenue is incorrectly apportioned to a product or service.	Our audit work included, but was not restricted to, the following: • We completed substantive testing on all income streams across the group, ensuring that income has been recognised correctly based on the agreement / contracts in place. • We reviewed the new PPP contract income stream during the year and ensured that all the income streams in relation to this have been accounted for correctly. • We completed cut off testing across all income streams, ensuring that it has been recognised in the correct period. • We ensured that IFRS 15 had been appropriately adopted by considering the standard and which of the Group income streams were impacted by this.
Going Concern Management's rationale for their going concern assessment is set out in note 1 of these financial statements. The group is financed by a mixture of debt and equity. There has been both a debt and equity raise in the financial year. The Group made a loss of £8.3m in the year before tax and has been loss making in prior periods. It also has net assets of £6.5m. Given the above factors, we consider this to be a significant risk area.	Our audit work included, but was not restricted to, the following: • We obtained budgets and cashflow forecasts, reviewed the methodology behind these, ensured they were arithmetically correct and challenged the assumptions underpinning them. • We obtained post year end trading results and compared these to budget to ensure budgeting is reasonable and results are in line with expectations. • We completed sensitivity analysis on the budgets provided to assess the change in turnover or costs that would need to occur to push the Group into a cash negative position. • We reviewed the post year end covenant reporting. • We discussed plans for the Group going forward with management, including their assessment of sensitivities surrounding the potential impact of the COVID-19 pandemic, ensuring these had been incorporated into the budgeting and would not have an impact on the going concern status of the group. • We reviewed the post year end activity which included the refinancing of the RCF facility and BGF loan. • We reviewed the post year end cash balance to ensure no evidence of liquidity issues.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, in evaluating the effect of misstatements and in forming an opinion. For the purpose of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of a misstatement or an omission from the financial statements, or related disclosures, that would make it probable that the judgement of a reasonable person relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality, which we used to determine the extent of testing needed to reduce to an appropriately low level the risk that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
The materiality for the Group financial statements as a whole was set at £500,000 (30 November 2018: £544,000). This was determined with reference to 1% of turnover and 5% of EBITDA, being the Group's main KPI's.
On the basis of our risk assessment and review of the Groups control environment, performance materiality was set at 75% of materiality, being £375,000 (30 November 2018 – 75% of materiality being £408,000).
The reporting threshold to the audit committee was set as 5% of materiality, being £25,000 (30 November 2018 – £27,200). If in our opinion differences below this level warranted reporting on qualitative grounds, these would also be reported.

The materiality for the Parent Company financial statements was set at £334,000 (30 November 2018: £544,000). This was determined with reference to 1% of gross assets, as the company is a holding company for investments and debt and equity raises and does not trade.

On the basis of our risk assessment and review of the Parent Company's control environment, performance materiality was set at 75% of materiality, being £250,500 (30 November 2018 – 75% of materiality being £408,000).
The reporting threshold to the audit committee was set as 5% of materiality, being £16,700 (30 November 2018 – £27,200). If in our opinion differences below this level warranted reporting on qualitative grounds, these would also be reported.

An overview of the scope of our audit

Our audit scope included obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement at the Group level. Audit work to respond to the assessed risks was performed directly by the audit engagement team who performed full scope audit procedures on the Parent Company and each individual subsidiary, with the use of overseas component auditors where appropriate.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act
2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Cliffe
(Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors

25 March 2019
10 Queen Street Place
London
EC4R 1AG

Consolidated Statement of Comprehensive Income

	Notes	2019 £'000	2018 £'000
Revenue	2	62,088	55,351
Cost of sales		(34,868)	(32,859)
Gross profit		27,220	22,492
Distribution expenses		(17,098)	(10,931)
Administrative expenses		(15,752)	(24,560)
Operating loss	3	(5,630)	(12,999)
Finance costs	7	(2,622)	(2,167)
Loss before tax		(8,252)	(15,166)
Taxation on operations	8	231	1,870
Loss for the financial year		(8,021)	(13,296)
Other comprehensive expense			
Foreign currency translation difference		(879)	(394)
Total comprehensive expense for the year		(8,900)	(13,690)
Total comprehensive expense for the year is attributable to:			
Owners of Bigblu Broadband Plc		(8,816)	(13,690)
Non-controlling interests		(84)	-
Loss per share from operations			
Basic and diluted EPS	9	(13.9p)	(25.8p)

In accordance with section 408 of the Companies Act 2006 the parent company has not presented its own Income Statement, which resulted in a profit of £3,710k (2018: loss £27,828k).

All results relate to continuing operations.

The notes on pages 50 to 64 form an integral part of these financial statements.

Consolidated Statement of Financial Position

	Notes	2019 £'000	2018 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	15,865	5,517
Intangible assets	11	29,362	36,087
Investments	12	52	53
Deferred tax asset	18	643	882
Total non-current assets		**45,922**	**42,539**
Current assets			
Cash and cash equivalents	13	5,989	5,067
Inventory	14	3,911	1,950
Trade and other receivables	15	8,325	9,893
Total current assets		**18,225**	**16,910**
Total assets		**64,147**	**59,449**
Current liabilities			
Trade and other payables	16	(32,789)	(31,313)
Non-current liabilities			
Other payables	17	(4,409)	(409)
Loans	17	(20,187)	(16,979)
Deferred tax liability	18	(234)	(657)
		(24,830)	(18,045)
Total liabilities		**(57,619)**	**(49,358)**
Net assets		**6,528**	**10,091**
Equity			
Share capital	19	8,636	8,506
Share premium	19	23,900	23,900
Share option reserve	20	2,282	1,460
Other equity reserve	20	271	271
Foreign exchange translation reserve	20	(2,225)	(2,156)
Reverse acquisition reserve	20	(3,317)	(3,317)
Listing cost reserve	20	(219)	(219)
Merger relief reserve	20	16,233	16,233
Retained losses		(42,412)	(34,587)
Capital and reserves attributable to owners of Bigblu Broadband Plc		3,149	10,091
Non-controlling interests		3,379	-
Total equity		**6,528**	**10,091**

Approved by the Board on 26 March 2020 and signed on its behalf by:

Andrew Walwyn
Chief Executive Officer

Company Statement of Financial Position

	Notes	2019 £'000	2018 £'000
Assets			
Non-current assets			
Investments	12	5,625	5,625
		5,625	5,625
Current assets			
Cash and cash equivalents		-	915
Trade and other receivables	15	36,859	26,680
		36,859	27,595
Liabilities			
Current liabilities			
Trade and other payables	16	(3,884)	(2,632)
Non-current liabilities			
Non-current loans	17	(19,978)	(16,628)
Net assets		**18,622**	**13,960**
Equity			
Share capital	19	8,636	8,506
Share premium	19	23,900	23,900
Share option reserve	20	2,282	1,460
Other equity reserve	20	271	271
Listing cost reserve	20	(219)	(219)
Merger relief reserve	20	16,233	16,233
Retained losses		(32,481)	(36,191)
Total equity		**18,622**	**13,960**

Approved by the Board on 26 March 2020 and signed on its behalf by:

Andrew Walwyn
Chief Executive Officer

Consolidated Statement of Cash Flows

	Notes	2019 £'000	2018 £'000
Loss for the year		(8,021)	(13,296)
Adjustments for:			
Interest charge		2,622	2,167
Goodwill impairment	11	3,286	-
Amortisation of intangible assets	11	4,071	7,491
Release of grant creditors		(605)	(2,556)
Depreciation of property, plant and equipment - owned assets	10	3,365	6,629
Depreciation of property, plant and equipment - ROU assets		1,245	-
Tax credit		(231)	(1,870)
Share based payments		437	395
Foreign exchange variance and other non-cash items		118	(130)
(Increase) / decrease in inventories		(1,961)	(474)
Decrease / (Increase) in trade and other receivables		1,615	(4,445)
Increase in trade and other payables		1,241	10,896
Loss on disposals of fixed assets		15	63
Cash generated from continuing operations		7,197	4,870
Interest paid		(2,144)	(1,478)
Tax paid		-	(18)
Net cash inflow from operating activities		5,053	3,374
Investing activities			
Purchase of property, plant and equipment	10	(8,913)	(2,282)
Purchase of intangibles	11	(665)	(5,498)
Purchase of investments	11	(200)	(8,169)
Net cash used in investing activities		(9,778)	(15,949)
Financing activities			
Cash within subsidiaries acquired	11	-	1,491
Proceeds from issue of ordinary share capital		37	11,948
Proceeds from bank revolving credit facility		3,350	400
Loans (paid)/received within subsidiaries acquired		(142)	351
Investment by non-controlling interest		3,631	-
Principal elements of lease payments		(1,229)	-
Net cash generated from financing activities		5,647	14,190
Net increase in cash and cash equivalents		922	1,615
Cash and cash equivalents at beginning of year		5,067	3,452
Cash and cash equivalents at end of year		5,989	5,067

Of the net increase in cash and cash equivalents £189k is an increase in short term deposits (2018: £Nil)

The notes on pages 50 to 64 form an integral part of these financial statements.

Company Statement of Cash Flows

	2019	2018
	£'000	£'000
Profit (loss) for the year	3,710	(27,828)
Adjustments for:		
Interest charge	2,320	2,137
Share based payments	437	395
(Increase) / decrease in trade and other receivables	(10,179)	13,767
Increase in trade and other payables	1,252	919
Cash (outflow) / inflow from operating activities	(2,460)	(10,610)
Interest paid	(1,842)	(1,448)
Financing activities		
Proceeds from issue of ordinary share capital	37	11,948
Proceeds from bank revolving credit facility	3,350	400
Intercompany loans	-	-
Net cash generated from financing activities	3,387	12,348
Net increase in cash and cash equivalents	(915)	290
Cash and cash equivalents at beginning of year	915	625
Cash and cash equivalents at end of year	-	915

The notes on pages 50 to 64 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Note	Share capital	Share premium	Share option reserve	Retained losses	Other equity reserve	Foreign exchange reserve	Reverse acquisition reserve	Listing cost reserve	Merger relief reserve	Total	Non-controlling Interest	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 December 2017		**6,826**	**23,900**	**817**	**(20,897)**	**271**	**(2,520)**	**(3,317)**	**(219)**	**4,471**	**9,332**	**-**	**9,332**
Loss for the year		-	-	-	(13,296)	-	-	-	-	-	(13,296)	-	(13,296)
Issue of shares		1,680	-	248	-	-	-	-	-	11,762	13,690	-	13,690
Equity-settled share-based payments	23	-	-	395	-	-	-	-	-	-	395	-	395
Other comprehensive expense		-	-	-	(394)	-	364	-	-	-	(30)	-	(30)
At 30 November 2018		**8,506**	**23,900**	**1,460**	**(34,587)**	**271**	**(2,156)**	**(3,317)**	**(219)**	**16,233**	**10,091**	**-**	**10,091**
Adoption of IFRS 16		-	-	-	(550)	-	-		-	-	(550)		(550)
At 1 December 2018		**8,506**	**23,900**	**1,460**	**(35,137)**	**271**	**(2,156)**	**(3,317)**	**(219)**	**16,233**	**9,541**	**-**	**9,541**
Loss for the year		-	-	-	(7,937)	-	-	-	-	-	(7,937)	(84)	(8,021)
Issue of shares	18	130	-	385	-	-	-	-	-	-	515		515
Acquisition of shares in subsidiary by non-controlling interest	12	-	-	-	1,541	-	-	-	-	-	1,541	3,463	5,004
Equity settled share-based payments	23	-	-	437	-	-	-	-	-	-	437	-	437
Other comprehensive expense		-	-	-	(879)	-	(69)	-	-	-	(948)	-	(948)
At 30 November 2019		**8,636**	**23,900**	**2,282**	**(42,412)**	**271**	**(2,225)**	**(3,317)**	**(219)**	**16,233**	**3,149**	**3,379**	**6,528**

Company Statement of Changes in Equity

	Note	Share capital	Share premium	Share option reserve	Listing cost reserve	Other equity reserve	Merger relief reserve	Retained losses	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 December 2017		**6,826**	**23,900**	**817**	**(219)**	**271**	**4,471**	**(8,363)**	**27,703**
Loss for the year		-	-	-	-	-	-	(27,828)	(27,828)
Issue of shares		1,680	-	248	-	-	11,762	-	13,690
Equity-settled share - based payments	23	-	-	395	-	-	-	-	395
At 1 December 2018		**8,506**	**23,900**	**1,460**	**(219)**	**271**	**16,233**	**(36,191)**	**13,960**
Profit for the year		-	-	-	-	-	-	3,710	3,710
Issue of shares	20	130	-	385	-	-	-	-	515
Equity-settled share - based payments	23	-	-	437	-	-	-	-	437
At 30 November 2019		**8,636**	**23,900**	**2,202**	**(219)**	**271**	**16,233**	**(32,481)**	**18,622**

The notes on pages 50 to 64 form an integral part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

General information and basis of preparation
Bigblu Broadband plc is a public limited company, incorporated and domiciled in England and Wales under the Companies Act 2006. The address of its registered office is 108 Churchill Road, Bicester, Oxfordshire, England OX26 4XD. The Company's ordinary shares are traded on the AIM Market operated by the London Stock Exchange. The financial statements of Bigblu Broadband plc for the year ended 30 November 2019 were authorised for issue by the Board on 26 March 2020 and the balance sheets signed on the Board's behalf by Andrew Walwyn.

The nature of the Group's operations and its principal activitiesis the provision of satellite and wireless broadband telecommunications and associated / related services and products.

The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The financial statements have been prepared on the historical cost basis.

The consolidated financial statements are for the 12 months to 30 November 2019. This review covers the consolidated results of Bigblu Broadband plc and its subsidiary undertakings from the date of acquisition.

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 years presented in these financial statements, except as stated below.

Standards issued and applied for the first time in 2019
The following new and revised Standards and Interpretations have been adopted in the current year.

- Amendments to IFRS 9 Financial Instruments
- IFRS 16 Leases
- IFRS 15 Revenue recognition
- IAS 10 Transfers of Investment property
- Annual Improvements to IRS Standards 2014 – 2016 Cycle
- Amendments to IAS 28 Investments in Associates and Joint Ventures
- IFRIC 22 Foreign currency transactions

With the exception of IFRS 16 the adoption of these standards has not had a material impact on the financial statements.

Standards issued and not yet effective
The following new and revised Standards and Interpretations are issued. The Group intends to adopt these standards in 2020 and are currently not effective:

- Definition of Material – Amendments to IAS 1 and IAS 8 (effective 1 January 2020)

Of the standards and interpretations in issue but not yet effective, none is expected to have a material impact on the results and financial position of the Group.

IFRS 16 Leases is effective from 1 January 2019 but the Company has adopted it early as at 1 December 2018. The standard eliminates the classification of leases as either operating or finance leases and introduces a single accounting model. Lessees are required to recognise a right-of-use asset and related lease liability for their operating leases and show depreciation of leased assets and interest on lease liabilities separately in their income statement. IFRS 16 requires the Company to recognise substantially all of its operating leases on the balance sheet.

The Company adopted IFRS 16 on a modified retrospective basis. Accordingly, prior year financial information has not been restated and will continue to be reported under IAS 17: Leases. The right-of-use asset and lease liability have initially been measured at the present value of remaining lease payments, with the right-of-use asset being subject to certain adjustments.

When applying IFRS 16, the Company has applied the following practical expedients, on the date of initial application:
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 December 2018
- accounting for operating leases with a remaining lease term of less than 12 months as at 1December 2018 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The right-of-use asset and lease liability recorded at 1 December 2018 were £5,041k and £5,591k respectively.

The following table reconciles the opening balance for the lease liabilities as at 1 December 2019 based on the operating lease obligations as at 30 November 2018:

	2019
	£'000
Operating lease commitments disclosed as at 30 November 2018	1,023
Discounted using the lessee's incremental borrowing rate of at the date of initial application	966
Add: finance lease liabilities recognised as at 30 November 2018	139
Add: contracts reassessed as lease contracts	4,437
Lease liability recognised as at 1 December 2018	5,542
Of which are:	
Current lease liabilities	1,206
Non-current lease liabilities	4,336
	5,542

Lessor accounting
The Group did not need to make any adjustments to the accounting for assets held as lessor under
operating leases (see note 21) as a result of the adoption of IFRS 16.

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 Strategic Report on pages 3 to 34. The financial position of the Group, its cash flows and liquidity position are described in the Finance Review on pages 12 to 29. In addition note 24 to 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.

As at 30 November 2019 the Group generated an adjusted EBITDA before a number of non-cash and start-up costs expenses as shown on page 23, of £10.2m (2018: £6.8m), and with cash inflow from operations of £7.2m (2018: inflow of £4.9m) and a net increase in cash and cash equivalents of £0.9m in the year (2018: increase £1.6m). The Group balance sheet showed net cash at 30 November 2019 of £6.0m (2018: £5.1m).

Having reviewed the Group's budgets, projections and funding requirements, and taking account of reasonable possible changes in trading performance over the next twelve months, particularly in light of COVID 19 risks and counter measures, the Directors believe they have reasonable grounds for stating that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

The Board has concluded that no matters have come to its attention which suggest that the Group will not be able to maintain its current terms of trade with customers and suppliers or indeed that it could not adopt relevant measures as outlined in the Strategic report to reduce costs and free cash flow. The latest management information in terms of volumes, debt position, ARPU and Churn are in fact showing a positive position compared to prior year and budget as a result of each government's response to COVID-19 resulting in the remote working position of individuals across our key territories. The forecasts for the combined Group projections, taking account of reasonably possible changes in trading performance, indicate that the Group has sufficient cash available to continue in operational existence throughout the forecast year and beyond. The Board has considered various alternative operating strategies should these be necessary and are satisfied that revised operating strategies could be adopted if and when necessary. As a consequence, the Board believes that the Group is well placed to manage its business risks, and longer-term strategic objectives, successfully.

Revenue
Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer net of sales taxes and discounts. The Group principally obtains revenue from providing the following telecommunications services: airtime usage, service charges, connection fees and equipment sales. Products and services may be sold separately or in bundled packages.

Revenue streams from contracts under the PPP commercial arrangement recognised for the first time in 2019 are accounted for in compliance with IFRS 15 when the performance obligations are settled as follows:

- Upon installation: installation fees and bonuses
- Upon activation: activation fees and bonus, equipment and logistics bonuses, public subsidies
- Upon achieving agreed targets: marketing support
- 28 days after cancellation or when damaged kit returned: non-return of kit fees, damaged kit fees.

Revenue for equipment sales is recognised when the invoice is raised.

Revenue for service charges, connection fees and airtime usage are recognised at the time services are performed which is when the performance obligation is settled.

Foreign currency
For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit and loss for the year.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average monthly rate of exchange ruling at the date of the transaction, unless exchange rates fluctuate significantly during that month, in which case the exchange rates at the date of transactions are used.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Land	0% on cost
Building improvements	20% on cost
Fixtures, fittings & infrastructure	10% - 25% on cost
IT hardware and software	25% on cost
Motor vehicles	25% on cost
Rental Stock	25% on cost

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting year to ensure that the amounts, method and years of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Gains or losses on disposal are included in Statement of Comprehensive Income.

Goodwill
Goodwill on acquisitions comprises the excess of the aggregate of the fair value of the consideration transferred, the fair value of any previously held interests, and the recognised value of the non-controlling interest in the acquiree, over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment and using discount cashflow valuations based on future operating profits. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intangible Assets and Amortisation
Goodwill and Intellectual Property are reviewed annually for impairment and the carrying value is reduced accordingly. Other intangible assets are amortised from the date they are available for use over their estimated useful lives as per below and this is charged to profit or loss on a straight-line basis:

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

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

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

- Customer Contracts – 2 years
- IP – 3 years

Investments
Investments are recorded at cost. Investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be fully recoverable. Investments in subsidiaries are stated at cost and reviewed for impairment on an annual basis.

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs to make the sale.

Trade and Other Receivables
Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are measured at amortised cost less impairment losses.
The collectability of debt is assessed on a monthly basis such that individual and collective impairment provisions are made as and when required.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and Other Payables
Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Impairment of Non-Financial Assets
The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the ecoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognised as revaluation decrease. For goodwill, intangible assets that have an indefinite life, and intangible assets not yet available for use, the recoverable amount is estimated annually and at the end of each reporting year if there is an indication of impairment.

Financial Instruments
The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus transactions costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial assets at fair value through profit or loss, which are initially measured at fair value, excluding transaction costs (which is recognised in profit or loss). Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risk and rewards of ownership.

Equity Instruments
Equity instruments issued by the Group are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments.

BGF Convertible Loan
The Company's subordinated and unsecured convertible £2.4m 2024 loan facility with the BGF has been accounted for using split accounting to recognise separate debt and equity components. The debt component is recognised on the date of inception or modification at the fair value of a similar liability that does not have an equity conversion option. The equity element is recognised as the difference between the fair value of the financial instrument as a whole and the fair value of the debt component. Any directly attributable transaction costs are allocated to the equity and debt components in proportion to their initial carrying amounts. Subsequently, the debt component is measured at amortised cost using the effective interest rate method. A redemption premium interest reserve is accrued monthly at £57k, over 96 months, repayable in 2024.

Leases

a) As a lessee

The Group leases various offices, warehouses, items of equipment and vehicles. Its Quickline and Breiband subsidiaries also lease space for locating equipment for their fixed wireless network infrastructures and fibre comprising part of their backbone networks.

As indicated above the Group has adopted IFRS 16 Leases from 1 December 2018 resulting in a change of accounting policy. Until 30 November 2018. leases of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership, were classified as finance leases. Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases (note 21). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Under the new policy the Group assesses whether a contract contains a lease, at the date of its inception. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date discounted by using the rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives.
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonablycertain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease liability is included in payables in the Statement of Financial Position under either Current or Non-Current Liabilities according to when the future lease payments fall due.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the payments made.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The right-of-use assets are included in Property, plant and equipment in the Statement of Financial Position.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise rental of small amounts of space for locating network infrastructure equipment and small items of office equipment. During 2019 the amount accounted for as low value assets was £69k as a result of excluding leases for space to locate repeater equipment owned by Breiband with an individual annual cost of less than £500.

b) As a lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight line basis over the lease term (note 21) Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognized as other comprehensive income or to an item recognized directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates income.

Deferred tax balances are recognized in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using rates and laws that have been enacted or substantively enacted by the reporting date.

Employee Entitlements

Liabilities for wages and salaries, including non-monetary benefits for annual leave, which is expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. The liabilities for employee entitlements are carried at the present value of the estimated future cash flows.

Pensions
The Group operates a defined contribution scheme, the pension cost charge represents the contributions payable.

Research & Development
Expenditure incurred at the research stage is written off to the income statement as an expense when incurred. An intangible asset arising from development is capitalised when the Company demonstrates technical feasibility of completing the intangible asset, intention to complete and use or sell the asset, ability to use or sell the asset, existence of a market or, if to be used internally, the usefulness of the asset, availability of adequate technical, financial, and other resources to complete the asset and the cost of the asset can be measured reliably.

Government Grants
Grants are received as a subsidy towards both assets and expenditure.

Grants in relation to assets are initially recognised as deferred income and released to the Statement of Comprehensive Income over the useful life of the asset.

Grants in relation to expenditure are initially recognised as deferred income and released to the Statement of Comprehensive Income to match the related costs.

Critical accounting judgements and key areas of estimation uncertainty
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances

(a) Revenue recognition
If the consideration promised by a customer is variable, a company will estimate it using either the expected value or the most likely amount, depending on which amount better predicts the amount of consideration to which the company will be entitled. Some or all of the estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(b) Property, plant and equipment
Depreciation is derived using estimates of its expected useful life and residual value, which are reviewed annually. Management determines useful lives and residual values based on experience with similar assets.

(c) Share based compensation
The Group issues equity settled share based payments to certain Directors and employees, which have included grants of shares, warrants and options in the current year. Equity settled share based payments are measured at fair value at the date of grant, with the charge being recognised within the statement of comprehensive income over the year of service to which the grant relates.

The fair value is measured using a Black-Scholes framework. The Directors have used judgement in the calculation of the fair values of the share based compensation which has been granted during the year, and different assumptions in the model would change the financial result of the business.

(d) Forecasting
The Group prepares medium-term forecasts based on Board approved budgets and 3-year financial models. These are used to support judgements in the preparation of the Group's financial statements including the decision on whether to recognise deferred tax assets and for the Group's going concern assessment.

(e) Goodwill and other intangible assets
Judgement is required in the annual impairment test of goodwill to ascertain if there are any signs of impairment. This test covers the future EBITDA performance against the carrying value of the Goodwill. The Group values other intangibles based on the following:

- Intellectual property based on estimated fair value
- Customer contracts have been valued by taking an average length of contract multiplied by an average margin per month. A discount rate has been applied to the calculated value to reflect customer churn and doubtful debts. The margin and applied discount will vary dependant on the customer base which factors in location, economy and history of the previous business.The contract value will be reviewed annually for impairment.

(f) Trade and other receivables
Judgement is required in ascertaining the collectability of debt and impairment provisions are made accordingly. Impairment is determined on the age of the debt and suitable provisions are then provided where appropriate.

2. Revenue

	2019	2018
	£'000	£'000
Recurring revenue- airtime	46,804	45,104
Recurring revenue – other	1,750	4,921
Other non recurring revenue	13,534	5,326
	62,088	55,351

Other non-recurring revenue includes government grant income.

Segmental split of revenue:
The Group's operations are located throughout Europe and in Australia, with the head office located in the United Kingdom. The assets of the Group, cash and cash equivalents, are split across each of the regions, with the non-current assets shown below.
The Group currently has one reportable segment – provision of broadband services – and categorises all revenue from operations to the segment. The chief operating decision maker is the Chief Financial Officer. The Group's revenue from external customers, and the non-current assets by geographical location is detailed below:

	External revenue by location of customer		Non-current assets by location of assets	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
United Kingdom	18,944	16,405	31,537	29,684
Europe	28,253	23,780	12,080	8,650
Rest of World	14,891	15,166	3,588	3,323
	62,088	55,351	47,205	41,657

3. Loss from Operations

	2019 £'000	2018 £'000
The loss before tax has been arrived at after charging the following:		
Depreciation of property plant & equipment - owned assets (Note 10)	3,365	6,629
Depreciation of property plant & equipment - ROU assets (Note 10)	1,265	-
Amortisation of intangible assets (Note 11)	4,071	7,491
Goodwill Impairment charges (Note 11)	3,286	-
Operating lease payments (Note 21)	1,515	680
Operating lease receipts (Note 21)	283	298
Share based payments (Note 23)	437	395
Wages & salaries and social security costs (Note 5)	12,813	12,409
Pension costs (Note 5)	305	287
Loss on disposal of Fixed Assets	15	63
Foreign exchange differences	879	394

4. Auditor's Remuneration

	2019 £'000	2018 £'000
Audit services		
Fees payable to the Group's auditor for the audit of the Group's annual accounts	45	45
Fees payable to the Group's auditor for other services:		
Audit of the accounts of subsidiaries	81	57
Tax fees	10	10
Advice re financial restructure	5	-
	141	112

5. Staff Costs

	2019 £'000	2018 £'000
The aggregate remuneration of all employees (including directors) comprised:		
Wages and salaries	11,337	11,241
Social security costs	1,476	1,168
Pension costs	305	287
	13,118	12,696

The average monthly number of people (Including the Executive Directors) employed during the year by category of employment:

	Number	Number
Operating staff	172	137
Sales staff	35	32
Management and administrative staff	78	71
	285	240

6. Directors' Remuneration

	2019 £'000	2018 £'000
Salaries	922	882
Fees	194	115
Benefits	6	43
Pension costs	21	17
	1,143	1,057

The highest paid director's aggregate remuneration was £317k (2018: £340k) including pension contributions of £10k (2018: £7k). Details of directors' remuneration, including pension contributions, are set out in the Directors' Report on page 29.

7. Finance Costs

	2019 £'000	2018 £'000
BGF unsecured loan interest payable	1,200	1,200
Bank loan interest payable	12	59
Revolving Credit Facility interest payable	344	182
Lease interest expense	286	7
Total interest payable	1,842	1,448
BGF redemption premium and finance charges	780	689
Total finance costs	2,622	2,137

Interest is payable on the BGF Unsecured Loan, Revolving Credit Facility and Bank Loan at 10%, 4.346% and 4.3% respectively. Hire purchase and finance lease interest is payable at 6%. Interest paid in the year amounts to £1.8m

8. Taxation

a) Tax credit for the year

	2019 £'000	2018 £'000
UK Corporation tax	(200)	(448)
Overseas corporation tax	153	30
Deferred tax credit	(184)	(1,452)
Current tax credit	(231)	(1,870)

b) Tax reconciliation

	2019 £'000	2018 £'000
Loss on ordinary activities before tax	(8,252)	(15,166)
Tax at UK corporation tax rate of 19% (2018: 19%)	(1,568)	(2,882)
Tax effect of expenses that are not deductible in determining taxable profit	(153)	2,650
Fixed asset differences	239	155
R&D adjustment	(393)	(155)
Adjustment for period periods	267	(233)
Deferred tax not recognised	1,288	(1,239)
Other timing differences	-	(227)
Changes in deferred tax rate	89	61
Tax credit at effective tax rate for the year	(231)	(1,870)

c) Deferred Tax

The deferred tax included in the balance sheet is as follows:

	2019 £'000	2018 £'000
Deferred tax asset	643	882
Deferred tax liability	(234)	(657)
	409	225

9. Loss Per Share

Basic earnings per share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

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

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

	Loss £'000	30 November 2019 Weighted Average Number of Shares	Per Share Amount Pence
Basic and diluted EPS			
Loss for the financial year	(8,021)		
Less: adjustment for non-controlling interest	84		
Loss attributable to shareholders	(7,937)	56,932,172	(13.9)

	Loss £'000	30 November 2018 Weighted Average Number of Shares	Per Share Amount Pence
Basic and diluted EPS			
Loss attributable to shareholders	(13,296)	51,551,407	(25.8)

The loss attributable to shareholders is the loss for the financial year of £8.0m (2018: £13.3m) less the loss attributable to non-controlling interests of £0.1m (2018: nil).

10. Property, Plant & Equipment - Group

	Land & Buildings	Fixtures, Fittings & Infrastructure	IT Hardware & Software	Motor Vehicles	Rental Stock	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 December 2017	229	11,799	1,371	156	2,358	15,913
Exchange Differences	-	54	14	2	15	85
Additions	-	1,505	43	112	622	2,282
Disposals	-	(49)	(1)	(116)	-	(166)
Acquired through business combinations	-	140	178	43	769	1,130
At 30 November 2018	229	13,449	1,605	197	3,764	19,244
Adoption of IFRS 16	1,702	8,530	-	82	-	10,314
At 1 December 2018	1,931	21,979	1,605	279	3,764	29,558
Exchange Differences	(106)	(1,969)	(45)	(8)	(228)	(2,356)
Additions	1,472	1,833	285	101	6,712	10,403
Disposals	(332)	(2)	(186)	(56)	(254)	(830)
Asset reclassification	51	(284)	(449)	7	675	-
At 30 November 2019	3,016	21,557	1,210	323	10,669	36,775
Accumulated Depreciation						
Restated at 1 December 2017	68	4,862	474	68	1,094	6,566
Exchange Differences	-	131	3	4	15	153
Depreciation on Acquisition	-	96	127	33	226	482
Depreciation charge	23	5,553	175	48	830	6,629
Disposals	-	(24)	(1)	(78)	-	(103)
At 30 November 2018	91	10,618	778	75	2,165	13,727
Adoption of IFRS 16	1,040	4,196	-	35	-	5,271
At 1 December 2018	1,131	14,814	778	110	2,165	18,998
Exchange Differences	(48)	(1,737)	(30)	(7)	(61)	(1,883)
Depreciation charge	361	2,205	145	92	1,807	4,610
Disposals	(332)	(2)	(185)	(49)	(247)	(815)
Depreciation on reclassified assets	11	(221)	195	-	15	-
At 30 November 2019	1,123	15,059	903	146	3,679	20,910
Net book value						
At 30 November 2019	1,893	6,498	307	177	6,990	15,865
At 30 November 2018	138	2,831	827	122	1,599	5,517

Right of Use assets

Group Property, Plant & Equipment includes the following values for Right of Use assets

	Land & Buildings	Fixtures, Fittings & Infrastructure	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 December 2018	1,702	8,577	251	10,530
Exchange Differences	(101)	(593)	(6)	(700)
Additions	1,306	127	57	1,490
Disposals	(332)	-	(28)	(360)
At 30 November 2019	2,575	8,111	274	10,960
Accumulated Depreciation				
At 1 December 2018	1,040	4,245	94	5,379
Exchange Differences	(46)	(371)	(4)	(421)
Depreciation charge	294	874	77	1,245
Disposals	(332)	-	(21)	(353)
At 30 November 2019	956	4,748	146	5,850
Net book value				
At 30 November 2019	1,619	3,363	128	5,110
At 30 November 2018	662	4,332	157	5,151

Leased assets 2018

As at 30 November 2018, motor vehicles included the following amounts where the Group was a lessee under finance leases

	2019	2018
	£'000	£'000
Cost	-	169
Accumulated depreciation	-	(59)
Net book value	-	110

11. Intangible Assets - Group

	Godwill	Customer contracts	Software	Intellectual Property	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 December 2017	**20,959**	**17,442**	**587**	**2,451**	**41,439**
Additions	-	474	960	49	1,483
Transfers in from Investments	-	292	-	-	292
Reclassification to deferred tax	-	(547)	-	-	(547)
Reclassification of goodwill	(528)	528	-	-	-
Exchange Differences	467	119	-	(1)	585
Acquired through business combinations	8,169	2,880	-	551	11,600
At 30 November 2018	29,067	21,188	1,547	3,050	54,852
Additions	-	-	540	-	540
Reclassification of IP	-	-	529	(529)	-
Disposals	-	-	-	(56)	(56)
Exchange Difference	(101)	(439)	1	-	(539)
Acquired through business combinations	214	96	-	15	325
At 30 November 2019	29,180	20,845	2,617	2,480	55,122
Accumulated amortisation					
At 1 December 2017	1	11,002	242	-	11,245
Exchange Differences	-	29	-	-	29
Impairment charge	110	-	-	-	110
Amortisation	-	6,743	628	10	7,381
At 30 November 2018	111	17,774	870	10	18,765
Exchange Differences	(6)	(348)	(8)	-	(362)
Impairment charge	3,286	-	-	-	3,286
Amortisation	-	1,221	764	2,086	4,071
At 30 November 2019	3,391	18,647	1,626	2,096	25.760
Net book value					
At 30 November 2019	25,789	2,198	991	384	29,362
At 30 November 2018	28,956	3,414	677	3,040	36,087

The carrying amount of goodwill has been reduced to its recoverable amount through recognition of impairment losses of £3.3m against goodwill of which £3.0m relates to Bigblu Services Ltd. The carrying value of Bigblu Services Ltd is £3.1m recoverable value in use at 30 November 2019. This was calculated based on forecast future cashflow discounted at a rate of 6.3%. Clannet Ltd and BeyonDSL are now carried at a recoverable amount of nil. Impairment charges are included in Administrative Expenses in the Statement of comprehensive income.

The carrying amount of Quickline Communications Ltd is unaffected by the disposal of a non-controlling interest in QCL Holdings Ltd detailed in note 12.

Additons

JHCS Limited - On 15 January 2019,Quickline Communications Limited, at that time a wholly owned subsidiary of Bigblu Broadband Operations Ltd, acquired the entire share capital of JHCS Ltd. The book value at acquisition, which is equivalent to fair value of the assets, was as follows:

	Fair Value
	£'000
Liabilities	(109)
Intellectual Property	15
Customer Contracts	96
Deferred Tax	(16)
Total book value and fair value	(14)
Total consideration	200
Satisfied by:	
Cash	25
Deferred consideration – see below	175
	200

Deferred consideration of £175k is an agreed sum payable over 22 months from January 2019.

Goodwill arising on acquisition

Goodwill arising from acquisition made in the year was as follows:

	Total
	£'000
Consideration	200
Less: Fair value of assets & liabilities acquired	(14)
Godwill	214

The above consideration includes deferred consideration of £175k.

Revenue and Profits from acquisitions in the year

Revenue and profit after tax included in the Consolidated Statements of Comprehensive Income for the year ended 30 November 2019, from the acquisitions in the year are as follows:

	£'000
Post-acquisition	
Revenue	39
Profit after tax	2
Like for like revenue	190

In April 2019 the operations of JHCS were integrated with that of QCL. Revenue from the JHCS customers was recognised as revenue in the accounts of QCL.

Like for like revenue represents income of the Group as though acquisitions took place at the beginning of the year.

12. Investments

	Group 2019	Group 2018	Company 2019	Company 2018
	£'000	£'000	£'000	£'000
Subsidiaries	-	-	5,625	5,625
Customer Contracts	53	345	-	-
	53	345	5,625	5,625
Opening balance:	53	345	5,625	5,625
Additions during the year:				
Reclassification to intangible assets	-	(292)	-	-
Closing balance	53	53	5,625	5,625

Subsidiary Undertakings

Bigblu Broadband plc and its subsidiaries hold more than 20% of the share capital of the companies overleaf:

Non-controlling Interest in QCL Holdings Ltd

In August 2019 QCL Holdings Limited ("QCL"), a subsidiary of BBB and new holding company for Quickline Communications Limited ("Quickline") secured £12m of new equity and debt funding to support the build-out of its fibre backed fixed wireless network business across the UK.

This £12m funding allows Quickline to significantly increase the size and scale of its fixed wireless access ("FWA") business to target a customer base of approximately 30,000 subscribers over the next three years, with significantly increased revenue, EBITDA and profitability anticipated as new capital is deployed and the business increases in scale. The transaction values QCL at an enterprise value of £15m (pre new money), a significant uplift compared to the valuation at the time of BBB's acquisition of Quickline in August 2017 of £8.4m.

The funding includes £4m of new equity initially with a further £4m of equity committed and a £4m revolving credit facility provided by HSBC. This will allow Quickline to expand its infrastructure, consider selective acquisitions and target grants issued by BDUK to support investment in rural broadband projects.

Compelling market fundamentals exist given the digital divide in the UK with over a million homes still unable to receive superfast broadband services. Pure fibre to the home is widely considered uneconomic in rural areas. FWA is a quicker and lower cost solution and is supported by government grants. Current government programmes largely managed by BDUK include a £200m Rural Gigabit Connectivity Programme and a Rural Gigabit Voucher scheme worth up to £3,500 for each SME and up to £1,500 per residential premise.

QCL plans to invest around £20m over the next three years, including funds provided by potential government grants and internal cash flows, targeting a customer base of around 30,000 and a significant increase in revenue and profitability.

As a result of the disposal of shares in QCL BBB's shareholding in QCL will initially reduce to 69.7% but BBB will continue to fully consolidate QCL into its accounts as it retains control. BBB is expected to benefit from QCL's increased valuation, revenues and profitability as the accelerated growth strategy is implemented. The new funding reduces BBB's gearing to approximately 1.0x - 1.5x net debt/EBITDA, allowing BBB to continue investing across the Group and maintain a robust balance sheet. The transaction is expected to be significantly earnings enhancing in the year to November 2021, once the initial investment has been made.

Funds managed by Harwood Capital, which manages or advises BBB's two largest shareholders, are providing £7.75m of equity. Paul Howard (BBB non-executive director) is providing £0.25m and has become Chairman of QCL. Simon Clifton (BBB CTO and co-founder) has joined the board of QCL. Steve Jagger, Quickline's founder and CEO, is re-investing his final earn-out payment of £1.4m into QCL for an initial shareholding of 7.7%.

The shares in QCL held by the Harwood Funds, Paul Howard and Steve Jagger (other than any Growth Shares as referred to below) have a capital preference on a capital return equal to 1.25 times the subscription price. The preference will be increased, after the second anniversary of issue of each tranche of their shares, at 10% per annum compounded annually and accrued quarterly.

In addition, Steve Jagger, Paul Howard and certain members of the QCL management team will be eligible to acquire growth shares in QCL which will entitle them to 10% of the value realised in the event of a sale of Quickline or liquidity event above a hurdle linked to the post investment value of QCL plus the investors' capital preference ("Growth Shares"). The growth share scheme will be put in place shortly and is designed to ensure that its participants are appropriately incentivised to deliver QCL's growth objectives over the medium to longer term.

Subsidiary Undertakings

Bigblu Broadband plc and its subsidiaries hold more than 20% of the share capital of the companies below:

	Address & Country of Incorporation	Class of Share	Parent Company	No of Shares	% held by parent
Bigblu Operations Limited (Formerly Satellite Solutions Worldwide Limited)	Broadband House, 108 Churchill Road, Bicester, Oxfordshire OX26 4XD England	Ordinary	Bigblu Broadband plc	20,266 of £0.01 each	100%
Bigblu Ireland Limited (Formerly Europasat Satellite (Ireland) Limited)	Century House, Harold's Cross Road, Dublin 6W Ireland	Ordinary	Bigblu Operations Limited	100 of €1 each	100%
Europasat (France) SAS	Atelier Village PMI 3-38 Rue Jean Jacques Mention Espace Industriel Nord 80000 Amiens France	Ordinary	Bigblu Operations Limited	5,000 of €1 each	100%
Europasat Sp Z.o.o. *	Połczyńska 31A, 01-001 Warszawa Poland	Ordinary	Bigblu Operations Limited	100 of PLN0.02 each	100%
Bigblu Services Holding Limited (Formerly Avonline Satellite Services Holdings Ltd)	Broadband House, 108 Churchill Road, Bicester, Oxfordshire OX26 4XD England	Ordinary	Bigblu Operations Limited	50,000 of £1.60 each 50,000 of £1 each 50,000 of £18.80 each	100%
Bigblu Services Limited (Formerly Avonline Satellite Services Ltd)	Broadband House, 108 Churchill Road, Bicester, Oxfordshire OX26 4XD England	Ordinary	Bigblu Services Holdings Limited	2 of £1 each	100%
Breiband.no.as	Høgdaveien 1, 1540 Vestby Norway	Ordinary	Bigblu Operations Limited	1,700,412 of 1.40Nok each	100%
SkyMesh Pty Ltd	37 Baxter Street, Fortitude Valley QLD 4006, Brisbane Australia	Ordinary	Bigblu Operations Limited	20,898,680 of £0.196 each	100%
BorderNET Internet Pty Ltd	37 Baxter Street, Fortitude Valley QLD 4006, Brisbane Australia	Ordinary	SkyMesh Pty Ltd	2,863,105 of £0.09 each	100%
QCL Holdings Ltd	Broadband House, 108 Churchill Road, Bicester, Oxfordshire OX26 4XD England	Ordinary	Bigblu Broadband plc	9,900,000 of £0.00001	69.7%
Quickline Communications Ltd	Broadband House, 108 Churchill Road, Bicester, Oxfordshire OX26 4XD England	Ordinary	QCL Holdings Ltd	28,571,428 of £0.07 each	100%
Clannet Broadband Ltd *	Broadband House, 108 Churchill Road, Bicester, Oxfordshire OX26 4XD England	Ordinary	Quickline Communications Ltd	4 of £1 each	100%
JHCS Ltd *	3 Priory Court, Saxon Way, Hessle, East Yorkshire, HU13 9PB England	Ordinary	Quickline Communications Ltd	100 of £1 each	100%
Open Sky S.R.L.	Corso San Felice e Fortunato 105 36100, Vicenza Italy	Ordinary	Bigblu Operations Limited	30,000 shares of 1€ each	100%
Sat Internet Services GmbH *	Justus-von-Liebig Straße 26 Neustadt am Rübenberge Germany	Ordinary	Bigblu Operations Limited	25,000 shares of 1€ each	100%
Getinternet GmbH *	Justus-von-Liebig Straße 26 Neustadt am Rübenberge Germany	Ordinary	Sat Internet Services GmbH	25,000 shares of 1€ each	100%
Orbitcom GmbH *	Justus-von-Liebig Straße 26 Neustadt am Rübenberge Germany	Ordinary	Sat Internet Services GmbH	25,000 shares of 1€ each	100%
Satellite de Sabedoria Lda *	Rua Comendador Armindo da Fonseca 6A 3100-436 Pombal Portugal	Ordinary	Sat Internet Services GmbH	1 share of 5,000€	100%
Europasat Iberica Sociedad Limitada *	Calle Estrasburgo, 5 - NAV 7, las Rozas de Madrid, 28232 , Madrid Spain	Ordinary	Bigblu Operations Limited	300 of €10 each	100%

*These companies are exempt from annual audit.

13. Cash and cash equivalents

	Group	
	2019	2018
	£'000	£'000
Cash and bank accounts	5,800	5,067
Short term deposits	189	-
	5,989	5,067

14. Inventory

	Group	
	2019	2018
	£'000	£'000
Finished goods	3,911	1,950

There is no material difference between the amounts stated above and replacement cost.

Write down of inventories to net realisable value amounted to £266k (2018: £100k). These costs were recognised as an expense during the year and included in Administrative Expenses.

15. Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade receivables	2,618	4,811	-	-
Other receivables	2,605	2,707	25	68
Prepayments and accrued income	3,102	2,375	148	86
Amounts due from group undertakings	-	-	36,686	26,526
	8,325	9,893	36,859	26,680

Movement in provision for impairment of receivables

	2019	2018
	£'000	£'000
Individually impaired		
As at 1 December 2018	1,329	613
Charged to Income statement	2,199	1,273
Utilised	(1,732)	(557)
As at 30 November 2019	1,796	1,329

The average credit days taken on sales of goods and services is 20 days (2018: 32 days). No interest is charged on receivables. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience and likelihood of recovery as assessed by the directors.

Included in the Group's trade receivable balance are debtors with a carrying amount of £931k (2018: £826k) which are past due at the reporting date. The directors consider that the carrying amount of trade receivables approximates to their fair value.

	2019	2018
	£'000	£'000
Accounts receivable ageing:		
Current	2,043	3,057
30-60 days	296	389
60-90 days	30	204
90-120 days	249	1,161
As at 30 November 2019	2,618	4,811

The provision covers all debts in excess of 60 days past due excluding the reseller network and balances related to the commercial relationship with Viasat and the EBI Preferred Partner Programme.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 November 2019 or 1 December 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

16. Trade and other payables

	Group 2019	Group 2018	Company 2019	Company 2018
Current	**£'000**	**£'000**	**£'000**	**£'000**
Trade payables	11,750	9,677	561	266
Amounts due to group undertakings	-	-	251	108
Other taxes and social security	2,760	2,954	253	-
Other payables	6,162	9,226	-	206
Accruals and deferred income	10,869	9,413	2,819	2,052
Lease liabilities	1,248	43	-	-
	32,789	31,313	3,884	2,632

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average creditors days taken for trade purchases is 120 days (2018: 107 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Within other payables is £1.5m (FY2018: £6.4m) of deferred consideration which relates to future years profits in relation to acquisitions made during 2018 and 2019. The directors consider that the carrying amount of trade and other payables approximates to their fair value.

Provisions:
Included in Other payables above are the following provisions:

	Group	
	2019	2018
	£'000	£'000
Restructuring costs	328	-

Post a significant period of acquisition and growth, in FY19 the company initiated a significant restructure of both Senior Management roles and geographic locations, such that a number of smaller offices are now managed out of a smaller number of hubs. The costs of this restructuring largely covers redundancy costs of £766k, with some additional incidental direct costs attributable to the restructure, committed and communicated as at 30 November 2019. This is both to enable a staggered and controlled reorganisation and to enable compliance with local regulatory issues. The remaining provision allows for £278k of redundancy costs and £50k of legal costs.

Movements in the provision for restructuring costs were as follows:

	Group	
	2019	2018
	£'000	£'000
Carrying amount at start of year	-	-
Charged to profit and loss	328	-
Restructuring costs	328	-

17. Non-current liabilities

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Unsecured Loan	11,728	11,728	11,728	11,728
Revolving credit facility	8,250	4,900	8,250	4,900
Other loans	209	351	-	-
Total loans	20,187	16,979	19,978	16,628
Lease liabilities	4,409	96	-	-
Other payables	-	313	-	-
Total	24,596	17,388	19,978	16,628

The Unsecured Loan is subordinated and repayable in May 2024. Interest is charged quarterly at a fixed rate of 10% pa. The unsecured Revolving Credit Facility obtained during the year is repayable by May 2024, and attracts interest at a fixed rate of 4.346%. Finance leases attract interest at a rate of 6%. Other payables relate to deferred consideration payable greater than one year.

Maturity of lease liabilities

	Group	
	2019	2018
	£'000	£'000
Due 1 – 2 years	1,211	35
Due 2 – 5 years	3,198	61
Total	4,409	96

2018 include only those liabilities comprising minimum lease liabilities on contracts identified as finance leases.

Maturity of loans

	Group 2019	Group 2018	Company 2019	Company 2018
	£'000	£'000	£'000	£'000
Due 1 – 2 years	209	447	-	-
Due 2 – 5 years	11,728	11,728	11,728	11,728
Due over 5 years	8,250	4,900	8,250	4,900
Total	20,187	17,075	19,978	16,628

BGF loan and equity warrants
A fully subordinated £12m 2024 unsecured loan note facility and associated equity warrants (the 'BGF loan and option') were received from BGF in 2016. These instruments are accounted for using split accounting which involves first determining the carrying amount of the debt component. This is done by measuring the net present value of the discounted cash flows of interest and capital repayments, ignoring the possibility of exercise of the equity warrants. The discount rate is the market rate at the time of inception for a similar liability that does not have an associated equity instrument. On this basis the debt component, held within 'other non-current liabilities', had a fair value as at 30 November 2019 of £11.7m (2018: £11.7m), and the equity component, held within 'other equity reserves', a fair value of £0.3m (2018: £0.3m). As at 30 November 2019, the fair value of the debt component remained unchanged with a £830k (2018: £830k) charge going to finance costs in the income statement. This charge is split £141k (2018: £141k) within underlying interest charges and £689k (2018: £689k) within non-underlying finance costs, the latter amount being the additional annual charge associated with the redemption premium.

18. Deferred Taxation

	2019 £'000	2018 £'000
At 1 December	(225)	644
Transfer to Statement of Comprehensive Income	(184)	(1,452)
Deferred taxation transfer	-	583
At 30 November	(409)	(225)
Deferred tax is provided as follows:		
Accelerated capital allowances	563	882
Intangible assets	(154)	(657)
	409	225
Geographical split of deferred tax asset:		
United Kingdom	52	68
Europe	581	803
Rest of the World	10	11
	643	882

19. Share Capital

	No. of Shares No.	Share Capital £	Share Premium £
At 30 November 2018	56,704,078	8,505,609	23,900,242
Shares issued in the year			
Shares issued at 15p each	866,801	130,020	-
At 30 November 2019	57,570,879	8,635,629	23,900,242

All shares issued during the year were as a result of share option exercises generating a total value of £515k of which £185k was credited to the Share Option Reserve.

On 28 May 2018 the Company reorganised its share capital by way of a consolidation (the "Consolidation"). Upon implementation of the Consolidation, every 15 ordinary shares of 1p each in the capital of the Company ("Existing Ordinary Shares") then in issue were consolidated into 1 new ordinary share of 15p ("NewOrdinary Share").

All issued share capital is fully paid up. All ordinary shares have a par value of £0.15.

20. Other Capital Reserves – Group

Listing cost reserve
The listing cost reserve arose from expenses incurred on AIM listing.

Foreign exchange translation reserve
The foreign exchange translation reserve is used to record exchange difference arising from the translation of the final statements of foreign operations.

Share option reserve
The share option reserve is used for the issue of share options during the year and charges relating to previously issued options.

Merger relief reserve
The merger relief reserve relates to share premium attributable to shares issued in relation to the acquisition of Bigblu Operations Limited in May 2015, and the current year acquisitions. Costs of £Nil (2018: £0.4m) were offset against the merger relief reserve during 2019.

Other Equity Reserve
Other Equity relates to the equity element of the BGF Convertible Loan described in note 17.

Share Premium
Share premium represents the excess consideration over nominal value net of issue costs and amounts to £23.9m (2018: £23.9m). Costs of £Nil (2018: £Nil) were offset against the share premium account during 2019 in relation to funds raised from the issue of shares.

21. Lease Arrangements

The Group as Lessee
The statement of profit or loss shows the following amounts relating to leases:

	2019 £'000	2018 £'000
Depreciation of ROU assets		
Land & buildings	294	-
Fixtures, fittings & infrastructure	874	-
Motor vehicles	77	-
Leased assets 2018	1,245	-
Interest expense (included in finance cost)	286	-
Expense relating to short term leases (included in administrative expenses)	108	-
Expense relating to leases of low-value assets (included in administrative expenses)	69	-

The total cash outflow for leases was £1,515k.

The Group as lessor

	2019 £'000	2018 £'000
Minimum lease receipts under operating leases recognised as income in the year	283	298

At the balance sheet date, the Group had outstanding commitments for future minimum lease receipts under non- cancellable operating leases, which fall due as follows:

	2019 £'000	2018 £'000
Within one year	365	66
Within 2 – 5 years	10	6
	375	72

22. Related Party Transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Remuneration of key management personnel

The remuneration of the directors, and the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2019	2018
	£'000	£'000
Short- term employment benefits	1,166	1,093
Pension costs	28	17
Share based payments	437	395
	1,631	1,505

23. Share-Based Payments

Share Options

The Group has share option schemes for employees of the Group. Options are exercisable at the price agreed at the time of the issue of the share option. The performance conditions vary between employees. If the options remain unexercised after a period of 5 years from date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest unless agreed by the Board. Details of the share options granted during the year are as follows:

	2019		2018	
	Number of Share Options	Weighted Average Exercise price	Number of Share Options	Weighted Average Exercise price
Outstanding at beginning of year	5,243,469	98.99p	2,995,242	88.15p
Exercised during the year	(866,801)	59.52p	-	-
Cancelled during the year	(202,665)	66.05p	(140,000)	114.45p
Granted during the year	1,072,251	22.77p	2,388,227	113.50p
Outstanding at end of year	5,246,254	57.60p	5,243,469	98.99p
Exercisable at end of year	1,195,964	102.04p	1,337,242	81.65p

The options outstanding at 30 November 2019 had a weighted average exercise price of 57.60p (2018: 98.99p), and a weighted average remaining contractual life of 2 years (2018: 2 years). The inputs into the Black-Scholes model are as follows:

	2019	2018
	£'000	£'000
Weighted average share price	118.05p	118.05p
Weighted average exercise price	114.45p	114.45p
Expected volatility	50%	50%
Expected life	1.83yrs	3yrs
Risk-free rate	5%	5%

Long Term Incentive Plan

During 2018 an executive long-term incentive plan (LTIP) was put in place following consultation with a number of shareholders with performance criteria based on 2 key metrics: 50% based on how the BBB share price performs and 50% based on how BBB performs against a basket of similar companies. Due to there being no share scheme in operation in 2017, an exceptional initial LTIP award of 200% of salary was agreed for participants on launch of the scheme. It was agreed that awards would be considered annually by the Remuneration committee but that future awards would be 100% of salary.

Awards would be granted annually as part of a formal, annual, grant policy:

- within six weeks following the announcement of results; or
- when exceptional circumstances exist (e.g. the normal grant is delayed for some reason or an out of policy award needs to be granted).

Detailed Plan Rules

The Plan was offered for the first time in 2018 and the remuneration committee of the Board of the Company shall have the right to decide, in its sole discretion, whether or not further awards will be granted in the future and to which employees those awards will be granted.

The rules were clear that grants were at the discretion of the Board including TSR (Total Shareholder Return) considerations that needed to be taken into account before further awards could be made.

Warrants

The Group has issued warrants to investors. Warrants are exercisable at the price agreed at the time of issue and can be exercised from 6 months following admission to AIM for a year of 3 years. There are no performance conditions attached. If the warrants remain unexercised after a year of 3 years from date of grant the warrants expire. Details of the warrants granted during the year are as follows:

	2019		2018	
	Number of Warrants	Weighted average Exercise price	Number of Warrants	Weighted average Exercise price
Outstanding at beginning of year	108,464	15.0p	108,464	15.0p
Cancelled	(108,464)			
Outstanding at end of year	-		108,464	
Exercisable at end of year	-		108,464	

No warrants were outstanding at 30 November 2019. Warrants outstanding at 30 November 2018 had a weighted average exercise price of 15.0p and a weighted average remaining contractual life of 1 year. The inputs into the Black-Scholes model are as follows:

	2019	2018
	£'000	£'000
Weighted average share price	-	67.5p
Weighted average exercise price	-	15.0p
Expected volatility	-	50%
Expected life	-	2 yrs
Risk-free rate	-	5%

Expected volatility was determined by assessing the movements of the share price since the readmission to AIM in May 2015. The Group recognised total expenses of £437k (2018: £395k), related to equity-settled share-based payment transactions as follows:

	2019	2018
	£'000	£'000
Share option charge	437	395

24. Financial Risk Management

Background

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. The "financial instruments" which are affected by these risks comprise borrowings, cash and liquid resources used to provide finance for the Group's operations, together with various items such as trade debtors and trade creditors that arise directly from its operations, inter-company payables and receivables, and any derivatives transactions (such as interest rate swaps and forward foreign currency contracts) used to manage the risks from interest rate and currency rate volatility. General objectives, policies and processes The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to meet their financial obligations as they arise while maximising the return to stakeholders. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 19 to 20. The Group raised £4.0m in August 2019 from the sale of a non-controlling interest in the capital of a subsidiary QCL Holdings Ltd, together with a commitment to a further £4.0m equity and arrangement of a £4.0m revolving credit facility. The Group intends to use the majority of these funds to invest in future growth by expanding its FWA infrastructure and making selective acquisitions (see note 12 for more details).

Credit risk
The Group's principal financial assets are bank balances and cash, trade and other receivables and investments. The Group's exposure to credit risk is primarily attributable to its trade receivables. Credit risk is managed locally by the management of each business unit. Prior to accepting new customers, credit checks are obtained from reputable external sources. The amounts presented in the balance sheet are net of allowance for doubtful receivables (see note 15 for more details). An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction on the recoverability of the cash flows. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with low credit risk assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has no significant concentration of credit risk, other than with its own subsidiaries, the performances of which are closely monitored. The Directors confirm that the carrying amounts of monies owed by its subsidiaries approximate to their fair value.

Liquidity risk
Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the cash position is continuously monitored to ensure that cash balances (or agreed facilities) meet expected requirements for a period of at least 90 days. The Board monitors annual cash budgets and updated forecasts against actual cash position on a monthly basis. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The maturity of financial liabilities is detailed in Note 17.

Market risk
Market risk arises from the Group's use of interest bearing and foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or foreign exchange rates (currency risk).

Interest rate risk
The Group finances its operations through a mixture of retained profits, equity capital and bank facilities, including hire purchase and lease finance. The Group borrows in the desired currency at floating or fixed rates of interest and may then use interest rate swaps to secure the desired interest profile and manage exposure to interest rate fluctuations.

Borrowings contractual maturities and effective interest rate analysis
In respect of interest bearing financial liabilities, the table in note 17 indicates the undiscounted amounts due for the remaining contractual maturity (including interest payments based on the outstanding liability at the year end) and their effective interest rates. The ageing of these amounts is based on the earliest dates on which the Group can be required to pay. The HSBC facility is reported quarterly to the bank in the form of convenat complicance reporting, which monitors actuals performance by a number of specific monetary measurements.

Non-interest bearing liabilities
Details of trade and other payables falling due within one year are set out in Note 16.

Currency risk
The main currency exposure of the Group arises from the ownership of its subsidiaries in Europe and Australia. It is the Board's policy not to hedge against movements in the Sterling/Australian Dollar, Sterling/Norwegian Kroner and Sterling/Euro exchange rate.

Other currency exposure derives from trading operations where goods and services are exported or raw materials and capital equipment are imported. These exposures may be managed by forward currency contracts, particularly when the amounts or periods to maturities are significant and at times when currencies are particularly volatile.

Trading
It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

25. Financial instruments

The Group has the following financial instruments:

	Group 2019	Group 2018	Company 2019	Company 2018
	£'000	£'000	£'000	£'000
Financial assets				
Cash & cash equivalents	5,989	5,067	-	915
Trade receivables	2,618	4,811	-	-
Amounts owed by group undertakings	-	-	36,686	26,526
Other receivables	2,605	2,707	25	68
Total	11,212	12,585	36,711	27,509
Financial liabilities				
Trade payables	11,750	9,677	561	266
Amounts owed to group undertakings	-	-	251	108
Accruals	8,488	5,853	2,819	2,052
Other creditors	6,162	9,226	-	-
Lease liabilities	5,657	139	-	-
Total	32,057	24,895	3,631	2,426

The carrying value of financial instruments is a reasonable approximation of fair value due to the short-term maturities of these instruments.

26. Post Balance Sheet Events

Refinancing of Existing Debt Facilities
In December 2019 the Company agreed a new £30m revolving credit facility with Santander Bank UK plc. This will be used to replace the two tranches of loan notes totalling £12m issued in 2016 by Business Growth Fund ("BGF") (the "Loan Notes") and the Group's £10m revolving credit facility with HSBC plc (the "HSBC Facility") and to provide additional working capital to support the Group. HSBC will continue to provide a £4m revolving credit facility and operational banking support to the Group's UK fixed wireless subsidiary QCL Holdings Limited ("QCL"). This provides the Group with combined facilities of £34m with Santander and HSBC.

The facility with Santander is a 3-year loan agreement with an option to extend for up to a further 2 years. Interest terms are on a ratchet to LIBOR according to the Group's net leverage ratio. This replaces, in its entirety, the BGF Loan Notes which bore interest at a fixed coupon, and the HSBC Facility which had an interest charge at a margin related to LIBOR. As a result, there will be a significant reduction in the Group's annual cost of debt and net interest payments. Further details on the BGF Loan Notes and HSBC Facility are included below.

BGF continues to own 4.5m shares in BBB. As part of BGF's initial subscription for the Loan Notes in 2016, BGF had options over 4.9m ordinary shares at an exercise price of 112.5p, expiring August 2021, and a £2.4m convertible Loan Note convertible at an exercise price of 135p per share. As part of the refinancing, BBB has agreed to extend the 4.9m options to May 2024 and granted BGF an additional 1.8m options at an exercise price of 135p expiring May 2024 to replace the conversion rights within the £2.4m convertible Loan Note which is being redeemed in full. This is beneficial to the Company as the redemption premium would otherwise have been payable immediately on early redemption.

BGF has also agreed to defer the repayment of the £5.5m redemption premium on the Loan Notes from May 2021 to May 2024 to align with the options above.

The Board considers that there are a number of key benefits as a result of the agreement with Santander, which effectively enables it to re-finance debt with a coupon of 10% with a more flexible revolving credit facility with a margin of only 3-4%.As such, the refinancing of existing debt facilities will support the Group for the next stage of its growth strategy and will:

- reduce the Group's cost of debt;
- provide additional funding headroom to support accelerated growth;
- provide a simplified capital and covenant structure;
- defer amortising principal repayments under the BGF Loan Notes and HSBC Facility which will enhance cash flow; and
- improve our free cash flow and increase our EPS via reduced finance charges, which the Directors believe will increase value for shareholders.

Details of New facility - Santander RCF
A new £30m revolving credit facility (RCF) for an initial 3-year term, extendable by 1 year on up to two occasions (at the option of BBB) with no annual clean down payments required. Interest margin on LIBOR ratchets according to prior quarter's net leverage ratio (Net Debt / LTM EBITDA), and the cost of debt is therefore expected to reduce as net debt decreases over the term of the loan. The facility includes customary covenants, including:

- Net Leverage (Net Debt / 12m EBITDA)
- Interest cover
- Capex control linked to budgets

The Security on the facility will entail cross-guarantees from material Group companies, although QCL and its subsidiaries are carved out and not regarded as a borrower or part of the Group for the loan purposes.

Santander will also acquire first ranking security (share pledge) over BBB's shares in QCL.

Refinancing highlights
BGF have granted consent to the refinancing of the £12m in principal Loan Notes on the following terms:

- Deferral of the £5.5m redemption premium previously due at the earlier of redemption of the notes or May-21, but now deferred until May-24
- Preservation and extension of the existing share options over 4.9m shares at 112.5p from current expiry date of ug-21 to May-24, therefore keeping them aligned to the redemption premium with the expectation of a cashless settlement of the redemption premium in shares.
- Issuance of new options as replacement for the convertible loan note of £2.4m to be redeemed, on the same terms as the original loan conversion of 1.8m shares at 135p.

The initial refinancing drawdown of c. £22.9m includes repayment of the BGF and HSBC principal, the BGF early redemption charge, fees and working capital.

When compared against the previous BGF Loan Notes and HSBC Facility, over the five-year period to 2024 the refinancing is expected to result in estimated total net cash benefit of c. £14m to the Group arising from:

- c. £2.0m cash savings due to the lower interest margin; and
- £12m arising from deferral of the scheduled BGF principle repayments to May-24

The current P&L interest charge includes BGF interest rate of 10% on the £12m Loan Notes, the effective interest charge for the of the £5.5m redemption premium over the life of the instrument (July 2016 to May 2024) and the HSBC facility finance charges. The Santander RCF reflects a lower and simpler variable interest margin over LIBOR (which depends on the Group's net leverage ratio). This is expected to result in finance savings of c. £2.0m over the five-year period to FY24.

Group headroom immediately post-refinancing equals c. £13.1m, being c. £7.1m unused Santander RCF and c. £6m cash. This reflects an immediate headroom increase of £5.35m against the current headroom of £1.75m on the HSBC Facility.

Quickline is carved out and will maintain its existing £4m RCF facility with HSBC, which has a separate and distinct security package.

Selection of Quickline to lead rural connectivity project
In February 2020 the Company's subsidiary, Quickline Communications ("Quickline"), was selected to lead a £6m project to boost rural connectivity in North Yorkshire.

The project will focus on bringing mobile connectivity to the County where 35% of the population currently has no 4G mobile coverage. It will also test how superfast mobile connectivity can benefit North Yorkshire in boosting tourism, tackling social isolation and acting as an early warning system for flooding emergencies.

Other partners with Quickline include a mix of specialist small to medium enterprises (SMEs) and the universities of York and Lancaster. The partnership has secured £4.5m of Government funding with a further £2m being added by the industry partners.

The project, which is a continuation of the technical partners' previous work with the 5G Rural Integrated Testbed project ("5GRIT"), will investigate how rural mobile connectivity can help eliminate the not-spots of North Yorkshire by developing new technologies, apps and services tailored for rural areas. It aims to understand how the public, private and community sectors can work together to reduce the cost of delivering mobile access in rural areas.

The project is supported by the Department of Digital, Culture, Media and Sports, as part of the 5G Rural Connected Communities Trials and Testbed programme. This £30m programme supports national projects to determine how best to use the 5G technology to deliver services across the entire nation.

COVID-19
Finally, post year end the COVID-19 pandemic was declared across the World. This has had no impact on any balances as at 30 November 2019 and any potential impact on the going concern status of the Group has been assessed in the going concern notes on pages 10 and 11 of the Chief Executive Report.

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