1H23 - Half Year Results
September 23

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  Andrew Walwyn CEO

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  Frank Waters CFO

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  Andrew Walwyn CEO

1H23 Trading Overview
Andrew Walwyn CEO

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Results – 1H23

Customers	**Revenue**	**Adjusted EBITDA[1]**
c.62.6k	£15.0m	£2.1m
Adjusted Free Cash inflow[2]	**Net Debt[3]**	**Adjusted Basic EPS[4]**
£0.2m	£0.3m	2.0p

[1]Adjusted EBITDA is stated before interest, taxation, depreciation, amortization, share based payments and exceptional items. It also excludes property lease costs which, under IFRS 16, are replaced by depreciation and interest charges.
[2]Adjusted Operating cash flow relates to the amount of cash generated from the Group's operating activities and is calculated as follows: Profit/(Loss) before Tax adjusted for Depreciation, Amortisation, Share Based Payments and adjusting for changes in Working Capital and non-cash items and excludes items identified as exceptional in nature.
[3]Cash / Net debt excludes lease-related liabilities of £0.9m of under IFRS 16 (1H22 £1.4m).
[4]Adjusted EPS is adjusted PAT divided by the weighted average number of shares over the period.

Highlights at a glance 1H23

Executive Take

- Like for like revenue increased, important bolt-on acquisition in Australia
- Product hybridisation, Operational efficiency and effectiveness- Systems and costs
- State of readiness for value realisation

Australasia – c 55.1k customers

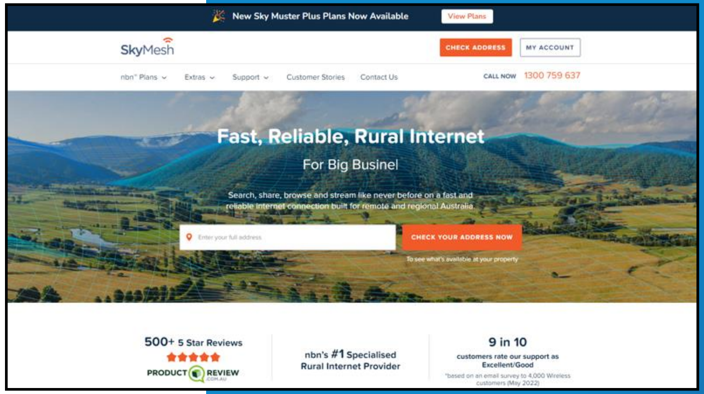
- Skymesh continued as Australia's number 1 Satellite provider – 5 years in a row, with 55% of market share post Clear and Uniti transaction
- Uniti acquisition cost £2.7m – adding c.5.2k net adds, c.£0.9m Revenue and c.£0.3m of EBITDA in H123

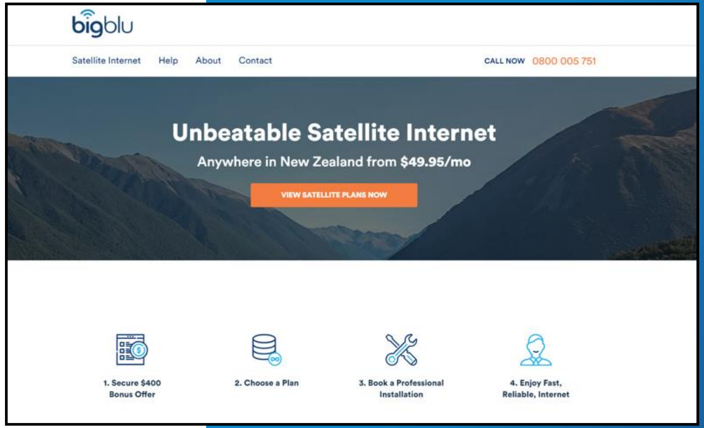
Norway – c 7.5k customers

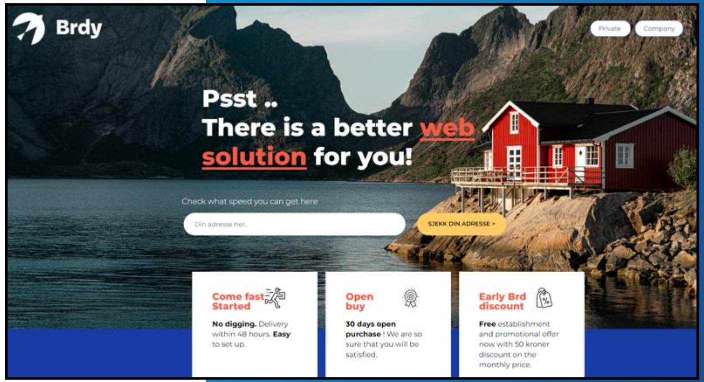
- Marginal demounting as required
- 5G FWA buildout in progress across Norway
- Business separation now completed with two legal entities – 5G/SAT and Infrastructure

Quickline update

- The Group’s retained interest is 3.1% following further investment since the year end with a current carrying value of £5.9m.
- Quickline continues to be well supported by Northleaf with an addressable base of over 350,000 premises at the half year, with its hybrid Fixed Wireless (FWA) and Full Fibre infrastructure.
- Northleaf have invested £110m in total since they acquired the majority stake.







1H23 Financial Performance
Frank Waters CFO

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Financial Highlights

	1H23	1H22	% Change
Revenue	**£15.0m**	£14.9m	0.5%
Recurring revenue %	**93%**	95%	(2.1%)
Adj. EBITDA[1]	**£2.1m**	£2.0m	3.2%
Adjusted EBITDA %	**14%**	14%	1.6%
Adj. Profit After Tax[2]	**£1.2m**	£0.5m	147.4%
Basic EPS[3]	**(3.3p)**	(1.1p)	(200.0%)
Adj. Basic EPS[3]	**2.0p**	0.8p	150.0%
Adj. Operating Cash Inflow[4]	**£0.6m**	£1.3m	(51.0%)
Adj. Free Cash Inflow[5]	**£0.2m**	£0.4m	(46.1%)
Net (Debt) / Cash[6]	**(£0.3m)**	£4.5m	(107.7%)

Trading

- Revenue growth 0.5% with LFL[7] growth 3.1%
  - Net adds of 3.2k, including the Uniti acquisition, with a closing base of 62.6k v 59.4k
  - Underlying churn at 32% (1H22 31%). Churn expected to reduce below 30% by year end
  - ARPU progression of 0.6% to £40.88 due to product mix (1H22: £40.64)
  - Recurring revenue remains strong at 93% (1H22: 95%)
  - Sales mix - Sat 75% FW 21% 5G 4% (1H22: Sat 76% FW 22% 5G 2%)
- Adj. EBITDA up 2.1% to £2.1m (1H22: £2.0m), with LFL 21.4%
- Adj. PAT £1.2m (1H22: £0.5m)

EPS

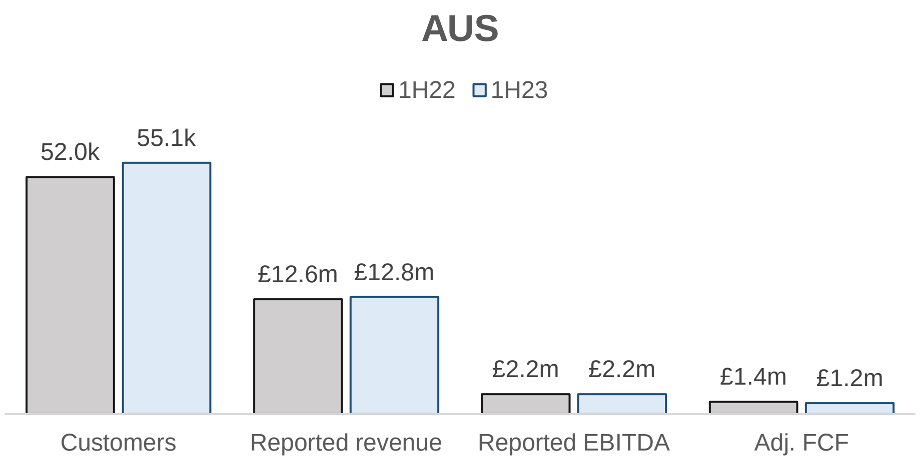
- Basic EPS loss at 3.3p (1H22: loss 1.1p) due in the main due to the restructuring costs in period
- Adj. Basic EPS profit of 2.0p (1H22: Profit 0.8p), up 1.2p after adjusting for all exceptional costs

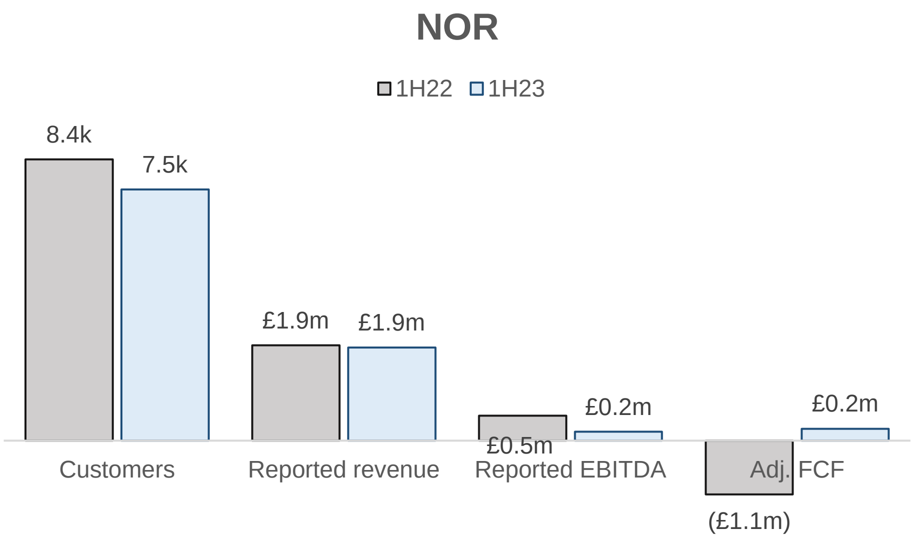
Cash flow

- Adj. OCF inflow of £0.6m allowing for negative movement in translation over period of £1.1m
- Adj. FCF inflow of £0.2m (1H22: Inflow £0.4m) with lower CAPEX, interest and tax
- Net debt was £0.3m (1H22: Net Cash £4.5m) movement last 12m - Uniti Acquisition (£2.7m) investments in fixed assets (£1.1m), interest and tax (£0.5m) and planned working capital movemen (£0.5m)

[1,2,3,4,5,6,7] *Refer to notes in Appendices.*

Results overview: Business Unit Analysis





Australia –

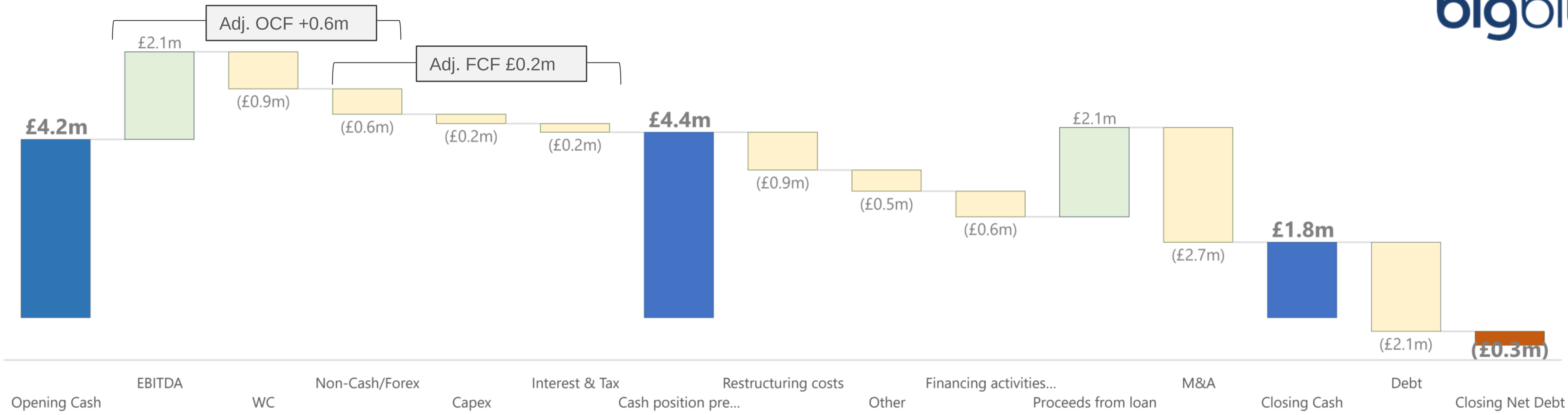
- Customer increase of c.3.1k including Uniti acquisition (Year End 51.5k)
- Churn 33% (1H22: 30%), now reducing
- ARPU down 3%, due to product mix and promo activity
- Resulted in a 1.2% increase in revenues at £12.8m and LFL down 1.8% excluding Uniti
- EBITDA at £2.2m in line with PY, decrease on LFL basis 10.4%
- Local Adj. FCF[1] inflow of £1.2m (54% of EBITDA)
  - Pre currency impact £1.8m (84% of EBITDA)

Norway –

- Gross adds c.0.9k v PY c.0.7k, with churn of c.1.8k (1H22 c.1.4k), with 1.3k relating to the continued demounting of loss making towers
- ARPU up 26% due to product mix with the increase in 5G sales contributing c20% of growth
- Revenue of £1.9m and EBITDA of £0.2m, in line with expectations – Revenue LFL 23.9%, EBITDA LFL 147%
- Local Adj. FCF[1] inflow of £0.2m an improvement of £1.3m on 1H22
- Cost actions taken to date, systems improving

[1]*Adjusted before exceptional costs and intercompany transfers.*

Adjusted OCF of £0.6m and Adjusted FCF of £0.2m



- **Key points since YE**
- Cash generated in trading - used - in Working Capital / Non-Cash / CAPEX / Interest / Tax
- Working capital usage of £0.9m
  - Stock levels reduced by £0.2m as a result of the 5G sales in Norway.
  - Receivables /other debtors (P/Ps and accrued income lower) reduced in the period by £0.7m (Debtor's days remains low but up YOY at DSO 14 days (1H22: 10 days))
  - Creditors reduced in the period by £1.8m, reflecting the higher creditors payments (Creditor's days reduced to 64 YOY (1H22: 87 days))
- Capex £0.2m covers the investment in Norway 5G stock (£140k and systems work £60k)
- £0.1m interest on undrawn and drawn RCF facility, £0.1m Australia tax prepayments due to increased profits.
- Cash restructuring costs of £0.9m - Norway and PLC.
- Other costs relate to system improvement costs in Australia
- Financing activities cover IFRS16 movements
- Proceeds of £2.1m from the RCF in 1H23 period
- M&A covers the acquisition of Uniti customers outflow of £2.7m (AUS$4.7m).
- Closing cash was down £2.4m (1H22) to £1.8m (1H23), and along with a drawdown from the RCF of £2.1m this resulted in a closing net debt position of £0.3m

1H23 Business Unit Performance & Outlook

Andrew Walwyn CEO

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Australia - Skymesh

Current Market Position

- Largest Satellite provider in Australia with **55% of market share** post Clear and Uniti transaction
- Won WhistleOut **best NBN provider** award 5th year in a row
- Delivering **excellence in service** – 9 in 10 rate Skymesh as good/excellent
- Net promoter score of **39** (outperforming telco industry)

Market Outlook

- Starlink competitive threat has impacted new adds and churn
- Opportunity in 4G/5G FWA market
- NbnCo releasing new Sky Muster Plus July 2023 with uncapped data and speeds up to 100Mbps – highly competitive product offering
- Fixed line market is expanding with customer sentiment moving away from larger players to emerging challenger brands

Strategy / Actions underway

- Improved Product offering
- Contract signed with Optus for 4G/5G FWA market at beginning of July
- New NbnCo Ultra unlimited tariffs going live in Q423
- Fibre soft launch now live
- Increased addressable market by 100% to 2 M households
- Nowremote but also regional
- Upgraded of systems to improve customer service and reduce operating costs
- Identifying suitable accretive bolt-ons

Norway - brdy

Current Market Position

- Diversified presence in lower density regions with a network strength of more than 400 towers in addition to 5G-coverage
- Capable of delivering +100 Mbps speed

Market Outlook

- 5G buildout still ongoing, increasing the number of addressable households for FWA in Norway
- 5G FWA market could expand with the introduction of a second 5G partner
- Strengthening the satellite customer offer in partnership with Viasat
- New B2B sales opportunities with the introduction of OneWeb and Starlink

Strategy / Actions underway

- Split Infra/Asset light from June 1st – With a focus on an infrastructure light model (FWA 5G, Sat: LEO & GEO)
- Ongoing actions to streamline the business cost cutting
- Upgrading systems to improve our customer service levels and also reduce operating costs
- New VSAT product offerings
- Updated website, delivering 3000 visitors per week
- Build of a reseller network sales channel

Summary and Outlook
Andrew Walwyn CEO

Summary and Outlook

Summary

- Robust performance in 1H23 demonstrating Revenue growth (Up 0.5% on 1H22) and continued positive adj. FCF (Down 46.1% on 1H22)
- We ended 1H23 in a slightly lower financial net asset position due to part of the Uniti acquisition being funded from internal cash (£1.3m). Balance Sheet still remains strong.
- Wealth of opportunities - Carefully navigate to those that add / accretive in value

Outlook and Focus

- Quality businesses, high recurring revenues 90% plus, increasing levels of cash generation in growing market
- Return to accelerated customer growth Q2 FY23
- Opportunity to create further shareholder value
  - **Products** Roadmap exciting with new product launches planned throughout FY23
  - **Proximate** / Neighbouring Countries
- The How and the focus
  - **People** – reduced headcount in Norway and PLC
  - **Pathfinder** - Processes and systems complete with daily dashboard KPIs
  - **Performance** - Customer growth through organic and M&A to drive Revenue, EBITDA and FCF growth YOY
- Specifically
  - Australasia: expanded footprint, B2B, increasing FW. Could consider further M&A after Uniti to complement organic growth, a disposal or an IPO in Australia.
  - Norway: new opportunities with new satellite players across Scandinavia and the Baltics, including low orbit solutions. Partner network growth with Saga Mobil and Power materialising
  - Quickline growth in investment holding due to additional support and investment from Northleaf

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Appendices

Condensed Consolidated Statement of Comprehensive Income

	1H23	1H22	YoY var.
Revenue	£15.0m	£14.9m	1%
Adj. EBITDA[1]	**£2.1m**	**£2.0m**	**3%**
EBITDA margin %	13.8%	*13.6%*	
		-	
Depreciation	(£0.7m)	(£1.0m)	30%
Amortisation	(£0.8m)	(£0.2m)	(330%)
Interest	(£0.1m)	(£0.1m)	(126%)
Net Profit Before Exceptionals	**£0.4m**	**£0.8m**	**(44%)**
		-	
Exceptionals	(£2.3m)	(£0.8m)	(174%)
Shared based payments	-	(£0.2m)	0%
Net Loss Before Taxation	**(£1.8m)**	**(£0.2m)**	**(896%)**
		-	
Taxation	(£0.1m)	(£0.3m)	72%
Loss after Tax	**(£1.9m)**	**(£0.5m)**	**(273%)**
		-	
Loss – Discontinued Ops	-	(£0.1m)	**0%**
Loss For The Period	**(£1.9m)**	**(£0.6m)**	**(212%)**

Adj. EBITDA

- Gross Margin 39% (1H22: 42%) with focus on less capital-intensive products and product incentives to attract new customers
- Underlying overheads as % sales reduced to 25% (1H22: 28%) mainly due to restructuring impacting

Depreciation/Amortisation

- Depreciation lower mainly due to the impairment of assets in Norway at the YE , and lower Capex
- Amortisation relates to the Clear and Uniti customer base acquisition (£0.8m), up on PY as only included Clear from Feb 22

Interest

- £0.1m interest relating to current drawdown (PY: undrawn RCF facility)

Items identified as Exceptional

- £0.3m associated with M&A activities, £1.3m with restructuring costs in PLC and Norway, £0.5m costs for systems and £0.2m others

Taxation

- No corporation tax payable in PLC or Norway
- Tax paid in Australia based on 1.16% of monthly revenue as prepayment against full year tax charge (£0.1m)

[1]Adjusted EBITDA is stated before interest, taxation, depreciation, amortization, share based payments and exceptional items. It also excludes property lease costs which, under IFRS 16, are replaced by depreciation and interest charges.

Condensed Consolidated Statement of Financial Position

	1H23	1H22
Goodwill and intangibles	£14.7m	£14.3m
Property, plant and equipment	£2.2m	£3.9m
Fixed assets	**£16.9m**	£18.2m
Working capital	(£5.3m)	(£6.1m)
Cash	£1.8m	£4.5m
Net current (liabilities)/assets	**(£3.5m)**	(£1.6m)
Non-current liabilities	**(£2.4m)**	(£1.1m)
Net assets	**£10.9m**	£15.6m

Net (debt) / cash (exc. IFRS16)	**(£0.3m)**	£4.5m
Days Sales of Inventory	**19**	31
Trade Debtors Days	**14**	10
Days Creditors Outstanding	**64**	87
Net (debt) / cash / EBITDA	**(1.4x)**	2.2x

Intangible assets

- Increased by £0.4m following the acquisition of the Uniti customer base (£2.6m, £2.7m less FA), increase in Loan Notes element of QCHL investment (£0.2m), deferred tax asset written off in Norway (£0.8m), amortisation over the last 12 months (£1.3m) and forex movement (£0.4m)

Fixed Assets (PPE)

- Reduced by £1.7m - Capex investment (£0.5m) and Depreciation (£2.2m), of which underlying depreciation of £1.2m and an impairment of Fixed Assets of £1.0m.

Working Capital

- Negative Working Capital improvement of £0.8m
  - Stock levels YOY reduced by £0.4m as a result of the 5G sales in Norway.
  - Trade and Other receivables increased in the year by £0.2m, reflecting the increase in Trade Debtors (£0.3m) and lower prepayments (£0.1m). Debtor's days remains low but up YOY at DSO 14 days (1H22: 10 days).
  - Creditors and Other Payables reduced YOY by £0.6m, reflecting the higher creditors payments, and reduced accruals.

Net Cash

- Cash closed at £1.8m due to the deferred consideration payments to Clear (£0.4m), interest and tax (£0.2m), CAPEX (£0.5m), restructuring costs (£0.4m) the acquisition of Unit (£2.7m) and other working capital (£0.2m), offset by the receipt from the RCF of £2.1m.

Non-Current Liabilities

- Increase over the period by £1.3m, with IFRS16 liabilities lower by £0.8m, and a drawdown of £2.1m from the RCF facility in the period to support the Uniti acquisition.

Condensed Statement of Cash Flows

	1H23 £'000	1H22 £'000
Opening Net Cash	**4,195**	**5,201**
Loss after tax	(1,914)	(513)
Interest charge	117	52
Depreciation	688	979
Impairment of Fixed Assets	-	-
Amortisation	808	188
Tax charge / (credit)	91	330
Share Based payments	-	154
Exceptional costs	2,272	830
Adj. EBITDA	**2,062**	**2,020**
Forex movement and other non-cash	(556)	595
Movement in Working Capital	(870)	(1,314)
Cash inflow	**636**	**1,301**
Interest paid	(117)	(52)
Tax paid	(91)	(330)
Underlying inflow	**428**	**919**

	1H23 £'000	1H22 £'000
Purchase of Assets	(216)	(526)
Adj. inflow Free Cash Flow	**212**	**393**
Exceptional items relating to refinancing, fundraising, M&A, integration and the establishment of network partnerships	(1,500)	448
Adj. free cash inflow/(outflow) after exceptional and M&A items	**(1,288)**	**841**
Investment activities	(2,621)	(1,192)
Financing activities	(634)	(308)
Movement in Net Cash	**(4,543)**	**(695)**
Increase in Debt	**2,100**	**-**
Closing Net Debt	**(348)**	**4,542**

EPS Calculations

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

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

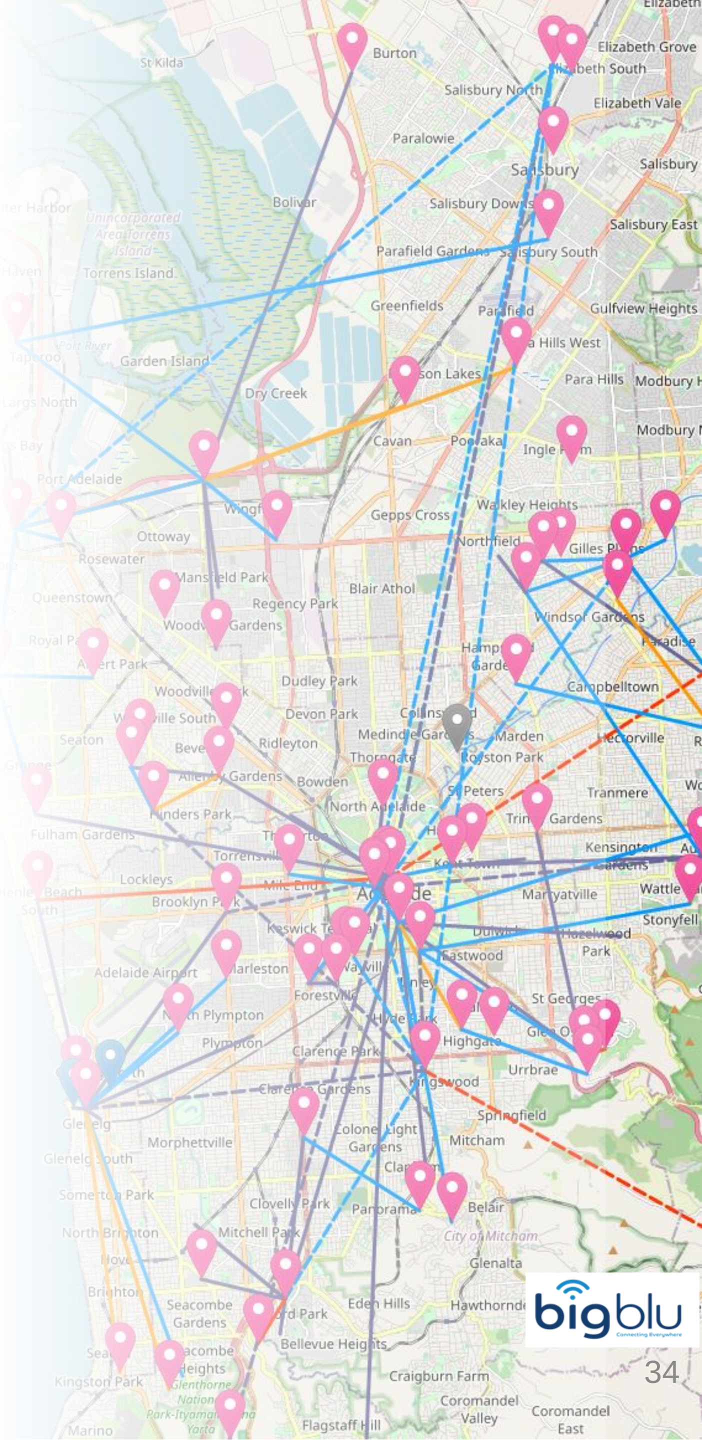
Recent Acquisitions

Clear Acquisition

- The Clear acquisition total cost of AUD$2.6m (£1.4m)
- Total number of net customers acquired – 2.5k
- Purchase price February 2022 equates to
  - c. AUD$641 per customer (c. £359)
  - AUD$0.18m Revenue a month
  - AUS$50k EBITDA a month
- Completion February 2022 with base customers transferred April 2022
- Financial Performance
  - Contributed c.£0.7m Revenue and c.£0.1m of EBITDA in 1H23
  - Anticipated to contribute c.£0.7m Revenue and c.£0.2m of EBITDA in 2H23

Uniti Acquisition

- The Uniti acquisition total cost of AUD$4.7m (£2.7m)
- Total number of net customers acquired - 5.2k
- Purchase price February 2023 equates to
  - c. AUD$903 per customer (c. £506)
  - AUD$0.35m Revenue a month
  - AUD$140k EBITDA a month
- Combined with the Clear acquisition, SkyMesh will result in having an enlarged market share of 55% of the NBN Co satellite market across Australia, focused primarily in the rural and suburban market segments
- Completion February 2023 with base customers transferred May 2023
- Financial Performance
  - Contributed c.£0.9m Revenue and c.£0.3m of EBITDA in 1H23
  - Anticipated to contribute c.£0.9m Revenue and c.£0.4m of EBITDA in 2H23



Notes

[1] Like for like (LFL) revenue and EBITDA is adjusted for new or divested businesses in both the current and prior year and adjusts for constant currency .

[2] Adjusted EBITDA is stated before interest, taxation, depreciation, amortisation, share based payments and exceptional items. It also excludes property lease costs which, under IFRS 16, are replaced by depreciation and interest charges.

[3] Adjusted PAT represents adjusted EBITDA less interest, taxation, depreciation, and amortisation, adjusted for items of an exceptional nature, being impairment of Fixed Assets, amortisation and deferred tax adjustments.

[4] Adjusted EPS is adjusted PAT, divided by the weighted average number of shares over the period.

[5] Adjusted Operating cash flow relates to the amount of cash generated from the Group's operating activities and is calculated as follows: Profit/(Loss) before Tax adjusted for Depreciation, Amortisation, Share Based Payments and adjusting for changes in Working Capital and non-cash items and excludes items identified as exceptional in nature.

[6] Adjusted Free cash flow being cash (used)/generated by the Group after investment in capital expenditure, servicing of debt and payment of taxes and excludes items identified as exceptional in nature.

[7] Cash / Net debt excludes lease-related liabilities under IFRS 16.