

NEWS RELEASE

Proposed Sale of SkyMesh Pty Ltd

2024-12-02

RNS Number : 3744O

Bigblu Broadband PLC

02 December 2024

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

Bigblu Broadband plc

("BBB" or the "Company")

Proposed sale of SkyMesh Pty Ltd

Bigblu Broadband plc (AIM: BBB.L), a leading provider of alternative super-fast and ultra-fast broadband services, announces that it has conditionally agreed to sell (the "**Disposal**") its Australian subsidiary to a newly formed bidco called SKM Telecommunication Services Pty Ltd. SKM Telecommunication has been established by Salter Brothers Asset Management for the purposes of the acquisition. The Disposal has a total consideration of up to AUD\$50.20m (c.£25.67 million) (the "**Headline Price**").

The Headline Price to be paid in connection with the Disposal will be settled as follows:

- 59.8% of the Headline Price (c.AUD\$30.00 million (c.£15.35 million) in cash, up to a cap of AUD\$30 million (the "**Completion Payment Cap**"), on the Completion Date (the "**Completion Payment**"); plus
- the issue to the Company of the Consideration Shares, representing 26.5% of the Headline Price, issued to the Company on the Completion Date; plus
- the following cash amounts to be paid to the Company on the first anniversary of the Completion Date:
 - (i) 13.7% of the Headline Price (c.AUD\$6.88 million (c.£3.52 million)); plus
 - (ii) a cash amount equal to Skymesh's net profit after tax, before depreciation and amortisation and unrealised foreign exchange movements, but including management fees and exceptional items, for the month of November 2024; plus

- (iii) an amount equal to the excess of the Completion Payment above the Completion Payment Cap if applicable; less
- (iv) the balance of the Skymesh customer debt not collected during the period of 6 months from 1 February 2025 which is greater than 120 days overdue relating to the implementation of the Pathfinder system in July 2023 which resulted in approximately \$2.80 million (the "Pathfinder Implementation Debt") not being invoiced or slow to be invoiced and the subsequent delayed collection of such due payments from customers; less
- (v) the costs incurred by SKM Telecommunication in undertaking a recovery program of the Pathfinder Implementation Debt under the direction of the Company.

The Headline Price represents an excellent return of c.\$27.2 million up to 2.2 times on the aggregate consideration paid by the Group to acquire SkyMesh and subsequent SkyMesh acquisitions.

The Completion Payment after transaction fees of £14.35 million will be used to pay down the current revolving credit facility (RCF) with Santander Bank as appropriate relative to the needs of the ongoing business units.

The Consideration Shares will initially represent 33.7% of the ongoing business pre-dilution.

Frank Waters, Chief Executive Officer of the Company, commented:

"I am pleased with this transaction, which delivers value to BBB shareholders and aligns with our strategic objectives. The transaction with SKM Telecommunication is an important one which brings both transformative industry expertise and growth capital, positioning SkyMesh for an exciting and dynamic next phase of its development."

Notice of General Meeting

In view of the size of the Disposal relative to the existing size of the Company (including SkyMesh), the Disposal constitutes a fundamental change of business for the Company in accordance with Rule 15 of the AIM Rules. As such, it is a requirement of the AIM Rules that the Disposal be approved by Shareholders at a general meeting of the Company. The Disposal is therefore conditional on the approval of the Resolution set out in the Notice of General Meeting.

A Circular and notice convening the General Meeting, to be held be at the offices of Harwood Capital LLP, 6 Stratton Street, Mayfair, London W1J 8LD on 20 December 2024 at 9:00 a.m, will be posted to Shareholders shortly and will be available on the Company's website at www.bbb-plc.com. The General Meeting will be convened to consider, and it thought fit, approve the Resolution set out in the Circular and notice.

Recommendation

The Board considers the Disposal and the passing of the Resolution to be in the best interests of Shareholders as a whole. Accordingly, the Board will be recommending that Shareholders vote in favour of the Resolution as they intend to do in respect of their shareholdings amounting to 1,312,914 Ordinary Shares representing 2.23% of the Company's total voting rights.

For further information

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Cavendish Capital Markets Limited (Nomad and Broker)	Tel: +44 (0)20 7220 0500
Marc Milmo / Finn Gordon (Corporate Finance)	
Tim Redfern / Harriet Ward (ECM)	

Cautionary note regarding forward-looking statements

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "forecasts", "plans", "prepares", "targets", "anticipates", "projects", "expects", "intends", "may", "will", "seeks", or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the Company's and the Directors' intentions, beliefs or current expectations concerning, amongst other things, the Company's prospects, growth and strategy. No statement in this announcement is intended to be a profit forecast and no statement in this announcement should be interpreted to mean the Company's performance in future would necessarily match or exceed the historical published performance of the Company.

By their nature, forward-looking statements involve risks and uncertainties because they relate to future events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, achievements and financial condition may differ materially from those expressed or implied by the forward-looking statements in this announcement. In addition, even if the Company's results of operations, performance, achievements and financial condition are consistent with the forward-looking statements in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements that the Company makes in this announcement speak only as of the date of such statement, and none of the Company or the Directors undertake any obligation to update such statements unless required to do so by applicable law. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Proposed disposal of SkyMesh Pty Ltd

1 INTRODUCTION

The Company is pleased to announce that it has conditionally agreed to sell the entire issued share capital of SkyMesh to SKM Telecommunication for a headline price of c.AUD\$50.2 million (the "Headline Price") (c.£25.67million).

The transaction will be implemented through the sale by the Company of the entire issued share capital of SkyMesh.

The Board believes that the Disposal provides the Company with the opportunity to realise an excellent valuation on its

asset, generates an initial meaningful cash consideration for Shareholders whilst also retaining a shareholding in the business and therefore continued exposure to any potential upside from SkyMesh under SKM Telecommunication's ownership.

The net proceeds from the Completion Payment, after the repayment of part of the Group's outstanding debt, and the payment of all transaction and deal associated costs, is expected to be approximately £7.9 million. Following Completion, the Directors of the Company will review the current and future capital requirements of the Group and expect to undertake a return of cash to Shareholders having regard to its ongoing capital requirements. Further details of the amount and method of such return will be sent to Shareholders in due course.

The Disposal is of sufficient size relative to that of the Group (including Skymesh) to constitute a disposal resulting in a fundamental change of business pursuant to Rule 15 of the AIM Rules and Completion is, therefore, conditional upon (amongst other things) the approval of Shareholders at a General Meeting of Bigblu Broadband. A Circular, including a Notice of General Meeting, will be posted to Shareholders shortly.

The purpose of this Circular is to: (i) provide you with information about the background to and the reasons for the Disposal; (ii) explain why the Board considers the Disposal to be in the best interests of the Company and its Shareholders as a whole; and (iii) explain why the Board recommends that you vote in favour of the Resolution to be proposed at the General Meeting, notice of which is set out at the end of this Circular.

The Directors (together with their associated interests) have irrevocably undertaken to vote in favour of the Resolution in respect of the 1,312,914 Ordinary Shares in which they are interested, representing approximately 2.23% of the issued ordinary share capital of Bigblu Broadband.

2 BACKGROUND TO AND REASONS FOR THE DISPOSAL

2.1 *Information on SkyMesh*

SkyMesh was acquired by the Group in 2016 and together with subsequent acquisitions made by the Company, BBB has paid in aggregate a total consideration of AUD\$23.0 million. Since that time the business has grown organically and through acquisition such that SkyMesh is now a leading Australian satellite broadband service provider with over 50,000 customers as at 31 October 2024. It has been named Best Satellite NBN Provider for six consecutive years (2019 - 2024) and had a total market share of 46% of NBNCo Skymuster as at 30 September 2024.

For the year ended 30 November 2023, excluding the New Zealand business that will remain with the Group, SkyMesh generated audited revenue of c.£25.4 million and audited adjusted EBITDA of c.£5.2million. For the six months to 31 May 2024, SkyMesh generated unaudited revenues of c.£11.0 million and unaudited adjusted EBITDA of c.£1.7 million. As at 31 May 2024, the unaudited net assets of SkyMesh were approximately negative £3.1 million

2.2 *Background to the Disposal*

As noted above, under the Company's ownership, SkyMesh has successfully grown into being a leading satellite broadband provider in Australia. The Directors believe that SkyMesh continues to have a strong future as a subsidiary of a listed company. However, it also recognises the importance of having local leadership to fully capitalise on the market opportunity before SkyMesh. Furthermore, as the Board has consistently stated since the disposal of its European operations to Eutelsat in 2020 and the sale of Quickline to Northleaf in 2021, the Board has always had regard to maximising the inherent value within its operating assets. To that end, over the last two years, the Board has engaged with advisors in Australia to explore all options to realise value for Shareholders from SkyMesh, which could have included an MBO supported by private equity, a trade sale or an ASX listing of SkyMesh. After exploring all

options, the terms set out by SKM Telecommunications provided, in the Board's opinion, the best value for Shareholders.

The valuation achieved for SkyMesh of up to AUD\$50.20 million (c£25.67 million) (representing the aggregate of Completion Payment of AUD\$30.00 million (reflecting the Completion Payment Cap), deferred contingent cash consideration of up to c.AUD\$6.88 million and c.AUD\$13.30 million worth of shares in SKM Telecommunication) represents an excellent return of c.\$27.2 million up to 2.2 times on the aggregate consideration paid by the Group to acquire SkyMesh and subsequent acquisitions into SkyMesh. In the Board's view, the excellent return achieved on the Disposal reflects the value created by the strategic positioning of the SkyMesh business. Furthermore, as well as providing the Company with an immediate cash return, the Disposal will also provide the Company with an opportunity to benefit from the potential upside in the future trading of SkyMesh given the proposed ongoing 33.7% shareholding in SKM Telecommunication on Completion, on the assumption that the Acquisition Capital Raise is fully subscribed. The Disposal is not contingent on the Acquisition Capital Raise.

The immediate net cash proceeds due to the Company on Completion (after the repayment of all outstanding debt in the Group and the payment of all advisor fees and costs associated with the Disposal) of c£7.9 million from the Disposal will once again enable the Board of Bigblu Broadband to explore means of returning capital to shareholders. The Board has undertaken to review with its advisers the steps needed to enable a return of any surplus cash to shareholders, within the next six months (subject to the financial requirements of the Group at the time and the requirements of the Act) if it is practical to do so.

2.3 *Proceeds*

The Headline Price to be paid in connection with the Disposal will be settled as follows:

- 59.8% of the Headline Price (c.AUD\$30.00 million (c.£15.35 million)) in cash, up to a cap of \$30.00 million (the "Completion Payment Cap"), on the Completion Date (the "Completion Payment"); plus
- the issue to the Company of the Consideration Shares, representing 26.5% of the Headline Price, issued to the Company on the Completion Date; plus
- the following cash amounts to be paid to the Company on the first anniversary of the Completion Date:
 - (i) 13.7% of the Headline Price (c.AUD\$6.88 million (c.£3.52 million)); plus
 - (ii) a cash amount equal to Skymesh's net profit after tax, before depreciation and amortisation and unrealised foreign exchange movements, but including management fees and exceptional items, for the month of November 2024; plus
 - (iii) an amount equal to the excess of the Completion Payment above the Completion Payment Cap if applicable; less
 - (iv) the balance of the Skymesh customer debt not collected during the period of 6 months from 1 February 2025 which is greater than 120 days overdue relating to the implementation of the Pathfinder system in July 2023 which resulted in approximately \$2.80 million (the "Pathfinder Implementation Debt") not being invoiced or slow to be invoiced and the subsequent delayed collection of such due payments from customers; less
 - (v) the costs incurred by SKM Telecommunication in undertaking a recovery program of the Pathfinder Implementation Debt under the direction of the Company.

The Completion Payment after transaction fees of £14.35 million will be used to pay down the current revolving credit facility (RCF) with Santander Bank of up to £6.50 million, providing net cash proceeds for distribution to shareholders of approximately £8 million. The Group are currently in discussions with Santander about reducing the current RCF to £1 million to £2 million, which will result in the net cash proceeds available for distribution increasing to £8.85 million to £9.85 million. As noted above, the Board will undertake a review of the current and future capital requirements of the Group and expect to undertake a return of cash to Shareholders having regard to the Company's ongoing capital

requirements.

2.4 *Board recommendation*

The Directors consider the Disposal to be in the best interests of Bigblu Broadband and its shareholders as a whole and accordingly unanimously recommend Shareholders vote in favour of the Resolution to be proposed at the General Meeting, having irrevocably undertaken to do so in respect of their beneficial holdings amounting, in aggregate, to 1,312,914 Ordinary Shares, representing approximately 2.23% of the issued ordinary share capital of Bigblu Broadband.

2.5 *Current trading and the Company post Completion*

SkyMesh remains the leading Australian satellite broadband service provider, having been named Best Satellite NBN Provider for the sixth year in succession (2019-2024)

SkyMesh has continued to be the market leader in the satellite broadband market with total market share as at 30 September 2024 of 46% of NBNCo Skymuster. SkyMesh continues to command a majority market share of all new orders placed and is considered the fastest growing operator in the GEO satellite market.

Customer numbers post the implementation of the new system, the consolidation of SIO's and the recent plan changes as at 31 October 2024 were approximately c.50k.

Over the past 18 months, SkyMesh replaced their legacy systems with a strategic investment of approximately £1.5 million. This comprehensive upgrade introduced seamless integration with NBNCo for ordering, service provisioning, and support. The new system streamlines customer onboarding, enabling faster online setup. Sales operations have been refined, featuring real-time order and sales monitoring. Enhanced security measures and adaptability for future vendor integrations are now in place. While this major project initially faced some hurdles, it has since resulted in a more robust platform. SkyMesh has also expanded their IT workforce to further improve systems, enhance reporting capabilities, and boost overall efficiency.

Skymesh has also refreshed its branding with a whole new website, logo and tone of voice, in addition to launching a market leading consumer facing app in July 2024 available in both Apple and Google App stores. The app will redefine the way the business interacts with its customers and further drive efficiencies in the customer experience.

Additionally, new product opportunities have arisen that SkyMesh is focusing on as it wraps up the second half of 2024, with the potential to support future growth in customer numbers and overall performance.

SkyMesh has implemented price adjustments and plan changes while renegotiating contracts with suppliers, resulting in enhanced operating profitability. Additionally, the company has initiated an internal sales optimisation project aimed at improving sales delivery and controlling costs. These strategic actions are designed to strengthen overall financial performance.

Should Shareholders approve the Disposal, post Completion the Company will be left with the following assets and trading operations:

- its trading operations in New Zealand;
- a subsidiary, Bigblu Broadband Group Services Ltd, which controls the direct and indirect distribution of Starlink;
- a 2.8% shareholding in Quickline Communications, together with loan notes issued with a carrying amount of

£3.9m as at Nov-24, and monthly accrued interest income of c.£15k;

- a c.33.7% interest in SKM Telecommunication on Completion, the entity that is acquiring SkyMesh, on the assumption that the Acquisition Capital Raise is fully subscribed. The Company's effective shareholding is expected to be c.24.7% on a fully diluted basis;
- the net cash proceeds from the Disposal (having regard to the repayment of part of the outstanding debt in the Company, the payment of transaction fees associated with the Disposal and before any possible capital return to Shareholders); and
- the deferred cash consideration due to be paid in connection with the Disposal.

The Company's trading operations in New Zealand, together with Bigblu Broadband Group Services Ltd's distribution of Starlink, are forecast to generate revenues of c.£0.5m in the financial year to 30 November 2024 and are expected to generate revenues of c.£1m for FY25.

2.6 *Information on SKM Telecommunication*

SKM Telecommunication is a new company set up for the purposes of acquiring SkyMesh. It was established with an Equity Investment Led by SBTF (with a targeted equity commitment of up to A\$5.25 million) and additional commitments sought for up to A\$20.00 million from Strategic Investors.

2.7 *Terms of the Disposal*

The Company and SKM Telecommunication entered into the Sale Agreement on 29 November 2024 pursuant to which the Company has conditionally agreed to sell the entire issued share capital of SkyMesh to SKM Telecommunication.

The headline consideration payable to the Company under the Sale Agreement is \$50,197,993, as further detailed in the paragraph above headed "Proceeds". The Sale Agreement contains certain customary representations, warranties, indemnities and pre-and post-Completion undertakings.

The Company has also agreed certain customary non-solicitation and non-compete provisions in relation to SkyMesh and its subsidiaries for a period following Completion.

The Sale Agreement also contains certain termination rights exercisable by either party on the occurrence of certain events, including if any conditions are not capable of satisfaction following agreed cure periods. The Sale Agreement is subject to certain conditions, including the approval of the Disposal by Shareholders at the General Meeting.

In addition to the Sale Agreement, the Company will accede to the Shareholders' Deed on Completion.

Further details of the Disposal and the associated transaction documents will be set out in the Circular

Assuming that the Resolution is duly passed by Shareholders at the General Meeting, it is expected that Completion will take place on the later of (i) 20 December 2024 and (ii) the date which is two Australian Business Days after the conditions precedent to Completion have been satisfied or waived.

2.8 *AIM Rule 15*

In view of the size of the Disposal relative to the existing size of the Company (including Skymesh), the Disposal constitutes a fundamental change of business for the Company in accordance with Rule 15 of the AIM Rules. As such, it is a requirement of the AIM Rules that the Disposal be approved by Shareholders at a general meeting of the

Company. The Disposal is therefore conditional on the approval of the Resolution to be set out in the Notice of General Meeting.

Following Completion, the Company will continue to own, control and conduct trading businesses, activities and assets and will not therefore become an AIM Rule 15 cash shell and as such will not be required to make an acquisition or acquisitions which constitutes a reverse takeover under Rule 14 of the AIM Rules.

3 GENERAL MEETING

The Disposal is conditional upon, amongst other things, Shareholder approval being obtained at the General Meeting. Shareholders will find set out at the end of the Circular being posted to Shareholders shortly a Notice of General Meeting of the Company to be held at the offices of Harwood Capital LLP, 6 Stratton Street, Mayfair, London W1J 8LD on 20 December 2024 at 9:00 a.m. at which the Resolution to approve the Disposal will be proposed. The Resolution will be proposed as an ordinary resolution, meaning it will require a simple majority of the votes cast to be in favour in order for it to be passed.

4 IRREVOCABLE UNDERTAKINGS

The Board has received irrevocable undertakings from Frank Waters, Christopher Mills, Michael Tobin, Paul Howard and Philip Moses (representing approximately 2.23% of the Company's total voting right), to vote in favour of the Resolution, which remains binding subject to a long stop date of the later of 20 December 2024 and the date which is two Australian Business Days after the conditions precedent to Completion have been satisfied or waived, on which it terminates.

5 RECOMMENDATION

The Board considers the Disposal and the passing of the Resolution to be in the best interests of Shareholders as a whole. Accordingly, the Board will recommend that Shareholders vote in favour of the Resolution as they intend to do in respect of their shareholdings amounting to 1,312,914 Ordinary Shares representing 2.23% of the Company's total voting rights.

DEFINITIONS

The following definitions apply throughout this Circular and the accompanying Form of Proxy, unless the context otherwise requires:

"Acquisition Capital Raise" means the raising by SKM Telecommunication of up to \$25,000,000 via the issue of ordinary shares at \$1.00 per share;

"AIM" means the market of that name operated by London Stock Exchange;

"AIM Rules" means the AIM Rules for Companies of London Stock Exchange;

"Australian Business Day" means a day (other than a Saturday or Sunday or public holiday) on which the banks are open in Melbourne for normal banking business;

"Business Day" means a day (other than a Saturday or Sunday or public holiday) on which commercial banks are open in London for normal banking business and the London Stock Exchange is open for trading;

"Cavendish" means Cavendish Capital Markets Limited, whose registered office is at 1 Bartholomew Close,

London, England, EC1A 7BL;

"Circular" means the circular to be posted to Shareholders shortly;

"Company" or **"Bigblu Broadband"** means Bigblu Broadband plc, a company incorporated and registered in England and Wales with registered number 09223439;

"Completion" means completion of the Disposal in accordance with the terms of the Sale Agreement;

"Completion Date" means the later of:

(a) 20 December 2024; and

(b) 2 Australian Business Days after the conditions precedent to Completion have been satisfied or waived;

"Consideration Shares" means 13,320,581 fully paid ordinary shares in SKM Telecommunication issued at a price of \$1.00 per share;

"Directors" or **"Board"** means the directors of the Company

"Disposal" means the proposed sale of the entire issued share capital of SkyMesh, by the Company to SKM Telecommunication on the terms of the Sale Agreement;

"General Meeting" means the general meeting of the Company to be held at Harwood Capital LLP, 6 Stratton Street, Mayfair, London W1J 8LD, at 9:00 a.m. on 20 December 2024 convened by the Notice of General Meeting and any adjournment thereof;

"Group" means the Company, together with its subsidiaries (excluding Skymesh);

"Ordinary Shares" means ordinary shares of 15 pence each in the capital of the Company;

"Resolution" means the resolution proposed to be passed at the General Meeting;

"Sale Agreement" means the conditional agreement between the Company and SKM Telecommunication relating to the Disposal dated 29 November 2024;

"SBAM" means Salter Brothers Asset Management Pty Ltd as trustee of Salter Brothers Tech Fund;

"Shareholder" means a holder of Ordinary Shares;

"Shareholders' Deed" means the shareholders' deed between SKM Telecommunication and SBAM relating to the relationship between SKM Telecommunication and the shareholders of SKM Telecommunication and to which the Company will accede with effect from Completion;

"SKM Telecommunication" means SKM Telecommunication Services Pty Ltd;

"SkyMesh" means SkyMesh Pty Ltd;

"Starlink" means Starlink Internet Services Pte. Ltd;

"Transaction Documents" means the Sale Agreement, Shareholders' Deed and TSA Term Sheet;

"UK" means the United Kingdom of Great Britain and Northern Ireland.

References to "pounds", "sterling", "pence" and "£" are to the lawful currency of the United Kingdom and references to "dollars", "Australian dollars", "cents" and "\$" are to the lawful currency of Australia.

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