

RURAL BROADBAND SOLUTIONS PLC

Interim Report

Six months ended 30 June 2021

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Directors and Advisers

Directors

Keith Harris (Executive Chairman)
Selwyn Lewis (Non-executive Director)
Michael Langoulant (Non-executive Director)
Christopher Stone (Non-executive Director)

all of the registered office below

Registered Office

Millennium House
46 Athol Street
Douglas
Isle of Man IM1 1JB

Administrator and Registrar

Mainstream Fund Services (IOM) Limited
Millennium House
46 Athol Street
Douglas
Isle of Man IM1 1JB

Aquis Exchange Corporate Adviser

Alfred Henry Corporate Finance Limited
Finsgate 5-7
Cranwood Street
London
EC1V 9EE

Auditor

Jeffreys Henry LLP
Finsgate 5-7
Cranwood Street
London
EC1V 9EE

Chairman's Statement

Our focus during the period has been on building a foundation for us to execute our strategy in order to create significant future value for shareholders. In the UK, rural areas in particular, Covid has rapidly accelerated the need for high quality broadband and Rural Broadband Solutions Plc ("RBBS" or the "Company") is ideally positioned to take full advantage of the opportunities which present themselves as the result of this.

Our ability to access and take control of dark fibre networks has been facilitated by our accreditation with Openreach and Ofcom. We have already executed the first phase of our dark fibre roll out and can now start to build a full fibre solution that we were unable to do at the time of our first acquisition in October last year. This gave us the confidence to treble our three year targeted customer base to 15,000 connected premises out of a targeted gigabit-capable reach of over 50,000 rural properties within Shropshire alone.

We have invested in key people to take full advantage of the growth potential which presents itself. I am excited by the prospects and challenges ahead.

Keith Harris

Chairman

20 September 2021

Consolidated Income Statement

| | Note | (Unaudited) Period from 1 January 2021 to 30 June 2021 £'000 | (Unaudited) Period from 1 January 2020 to 30 June 2020 £'000 | (Audited) Year ended 31 December 2020 £'000 |
|--|------|--|--|--|
| Turnover | | 395 | - | 128 |
| Cost of sales | | (149) | - | (30) |
| Gross profit/(loss) | | 246 | - | 98 |
| Other administration fees and expenses | | (602) | (156) | (769) |
| Other operating income | | 25 | - | 23 |
| Amortisation of intangible assets | | (70) | - | (23) |
| Operating loss | | (647) | (156) | (671) |
| Finance income | | - | 5 | 5 |
| Finance expenses | | - | - | (23) |
| Foreign exchange gain/(loss) | | - | (30) | (31) |
| Net finance income/(expense) | | - | (25) | (49) |
| Loss before income tax | | (401) | (181) | (720) |
| Income tax expense | | - | - | (8) |
| Loss for the period | | (401) | (181) | (728) |
| Attributable to: | | | | |
| - Owners of the Parent | | (401) | (181) | (728) |
| | | (401) | (181) | (728) |
| Basic and diluted loss per share (pence) attributable to the owners of the Parent during the period | 3 | (0.13) | (0.10) | (0.35) |

Consolidated Statement of Comprehensive Income

| | (Unaudited) Period from 1 January 2021 to 30 June 2021 | (Unaudited) Period from 1 January 2020 to 30 June 2020 | (Audited) Year ended 31 December 2020 |
|---|---|---|---|
| Note | £'000 | £'000 | £'000 |
| Loss for the period | (401) | (181) | (728) |
| Other comprehensive expense | - | - | - |
| Total comprehensive expense for the period | (401) | (181) | (728) |
| Total comprehensive expense attributable to: | | | |
| - Owners of the Parent | (401) | (181) | (728) |
| | (401) | (181) | (728) |

Consolidated Balance Sheet

| | (Unaudited) As at 30 June 2021 | (Unaudited) As at 30 June 2020 | (Audited) As at 31 December 2020 |
|--|--------------------------------------|--------------------------------------|--|
| Note | £'000 | £'000 | £'000 |
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 1,302 | - | 1,372 |
| Right-of-use assets | 24 | - | 30 |
| Fixed assets | 613 | - | 605 |
| Subscriptions due | 950 | 950 | 950 |
| Total non-current assets | 2,889 | 950 | 2,957 |
| Current assets | | | |
| Stock | 234 | - | 187 |
| Trade and other receivables | 92 | 7 | 146 |
| Cash at bank | 506 | 303 | 789 |
| Total current assets | 832 | 310 | 1,122 |
| Total assets | 3,721 | 1,260 | 4,079 |
| Equity | | | |
| Capital and reserves attributable to owners of the Parent: | | | |
| Issued share capital | 3,041 | 1,873 | 3,041 |
| Warrant reserve | 77 | - | 77 |
| Retained earnings | 8 | (719) | 409 |
| Total equity | 3,126 | 1,154 | 1,107 |
| Liabilities | | | |
| Current liabilities | | | |
| Bank loan | 134 | - | 12 |
| Lease liability | 28 | - | 28 |
| Trade and other payables | 267 | 106 | 212 |
| Total current liabilities | 429 | 106 | 252 |
| Non-current liabilities | | | |
| Bank loan | 31 | - | 153 |
| Lease liability | 57 | - | 69 |
| Deferred tax | 78 | - | 78 |
| Total non-current liabilities | 166 | - | 300 |
| Total liabilities | 595 | 106 | 552 |
| Total equity and liabilities | 3,721 | 1,260 | 4,079 |

The financial statements were approved and authorised for issue by the Board of Directors on 20 September 2021 and signed on its behalf by:

Keith Harris
Director

Christopher Stone
Director

Consolidated Statement of Changes in Equity

| | Attributable to owners of the Parent | | | | Total £'000 |
|--|--------------------------------------|------------------------|--------------------------|---|----------------|
| | Share capital £'000 | Share premium £'000 | Warrant reserve £'000 | Retained earnings/(deficit) £'000 | |
| Unaudited | | | | | |
| Balance at 1 January 2020 | 1,663 | - | - | (556) | 1,107 |
| Comprehensive expense | | | | | |
| Loss for the period | - | - | - | (181) | (181) |
| Total comprehensive expense for the period | - | - | - | (181) | (181) |
| Transactions with owners | | | | | |
| Issue of shares | 210 | - | - | 18 | 228 |
| Total transactions with owners | 210 | - | - | 18 | 228 |
| Balance at 30 June 2020 | 1,873 | - | - | (719) | 1,154 |
| Audited | | | | | |
| Balance at 1 January 2020 | 1,663 | - | - | (556) | 1,107 |
| Comprehensive expense | | | | | |
| Loss for the period | - | - | - | (728) | (728) |
| Total comprehensive expense for the period | - | - | - | (728) | (728) |
| Transactions with owners | | | | | |
| Issue of shares | 1,378 | 1,770 | - | - | 3,148 |
| Share issue expenses relating to warrants | - | (77) | 77 | - | - |
| Transfer to retained earnings | - | (1,693) | - | 1,693 | - |
| Total transactions with owners | 1,378 | - | 77 | 1,693 | 3,148 |
| Balance at 31 December 2020 | 3,041 | - | 77 | 409 | 3,527 |
| Unaudited | | | | | |
| Balance at 1 January 2021 | 3,041 | - | 77 | 409 | 3,527 |
| Comprehensive expense | | | | | |
| Loss for the period | - | - | - | (401) | (401) |
| Total comprehensive expense for the period | - | - | - | (401) | (401) |
| Balance at 30 June 2021 | 3,041 | - | 77 | 8 | 3,126 |

Consolidated Cash Flow Statement

| Note | (Unaudited) Period from 1 January 2021 to 30 June 2021 £'000 | (Unaudited) Period from 1 January 2020 to 30 June 2020 £'000 | (Audited) Year ended 31 December 2020 £'000 |
|---|---|---|--|
| Cash flows from operating activities | | | |
| Loss for the period before tax | (401) | (181) | (720) |
| Adjustments for: | | | |
| Finance income | - | (5) | (5) |
| Finance expenses | - | - | 23 |
| Depreciation and impairment of tangible fixed assets | 112 | - | 30 |
| Amortisation of intangible assets | 70 | - | 23 |
| Foreign exchange (gain)/loss | - | 30 | 31 |
| Operating loss before changes in working capital | (219) | (156) | (618) |
| Increase in stock | (47) | - | - |
| Decrease in trade and other receivables | 54 | 507 | 360 |
| Increase/(decrease) in trade and other payables | 55 | (170) | (265) |
| Cash generated from/(used in) operations | (157) | 181 | (523) |
| Interest received | - | - | 5 |
| Net cash generated from/(used in) operating activities | (157) | 181 | (518) |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | (114) | - | (108) |
| Net cash on acquisition of subsidiary | - | - | (946) |
| Net cash used in investing activities | (114) | - | (1,054) |
| Cash flows from financing activities | | | |
| Issue of shares | - | 28 | 2,291 |
| Principal paid on lease liabilities | (11) | - | (23) |
| Interest paid on lease liabilities | (1) | - | (1) |
| Net cash generated from/(used in) financing activities | (12) | 28 | 2,267 |
| Net increase/(decrease) in cash and cash equivalents | (283) | 209 | 695 |
| Cash and cash equivalents at beginning of the period | 789 | 94 | 94 |
| Cash and cash equivalents at end of the period | 506 | 303 | 789 |

Notes to the Financial Statements

1 General Information

These interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group (RBBS and its subsidiary) as at and for the year ended 31 December 2020 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The interim financial statements for the six months ended 30 June 2021 are unaudited and have not been reviewed by the Company's auditors Jeffrey's Henry LLP. The comparative interim figures for the six months ended 30 June 2020 are also unaudited.

2 Basis of preparation

The accounting policies applied by the Group in the preparation of these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2020.

3 Basic and diluted loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of shares in issue during the period.

| | Period ended 30 June 2020 (Unaudited) | Period ended 30 June 2020 (Unaudited) | Year ended 31 December 2020 (Audited) |
|--|---|---|---|
| Loss attributable to equity holders of the Company (£'000) | (401) | (181) | (728) |
| Weighted average number of shares in issue (thousands) | 304,092 | 178,853 | 205,964 |
| Basic loss per share (pence per share) | (0.13) | (0.10) | (0.35) |

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares: warrants.

As the Group is reporting a loss from continuing operations for the period, in accordance with IAS 33, the warrants are not considered dilutive because the exercise of the warrants would have an anti-dilutive effect. The basic and diluted loss per share as presented on the face of the Consolidated Income Statement are therefore identical.