

**RURAL BROADBAND SOLUTIONS PLC**

**Interim Report**

Six months ended 30 June 2022

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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**

Exchange House  
54-62 Athol Street  
Douglas  
Isle of Man IM1 1JD

**Administrator and Registrar**

Apex Corporate Services (IOM) Limited  
Exchange House  
54-62 Athol Street  
Douglas  
Isle of Man IM1 1JD

**Aquis Exchange Corporate Adviser**

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

**Corporate Broker**

Hybridan LLP  
1 Poultry  
London  
EC2R 8EJ

**Auditor**

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

## Chairman's Statement

In the Chairman's statement to shareholders in December 2021, I wrote that, since our Initial Public Offering in October 2020, we had invested the proceeds thereof and those of a subsequent secondary equity offering in December 2021, to build the foundations for a larger and stronger operating entity. I discussed in that statement the opportunities your board identified as a result of the continuing trend towards fast connectivity in even the most remote areas of the UK becoming an increasingly essential utility. In November 2021, the All-Party Parliamentary Group on the Rural Powerhouse warned that "Rural Britain is not a museum" and is being "held back" by, among other things, "slow" broadband connectivity. Your company is one of those at the forefront of providing the information highways that can level up the great divide.

The investment we have made in our dark fibre ring and backhaul capability, provided by the December 2021 acquisition of Cadence (CNL), gave RBBS a significant foundation upon which to build its own national data network and efficiently provide innovative connectivity to a wide range of rural towns and villages. We have also invested in an experienced and enlarged executive management and board capability to provide the expertise to facilitate a step change in customer numbers. The fund raising in December 2021 helped RBBS in achieving its strategic objective of becoming a major presence in the provision of broadband services to rural areas in the UK. The acquisition of CNL has allowed RBBS to create its own national network to enable us to build our own fibre network.

Whilst implementing our growth strategy, it became clear that the rural broadband market was likely to develop more quickly and to a larger extent than anticipated when we embarked on this enterprise. From our discussions with Analysys Mason, an experienced specialist consultancy in the field of digital infrastructure planning, it was apparent that there was an ever increasing demand within the UK for nationwide fast and reliable broadband. It was equally apparent the strategy on which we were embarked would require a further considerable deployment of capital.

At this stage, the vision was clear, but the opportunity was immediate. We had strengthened our executive team and Board and had developed our technology and accreditation relationships and were therefore well placed to capitalise on Project Gigabit, which was on the horizon, to pass 4,500 homes by the end of 2022. It was apparent that, with the opportunity ahead, we should seek to partner with an infrastructure fund with proven expertise, strong capital backing and a shared belief in our vision.

In June 2022, we announced our Final Results for the year ended 31 December 2021. In that announcement Chris New, our Chief Executive Officer, commented that we were looking forward to closing our infrastructure funding in support of our wider growth strategy. This process is now at a very advanced stage.

**Keith Harris**

Chairman

29 September 2022

## Consolidated Income Statement

	Note	(Unaudited) Period from 1 January 2022 to 30 June 2022 £'000	(Unaudited) Period from 1 January 2021 to 30 June 2021 £'000	(Audited) Year ended 31 December 2021 £'000
Turnover		688	395	887
Cost of sales		(278)	(149)	(333)
<b>Gross profit</b>		<b>410</b>	<b>246</b>	<b>554</b>
Other administration fees and expenses		(1,125)	(602)	(1,783)
Other operating income		1	25	26
Amortisation of intangible assets		(7)	(70)	-
<b>Operating loss</b>		<b>(721)</b>	<b>(401)</b>	<b>(1,203)</b>
Finance expenses		(7)	-	(8)
<b>Net finance expense</b>		<b>(7)</b>	<b>-</b>	<b>(8)</b>
<b>Loss before income tax</b>		<b>(728)</b>	<b>(401)</b>	<b>(1,211)</b>
Income tax expense		76	-	97
<b>Loss for the period</b>		<b>(652)</b>	<b>(401)</b>	<b>(1,114)</b>
<b>Attributable to:</b>				
- Owners of the Parent		(652)	(401)	(1,114)
		<b>(652)</b>	<b>(401)</b>	<b>(1,114)</b>
<b>Basic and diluted loss per share (pence) attributable to the owners of the Parent during the period</b>	3	<b>(0.18)</b>	<b>(0.13)</b>	<b>(0.36)</b>

## Consolidated Statement of Comprehensive Income

	(Unaudited) Period from 1 January 2022 to 30 June 2022	(Unaudited) Period from 1 January 2021 to 30 June 2021	(Audited) Year ended 31 December 2021
Note	£'000	£'000	£'000
<b>Loss for the period</b>	<b>(652)</b>	<b>(401)</b>	<b>(1,114)</b>
Other comprehensive expense	-	-	-
<b>Total comprehensive expense for the period</b>	<b>(652)</b>	<b>(401)</b>	<b>(1,114)</b>
<b>Total comprehensive expense attributable to:</b>			
- Owners of the Parent	(652)	(401)	(1,114)
	<b>(652)</b>	<b>(401)</b>	<b>(1,114)</b>

## Consolidated Balance Sheet

	(Unaudited) As at 30 June 2022	(Unaudited) As at 30 June 2021	(Audited) As at 31 December 2021
Note	£'000	£'000	£'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	1,619	1,302	1,626
Right-of-use assets	13	24	17
Fixed assets	1,007	613	831
Subscriptions due	950	950	950
<b>Total non-current assets</b>	<b>3,589</b>	<b>2,889</b>	<b>3,424</b>
<b>Current assets</b>			
Stock	322	234	223
Deferred tax	96	-	20
Trade and other receivables	84	92	177
Cash at bank	329	506	1,340
<b>Total current assets</b>	<b>831</b>	<b>832</b>	<b>1,760</b>
<b>Total assets</b>	<b>4,420</b>	<b>3,721</b>	<b>5,184</b>
<b>Equity</b>			
Capital and reserves attributable to owners of the Parent:			
Issued share capital	3,619	3,041	3,619
Warrant reserve	77	77	77
Share option reserve	301	-	257
Retained earnings	(120)	8	532
<b>Total equity</b>	<b>3,877</b>	<b>3,126</b>	<b>4,485</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank loan	38	134	37
Lease liability	27	28	26
Trade and other payables	345	267	472
<b>Total current liabilities</b>	<b>410</b>	<b>429</b>	<b>535</b>
<b>Non-current liabilities</b>			
Bank loan	100	31	119
Lease liability	33	57	45
Deferred tax	-	78	-
<b>Total non-current liabilities</b>	<b>133</b>	<b>166</b>	<b>164</b>
<b>Total liabilities</b>	<b>543</b>	<b>595</b>	<b>699</b>
<b>Total equity and liabilities</b>	<b>4,420</b>	<b>3,721</b>	<b>5,184</b>

The financial statements were approved and authorised for issue by the Board of Directors on 29 September 2022 and signed on its behalf by:

**Keith Harris**  
Director

**Selwyn Lewis**  
Director

## Consolidated Statement of Changes in Equity

	Attributable to owners of the Parent					Total
	Share capital	Share premium	Warrant reserve	Share Option Reserve	Retained earnings/(deficit)	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Unaudited</b>						
Balance at 1 January 2021	3,041	-	77	-	409	3,527
<b>Comprehensive expense</b>						
Loss for the period	-	-	-	-	(401)	(401)
Total comprehensive expense for the period	-	-	-	-	(401)	(401)
<b>Balance at 30 June 2021</b>	<b>3,041</b>	<b>-</b>	<b>77</b>	<b>-</b>	<b>8</b>	<b>3,126</b>
<b>Audited</b>						
Balance at 1 January 2021	3,041	-	77	-	409	3,527
<b>Comprehensive expense</b>						
Loss for the year	-	-	-	-	(1,114)	(1,114)
Total comprehensive expense for the period	-	-	-	-	(1,114)	(1,114)
<b>Transactions with owners</b>						
Issue of shares	578	1,237	-	-	-	1,815
Share based payments relating to share options	-	-	-	257	-	257
Transfer to retained earnings	-	(1,237)	-	-	1,237	-
Total transactions with owners	578	-	-	257	1,237	2,072
<b>Balance at 31 December 2021</b>	<b>3,619</b>	<b>-</b>	<b>77</b>	<b>257</b>	<b>532</b>	<b>4,485</b>
<b>Unaudited</b>						
Balance at 1 January 2022	3,619	-	77	257	532	4,485
<b>Comprehensive expense</b>						
Loss for the period	-	-	-	-	(652)	(652)
Total comprehensive expense for the period	-	-	-	-	(652)	(652)
<b>Transactions with owners</b>						
Share based payments relating to share options	-	-	-	44	-	44
Total transactions with owners	-	-	-	44	-	44
<b>Balance at 30 June 2022</b>	<b>3,619</b>	<b>-</b>	<b>77</b>	<b>301</b>	<b>(120)</b>	<b>3,877</b>



## Consolidated Cash Flow Statement

	(Unaudited) Period from 1 January 2022 to 30 June 2022	(Unaudited) Period from 1 January 2021 to 30 June 2021	(Audited) Year ended 31 December 2021
Note	£'000	£'000	£'000
<b>Cash flows from operating activities</b>			
Loss for the period before tax	(728)	(401)	(1,211)
Adjustments for:			
Finance expenses	7	-	8
Gain on sale of tangible fixed assets	-	-	(3)
Depreciation and impairment of tangible fixed assets	160	112	245
Amortisation of intangible assets	7	70	-
Share based payments relating to share options	44	-	257
<b>Operating loss before changes in working capital</b>	<b>(510)</b>	<b>(219)</b>	<b>(704)</b>
Increase in stock	(99)	(47)	(36)
Decrease/(increase) in trade and other receivables	93	54	(18)
(Decrease)/increase in trade and other payables	(127)	55	240
<b>Cash used in operations</b>	<b>(643)</b>	<b>(157)</b>	<b>(518)</b>
Interest paid	(7)	-	(8)
<b>Net cash used in operating activities</b>	<b>(650)</b>	<b>(157)</b>	<b>(526)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets	-	(114)	(43)
Purchase of tangible fixed assets	(330)	-	(359)
Sale of tangible fixed assets	-	-	8
Net cash on acquisition of subsidiary	-	-	(77)
<b>Net cash used in investing activities</b>	<b>(330)</b>	<b>(114)</b>	<b>(471)</b>
<b>Cash flows from financing activities</b>			
Issue of shares	-	-	1,675
Principal paid on lease liabilities	(13)	(11)	(118)
Interest paid on lease liabilities	-	(1)	-
Repayment of loans	(18)	-	(9)
<b>Net cash (used in)/generated from financing activities</b>	<b>(31)</b>	<b>(12)</b>	<b>1,548</b>
Net (decrease)/increase in cash and cash equivalents	(1,011)	(283)	551
Cash and cash equivalents at beginning of the period	1,340	789	789
<b>Cash and cash equivalents at end of the period</b>	<b>329</b>	<b>506</b>	<b>1,340</b>

## 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 2021 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 2022 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 2021 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 2021.

### 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 2022 (Unaudited)	Period ended 30 June 2021 (Unaudited)	Year ended 31 December 2021 (Audited)
Loss attributable to equity holders of the Company (£'000)	(652)	(401)	(1,114)
Weighted average number of shares in issue (thousands)	361,926	304,092	305,836
<b>Basic loss per share (pence per share)</b>	<b>(0.18)</b>	<b>(0.13)</b>	<b>(0.36)</b>

#### (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 two categories of dilutive potential ordinary shares: warrants and share options.

As the Group is reporting a loss from continuing operations for the period, in accordance with IAS 33, the warrants and share options are not considered dilutive because the exercise of the warrants or share options 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.