

**Ranplan Group AB, corp. reg. no. 559152-5315**

**Combined financial statements for the years 2017 and 2016**

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Unless otherwise is specified, all amounts are reported in KSEK.

<b>Income statement (kSEK)</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
<b>Operating income</b>			
Net sales	3	9,771	22,157
Other operating income	4	<u>4,155</u>	<u>4,370</u>
<b>Total income</b>		13,926	26,527
<b>Operating expenses</b>			
Raw materials and sub-contractors		-987	-37
Other external expenses		-7,678	-12,062
Staff costs	5	-26,059	-22,059
Depreciation of tangible assets	6	-187	-40
Other operating expenses		<u>-26</u>	<u>-1,321</u>
<b>Total operating expenses</b>		-34,937	-35,519
<b>Operating loss</b>		-21,011	-8,992
<b>Income after financial items</b>		-21,011	-8,992
<b>Income before taxes</b>		-21,011	-8,992
Income tax		<u>-74</u>	<u>=</u>
<b>Net income for the period</b>		-21,085	-8,992

<b>Balance sheet (kSEK)</b>	<b>Note</b>	<b>2017-12-31</b>	<b>2016-12-31</b>
<b>Assets</b>			
<b>Fixed assets</b>			
<u>Tangible fixed assets</u>			
Equipment, tools, fixtures and fittings	6	<u>158</u>	<u>273</u>
<b>Total fixed assets</b>		<u>158</u>	<u>273</u>
<b>Current assets</b>			
<u>Current receivables</u>			
Trade receivables		2,806	-
Other receivables		<u>4,190</u>	<u>4,281</u>
		<u>6,996</u>	<u>4,281</u>
<u>Cash and cash equivalents</u>			
Cash and cash equivalents		<u>1,695</u>	<u>4,730</u>
<b>Total current assets</b>		<u>8,691</u>	<u>9,011</u>
<b>Total assets</b>		<u>8,849</u>	<u>9,284</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	7	1,650	1,326
Other paid-in capital		72,170	52,676
Retained earnings, translation differences and result for the year		<u>-67,381</u>	<u>-46,678</u>
<b>Total equity</b>		<u>6,439</u>	<u>7,324</u>
<b>Current liabilities</b>			
Trade payables		1,384	1,080
Other liabilities		-	41
Accrued expenses and deferred income	8	<u>1,026</u>	<u>839</u>
<b>Total current liabilities</b>		<u>2,410</u>	<u>1,960</u>
<b>Total equity and liabilities</b>		<u>8,849</u>	<u>9,284</u>

### Changes in equity (kSEK)

	Share capital	Other paid-in capital	Translation difference	Retained earnings	Total equity
<b>Opening balance, 1 Jan 2016</b>	<b>1,058</b>	<b>27,093</b>	<b>1,206</b>	<b>-37,998</b>	<b>-8,641</b>
Profit/loss for the year	-	-	-	-8,992	-8,992
Translation difference	-	-	-894	-	-894
New share issue	<u>268</u>	<u>25,583</u>	=	=	<u>25,851</u>
<b>Closing balance, 31 Dec 2016</b>	<b>1,326</b>	<b>52,676</b>	<b>312</b>	<b>-46,990</b>	<b>7,324</b>
<b>Opening balance, 1 Jan 2017</b>	<b>1,326</b>	<b>52,676</b>	<b>312</b>	<b>-46,990</b>	<b>7,324</b>
Profit/loss for the year	-	-	-	-21,085	-21,085
Translation difference	-	-	382	-	382
New share issue	<u>324</u>	<u>19,494</u>	=	=	<u>19,818</u>
<b>Closing balance, 31 Dec 2017</b>	<b>1,650</b>	<b>72,170</b>	<b>694</b>	<b>-68,075</b>	<b>6,439</b>

<b>Cash flow statement (kSEK)</b>	<b>2017</b>	<b>2016</b>
<b>Cash flow from operating activities</b>		
Operating loss	-21,011	-8,992
Adjustment for non-cash items:		
Depreciation	187	40
Taxes paid	<u>-74</u>	<u>-</u>
	-20,898	-8,952
Increase(-)/decrease(+) in trade receivables	-2,793	80
Increase(-)/decrease(+) in current receivables	4	-271
Increase(+)/decrease(-) in trade payables	316	-810
Increase(+)/decrease(-) in current liabilities	<u>556</u>	<u>-15,775</u>
<b>Cash flow from operating activities</b>	-22,815	-25,728
<b>Investing activities</b>		
Acquisition of tangible assets	<u>-97</u>	<u>-314</u>
<b>Cash flow from investing activities</b>	-97	-314
<b>Cash flow from financing activities</b>		
Proceeds from issues of shares	<u>19,818</u>	<u>25,851</u>
<b>Cash from financing activities</b>	19,818	25,851
<b>Cash flow for the year</b>	-3,094	-191
<b>Cash and cash equivalents at beginning of year</b>	4,730	4,903
<b>Exchange gains/losses</b>	<u>59</u>	<u>18</u>
<b>Cash and cash equivalents at end of year</b>	<u>1,695</u>	<u>4,730</u>

## Notes

### Note 1 Accounting and Valuation Principles

Ranplan Group AB's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board, BFNAR 2012:1 *Annual reports and consolidated accounts* ("K3").

#### Basis of preparation

All entities included in these combined financial statements are under common control as they are all ultimately majority-owned and controlled by Ranplan Group AB. The Ranplan Group, as presented in these financial statements, constitutes of the entities Ranplan Group AB, Ranplan Holdings Ltd, Ranplan Wireless Network Design Ltd, Ranplan America LLC and Shandong Ruixin Telecommunication Technology co. Ltd. (Ranplan China), has not constituted a separate legal group entity for the periods presented in these financial statements. Accordingly the combined financial statements represent an aggregation of the historical financial information of the entities in the Group. The combined historical financial information, which has been prepared specifically for the purpose of this Prospectus, is therefore prepared on a basis that combines the results, assets and liabilities of each of the companies constituting the Group by applying the principles underlying the consolidation procedures of the Swedish Accounting Standards Board, BFNAR 2012:1 *Annual reports and consolidated accounts* ("K3") for each of the years presented. On such basis, the combined historical financial information sets out the Group's financial position as of 31 December 2017 and 2016 and results of operations and cash flows for the two years then ended.

The combined financial information has been prepared in accordance with the requirements of the Prospectus Directive Regulation, the Listing Rules on Nasdaq Stockholm, and in accordance with this basis of preparation.

As Ranplan Group AB is a newly established off-the-shelf Group, which has not conducted any business, the future consolidated financial statements of Ranplan Group AB will be prepared as a continuation of the current Group. The transaction that underlies the establishing of Ranplan Group AB, as a new parent Group, is merely a reorganization of the current group where Ranplan Group AB is the parent Group. Accordingly, the combined financial statements of Ranplan Group AB have been prepared on that basis. The future consolidated financial statements of Ranplan Group AB will, in all essentials, be consistent with these combined financial statements.

#### Revenues

Currently, the Group's primary revenues includes sales of software licenses. Software licenses sold are either perpetual licenses or time-limited licenses. For perpetual licenses, revenue is recognized in connection with the transfer of rights to the customer. For the time-limited licenses, revenue is reported over the duration of the license. A support and maintenance agreement will usually come into force for a certain period after the delivery of the license. Revenues from these services are accounted for on a straight-line basis over the contract period.

#### Government grants

UK Government grants comprise of grants for research and development projects. Grants are recognized when there is reasonable certainty that they will be received and are recognized in the income statement as other operating income.

### **Foreign currency**

The company's reporting currency is Swedish kronor (SEK).

#### *Translation of items in foreign currencies*

Monetary assets and liabilities in foreign currencies have been translated at the exchange rates applicable on the balance sheet date. Transactions in foreign currencies are translated at the transaction date exchange rate.

### **Employee benefits**

Short-term employee benefits in the Group consist of salary, social security contributions, paid holiday, paid sick leave, healthcare and bonuses. Short-term employee benefits are recognized as an expense and a liability when there is a legal or informal obligation to pay compensation.

Compensation after termination of employment consists of pensions and other remuneration. The Group has no defined benefit pension plans.

### **Income tax**

Reported income taxes include all domestic and foreign taxes calculated on the taxable profits of companies and any coupon tax paid by subsidiaries on dividends to the parent company. Taxable income is the surplus or deficit for a fiscal year that will be used as the basis for calculating current tax in accordance with applicable tax rules.

Current tax is valued at the probable amount based on the tax rates and tax rules applicable at the balance sheet date. Current tax is recognized in the income statement unless the tax is attributable to an event or transaction recognized directly in equity. Tax effects on items recognized directly in equity are reported against equity.

Deferred tax assets relating to tax loss carryforwards or other future tax deductions are reported to the extent that the deduction is deductible from surplus in future taxation.

### **Tangible Assets**

Tangible assets are reported at cost less depreciation. The acquisition value includes expenses directly attributable to the acquisition of the asset.

Tangible assets are depreciated systematically over the asset's estimated useful life. When the depreciable amount of the assets is determined, the residual value of the asset will be taken into account. The following depreciation periods are applied:

Equipment, tools, fixtures and fittings	2 years
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### **Leases**

Leases where the economic benefits and risks that are attributable to the leasehold item remain in essence with the lessor, classifies as operational leasing. Payments,

including any first increased rental, under these agreements are reported as costs linearly over the lease period. All of the Group's leases are operational.

### **Financial instruments**

Financial instruments recognized in the balance sheet include accounts receivable, other receivables, loan liabilities and trade payables. The instruments are reported in the balance sheet when Ranplan becomes a party to the contractual provisions of the instrument.

Financial assets are derecognized when the right to receive cash flows from the instrument has expired or been transferred, by the Group, together with virtually all risks and benefits associated with ownership.

Financial liabilities are derecognized when liabilities have been canceled or otherwise terminated.

### ***Trade receivables and other receivables***

Receivables are reported as current assets with the exception of expiration dates more than 12 months after the balance sheet date, which are classified as non-current assets. Receivables are taken up to the amount that is expected to be paid after deduction of individually assessed doubtful claims. Receivables that are interest-free or have interest rates that differ from the market rate and have a maturity of more than 12 months, are reported at a discounted present value and the change-in-time value is reported as interest income in the income statement.

### ***Loan liabilities and trade payables***

Loans and trade payables are initially recognized at cost less transaction costs. If the reported amount differs from the amount to be repaid at maturity date, the difference is recognized as an interest expense over the term of the loan using the instrument's effective interest rate. As a result, at the maturity date, the reported amount and the amount to be repaid correspond.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash and available balances at banks and other credit institutions.

### **Cash flow statement**

The cash flow statement shows the company's changes in cash and cash equivalents over the financial year. The cash flow statement has been prepared using the indirect method. The reported cash flow only includes transactions involving inflows and outflows of cash.

## **Note 2 Estimates and assumptions**

Ranplan Group makes certain estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, in the preparation of these financial reports, no significant assumptions with significant risk of errors are identified.

**Note 3 Distribution of sales**

	<u>2017</u>	<u>2016</u>
<b>Net sales by segment</b>		
License and software revenue	<u>9,771</u>	<u>22,157</u>
Total	<u>9,771</u>	<u>22,157</u>
<b>Net sales by geography</b>		
Europe	3,291	22,157
North America	1,418	-
China	2,865	-
Asia except China	1,262	-
Middle East	767	-
Central and South America	<u>168</u>	-
Total	<u>9,771</u>	<u>22,157</u>

**Note 4 Other operating income**

	<u>2017</u>	<u>2016</u>
<b>Other operating income</b>		
Grants for research and development	<u>4,155</u>	<u>4,370</u>
Total	<u>4,155</u>	<u>4,370</u>

**Note 5 Salaries, other remuneration and social security contributions**

	<u>2017</u>	<u>2016</u>
<b>The average number of employees, broken down by sex:</b>		
Women	10	4
Men	<u>28</u>	<u>22</u>
	<u>38</u>	<u>26</u>
<b>Salaries, other remuneration and social security contributions</b>		
Salaries and other remuneration to the board of directors and the managing director	2,309	2,312
Salaries and other remuneration to other employees	<u>17,217</u>	<u>13,461</u>
	19,526	15,773
<b>Other social security contributions</b>		
Pension costs to board of directors and managing director	164	247
Pension costs to other employees	<u>1,113</u>	<u>627</u>
	<u>20,803</u>	<u>16,647</u>
<b>Board of directors and chief executive officer</b>		
Number of board members		
Women	-	-
Men	<u>6</u>	<u>6</u>
	<u>6</u>	<u>6</u>
Number of managing directors and other senior executives		
Women	-	-
Men	<u>3</u>	<u>4</u>
	<u>3</u>	<u>4</u>

**Note 6 Equipment, tools, fixtures and fittings**

	<u>2017</u>	<u>2016</u>
Cost at beginning of year	313	-
-Acquisitions	97	313
-Sales/disposals	<u>-24</u>	<u>-</u>
Cost at end of period	386	313
Accumulated scheduled depreciation at beginning of year	-40	-
-Depreciation sales/disposals	24	-
-Depreciation for the year	<u>-187</u>	<u>-40</u>
Accumulated depreciation	-203	-40
Translation difference	-25	
Closing balance	158	273

**Note 7 Share capital**

The share capital consists of 14,098,394 shares. All shares have equal right.

**Note 8 Accrued expenses and deferred income**

	<u>2017</u>	<u>2016</u>
Deferred income	-	370
Accrued salaries	527	356
Other accrued expenses	<u>499</u>	<u>113</u>
Total	<u>1,026</u>	<u>839</u>

**Note 9 Financial risks****General risk management**

Due to its activities the Group is exposed to various financial risks, mainly including foreign exchange, liquidity and credit risks. The Group manages the risks centrally.

**Credit risks**

The Group's credit risks mainly relates to contract work in progress, trade receivables and other receivables. Maximum exposure corresponds to the carrying amount. The Group assesses the risks of losses on an ongoing basis and if necessary write-downs are made according to the Group's policies.

**Foreign exchange risks**

The Group's sales and expenses are mainly incurred in GBP or USD. The Group has transactions in other currencies, but exposure in those currencies is not significant.

**Liquidity risk**

Funding and adequate liquidity are fundamental factors in driving an expanding business, and management of both is an integrated part the Group's continuous budget and forecasting process.

**Note 10 Financing of the operations going forward**

In order to implement the Group's strategic and global expansion plan, the Board assesses that the company needs additional financing. The Board has thus initiated a process to raise capital through a share issue in conjunction with a planned listing on Nasdaq First North. In the event that the capital raised in the planned share issue is insufficient, the Board intends to acquire new capital from the Company's existing major shareholders. However, at the time of the release of this report, the commitment by the existing major shareholders has not been formalized. Nevertheless, the board assesses the group's ability to continue as a going concern for a period of at least 12 months to be most likely.

Stockholm \_\_\_\_ May 2018

Alastair Williamson  
Chief executive officer

Mats Andersson  
Chairman of the board

Per Lindberg  
Board member

Lars- Inge Sjöqvist  
Board member

Jie Zhang  
Board member

Our auditor's report was issued on \_\_\_\_ May 2018

Öhrlings PricewaterhouseCoopers AB

Magnus Lagerberg  
Authorized Public Accountant

**This is a literal translation of the Swedish original report included in RevR 5**  
To the Board of Ranplan Group AB

### **The Auditor's Report on combined financial statements**

We have audited the combined financial statements for Ranplan Group AB which comprise the balance sheet of 31 December 2017 and 31 December 2016 and the income statement, cash flow statement and statement of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory notes.

#### *The Board of Directors' and the Managing Director's responsibility for the financial statements*

The Board of Directors and the Managing Director are responsible for the preparation and the fair presentation of the financial statements in accordance with the general recommendations of the Swedish Accounting Standards Board, BFNAR 2012:1 Annual reports and consolidated accounts ("K3") and the Annual Accounts Act and additional applicable framework. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and appropriately presenting financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the preparation and fair presentation in accordance with the requirements in the Commission Regulation (EC) No 809/2004.

#### *The auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses*. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Ranplan Group AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

An audit in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses* involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the financial statements. The audit procedures selected depend on our assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements as a basis for designing audit procedures that are applicable under those circumstances but not for the purpose of expressing an opinion on the

effectiveness of the company's internal control. An audit also involves evaluating the accounting policies applied and the reasonableness of the significant accounting estimates made by the Board of Directors and the Managing Director and evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Opinion*

In our opinion the financial statements give a true and fair view in accordance with the general recommendations of the Swedish Accounting Standards Board, BFNAR 2012:1 Annual reports and consolidated accounts ("K3") and the Annual Accounts Act and additional applicable framework of the financial position of Ranplan Group AB as of 31 December 2017 and 31 December 2016 and its financial performance, statement of changes in equity and cash flows for these years.

#### *Emphasis of matter*

Without impacting our opinion as stated above, we wish to draw attention to Note 10 Financing of the operations going forward. In this Note it is stated that the company requires further funding to secure the company's long and short-term financing needs. With the aim of meeting the future need for liquidity, the company plans to undertake a new share issue. In the case this share issue is not executed according to plan, the board will seek further financing from the company's current major shareholders. In order to ensure the company's going concern status, it is of major importance that the financing of the operations can be undertaken according to one of these alternatives.

Stockholm May 23, 2018

PricewaterhouseCoopers AB

Magnus Lagerberg

Authorised public accountant