

# INTERIM REPORT

## Ranplan Group AB

**Q2 - 2018**

1 April – 30 June



## Q2 REVENUES GROW by 159% – AMID INCREASINGLY STRONG DEMAND

### The period in summary

#### Second quarter 2018

- Revenues increased substantially and amounted to SEK 5.0 million (1.9)<sup>1</sup> a growth of 159% over Q2 2017.
- Order backlog as per 30 June 2018 amounting to SEK 6.3 million (1.3)
- IPO Transaction Costs for the period were SEK 13.1 million (versus an estimate of SEK 15 million)
- EBITDA amounted to SEK -19.7 million (-5.2), corresponding to a negative EBITDA margin
- Excluding IPO Transaction Costs, EBITDA amounted to SEK -6.6 million (-5.2), corresponding to a negative EBITDA margin
- Net income for the period amounted to SEK -20.0 million (-5.2)
- Earnings per share amounted to SEK -0.99 ( -0.46).
- Cash at end of period amounted to SEK 55.6 million

#### First half 2018

- Revenues increased substantially and amounted to SEK 11.6 million (5.3) a growth of 119% over first half 2017.
- IPO Transaction Costs for the period were SEK 13.1 million
- EBITDA amounted to SEK -21.8 million (-9.8), corresponding to a negative EBITDA margin
- Excluding IPO Transaction Costs, EBITDA amounted to SEK -8.9 million (-9.8), corresponding to a negative EBITDA margin
- Net income for the period amounted to SEK -22.2 million (-9.9)
- Earnings per share amounted to SEK -1.10 ( -0.46).

#### Significant events during the second quarter 2018

- Ranplan listed on NASDAQ First North on the 28th June 2018 raising SEK 62 million before and SEK 49 million after transaction costs. The IPO added approximately 600 new investors to Ranplan's shareholder roster.



*The board of directors was present on the listing day.*

- Ranplan opens an office in Dallas, USA, to support customer growth in the region.

#### Significant events after the second quarter 2018

- Ranplan received SEK 4.0 million in cash as R&D Tax credit from UK Government for development work undertaken by the Company in 2017. Ranplan has received R&D Tax credits for the 6th year running.

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<sup>1</sup> Figures inside parentheses refer to the corresponding figures for the previous fiscal year throughout this Q2 report.



## Comment from the CEO

The second quarter is traditionally slower than the first quarter due to customer budget cycles. However, we are extremely pleased to announce our revenues of SEK 5.0 million in Q2 2018, an increase of 159% over Q2 2017, an appreciable acceleration from the year-on-year rate-of-growth of 96% registered in the first quarter of 2018.

This results in first half 2018 revenues of SEK 11.6 million compared to SEK 5.3 million in the corresponding period in 2017. The corresponding increase of 119% underpins management's belief that the company is delivering on its business plan.

At the end of June 2018, the company had an order backlog of SEK 6.3 million, up from SEK 1.3 million a year earlier. Orders may be lumpy in character and the time to delivery (revenue recognition) tend to vary.

The increase in revenue in Q2 was mainly attributed to the USA, Europe and China. Orders were booked from 6 new customers. In the second quarter of 2018, Ranplan booked revenues from 18 customers.

In China, we were awarded two new contracts with China Mobile. In Europe, we secured new customer wins, and received repeat business as existing customers increased the number of Ranplan licenses they wish to use. In the USA, we welcomed RadioOne as a preferred customer, as announced on 11 July 2018.

To support our customers and build on our growth ambitions, we have opened an office in the USA. As previously reported, the recent endorsement by Verizon has paved the way for sales of Ranplan products in the USA. We are now seeking involvement with other large mobile operators in the USA both technically and commercially.

The majority of our revenues came from the Mobile Communication market, however we also received orders from the Public Safety segment, reinforcing our strategy of expanding our business universe. This category of customers adds impetus to our optimism, contributing to growth in future periods.

In the second quarter Ranplan was actively engaged in promoting its products globally. The company featured quite prominently in trade conferences ranging from 5G Americas in USA, Small Cells World Summit and 5G World Summit in UK, CommunicAsia in Singapore and Interop in Japan.

Planning 5G networks is complex and as 5G starts to become a reality with trials in 2018 we are experiencing increased demand from both mobile operators and telecommunication equipment vendors for our products. We have engaged with major service providers in the key early adopter 5G markets in USA and China supported by our in-country subsidiaries and through partners in Japan and Korea.

In respect of our products, we successfully launched Release 5.1 in Q2 2018 with new features supporting 5G wireless network planning as well as enhancing the usability of the software. Furthermore, we are planning to launch Release 5.2 in Q3 2018 addressing more advanced 5G features as the standards become available.

We enjoy strong demand for our products and services from all targeted segments, motivating us to undergo a transition from a start-up to a scale-up. After completing the IPO, in the process of which attracting vital new growth capital, Ranplan now sets its sight on expanding its business reach to meet the long-term objectives outlined in the IPO prospectus. To this end, investments are currently being made primarily in sales and marketing, local technical support, and software development. I thank our dedicated team of employees for their great efforts in the past three months and continue to view the future of Ranplan in favourable light.

Alastair Williamson  
CEO Ranplan Group AB

## Comments to the financial development

### Revenues

Sales for Q2 rose by 159% over the prior year to SEK 5.0 million (SEK 1.9 million in Q2 2017). In the period, Ranplan recognised revenues from 18 commercial customers worldwide.

Sales for First Half rose by 119% over the prior year to SEK 11.6 million. In the period, Ranplan recognised revenues from 29 commercial customers worldwide.

### Result

EBITDA in Q2 amounted to SEK -19.7 million (-5.2). Excluding IPO Transaction Costs, EBITDA in Q2 amounted to SEK -6.6 million (-5.2).

Other operating income of SEK 1.0 million per quarter in both Q1 and Q2 represents the R&D Tax Credit expected from the UK government. The amount to be received in 2018 is expected to be at least the same as in 2017. In fact, Ranplan received SEK 4.0 million cash in July 2018 for development in FY 2017.

Total IPO Transaction Costs were SEK 13.1 million which is below the SEK 15.0 million level predicted in the IPO prospectus.

Staff costs for Q2 2018 were similar to those of Q1 2018 and up 20% over the prior year reflecting the increase in headcount. R&D expenditures, all of which charged to the income statement, totalled SEK 3.5 million (3.2) in Q2 2018 and SEK 6.7 million (6.2) in H1 2018.

Other external and other operating costs in Q2 2018 were higher than in Q1 2018 mainly due to exceptional one off costs related to the IPO including unusually high travel costs.

The depreciation charge to P/L is very low as no significant investment made in fixed assets and also Development costs including computer software and hardware are expensed.

For the half year EBITDA amounted to SEK -21.8 million (-9.8). Excluding IPO Transaction Costs, EBITDA for the half year amounted to SEK -8.7 million (-9.8).

### Balance sheet

Other Receivables at end Q2 were exceptionally high at SEK 14.1 million mainly due to the final balance of SEK 4.1 million IPO cash at

Fondkommission Hagberg & Aneborn transferred to Ranplan on 10 July and UK government R&D Tax Credit for 2017 and 2018 of which SEK 4.0 million was transferred to Ranplan in July 2018.

Trade Payables and accrued expenses were exceptionally high due to IPO transaction costs, most of which settled post the balance sheet date.

### Cashflow and financial position

During Q2 2018 cash flow from operating activities after changes in working capital amounted to SEK -9.3 million (-2.8). During the same quarter total cash flow amounted to SEK 52.7 million (2.3). The capital raising in connection with the IPO amounted to SEK 62.0 million, before transaction fees of SEK 13,1 million.

During the first half 2018 cash flow from operating activities after changes in working capital amounted to SEK -14.0 million (-9.0). During the same period total cash flow amounted to SEK 52.2 million (-1.3). The capital raising in connection with the IPO amounted to SEK 62.0 million, before transaction fees of SEK 13,1 million.

As per June 30 cash amounted to SEK 55.6 million. The company has no interest-bearing debt.

### Number of shares

At the end of June 2018, 20 115 812 shares were outstanding (11 275 765)

### Personnel

The number of full time equivalents in the Group on 30 of June 2018 was 61 (48). In the second quarter, there was a net addition of 5 employees, reflecting the company's efforts to develop the organisation to meet its business plan.

### Risk factors

The Ranplan Group is exposed to several global and Group-specific risks that can impact operations and the financial performance, as well as the financial position of the Group. The foreseeable risks are identified and monitored centrally on the basis of established policies. Risk management in the Group aims at positioning the Group to be able to correctly respond to possible risk events. Below is a non-exhaustive list of risks, without regards to their level of significance, which the Group consider to be material. Further details can be found in the IPO prospectus, available on the company's web-site.

- Risks related to an early stage of development and future financing
- Staff

- Risks related to product quality
- Competition
- Risks related to customers

- Risks related to intellectual property and business secrets
- The market price of the company's shares

## Group financials

Combined income statements (kSEK)	Apr-June 2018	Apr-Jun 2017	Jan-June 2018	Jan-June 2017	Jan-Dec 2017
Net sales	4 987	1 927	11 639	5 319	9 771
Other operating income	988	962	1 950	1 904	4 155
<b>Total income</b>	<b>5 975</b>	<b>2 889</b>	<b>13 589</b>	<b>7 223</b>	<b>13 926</b>
Raw materials and sub-contractors	-390	79	-487	-1 063	-987
IPO transaction costs	-13 122		-13 122		
Other external expenses	-2 434	-1 044	-4 579	-1 839	-7 678
Staff costs	-6 367	-5 341	-12 342	-10 441	-26 059
Depreciation	-52	-35	-103	-35	-187
Other operating expenses	-3 351	-1 767	-4 879	-3 718	-26
<b>Income after financial items</b>	<b>-19 742</b>	<b>-5 219</b>	<b>-21 924</b>	<b>-9 873</b>	<b>-21 011</b>
Taxes	-257		-257		-74
<b>Net income for the period</b>	<b>-19 999</b>	<b>-5 219</b>	<b>-22 181</b>	<b>-9 873</b>	<b>-21 085</b>

Combined balance sheets (kSEK)	30 June 2018	30 June 2017	31 Dec 2017
<b>Tangible fixed assets</b>			
Other improvements and Installations	61	282	158
<b>Total fixed assets</b>	<b>61</b>	<b>282</b>	<b>158</b>
<b>Current assets</b>			
Trade receivables	2 771	1 072	2 806
Other receivables	14 075	2 074	4 190
Cash and cash equivalents	55 597	5 053	1 695
<b>Total current assets</b>	<b>72 444</b>	<b>8 199</b>	<b>8 691</b>
<b>Total assets</b>	<b>72 504</b>	<b>8 481</b>	<b>8 849</b>
<b>Equity and liabilities</b>			
Share capital	63 881	1 317	1 650
Other paid-in capital	79 717	60 412	72 170
Retained earnings, incl profit for the year	-91 412	-54 951	-67 381
<b>Total equity</b>	<b>52 185</b>	<b>6 778</b>	<b>6 439</b>
<b>Current liabilities</b>			
Trade payables	12 862	1 080	1 384
Accrued expenses and deferred income	7 457	623	1 026
<b>Total current liabilities</b>	<b>20 319</b>	<b>1 703</b>	<b>2 410</b>
<b>Total equity and liabilities</b>	<b>72 504</b>	<b>8 481</b>	<b>8 849</b>

Combined statements of cash flow (kSEK)	Apr-June 2018	Apr-Jun 2017	Jan-June 2018	Jan-June 2017	Jan-Dec 2017
Income after financial items	-19 742	-5 219	-21 924	-9 873	-21 011
Adjustment for depreciation	52	35	103	35	187
<b>Total operating activities</b>	<b>-19 690</b>	<b>-5 184</b>	<b>-21 821</b>	<b>-9 838</b>	<b>-20 824</b>
Taxes paid	-257		-257		-74
<b>Cash flow from changes in working capital</b>					
Increase(-)/decrease(+) in trade receivables	1 504	-182	35	-1 072	-2 793
Increase(-)/decrease(+) in other receivables	-8 473	3 045	-9 885	2 207	4
Increase(+)/decrease(-) in trade payables	11 466	-133	11 478	0	316
Increase(+)/decrease(-) in accruals	6 181	-329	6 431	-257	556
<b>Cash flow from operating activities</b>	<b>-9 269</b>	<b>-2 783</b>	<b>-14 019</b>	<b>-8 960</b>	<b>-22 815</b>
<b>Investing activities</b>					
Acquisition of tangible assets	0	0	0	-59	-97
<b>Financing activities</b>					
Proceeds from issues of shares	62 000	5 052	66 180	7 727	19 818
<b>Cash flow for the period</b>	<b>52 731</b>	<b>2 269</b>	<b>52 161</b>	<b>-1 292</b>	<b>-3 094</b>
Cash and cash equivalents at beginning of the period	1 072	1 400	1 695	4 730	4 730
Exchange gains/losses	1 794	1 384	1 741	1 615	59
<b>Cash and cash equivalents at end of the period</b>	<b>55 597</b>	<b>5 053</b>	<b>55 597</b>	<b>5 053</b>	<b>1 695</b>

## Notes to the combined financial information

### 1 Summary of significant accounting policies

This interim report has 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")*. The interim report has been prepared in accordance with the accounting policies set out in the Combined Financial Statements for 2017 and 2016, "note 1".

### 2 Important estimates and judgments regarding the accounting

Estimates and judgments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations regarding future events which are seen to be reasonable under the circumstances in place.

Company management deems that there is no significant information or judgments in the accounts regarding future developments or other important sources of uncertainty in the estimates undertaken at balance sheet date which would imply a significant risk of a major adjustment in the reported values of the assets and liabilities during the foreseeable future.

## Key figures

	Apr-June 2018	Apr-Jun 2017	Jan-June 2018	Jan-June 2017	Jan-Dec 2017
Net sales, kSEK	4,987	1,927	11,639	5,319	9,771
Solidity, %	72.0%	79.9%	72.0%	79.9%	72.8%
EBITDA	-19,690	-5,184	-21,821	-9,838	-20,824
<i>EBITDA excluding IPO costs</i>	<i>-6,568</i>	<i>-5,184</i>	<i>-8,699</i>	<i>-9,838</i>	<i>-20,824</i>
Average number of employees	60	50	58	42	47
Number of employees at period-end	61	48	61	48	52

## Definition of key figures

Earnings per share	Income for the period attributable to owners of the parent divided by the number of ordinary shares outstanding
EBITDA	Income before interest, tax, depreciation (including impairment) and amortization. EBITDA is a measure that the Group regards as relevant for investors who want to understand earnings generation before investments in non-current assets
EBIT	Income before interest and tax. EBIT is a measure that the Group regards as relevant for investors who want to understand earnings generation including investments in non-current assets
Order backlog	The value of remaining, not yet accrued project revenues from orders on hand at the end of the period
Working capital	Working capital is calculated as short-term operating receivables (inventories, accounts receivable and other non-interest-bearing, current receivables) less current operating liabilities (trade payables and other non-interest-bearing, current liabilities). This measure shows how much working capital is tied up in the business and may be set in relation to sales to understand how efficiently tied-up working capital is being used

## The share

### Share data

	Apr-June 2018	Apr-Jun 2017	Jan-June 2018	Jan-June 2017	Jan-Dec 2017
Number of shares at period-end	20,115,812	11,275,765	20,115,812	11,275,765	13,547,676
Average number of outstanding shares	17,108,103	16,832,744	16,832,744	10,986,005	11,698,863
Share price at the end of the period, SEK	7.70	-	7.70	-	-
Earnings per share, SEK	-0.99	-0.46	-1.10	-0.88	-1.56

### Shareholders as of 30 June 2018

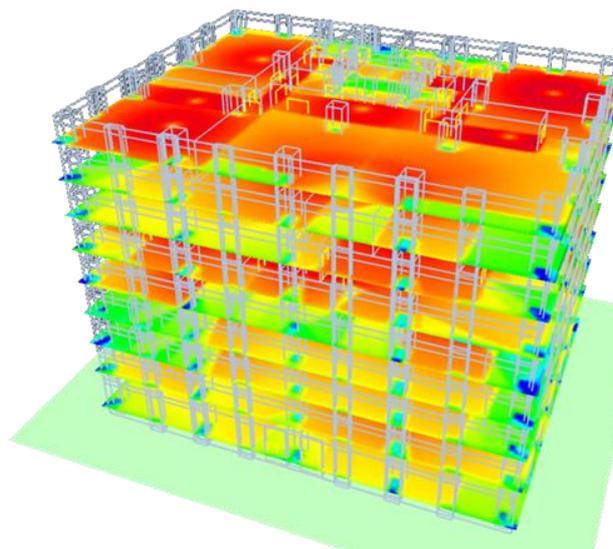
Shareholder	Shares	%
Jinxing Xue	8 084 887	40 %
Hongbing Li and Qimei Wu	2 624 070	13 %
Per Lindberg	2 125 750	11 %
Jie Zhang and Joyce Yuhau Wu	2 067 996	10 %
Other	5 213 109	26 %
<b>Total</b>	<b>20 115 812</b>	<b>100 %</b>

## Technology Bulletin – RF wireless planning tools in the urban environment

### Inbuilding Wireless network

As we have probably all experienced, 4G(LTE) within buildings does not deliver the quality of experience we as consumers demand from our service providers; resulting in loss of revenue and subscriber churn. This problem is being compounded by the massive explosion in mobile data we are consuming through our smart phones in particular as uploading and down loading video has become one of the most popular applications utilised through social media and other platforms; coupled with the statistic of 80% of mobile data being consumed within buildings while only 2% of commercial buildings have dedicated mobile wireless networks.

<https://www.commscope.com/NewsCenter/Infographics/Wireless-in-Buildings-Overcoming-the-Barriers-to-Indoor-Connectivity/>



*Heat map showing prediction of coverage of an inbuilding 4G(LTE) wireless network*

The CBRS (Citizens Broadband Radio Service) initiative ratified by the FCC in the US creates a new market for Ranplan planning tools as access to shared spectrum at 3.5Ghz provides.

Enterprises in several large industries, from health care to manufacturing and transportation hubs, often want to control their own wireless networks to ensure high levels of security and low latency for their mission-critical operations.

CBRS opens the market to smaller venues, which experience similar coverage and capacity problems that could not be solved through licensed spectrum based inbuilding wireless networks, including hotels, resorts, colleges, universities, condominiums, other multi-dwelling units, and sports and entertainment venues. Based on U.S. Energy Information Administration surveys of U.S. commercial buildings, CBRS should expand the market for managed service providers from 7 billion square feet to over 30 billion.

### Urban densification – a need for better wireless planning both outdoor and inbuilding

The challenge is not just related to inbuilding, the demand for a better quality of experience is an issue that service providers are tackling in the urban environment through densification programs; to efficiently utilise spectrum and to enable more capacity for consumers by installing additional cell site at street levels, and as part of the 4G to 5G migration.

As the demand for coverage and capacity expands, mobile operators are stepping up small cell deployment roadmaps. The Small Cell Forum (SCF) recently released the results of a survey of more than 50 mobile operators who were asked about their deployment plans and business drivers for a dense heterogeneous network (HetNet) and the barriers they expect to have to overcome. Forty percent of the operators expect to deploy between 100 and 350 small cells per square kilometre in areas they densify by 2020. The SCF forecasts that "...between 2015 and 2025, new non-residential small cell deployments will grow at a compound annual rate of 36 percent, to reach almost 8.5 million, and by 2025 deployments will be 22 times higher than in 2015."

<http://scf.io/en/documents/194> - *Deployment plans and business drivers for a dense HetNet SCF operator survey.php*

## Assurance

The Board of Directors and CEO hereby assure that this interim report April – June 2018 provides a true and fair overview of the performance of the parent company's and the Group's operations, financial position and earnings, and that it describes the significant risks and factors of uncertainty to which the Parent Company and the companies included in the Group are exposed.

The English version of this report takes precedence over the Swedish version, should any differences be found.

Stockholm, 29<sup>th</sup> August 2018

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Mats Andersson  
Chairman of the board

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Per Lindberg  
Board member

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Lars-Inge Sjöqvist  
Board member

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Jie Zhang  
Board member

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Alastair Williamson  
CEO

## Other information

### Auditor's review

This interim report has not been reviewed by the company's auditors.

### Certified Adviser

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### Questions regarding this interim report are answered by:

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### Financial calendar

Interim report July – September 2018

30th November 2018