

## STRONG FIRST SIX MONTHS FOR HiQ

### JANUARY – JUNE 2017

- Net sales total SEK 923.9 (846.9) million, an increase with 9.1 per cent
- Operating profit (EBIT) is SEK 113.5 (104.5) million, equivalent to an operating margin of 12.3 per cent
- Pre-tax profit of SEK 112.9 (104.1) million
- Profit after tax of SEK 87.5 (80.9) million
- Earnings per share of SEK 1.59 (1.50)
- Cash flow from operations of SEK 118.4 (86.4) million
- Liquid assets of SEK 163.9 million

### APRIL – JUNE 2017

- Net sales total SEK 454.3 (442.8) million, an increase with 2.6 per cent
- Operating profit (EBIT) is SEK 48.0 (61.4) million, equivalent to an operating margin of 10.6 per cent
- Pre-tax profit of SEK 47.5 (61.0) million
- Profit after tax of SEK 36.7 (47.5) million
- Earnings per share of SEK 0.67 (0.88)
- Cash flow from operations of SEK 58.0 (51.1) million

### SIGNIFICANT EVENTS DURING FIRST SIX MONTHS

- Annual General Meeting approves a shareholders' dividend of SEK 3.10 per share, corresponding to a total of approximately SEK 170 million, through a share split and a redemption programme
- HiQ helps Husqvarna launch the first connected tool-shed ever – Battery Box
- HiQ and retailer Jula start a digital partnership
- HiQ and Länsförsäkringar develop ridesafe.se that prevents smart phone usage while driving
- HiQ's integration platform FRENDS is chosen by Finnish S-Bank
- HiQ develops a digital payment service together with Bambora
- HiQ wins the assignment to make a pre-study for mobile payments in Dubai
- HiQ is appointed digital partner to Awapatent
- HiQ and Adalta simplify for newly arrived immigrants to integrate into the Swedish society
- HiQ becomes digital partner to bank- and insurance group Skandia

### AWARDS

- HiQ's team at Great Apes in Helsinki win the European Design Awards for the interface of Quantum Break
- The same team win the design category in Finland's most prestigious advertising-and design award Vuoden Huiput (equivalent to Swedish award Guldägget)
- HiQ develops the AR-app "Olof Palme in Almedalen" that wins the Almedalen Innovation Award.

*This information is information that HiQ International AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out, at 07.30 CET on 18 July 2017.*

*HiQ helps to make the world a better place by making people's lives simpler through technology and communication. We are the perfect partner for everyone eager to achieve results that make a difference in a digital world. Founded in 1995, HiQ has more than 1,600 specialists in four countries and is listed on the Nasdaq Stockholm Mid Cap List. For more information and inspiration, visit [www.hiq.se](http://www.hiq.se)*

## PRESIDENT'S STATEMENT

The first six months of the year, HiQ deliver a strong result, which feels good. Net sales is SEK 923.9 million, which is our highest ever. Profit amounts to SEK 113.5 million. This year's second quarter contains Easter break, various other public holidays and bridge days. Despite this, net sales increases to SEK 454.3 million, which is a record for us in a second quarter. With 1,642 co-workers we have grown bigger than ever, and our financial position remains strong with a cash flow of SEK 118.4 million and SEK 163.9 million in liquid assets.

2017 is also all about technology and simplicity. This becomes obvious as for example, when we are a part of the development of the cashless society and as we develop a smoother and more available healthcare. This is what digitalisation is all about – to simplify and improve for people through solutions that are also secure. More and more companies and organisations are realising that today it is absolutely essential to embrace innovation in order to develop new products and services and to build a strong brand.

We are attracting an increasing numbers of customers who share our ambition to become tomorrow's winners in their sector of the market. One example of this is the payment company Bambora. We also start a collaboration with Awapatent, and it is to HiQ that decision-makers in the Skandia banking and insurance group turn when they want to make life simpler for their two million customers. We also conduct a pre-study for mobile money transfers in Dubai.

Together with our valued client, Jula, we are using the retailer's traditional catalogue as the springboard for smart digital solutions that will simplify and improve the shopping experience for the customer. Together with Husqvarna, HiQ develops the connected tool-shed, Battery Box, that makes it easy to rent tools instead of buying them.

Since 20 years, HiQ's DNA is advanced technology. Today, we have a clear and very strong position in the market and can be an all-round partner for our customers through our comprehensive offering in R&D, IT, digitalisation and communication.

Design and innovation are acquiring increasing significance in our industry, an area where we are steadily developing. Our team, HiQ Great Apes in Finland wins the design category in Finland's most prestigious advertising and design competition, and scoops first prize in the digital category of the European Design Awards. In July, we are awarded the 'Almedalen Innovation Award' for our app 'Olof Palme at Almedalen'. This uses augmented reality (AR) to let visitors to Almedalen see the late Swedish Prime Minister deliver his famous 1983 speech at the very site in Visby where the event once took place.

There are of course many reasons for our success, but an important one is our more than 1,600 co-workers. With the right specialist skills and an inclusive mind-set that is firmly rooted in our corporate values – *results, responsibility, simplicity and joy* – we make a difference. It always makes me proud when I see what an important role our culture plays in the success of a project.

Technological progress and the digitalisation will continue to transform our lives. With the best team in the industry, an impressive portfolio of brave and innovative clients and strong finances, HiQ is well equipped to remain a leading player in the market well into the future. Of that I am convinced.

*Lars Stugemo, President and CEO of HiQ*

## OFFERING & FOCUS AREAS

HiQ's domestic market is the Nordic region, but we are also winning assignments globally. For example, we are currently working with clients in London and California. Our in-depth knowledge of technology, users and business, enables us to help our clients to exploit the opportunities afforded by digitalisation.

HiQ wins many assignments that involve assuming overall responsibility for specific areas. Typical examples include software development, testing and quality assurance. Today, we have the breadth to deliver everything from digital strategies to design and concept development. We master the entire chain from R&D to digital and back, and can therefore help our clients all the way from the idea to operation. HiQ frequently partners companies that see digitalisation as a crucial success factor, bringing both innovation and technical know-how to the development of the company and its business, while always focusing on the user. Today we also offer a complete range of communication services to meet the requirements and expectations of our clients' marketing departments.

One area that is growing fast is digitalisation of healthcare (eHealth), where our proven ability to make everyday life simpler and better is making us an increasingly important partner for companies working in the healthcare sector. One other area is within the cashless society, where HiQ is involved in the development of smart digital services.

## EVENTS DURING THE SECOND QUARTER

Examples of published news during the second quarter:

- Together with Passalen, HiQ develops Göra.nu that makes leisure activities available for *all* children and adolescents. The app presents available activities for people with functional diversity in a new, simple and smooth way.
- In a unique collaboration with Husqvarna, Telenor Connexion, Flex and Zuora, HiQ launches the world's first connected tool-shed, Battery Box. Now it gets easy to rent tools needed and the shed is a good example on how the sharing economy can work with the help from digital solutions.
- HiQ starts a long term partnership with retailer Jula. When developing the shopping of the future where digital

apps is the tool, the starting point is the catalogue. The work is a start of a big digital transformation for the company.

- HiQ develops a digital solution to reduce smart phone usage while driving. Together with Länsförsäkringar we creates the campaign Ride Safe, where HiQ helps Länsförsäkringar with the development of the digital platform ridesafe.se.

- HiQ helps S-Bank in Finland to increase its growth. To handle the rapid development and connect the systems, S-Bank chooses HiQ's integration platform FRIENDS.

- HiQ is assigned by Swedac to develop a digital platform to simplify for all parties in the Agadir Agreement. The agreement aims to create a free trade area between the countries Jordan, Egypt, Tunisia and Morocco, as well as increase the four countries' trade with The European Union and the rest of the world.

- HiQ and Bambora have built a modern redemption system that operates in a global market where security, scalability and flexibility are essential. Bambora helps its customers grow and develop internationally with simple payment solutions for the store, online and in the mobile phone. In order to manage this, a smooth technical solution is absolutely crucial.

- HiQ gets the assignment to make a pre-study of the development of digital services that enable mobile payments in Dubai.

- HiQ is appointed digital partner to Awapatent. The collaboration will begin immediately and the focus will be on strategic projects to improve and simplify work, both for Awapatent and the company's clients. HiQ will also serve as Awapatent's partner for a future digital payment service for local and global clients.

- HiQ makes it easier to be integrated to the Swedish society for newly arrived immigrants. By the development of the web application "Employ privately for Adalta", you can as an individual easily employ another individual. The service simplifies for example the handling of administration from the Swedish Tax Agency and the Migration Board.

- HiQ´s design team from Great Apes in Helsinki wins the design category in Finland´s most prestigious advertising- and design award, Vouden Huiput. The yearly award show aims to increase the quality of Finnish design, and creativity and support the skills of the designers.

- HiQ´s design team from Great Apes in Helsinki wins the design category of the prestigious European Design Awards. The award is for the interface of the game Quantum Break, that is a sci-fi adventure that takes place in a close future.

### EVENTS AFTER THE SECOND QUARTER

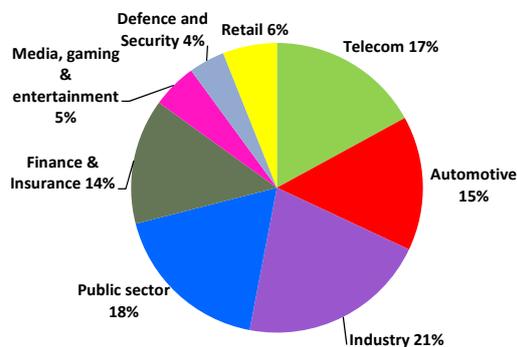
Examples of published news after the second quarter:

- HiQ becomes digital partner to bank- and insurance group Skandia and contributes with specialists to both the IT- and marketing departments to simplify the process of digitalisation.

- HiQ develops the AR-app "Olof Palme in Almedalen" that uses augmented reality technology to let visitors experience a genuine piece of political history. They can re-live Olof Palme´s speech from 1983 in the very setting where it once took place. The project wins the Almedalen Innovation Award.

### MARKET SEGMENTS

We divide our market areas into eight segments and have a broad, well-balanced market mix. This is of benefit to our clients but also to us as a company and to our employees. All market segments are characterised by companies´ and organisations´ needs for digital solutions that contribute to innovations, new offerings and new value chains.



HiQ sales per market segment over the past 12 months

### INDUSTRY

There is more and more talk about Industry 4.0 and the potential of the Internet of Things. The challenge lies in determining which opportunities actually add value. Innovation for its own sake is of no value; innovation needs to benefit users and generate results.

HiQ is firmly established in this segment and we are helping many leading players with strategic development, digital tools, more efficient processes and smart integration with other systems.

One of HiQ´s future-oriented customers is Toyota Material Handling Europe, which develops truck solutions for warehouses. Through an innovation partnership, HiQ helps this logistics company to develop its offering and benefit from the opportunities that digitalisation presents. The long-term goal is a fully digital warehouse that strengthens the business offer and makes life easier for both warehouse personnel and end customers.

Clients include 3nine, ABB, Assa Abloy, Atlas Copco, Bombardier, Cactus, DEKRA, Destia, Electrolux, Elenia, Finnair, Jeppesen Systems, Kuusakoski, Toyota Material Handling Europe and SAS.

### TELECOM

Since 1995, HiQ has held a very strong position in this segment where it enjoys close collaboration with global market leaders. More than 20 years´ experience of working with suppliers, operators, users and legislative authorities has given us extensive technical and commercial know-how and important insights into telecommunication systems.

Mobility and network connection are a fact of life today. Our extensive experience and comprehensive knowledge of the telecom sector are valuable assets for clients and projects in all industries as digitalisation continues to spread. Today we work across a broad spectrum in the segment with advanced technological systems and with digital channels and solutions aimed directly at end users.

We are also winning strategic assignments to identify new possibilities and improve the efficiency of businesses. And together with several global clients we build the infrastructure for mobile communication of the future.

Clients in this segment include Ascom Wireless Solutions, Com Hem, Doro, Ericsson, Microsoft Devices, Polystar, Telenor, Telia and Tele2.

### **PUBLIC SECTOR**

Our customers in this sector aim to offer citizens the best possible service, and the challenges in doing so involve everything from managing outdated systems and large volumes of data to issues related to security and integrity. HiQ is growing fast in the public sector and in health care – areas that clearly have a significant impact on people's everyday lives.

Major framework agreements provide us with a strong platform on which we can build and grow in this segment. To take just one example, our recently signed framework agreement with Stockholm County Council reinforces our position in health care even further.

Gothenburg is anticipating significant expansion between now and 2035, and HiQ works with the municipal authorities on the urban development website *Stadsutveckling Göteborg*, which describes and explains the changes that are planned. HiQ is successful in developing municipal web platforms and has received third-party recognition for sites such as Enköping.se, Partille.se and Kungälv.se.

Public sector customers include the Swedish Public Employment Service, Diacor, Enköping Municipality, the Swedish Enforcement Authority, Kungälv Municipality, the Swedish Civil Contingencies Agency, the Swedish Post and Telecom Authority, the Government of Sweden, the Swedish Tax Agency, Stockholm County Council, the Swedish Association of Local Authorities and Regions, and Finnish Customs.

### **AUTOMOTIVE**

The automotive industry is hotter and more technology-intensive than ever. Vehicles are now connected and part of a technical ecosystem in which different components are constantly communicating with one another. Cars are no longer merely a means of transport. They are a service platform, and the focus is increasingly on the new services that digitalisation enables and creates. At the same time, technological development continues to make vehicles safer and greener.

HiQ is a strong, highly experienced partner in this exciting process of rapid development, delivering cutting-edge technology and assisting with innovations that include

concept development on Virtual Reality (VR) and Mixed Reality projects.

Autonomous or self-driving vehicles are a special focus area for HiQ's expertise. We are involved in research projects in which 100 self-driving Volvo cars will be tested on selected roads with private individuals at the wheel in Gothenburg in 2017.

Customers in the automotive segment include Autoliv, BorgWarner, Scania, Volvo Cars and Volvo Group.

### **FINANCE AND INSURANCE**

HiQ is the leading player in the development of smart technology solutions for the cashless society, that goes hand in hand with Sweden's steps to be the first country in the world that no longer handles notes and coins.

We are very experienced in finance, which combined with our skills in digitalization and mobile solutions makes us the perfect partner. Among other things HiQ are, together with Bankgirot, developing the technical solution for Swish – which is owned by Getswish and is a collaboration between banks in Sweden. We have also created the CarPay application together with Volvofinans. We also help Finnish S-Pankki, where the simple but effective service S-mobiili makes lives easier for their three million clients.

Customers in this segment include Bambora, Bankgirot, Collector, Fennia, Handelsbanken, LähiTapiola, Nordea, OP Pohjola Group, S-Group, SEB, Swedbank, Swedish Motor Insurers, Varma and Volvofinans Bank.

### **MEDIA, GAMING AND ENTERTAINMENT**

Today, we decide for ourselves when, where and how we want to watch TV, play games or follow the news.

Competition in this industry is intense and the range of offerings available is huge. This raises the bar for content and usability. Those who offer quality content and deliver it through simple, user-friendly platforms will succeed.

These challenges perfectly match HiQ's position at the intersection of technology, people and business. We combine technical expertise with design and user focus. Today we have framework agreements with several major clients such as SVT and Viaplay.

Nordic companies enjoy global success in the betting and gaming sectors, and HiQ has been working with a wide range of leading companies on this exciting market for a long time. With the acquisition of Great Apes, we move our position even more further.

Clients include Channel 4, DICE, GTECH, MTG, MTV 3 Finland, Rovio, Spotify, SVT, Utbildningsradion, Veikkaus and Viaplay.

## RETAIL

In just the past few years or so, retail has undergone a revolution. New e-commerce records are being set all the time and shopping online has become a natural component of consumer behaviour. Perhaps it is now time to drop the 'e' prefix and see everything as retail plain and simple – but via different channels and platforms. Efficient digital services mean that we are also buying more than ever from foreign suppliers. This makes new requirements and creates new challenges for companies in the Nordic region, as the focus on user experience and the overall customer journey become increasingly important.

HiQ has broad industry knowledge and extensive experience of working with leading retail chains. We work with clients from concept and design to quality assurance in everything from marketing and sales solutions to purchasing and logistics systems. Our expertise in digital payment services is hugely important when meeting new requirements for simpler purchasing processes that will increase conversion rates.

In retail, we help our clients with smart, innovative solutions in order to add value for the end customer. One of these players is Jula, that we now start a digital journey with to simplify for customers and employees.

Clients in this segment include ICA, Jula, Kesko, Stockmann and Vianor.

## DEFENCE AND SECURITY

We live at a time when defence and security are rapidly growing in importance, with surveillance and external monitoring as key components in the overall mix. As the global situation becomes more uncertain, defence and security moves up the agenda. Cyber security, in particular, is increasingly important for all companies and organisations as more and more products and systems are connected.

We are, for example, helping the Swedish Coast Guard to develop a surveillance system that pinpoints the position of ships and monitors weather conditions and geographical data in real time.

For more than 20 years we have been helping influential clients to develop training and development simulators for JAS – high-tech solutions that are employed for more efficient, advanced training of hundreds of pilots worldwide. Simulation technology is something we can use in other segments as well, for example in industry and healthcare.

Clients include the Swedish Defence Materiel Administration, the Swedish Armed Forces, the Swedish Coast Guard and SAAB.

## THE GROUP'S DEVELOPMENT

We keep on creating winning results and strengthening our position in the market. The demand for digitalisation and our services is good and we work with full speed to meet our clients' requirements. We recruit, grow and win new clients and assignments in every market segment where we operate.

In Finland, we operate in all market segments and make a strong quarter. The design team at Great Apes wins several design awards in the quarter.

In Stockholm, we continue to be a leading player with presence in all market segments. The development during 2017 is good and we win several interesting projects, not at least in the business area of 'cash less society'.

In the region Mälardalen, with offices in Västerås and Örebro, we make a solid quarter on a market that is heavy on industry and defence & security.

In Gothenburg, we keep our position as the leading innovation- and tech company with a strong presence in several market segments. We win several exciting deals and projects during 2017.

In Skåne, with office in Malmö and Lund, the satisfying development continue where we constantly are broadening our operations. The company Presis, that was acquired during the first quarter is well integrated in our organisation. Together we develop well in the region.

In Östergötland, with our operations in Linköping and Norrköping, we continue to grow and win new clients. During 2017, we have a good growth and results.

In Karlskrona, we make a solid quarter on a market dominated by telecoms and defence.

## DELIVERY MODELS

HiQ offers a flexible delivery model with a clear focus on client needs. We provide specialist expertise for on-site projects and undertake projects on our own premises and via our nearshore office.

We also offer complete teams for our clients. Demand for these teams is constantly increasing as news of their track record of effectiveness and success in creating results spreads.

The number of full-service undertakings from our customers is constantly rising and these assignments now constitute a significant portion of our business.

## MARKETING & COMMUNICATIONS

A big part of HiQ's success comes from having skilled programmers that creates results. To put the spotlight on this group of people, HiQ supports the Swedish team in the World Championships in programming where 130 teams from all over the world compete for the title. The team is represented by Omogen Heap – Simon Lindholm, Mårten Wiman and Johan Sannemo. The team wins an impressive bronze medal at the World Championships in Rapid City in South Dakota on 17 May.

## FUTURE PROSPECTS

HiQ contributes to the development of modern society, in which digitalisation and a connected lifestyle are creating new products, services and business models.

Our expertise and robust financial position allow us to identify opportunities to advance our positions even further in all market segments and areas in which we operate.

HiQ's overall strategy is to be an innovative and leading specialist service company with the core of its operations in the Nordic region.

HiQ's growth strategy is to grow organically and to complement organic growth with strategic acquisitions. HiQ's acquisition strategy aims to strengthen the

company's geographical reach by expanding its Nordic presence and acquiring companies that add new areas of expertise to HiQ.

We are convinced that there will be long-term growth in all segments in which HiQ is active. We also believe the future will see a steady rise in the number of industries for which digitalisation and new technology are critical factors for success.

Our strategy is to:

- Help our clients to simplify and contribute to a better world, by using our know-how throughout the entire chain of technology, people and business.
- Be the leading company in the Nordic region within our industry.
- Have the best employees in the market and be the most attractive employer.
- Generate good profits, good growth and strong cash flow, and to create good long-term returns for our shareholders.

HiQ prioritises quality, profitability and growth – in that order. HiQ does not provide any forecasts.

## EMPLOYEES

At the end of the reporting period, HiQ has 1 642 (1 529) employees, of which 1 504 (1 394) were on active duty.

## SALES AND PROFIT

HiQ's net sales total SEK 923.9 (846,9) million.

Operating profit (EBIT) is SEK 113.5 (104,5) million, equivalent to a margin of 12.3 (12.3) per cent.

Group net financials for the period total SEK -0.7 (-0.4) million.

Pre-tax profit (PTP) is SEK 112.9 (104.1) million.

## INVESTMENTS

Group net investment in fixed assets during the period total SEK 6.9 (9.3) million. SEK 0.9 (0.8) million of this total is invested in new premises, SEK 3.3 (2.1) million in equipment and SEK 2.7 (6.4) million in financial leasing.

## FINANCIAL POSITION

Cash flow from operations total SEK 118.4 (86.4) million.

Group liquid assets at 30 June total SEK 163.9 (149.1) million. This is a decrease in liquid assets of SEK 98.9 million compared to 31 March 2017. The decrease is attributable to the paid out dividend, on the 8 of May of SEK 3.10 per share, in total SEK 170 million. This is done by a split with a mandatory redemption.

Interest-bearing net assets total SEK 133.3 (117.7) million at the end of the reporting period.

Owner's equity at the end of the reporting period total SEK 728.9 (663.9) million, and the equity/assets ratio as a measure of solidity is 65.7 (66.2) per cent.

## SHARES

On 30 June 2017 there is a total of 55,281,199 shares in HiQ International AB (publ). This is an increase of 568,094 shares from the number of shares on 1 January 2017. The increase is a result of exercise of outstanding warrants and share issues in connection to the acquisitions described below. The proceeds from the issue of shares amounts to SEK 16.9 million.

## ACQUISITIONS

In March 2017, HiQ acquires Presis i Sverige with close to 25 employees. The acquisition price is paid in 128,114 newly issued HiQ shares, resulting in dilution of 0.2 per cent and SEK 1.3 million in cash.

The book value of the shares amounts to SEK 9.8 million. For the Group, goodwill amounts to SEK 6.2 million and acquired client relations to SEK 1.6 million. The acquisition analysis is preliminary.

The company is consolidated from 16 March 2017.

Goodwill arising from the acquisition is mainly due to the companies' good earning capacity and strong market position.

During the period, an additional payment for the financial year 2016 to the sellers of Great Apes is also paid. The additional payment is made through a non-cash issue of 59,140 shares, corresponding to a value of SEK 3.8 million.

## REDEMPTION OF SHARES

On 22 March 2017 the AGM resolves that SEK 3.10 per share, corresponding to a total amount of approximately SEK 170 million, be paid to shareholders in the form of a

share split and a mandatory share redemption programme. The record day for the share split is 7 April 2017 and trading in the redemption shares take place during the period 10 April up to and including 25 April. Payment is made on 8 May 2017.

This decision exceeds HiQ's long-term dividend policy, which states that the long-term dividend level should amount to around 50 per cent of HiQ's profit after tax.

## OPTIONS

On 22 March 2017 the Annual General Meeting approves a share warrant programme for HiQ employees. This consists of two series: the first to be issued in May, the second in November. Both are to be made available to all employees in Sweden, Finland, and Denmark. In the May series a total of 670,000 warrants is subscribed. In total, a maximum of 1,000,000 warrants could be subscribed for during 2017.

If all outstanding warrants from previous programmes and all warrants in the programme approved by this current year's AGM are fully exercised, the dilution effect will be approximately 4.6 per cent.

## PARENT COMPANY

Profit after tax for HiQ International AB (publ) total SEK 35.8 (41.5) million.

On 30 June 2017, the company's interest-bearing net assets total SEK 101.3 (110.0) million, adjusted owner's equity total SEK 405.4 (394.8) million and the equity/assets ratio to 71.0 (73.2) per cent.

Net investments for the period total SEK 0.0 (0.0) million.

## ACCOUNTING PRINCIPLES

This interim report is produced in accordance with IAS 34 'Interim Reporting' and the Swedish Annual Accounts Act.

The same accounting principles are used for this report as for the company's most recent annual report with the exception of certain changes in standards (noted in HiQ's annual report for 2016) and interpretations that have since come into effect. These are, however, not considered to have any impact on the consolidated accounts during the reporting period.

For the parent company, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 2 are applied.

## SIGNIFICANT RISKS AND UNCERTAINTIES

HiQ's operations are influenced by a number of factors; some of these lie within the company's control, others do not. For a consulting company such as HiQ, operations are affected by various factors including standard operational and commercial risks. Examples of these risks are recruitment, project risks, competition and pressure on prices, development prospects for major clients, bad debts, and the ability to enter into framework agreements. Market-related risks include business cycle risks. Financial risks include currency risks and interest risks.

For a detailed description of significant risks and uncertainties, please see pages 26-27 in the HiQ Annual Report for 2016.

## FINANCIAL REPORTS 2017:

Interim report January–September 2017: 26 October 2017

Year-end report January–December: 30 January 2018

## FOR FURTHER INFORMATION, PLEASE CONTACT:

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The Board and President of HiQ hereby declare that this interim report provides an accurate picture of the business activities, financial position and earnings of the Parent and the Group, and describes any significant risks and uncertainties faced by the Parent and the companies that form part of the Group.

Stockholm, 18 July 2017

The Board of Directors of HiQ International AB (publ)

Gunnel Duveblad  
Chairman of the Board

Ken Gerhardsen  
Director

Ulrika Hagdahl  
Director

Erik Hallberg  
Director

Johanna Fagrell Köhler  
Director

Raimo Lind  
Director

Lars Stugemo  
CEO & President, Director

This report has not been subject to scrutiny by the company's auditors.

*This information is information that HiQ International AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 07.30 CET on 18 July 2017.*

**HiQ International Group**  
**Company registration number 556529-3205**

**Statement of comprehensive income**

SEK 000s	Jan-June 2017	Jan-June 2016	April-June 2017	April-June 2016	RTM	2016
Net sales	923 918	846 883	454 258	442 754	1 736 461	1 659 426
Assignment-specific external expenses	-131 965	-112 749	-65 936	-59 691	-245 787	-226 571
Staff costs	-619 211	-573 396	-310 722	-293 383	-1 162 892	-1 117 077
Other external expenses	-52 681	-50 604	-26 278	-25 346	-98 955	-96 878
Depreciation	-6 526	-5 650	-3 334	-2 903	-11 869	-10 993
<b>Operating profit</b>	<b>113 535</b>	<b>104 484</b>	<b>47 988</b>	<b>61 431</b>	<b>216 958</b>	<b>207 907</b>
Finance income	87	334	66	78	284	531
Finance costs	-740	-698	-602	-552	-1 033	-991
<b>Pre-tax profit</b>	<b>112 882</b>	<b>104 120</b>	<b>47 452</b>	<b>60 957</b>	<b>216 209</b>	<b>207 447</b>
Income tax	-25 337	-23 267	-10 790	-13 449	-48 153	-46 083
<b>Profit for the period attributable to shareholders</b>	<b>87 545</b>	<b>80 853</b>	<b>36 662</b>	<b>47 508</b>	<b>168 056</b>	<b>161 364</b>

**Other comprehensive income**

**Items that may be subsequently reclassified to profit or loss**

Exchange differences on translating foreign operations	4 777	11 505	3 771	5 995	9 724	16 452
<b>Other comprehensive income for the period</b>	<b>4 777</b>	<b>11 505</b>	<b>3 771</b>	<b>5 995</b>	<b>9 724</b>	<b>16 452</b>
<b>Profit for the period attributable to shareholders</b>	<b>92 322</b>	<b>92 358</b>	<b>40 433</b>	<b>53 503</b>	<b>177 780</b>	<b>177 816</b>

**Earnings per share attributable to shareholders (based upon profit for the period)**

Earnings per share before dilution, SEK	1,59	1,50	0,67	0,88	3,08	2,97
Earnings per share after dilution, SEK	1,58	1,49	0,66	0,88	3,05	2,96
Average number of shares, thousands	54 896	53 962	55 027	54 001	54 636	54 264
Average number of shares, after dilution, thousands	55 372	54 211	55 425	54 241	55 016	54 604

**The HiQ International Group**  
**Company registration number 556529-3205**

**Balance Sheet**

SEK 000s	30 June 2017	30 June 2016	31 Dec 2016
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Tangible fixed assets	46 165	44 841	45 319
Intangible fixed assets			
Goodwill	369 679	340 819	361 208
Other intangible fixed assets	4 262	0	3 136
Financial fixed assets	17 623	16 457	14 881
<b>Total fixed assets</b>	<b>437 729</b>	<b>402 117</b>	<b>424 544</b>
<b>CURRENT ASSETS</b>			
Accounts receivable, trade	362 087	307 764	346 518
Current income tax assets	0	3 331	9 914
Other receivables	9 151	6 117	6 055
Prepaid expenses and accrued income	135 713	134 453	131 869
Liquid assets	163 906	149 104	204 262
<b>Total current assets</b>	<b>670 857</b>	<b>600 769</b>	<b>698 618</b>
<b>Total assets</b>	<b>1 108 586</b>	<b>1 002 886</b>	<b>1 123 162</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Shareholders' equity attributable to shareholders	728 863	663 895	777 566
<b>Total shareholders' equity</b>	<b>728 863</b>	<b>663 895</b>	<b>777 566</b>
<b>Non-current liabilities</b>			
Long-term interest-bearing debt	23 753	24 868	25 508
Deferred tax liabilities	783	0	393
<b>Total non-current liabilities</b>	<b>24 536</b>	<b>24 868</b>	<b>25 901</b>
<b>Current liabilities</b>			
Short-term interest-bearing debt	6 869	6 527	5 887
Accounts payable, trade	65 302	56 368	65 136
Other liabilities	105 997	85 340	95 240
Accrued expenses and prepaid income	177 019	165 888	153 432
<b>Total current liabilities</b>	<b>355 187</b>	<b>314 123</b>	<b>319 695</b>
<b>Total shareholders' equity and liabilities</b>	<b>1 108 586</b>	<b>1 002 886</b>	<b>1 123 162</b>

**HiQ International Group**  
**Company registration number 556529-3205**

SEK 000s	Jan-June 2017	Jan-June 2016	April-June 2017	April-June 2016	RTM	2016
<b>Cash flow analysis</b>						
Cash flow before change in operating capital & investments	104 557	95 958	32 579	47 569	179 816	171 217
Change in operating capital	13 887	-9 523	25 412	3 516	-16 102	-39 512
Cash flow before investments	118 444	86 435	57 991	51 085	163 714	131 705
Cash flow from investments	-4 231	-2 763	-2 490	-1 439	-6 407	-4 939
Cash flow after investments	114 213	83 672	55 501	49 646	157 307	126 766
Cash flow from investments activities	-154 569	-146 982	-154 439	-146 624	-142 505	-134 918
Change in liquid assets	-40 356	-63 310	-98 938	-96 978	14 802	-8 152
Liquid assets at the start of the period	204 262	212 414	262 844	246 082	149 104	212 414
Liquid assets at the end of the period	163 906	149 104	163 906	149 104	163 906	204 262
<b>Change in shareholders' equity</b>						
Amount at the start of the period	777 566	718 018	671 547	600 493	663 895	718 018
Dividends / redemption	-170 191	-156 380	0	0	-170 191	-156 380
Warrant premiums	1 994	1 060	1 994	1 060	3 438	2 504
Share issue conversion of warrants	14 889	8 839	14 889	8 839	27 284	21 234
New share issue in connection with acquisition	12 283	0	0	0	26 657	14 374
Total comprehensive income for the period	92 322	92 358	40 433	53 503	177 780	177 816
Amount at the end of the period	728 863	663 895	728 863	663 895	728 863	777 566
<b>Key figures</b>						
Operating profit (EBIT)	113 535	104 484	47 988	61 431	216 958	207 907
Operating margin	12,3%	12,3%	10,6%	13,9%	12,5%	12,5%
Profit margin	12,2%	12,3%	10,4%	13,8%	12,5%	12,5%
Capital employed	759 485	695 290	759 485	695 290	759 485	808 961
Operating capital	595 579	546 186	595 579	546 186	595 579	604 699
Return on operating capital	18,9%	19,3%	9,3%	13,2%	38,0%	36,5%
Return on shareholders' equity	11,6%	11,7%	5,2%	7,5%	24,1%	21,6%
<b>Financial position</b>						
Expensed investments in computers	1 815	1 985	898	930	4 015	4 185
Liquid assets	163 906	149 104	163 906	149 104	163 906	204 262
Interest-bearing net cash	133 284	117 709	133 284	117 709	133 284	172 867
Shareholders' equity	728 863	663 895	728 863	663 895	728 863	777 566
Equity/assets ratio	65,7%	66,2%	65,7%	66,2%	65,7%	69,2%
<b>Employees</b>						
Number of employees at end of period	1 642	1 529	1 642	1 529	1 642	1 573
Number of employees in duty at end of period	1 504	1 394	1 504	1 394	1 504	1 436
Average number of employees	1 440	1 337	1 463	1 358	1 413	1 361
Value added per employee	495	492	239	253	947	943
Turnover per employee	642	634	310	326	1 229	1 219
Operating profit per employee	79	78	33	45	154	153
<b>Share data</b>						
No. of shares at end of period, thousands	55 281	54 153	55 281	54 153	55 281	54 713
Average no. of shares before dilution, thousand	54 896	53 962	55 027	54 001	54 636	54 264
Average no. of shares after dilution, thousand	55 372	54 211	55 425	54 241	55 016	54 604
Profit per share before dilution, SEK	1,59	1,50	0,67	0,88	3,08	2,97
Profit per share after dilution, SEK	1,58	1,49	0,66	0,88	3,05	2,96
Shareholders' Equity per share, SEK	13,18	12,26	13,18	12,26	13,18	14,21

**HiQ International Group**  
**Company registration number 556529-3205**  
**Segment reporting**

<b>Jan-June 2017</b>	<b>Sweden</b>	<b>Finland</b>	<b>Group and elim</b>	<b>Group</b>
Net sales from external clients	744 089	179 829	0	923 918
Net sales from other segments	0	92	-92	0
<b>Net sales</b>	<b>744 089</b>	<b>179 921</b>	<b>-92</b>	<b>923 918</b>
Operating profit	91 330	28 758	-6 553	113 535
<i>Operating margin %</i>	12,3%	16,0%		12,3%
Financial net				-653
Profit before tax				112 882
Assets*	802 766	352 454	-46 634	1 108 586
<b>Jan-June 2016</b>	<b>Sweden</b>	<b>Finland</b>	<b>Group and elim</b>	<b>Group</b>
Net sales from external clients	698 118	148 765	0	846 883
Net sales from other segments	0	348	-348	0
<b>Net sales</b>	<b>698 118</b>	<b>149 113</b>	<b>-348</b>	<b>846 883</b>
Operating profit	83 961	25 779	-5 256	104 484
<i>Operating margin %</i>	12,0%	17,3%		12,3%
Financial net				-364
Profit before tax				104 120
Assets*	739 500	280 690	-17 304	1 002 886
<b>April-June 2017</b>	<b>Sweden</b>	<b>Finland</b>	<b>Group and elim</b>	<b>Group</b>
Net sales from external clients	365 438	88 820	0	454 258
Net sales from other segments	0	29	-29	0
<b>Net sales</b>	<b>365 438</b>	<b>88 849</b>	<b>-29</b>	<b>454 258</b>
Operating profit	36 634	13 979	-2 625	47 988
<i>Operating margin %</i>	10,0%	15,7%		10,6%
Financial net				-536
Profit before tax				47 452
Assets*	802 766	352 454	-46 634	1 108 586
<b>April-June 2016</b>	<b>Sweden</b>	<b>Finland</b>	<b>Group and elim</b>	<b>Group</b>
Net sales from external clients	364 241	78 513		442 754
Net sales from other segments	0	348	-348	0
<b>Net sales</b>	<b>364 241</b>	<b>78 861</b>	<b>-348</b>	<b>442 754</b>
Operating profit	47 313	15 587	-1 469	61 431
<i>Operating margin %</i>	13,0%	19,8%		13,9%
Financial net				-474
Profit before tax				60 957
Assets*	739 500	280 690	-17 304	1 002 886

\* Assets per segment consists of assets used in the daily operations and that could be allocated to a specific segment. This means that tangible fixed assets and current assets are included. Financial assets have not been allocated to specific segments.



## ALTERNATIVE KEY RATIOS

HiQ uses a number of alternative key ratios in order to convey a fair picture of HiQ's results and financial position. Below are definitions of the alternative key ratios used. The numbers written within brackets are a calculation of the key ratio for the period January – June 2017.

**Operating margin:** Operating profit/loss for the period, in relation to net sales for the period (113 535 / 923 918 = 12.3%)

**Profit margin:** Pre-tax profit of the period, in relation to net sales for the period (112 882 / 923 918 = 12.2%)

**Net interest income:** Financial income, less financial costs (87 – 740 = -653)

**Interest bearing net funds:** Liquid assets, less interest bearing debts (at the end of the period) (163 906 – 23 753 – 6 869 = 133 284)

**Equity/assets ratio:** Shareholders' equity as a percentage of total assets (at the end of the period) (728 863 / 1 108 586 = 65.7%)

**Capital employed:** Equity and interest bearing debt (at the end of the period) (728 863 + 23 753 + 6 869 = 759 485)

**Operating capital:** Capital employed, less liquid assets (759 485 – 163 906 = 595 579)

**Return on operating capital:** Operating profit/loss in relation to average operating capital (113 535 / ((595 579 + 604 699)/2) = 18.9%)

**Net sales per employee:** Net sales in relation to average number of employees (923 918 / 1 440 = 642)

**Added value per employee:** Operating profit/loss plus salaries and salary related expenses, in relation to average number of employees ((113 535 + 599 100) / 1440 = 495)

**Operating profit per employee:** Operating profit/loss in relation to average number of employees (113 535 / 1 440 = 79)

**Equity/share:** Shareholders' equity in relation to total number of outstanding shares (at the end of the period) (728 863 / 55 281 = 13.18)