

We are HiQ.

2019 Annual Report

hiQ

ANNUAL GENERAL MEETING

The Annual General Meeting will take place at 10.00 a.m. (10:00 CET) on 30 March 2020 in HiQ's 7th floor office at Katarinavägen 15 in Stockholm. A notice of the meeting will be published on the company website, www.hiq.se, and will also be advertised in Post & Inrikes Tidningar and in the Swedish daily newspaper Svenska Dagbladet.

FINANCIAL REPORTING DATES

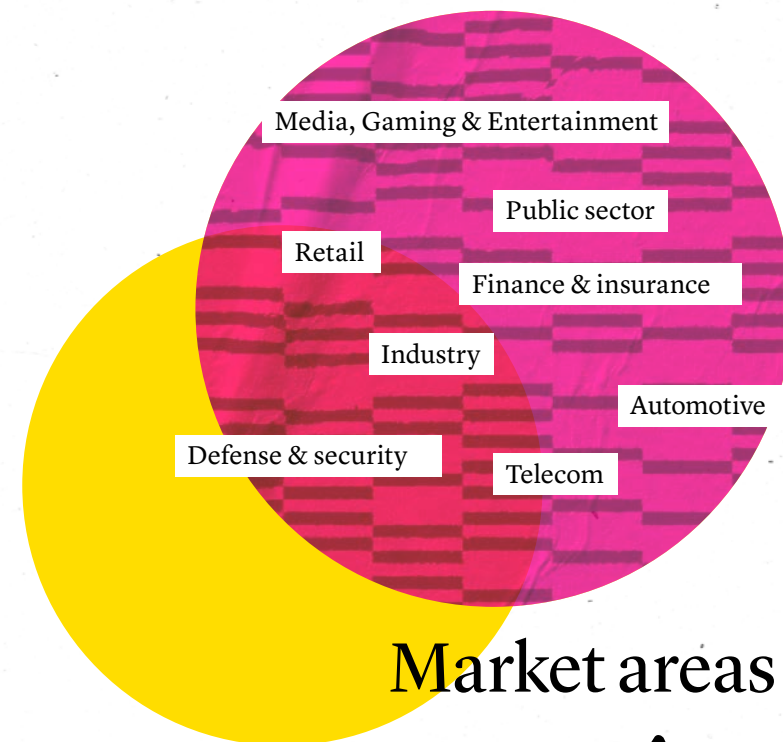
Presentation of HiQ's interim report January-March 2020 will be published 21 April 2020.

Presentation of HiQ's interim report January-June 2020 will be published 16 July 2020.

Presentation of HiQ's interim report January-September 2020 will be published 22 October 2020.

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In four countries



Established
1995

Simplifies and improves people's lives by using technology

- by doing so we create a better, more sustainable and fun world.

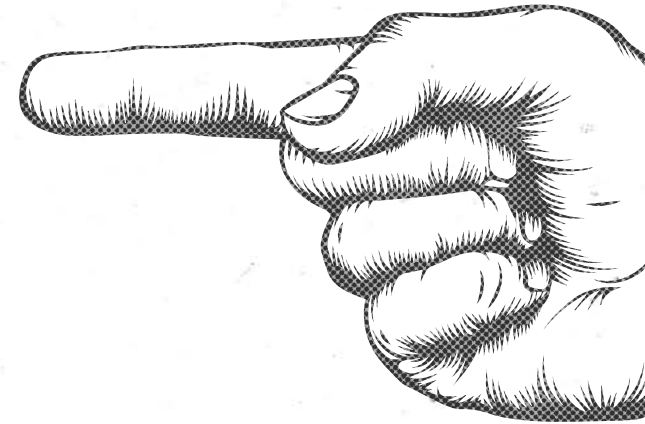
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Engineers, developers, strategists & creators

*Consultancy company
within
tech, design and
communication*

We are HiQ.

At HiQ we simplify people's lives by using tech, design and creativity to build smart solutions, businesses and brands. We believe that tech development is the best way to make the world better, sustainable, smoother, safer - and more fun. From four guys in 1995 we are today a consultancy company with close to 1,600 brilliant coders, creatives and business people. Our base is in the Nordics but our solutions makes imprints all over the planet.





HiQ breaks profit record in 2019

In 2019, we increase profits and margins and deliver continued strong cash flow. Liquidity is high, and during the fourth quarter we see a positive net recruitment. Net sales during the year amount to SEK 1,847.1 million. Operating profit increases 15 per cent to SEK 226.0 (196.5) million, more than we have ever earned before. Cash flow amounts to SEK 232.2 (167.4) million and we have cash and equivalents worth SEK 188.1 million. At year-end HiQ has 1,560 employees. HiQ's Board of Directors proposes a dividend of SEK 3.40 per share, for a total of SEK 189.9 million. The best result and the highest dividend in our history. That is something we are truly proud of!

If we zoom out and look beyond ourselves, we see a world filled with discussions about Brexit, the U.S., China, trade wars, viruses, illness and so on. At the same time, we can safely say that technology development continues to thunder ahead at lightning speed. Every individual, company and organisation is being impacted by new technologies that simplify and streamline our daily lives. Thanks to accelerating connectivity, we can develop smarter cities, more sustainable and efficient transportation and better infrastructure.

Technology development pervades a company's entire business – everything from simplifying administration and meeting the needs of new customer groups to streamlining operations. Mobile phones have infiltrated our lives, and we use them to pay, shop, watch TV, drive electric scooters, lock the car, control the hoover, do our banking and more. We are changing our behaviours as new services crop up all around us. And our mobile, always-connected behaviour is spurring the pace of development.

As I see it, technology development is also one of the essential pieces of the puzzle in

building a sustainable world, and my belief is that we as a company provide the best value by continuing to develop innovative digital solutions together with our fearless clients. One clear example is when we develop smart digital payment systems, which have cut in half the amount of cash in circulation in Sweden within a span of ten years – from about SEK 110 billion kronor in cash to today's SEK 55 billion. Of course, this is something that has a major impact on CO2 emissions from mining, smelters and coining. But also transportation, where coin and bills alone accounts for a multitude of transportation worldwide.

Thanks to strong technology development we continue during 2019 to experience healthy demand for our services. After having made the necessary changes in 2019 to streamline parts of the business, we are well equipped for the future even in the event of a temporary slowdown in the market. Our strong R&D and IT business continues to perform nicely, and we are both expanding existing partnerships and winning many new deals and projects.

All in all, our portfolio of major framework agreements is stronger than ever – a positive sign for the future. And during the year it becomes even stronger. The Swedish Tax Agency appoints us as the clear first choice in its procurement of consultancy services. We also win a procurement from the Swedish Armed Forces, SVT and the Swedish Legal, Financial and Administrative Services Agency. We sign an important new IT framework agreement with our long-term client

Saab and sign a framework agreement with IoT provider Telenor Connexion. We see this as clear recognition that our services are in demand and our quality is on point.

Also during the year, we launch a partnership with Orkla Foods. SKR turns to us to use AI to streamline the healthcare system. Both Finnish Lähtitaksi and Swedish Taxi Stockholm turn to us to build critical parts of their digital infrastructure. As do patent company AWA and retailer Procurator. And our architecture based on the Frends integration platform plays a key role in several of the solutions rolled out.

Together with Scania, we develop a mobile solution that allows lorries to get faster help during unplanned stops. Petrol station chain ST1 and Shell team up with us to help them digitalise parts of their business. And the software used in products from tech start-up InviSense – one of Sweden's 33 most innovative companies, according to tech publication Ny Teknik – is being delivered by HiQ.

As for more good news, we initiate collaboration with the Swedish Automobile Sports Federation to develop new digital solutions and services. And together we develop and launch the world's first fully digital license system for automotive sports. When it comes to technology development, the rules of the game are the same whether you operate in industry, commerce, entertainment, sports or culture. And our collaboration with the Swedish automobile sports just goes to show that all areas of society are impacted by technology development and need to digitalise

some of their operations to remain competitive in their various markets.

As more and more services are being developed and systems linked together, corporate IT platforms are feeling the pressure, causing demand to grow for integration services and platforms. Our systems integration operations and licensing business for our Frends integration platform continue their strong growth and deliver solid results. We currently have more than 325 active service subscribers. And in Gartner's independent report Peer Insights, Frends is the highest ranked integration platform. Frends licence sales are continually on the rise, and we are completing investments to meet demand throughout the Nordics.

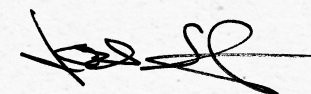
Since we started HiQ in 1995 we have through the momentum of the technology development continued to progress in pace with our clients' needs and challenges. Our breadth is our strength and it enables us to constantly learn new things and at HiQ we work actively with transferring knowledge between industries and segments. This way our clients can benefit from new competence and inspiration from completely other industries than their own – and our employees constantly get new exciting projects to work with.

We are a company whose only and therefore largest asset are our employees. Thus it is of great importance for us to continuously build our brand and attract competence. And it is gratifying to see that we successfully do so. An evidence for our strong brand, is that we are

highly ranked by the labour market. Academic Works' Young Professional Attraction Index survey puts us on the top-100 list of Sweden's highest-ranked employers, where many of our competitors are not included. We are named one of Sweden's Career Companies 2020. And the market insight company Universum ranks us as best in the industry among IT consulting companies in the key segment "senior professionals".

At HiQ, we are joining our forces to build the Nordic region's best teams of engineers, developers, strategists and creators. During 2019 we have, as previous years, continued to attract a lot of new employees. And HiQ's brand remains strong and is loaded with challenging assignments, confident and committed leaders and marketable remuneration – and with a purpose to build a simpler, better and more joyful world. We are at our best when faced with difficult tasks and tight deadlines. And together with our forward-looking clients, we press ahead in building a workplace with exciting challenges, exciting projects, exciting technology and an inclusive, stimulating work environment. This is how we have attracted the best specialists in the industry – and this is how we will continue to attract them.

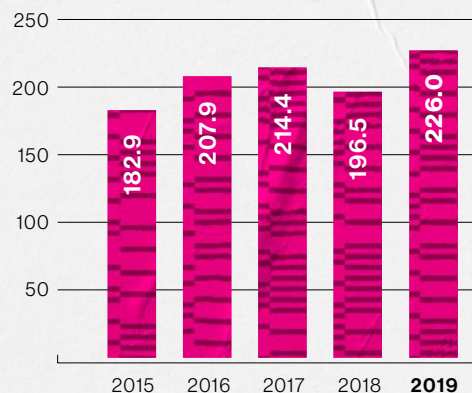
And how will the future look? Luckily no one can answer that, but I'm convinced that it will be amazing.



Lars Stugemo,
President and CEO of HiQ



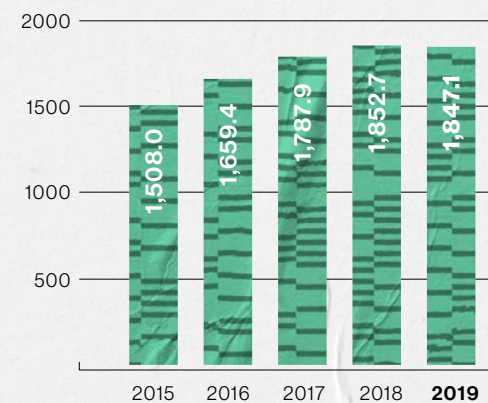
Operating Profit 2019 (SEK million)




Total tax revenue for Sweden generated by HiQ since IPO (SEK billion)

10.5

Net sales 2019 (SEK million)





Sales 2019 (SEK million)

1,847.1

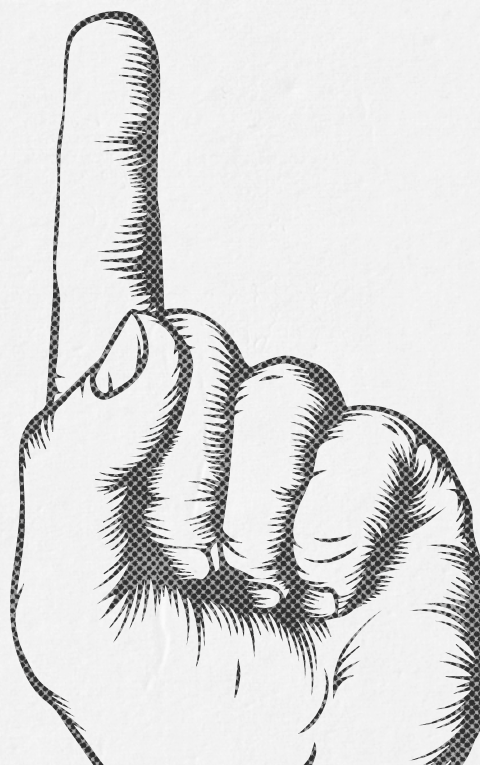
Number of employees



1560

EBIT margin 2019 (%)

12.2



Operating profit 2019 (EBIT)



15%





The year in pictures



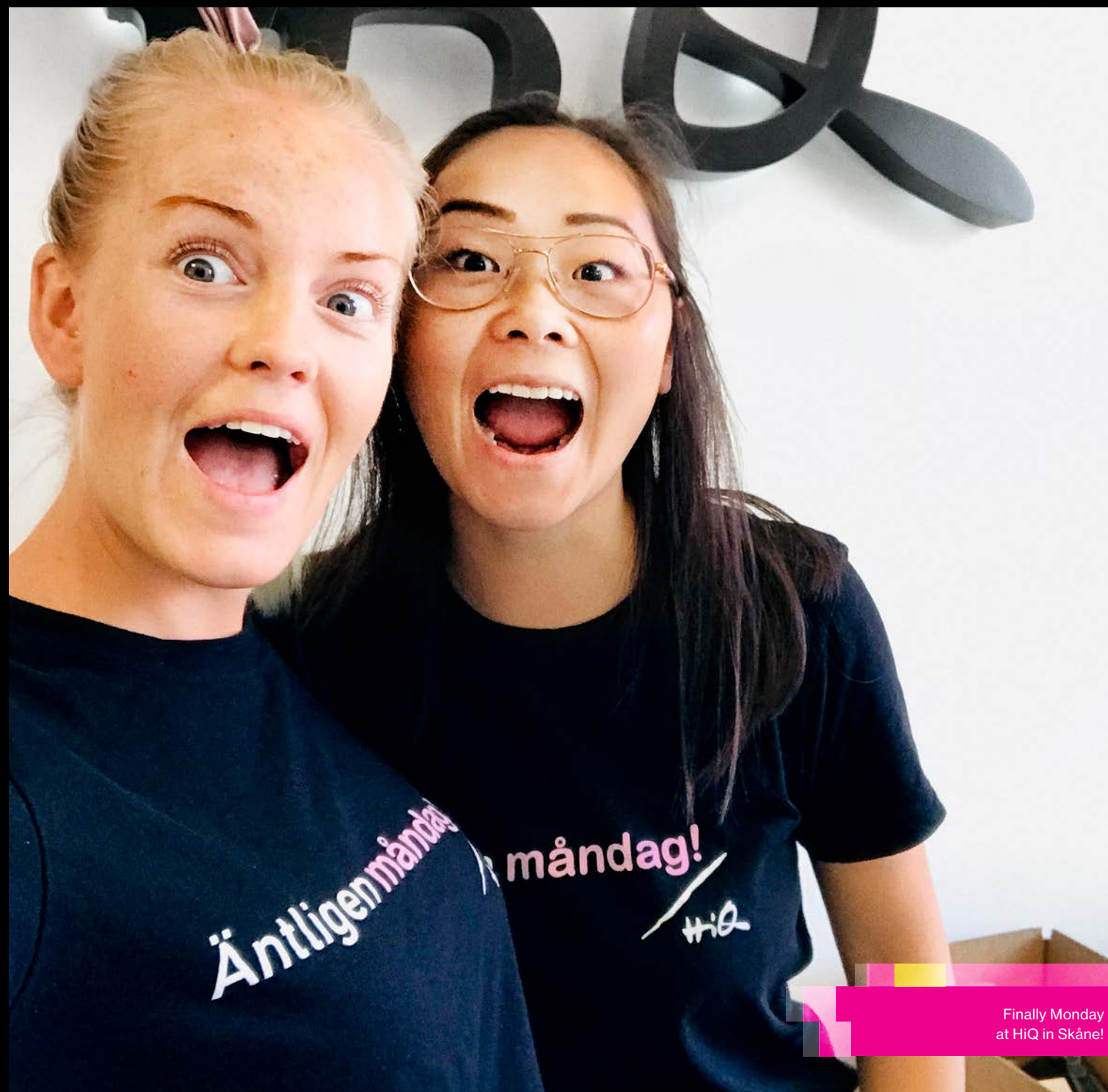
HiQ and the design team from Great Apes are acknowledged and win several international design awards for their projects for the forest industry group Metsä Group.



HiQ Sailing Team arrives in Malmö and meet with employees and clients. During the transport we performed 7 events where customers and employees got the chance to visit the boat. And over 60 employees got a once-in-a-lifetime experience sailing with the VO65 during the trip to Stockholm.



HiQ and Scania build an app that gives Scania customers faster assistance during unscheduled downtime.



Finally Monday
at HiQ in Skåne!

HiQ Frends

– the one-stop-shop integration platform on a booming market.

The Frends integration platform is a software service that is developed, managed and marketed by HiQ. It is delivered as a subscription service, a so-called Integration Platform as a Service (iPaaS), and we currently have more than 325 active licenses. HiQ Frends is aligned with the integration consultancy services that HiQ also provides, and has become a key feature in HiQ's offerings for digitalization and IT-architecture.

Why Frends is needed

Our experience is that organisations rarely use just one IT-system to tackle all of their business needs. Most companies have a mesh of systems, some old some new. Together these systems form the IT functions on which their daily business-critical operations rely. Many of our clients face an increasing amount of effort and time spent on these joint systems. Over time complexity and risk level increase. Total cost goes up, innovation speed is low.

Since all of these system components need to be carefully maintained over time it could be an attractive option to replace old IT legacy with new platforms. While this is a popular and hot topic reality often proves that the perfect time for such a huge investment seldom occurs. Instead, they have a system here, some software there, and maybe a larger collection of systems until they have a smorgasbord of options that, together add up to the IT-architecture needed to support and grow their business.

Most companies run on various systems, especially between different departments and business areas. The risk with having different systems operating on separate platforms that each play an integral role in your business is that you become subject to data loss, disjointed information, and misalignment. It is crucial to find ways to create more frictionless overall IT experiences, covering everything from consumer expectations to internal systems.

Studies have found that 57% of organisations recognize integrating disparate technologies as one of the biggest barriers to success. And most companies would benefit from improving communication between different silos by integrating software and systems. The aim is to better share data and business functionalities, both within and outside of organisations.

Benefits of Frends

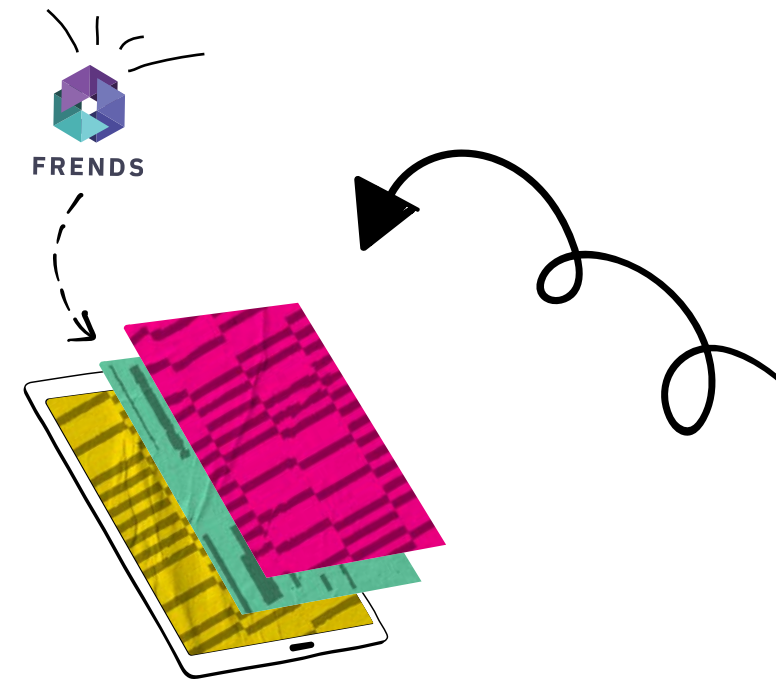
The remedy is the HiQ Frends integration platform. Frends is the software layer that connects otherwise disjointed systems to deliver a unified solution to customers. It acts

as a safe and flexible channel for communication between multiple systems — enabling integration and automation simultaneously. As we speak, virtually all companies deepen their cloud dependency and Frends becomes an essential backbone to nearly every business.

The platform also allows a company to expand its offering without the need to build new bespoke services or further develop existing systems. Instead, companies can integrate with other software providers that already offer. The result is a unified and more robust solution for the end customers.

Booming market

The market for integration platforms is booming as enterprises across the planet embrace new hybrid and multi-cloud strategies. The aim is to reduce costs and optimize workload performance for both on-premises and cloud infrastructures. In the independent research company Gartner's report *Peer Insights*, Frends is the highest rated integration platform.



“The HiQ vision for the Friends platform has always been to develop an integration platform that developers love working with, architects leverage for new challenges and that fulfills all the business’s needs.

– Lars Stugemo, President and CEO of HiQ



Aalto University has an extremely complicated environment consisting of tens of systems and thousands of integrations serving tens of thousands of students. Friends has become a key foundation for creating the next generation of learning experiences supported by AR and an Open University concept.

Photo: Unto Rautio, Aalto University.



IT consultants in backlight.



Photo: Jesper Andersson.

HiQ ambassador Lisa Nordén is double Swedish National Champion in cycling and competes for the Swedish national cycle team. During the year Lisa has met up with many of our employees – inspiring us with her incredible winning attitude.





HiQ toughest
IT-consultants in Skåne.



Just wanna da-da-dance you off.
So don't you da-da-dare wait up.



HiQ partners with Swedish Automobile Sports Federation and launch the world's first completely digitalized motorsport licenses.



Death Metal Unicorns...





HiQ Sailing Team crushes the course record at Gotland run and is the overall winner, class winner and wins the line honor. Plus several other awards. The event generated close to 50 articles that reached over 5 million people.



HiQ develop Snarveien for ST1 and Shell in Norway – "coffee as a service".



Close to 1000 HIQ'ers go to Oslofjord in Norway for The Epic HIQ Culture Festival Games conference. Finland wins the competition for best consultant team.



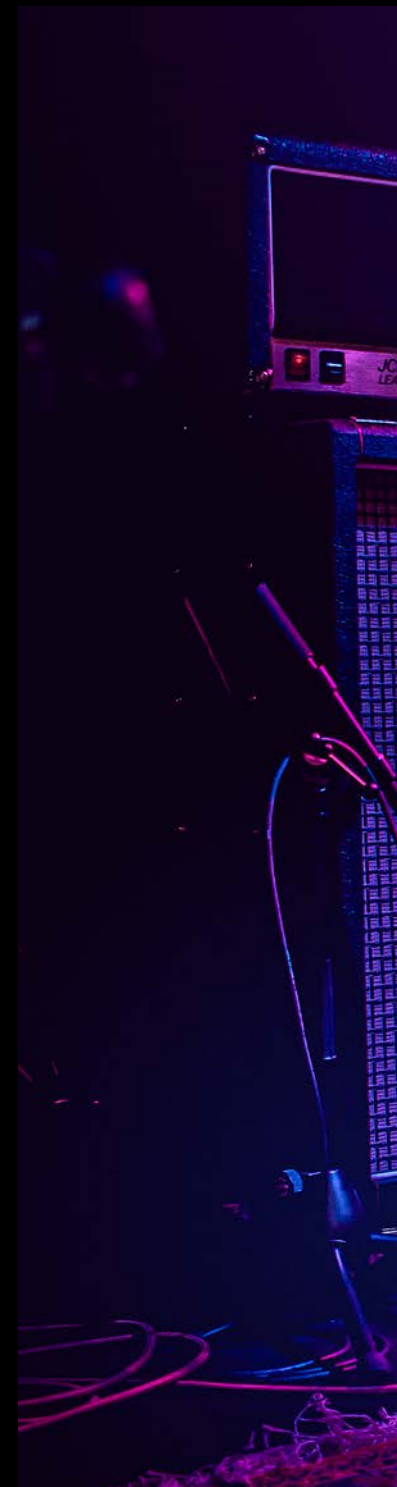
Over 300 guests with a mix of clients, employees and future employees makes Kunskapsbaren in Linköping a much acclaimed success.



Death Metal Unicorns...



HIQ ambassador and rally driver Emil Lindholm wins silver in FRC – Finnish Rally Championships. Emil who is an famous athlete adds inspiration and exposure of our brand in Finland.





The Music festival at HIQ's Stockholm office had 9 bands and hundreds of people in the audience.



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The year at a glance.

Employees at HiQ now total close to 1,600. And we continue to grow. We have built up a strong offering, are well positioned in all our markets and are always winning new orders – in new areas and with new clients. Together with our adventurous, creative, fearless clients, we continue to design solutions that simplify people's lives, creating a better, more sustainable and – not least – more enjoyable world.

Our financial position is strong. Net sales in 2019 total SEK 1,847.1 (1,852.7) million. Operating profit increases 15 per cent to SEK 226.0 (196.5) million, corresponding to an operating margin of 12.2 (10.6) per cent. Cash flow amounts to SEK 232.2 (167.4) million. We end the year with SEK 188.1 million in liquid assets. During the year's second quarter, as announced earlier, we divested our holding in Westend Affärscentrum Oy, our former office space in Finland. The divestment results in a capital gain of SEK 22.8 million. The Board proposes that the Annual General Meeting approve a shareholder dividend of SEK 3.40 per share, totalling

SEK 190 million. This is in the form of a split and a mandatory redemption programme.

In zoomed-out mode, from a global perspective, much of 2019 has revolved around discussions about Brexit, the U.S., China, trade wars, security policy and how to take care of our planet. Despite this, we can safely say that technology development continues to thunder ahead at lightning speed. Every individual, company and organisation is being impacted by new technologies that simplify and streamline our daily lives. Thanks to accelerating connectivity, we can develop smarter cities, more sustaina-

ble and efficient transportation and better infrastructure. Technology development pervades a company's entire business – everything from simplifying administration and meeting the needs of new customer groups to streamlining operations. And our mobile, always-connected behaviour is spurring the pace of development. Mobile phones have infiltrated our lives, and we use them to pay, shop, watch TV, drive electric scooters, lock the car, control the Hoover, do our banking and more. And we are changing our behaviours as new services crop up all around us.

Demand for HiQ's services is healthy, and our distinct market position makes us relevant to our clients. We are strong in R&D and IT and are clearly growing in communication and system integration, where our integration platform Friends plays a key role. This makes us a major partner for companies that want to continue to evolve in our technology-intensive world.

During the year we win new framework agreements with leading players in several areas, and our team business continues to grow. Some examples are when the Swedish Tax Agency appoints us as the clear first choice





in its procurement of consultancy services. We also win procurement contracts from the Swedish Armed Forces, SVT and the Swedish Legal, Financial and Administrative Services Agency. We sign an important new IT framework agreement with our long-term client Saab and sign a framework agreement with IoT provider Telenor Connexion. We see this as clear recognition that our services are in demand and our quality is on point. All in all, our portfolio of major framework agreements is stronger than ever – a positive sign for the future.

In R&D, we continue to build on our

strengths and are continuously sealing new deals with existing and new customers alike. And we continue to work on a broad front with leading companies in telecoms, industry and defence, among others. During the year we also continue our partnerships with the innovative automotive industry, delivering more teams to build the safe, autonomous and innovative vehicles of the future. Our expertise in smart vehicle systems makes us a strategic partner for some of the foremost players in the automotive industry.

During the year, demand also grows for our services in system integration. And we see that

demand for our integration platform Friends – which streamlines flows and makes it easier for systems to talk to each other – steadily continues to grow. There is a large market for integration platforms in Sweden and Finland. Today, Friends is well established in Finland and we have started expanding in Sweden. We currently have over 300 active licenses, mostly from companies in Finland.

Another growing area is marketing. As technology forges ahead, the distance between IT and marketing departments is closing, and HiQ is becoming an ever-more interesting end-to-end partner. We are seeing this in the

recognition of our Finnish team from Great Apes with the Red Dot awards, the German Design Awards, the European Design Awards and the ADC Awards for our project for the forestry company Metsä Group.

As we enter 2020, we do so at a steady speed. Together, we continue to build the kind of company we want to work at. We are big enough to offer the full breadth and excellence our clients demand, but not so big that we can't make all employees feel involved and special. A company that creates winning results combined with joy, passion and energy.

WE SIMPLIFY PEOPLE'S LIVES



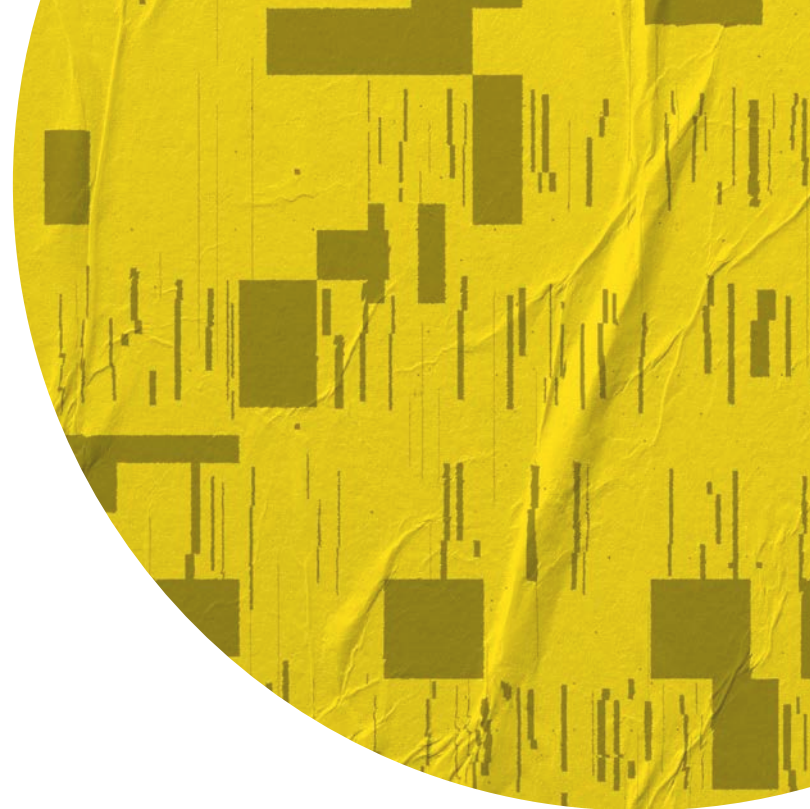
We simplify people's lives and create a more sustainable and enjoyable world.

At HiQ we use technology, design and communication to simplify people's lives. We're convinced that we can build a simpler, better, more sustainable and more enjoyable world thanks to advances in technology and smart digital solutions. Digital services, systems and products are at the core of our business offer, and with our teams' breadth of expertise we help our clients all the way, from business strategy and initial ideas to development and operational management through to launch and activation.

The Nordic region represents HiQ's largest market, and we also win assignments for multinational companies where our solutions are used all over the world. We currently operate in four countries, and every one of our nearly 1,600 employees are driven to make people's lives simpler. We are listed on the Nasdaq Stockholm Mid Cap and are building a strong HiQ by prioritising quality, profitability and growth – in that order.

We often enter partnerships with clients who view technology as a critical success factor. Partnerships in which we bring our innovative strength and technical skills to the table, enabling us to develop the client's organisation as well as its business – always with the user in focus. Hand in hand with our R&D expertise we have a robust IT offering where we also manage platforms, plus a communication offering that meets the requirements and expectations of our clients' marketing departments.

One of our specialist areas is integration and our integration platform Frends, a cloud-based integration platform sold as a license-based service, a so-called integration platform as a service (IPaaS). The platform simplifies integration between different systems – a challenge that Frends solves and that is gaining in importance as more and more applications are built and services become dependent on data to and from different IT systems.



Our guiding stars.

HiQ is, and always has been, a company with clear guiding stars – results, responsibility, simplicity and joy have influenced everything we do since day one in 1995. At HiQ, these aren't just pretty words. They are the standards that we live by every day, in every project, to create a competitive advantage and a more joyful everyday life for ourselves and for our clients.

Results

In order to have satisfied clients we must deliver results, in every assignment every day. We monitor this through a continuous and open dialogue with our clients – in everyday communication and through extensive client surveys. Because regardless of the number of years in the business, HiQ is a young, hungry and result-oriented company, constantly striving to make a difference in people's lives and in our clients' organisations. Thanks to the results we deliver, our clients can offer products and services that make people's lives simpler, safer and more fun.

Responsibility

Every HiQ employee sets a good example and takes responsibility in words as well as in action – for themselves, for their team, and for the overall outcome. This covers everything from delivering the right results at the right time, to creating a good atmosphere and energy wherever we carry out our work – at home at HiQ as well as in our assignments. We do the little extra to create added value for our clients, and to build the HiQ that we ourselves want to work in.

Simplicity

We believe that innovation should be spelled simplicity. Striving for simplicity makes us creative and gives us the courage to discard whatever is not necessary. For our clients, simplicity means that we at HiQ are accessible, quick, and not hesitant to propose unexpected solutions and improvements. We're not afraid of complex challenges – on the contrary, we are at our best when faced with difficult tasks and tight deadlines, and when we get to use smart ideas and advanced technology in order to simplify for people.

Joy

We believe in joy. When having fun at work and being oneself, we believe that one also performs better. We have fun working together with our clients, which shows in the results we create. Good dynamics support creativity, which in turn makes both HiQ and our clients more competitive. Joy infuses HiQ as a company, everyone who works here, and the collaboration with the clients we meet every day.



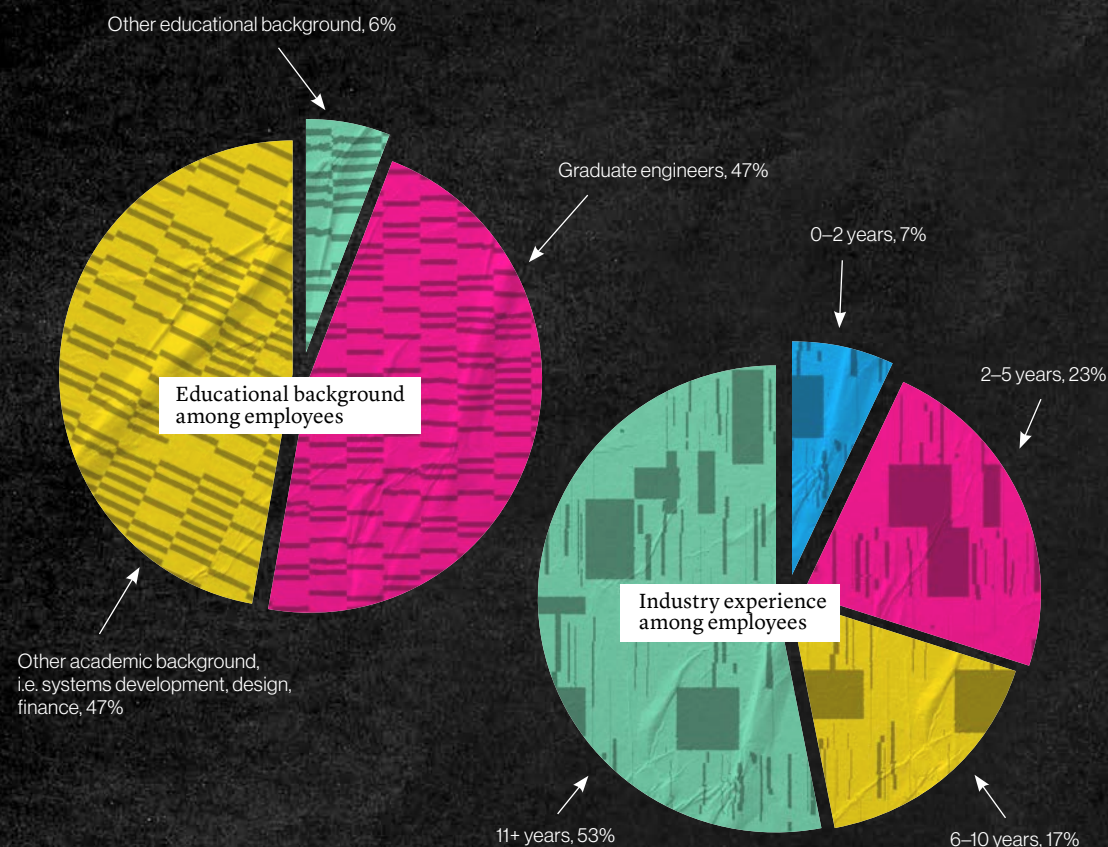
The HiQ employee.

To achieve exceptional results, we need to recruit the best employees. This creates strong teams consisting of people with different backgrounds, nationalities and skills – a mix of women and men of all ages. Each one of our employees is unique, and HiQ is a place where you can be yourself. This encourages creativity, which makes us more innovative and competitive.

HiQ possesses a strong corporate culture that is infused by our guiding stars – results, responsibility, simplicity and joy. For us it's important that our employees feel good, have fun and feel that they are advancing. Whether it's professional development and courses, or social activities like working out or playing music together. We are passionate about a good work-life balance, and we believe that what we do in our spare time is reflected in our work and vice versa.

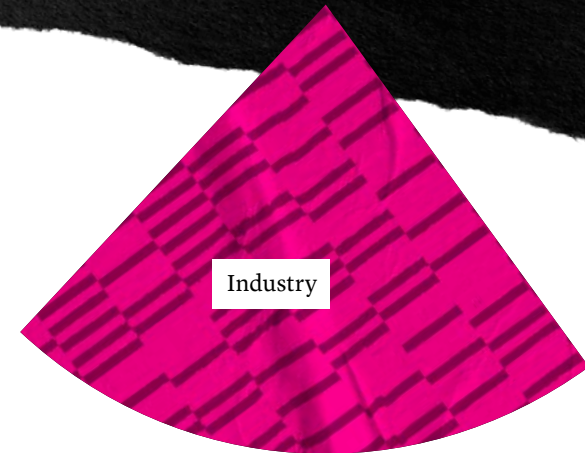
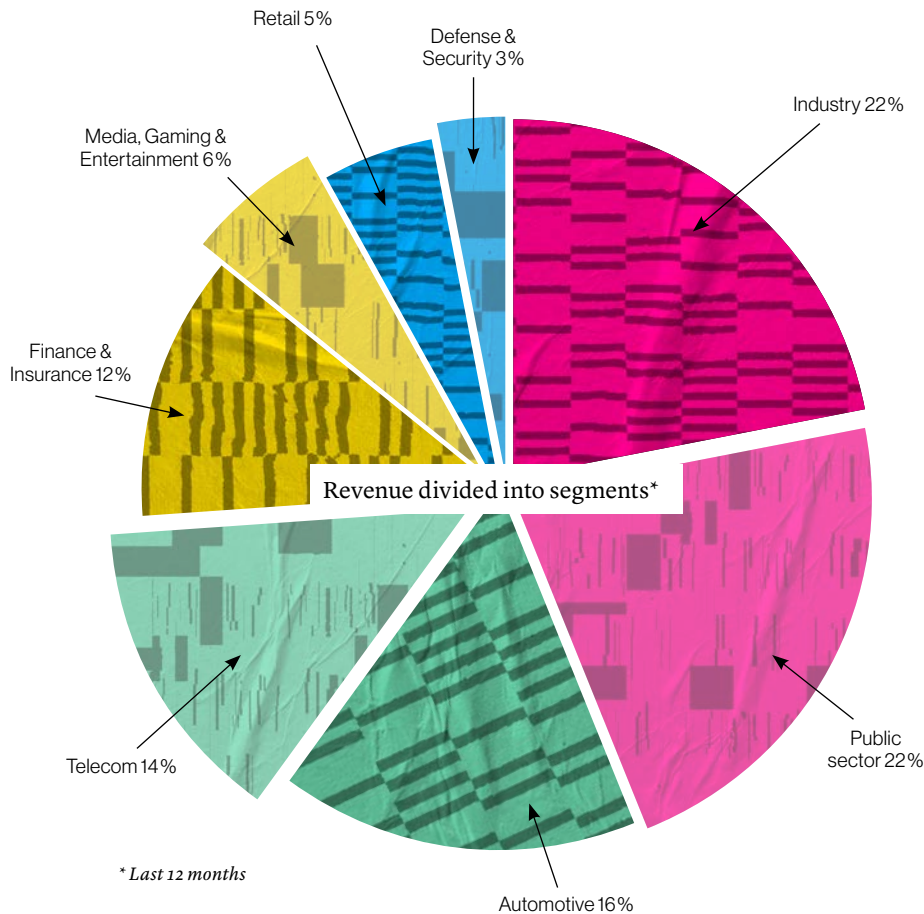
A typical HiQer is positive, motivated and highly skilled, which comes from both experience and studies. Today, we are nearly 1,600 employees who combine joy, responsibility and simplicity while creating winning results together with our clients.

KEY RATIOS, 5 YEARS	2019	2018	2017	2016	2015
Net sales per employee, SEK thousand	1,291	1,254	1,234	1,219	1,187
Value add per employee, SEK thousand	977	936	936	943	929
EBIT per employee, (SEK) thousand	158	133	148	153	144
Number of employees at year-end	1,560	1,629	1,645	1,573	1,415
Average number of employees	1,431	1,478	1,449	1,361	1,270
Proportion of women	24%	24%	24%	23%	22%
Average age, years	39	39	39	39	39



Our client segments.

We divide our market areas into eight segments and have a broad, well-balanced market mix. The breadth 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 simplification and improvements, new offerings and new value chains.



Industry

Industry

Industry is often thought of as the heart of the western world's competitiveness. The fourth industrial revolution is currently underway – often called Industry 4.0 – in which tools like automation, the Internet of Things, machine learning and artificial intelligence are used to make industry even more efficient.

HiQ is well-established in the industry segment, and we are now a strategic partner for many leading industry players. This most often includes advanced development of state-of-the-art products and business-critical systems. But we also offer innovation and concept development as well as fresh strate

gies for marketing and sales. And not least, more efficient processes and smart integra

tion between systems using tools like our integration platform Frends.

One example in this segment is Swedish Epiroc, for whom we develop systems that make mining machinery even more safe and efficient. Another is Seco Tools, where we develop systems to enable just-in-time access to new cutting edges. All contributing to a more streamlined, optimised and sustainable production.

Our clients include ABB, Assa Abloy, Atlas Copco, Bombardier, Cactus, DEKRA, Destia, Electrolux, Elenia, Epiroc, Finnair, SAS, Seco Tools and Toyota Material Handling Europe.

Public sector

Public sector

Our clients' mission is to offer the best possible service to citizens, and the challenges include everything from outdated legacy systems and the management of large data volumes to security and privacy issues. Today, HiQ is a key partner to an increasing number of government agencies, municipalities and public administrations in the Nordic region.

Through framework agreements, we gain a strong platform to grow further within this segment. For example, we now have several framework agreements with Kammarkollegiet that enable many of Sweden's municipalities, county councils, authorities and public agencies to use our expertise to simplify the lives of Swedish citizens.

An example of using digital technology to simplify and improve people's lives is our award-winning project for Finnish Trafi,

where we are developing a prototype of a digital driving license. This is something that immediately opens totally new possibilities, like updating information on someone's identity in real time.

During 2019 we have noticed a slightly dampen demand from our clients in the public sector. Some projects have been stalled and crucial decisions have been delayed. This especially effects parts of our business in Östergötland and Stockholm.

Our clients include the Swedish Public Employment Service, Enköpings Municipality, the Swedish Enforcement Authority, Kungälv Municipality, the Swedish Civil Contingencies Agency, the Swedish Post and Telecom Authority, Swedish Government Offices, the Swedish Tax Agency, Stockholm County Council, the Swedish Association of Local Authorities and Regions, and in Finland, Trafi and Tulli.

Automotive

Automotive

Sweden is at the forefront of advanced technology for developing solutions and systems for safer autonomous vehicles, as well as smart solutions for resource-efficient vehicles.

HiQ currently has close to 300 product development specialists who focus on automotive. Over the past twenty years, we have collaborated with several global automotive manufacturers and have thus claimed a leading position in the market.

Examples of collaborations within the segment is our partnership with truck manufacturer Scania for the development of autonomous transport systems. Other examples are the collaborations with Volvo Group and Volvo Cars, which goes back to 1998. Today, among other things, we deliver expertise to the Volvo companies within technology that drive environ-

mental improvements and develop active safety features.

Our clients include Autoliv, BorgWarner, Scania, Volvo Cars, Volvo Group and Zenuity.

Telecom

Telecom

Today connectivity has become a fundamental part of our infrastructure, and almost everything around us needs connectivity in order to work. As 5G expands, opportunities increase and fast connections become an important component in the development of industry, healthcare and smart cities, for example. Which is the foundation for creating more efficient and better services for people and building a better, more sustainable and simpler world.

HiQ has a very strong position in telecom and has worked since the 90s with global telecom companies to develop mobile communication technology. We were involved in the development and rollout of 2G, 3G, 4G and now 5G. This has given us deep knowledge of

telecom systems, both from a technical and a business standpoint. And our solid experience and knowledge in telecom and data communication also creates great value for clients and projects in other industries.

We work extensively with our clients in the telecom industry using advanced technical systems, digital channels and solutions specifically targeted to end users. Together with several leading global telecom companies, we continue to build the digital infrastructure for the future of mobile connectivity.

Our clients include Ascom Wireless Solutions, Com Hem, Ericsson, Polystar, Telnor, Telia and Tele2.

Finance & insurance

Finance and insurance

HiQ has extensive experience in the financial sector and the combination of our skills in development and mobile solutions make us a leading expert in the field. The market and demand in banking and finance are strong, and we are needed in many new organisations where we can use our technology to simplify and improve people's lives. Not least within smart, simple digital payment solutions and solutions supporting banks to adjust regulatory demands.

Together with most of the leading banks in the Nordics, we develop services and systems to make transfers and payments easier and more secure. HiQ's portfolio has solutions that range from the well-

known Swish, Volvo Carpay and S-mobiili to Bambora's card payment system and further development of the IT systems of major banks. These services, solutions and technologies change behaviours and have become the cornerstones of the Nordics' gradual move towards a cashless society.

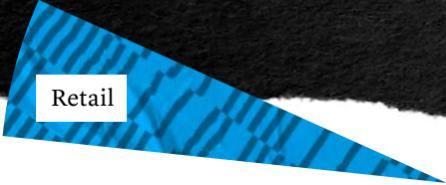
Our clients include Bambora, Bankgirot, Collector, Fennia, Handelsbanken, LähiTapiola, Nordea, OP Pohjola-gruppen, S Group, SEB, Skandia, Swedbank, the Swedish Motor Insurance Association, Varma and Volvo Finans Bank.


 Entertainment & media
Entertainment and media

The media and entertainment industry is under constant development and transformation. And it's going fast. Traditional companies today face competition from both new entrants and completely changed behaviours. But their common denominator is the crucial role that technology, design and communication play in their success. These challenges are well aligned with HiQ's position at the intersection of technology, people and business. We combine technical expertise with design and user focus and follow through with marketing and activation. We have a long track record of working with several leading companies in this exciting market.

We currently have framework agreements in place with several major customers, including SVT and Viaplay, and Finnish company Veikkaus. We also have framework agreement with ATG, turning to HiQ to broaden its offers and products as the entertainment market for licensed gaming is being reregulated.

Our clients include ATG, DICE, GTECH, MTV 3 Finland, Rovio, Spotify, SVT, the Swedish Educational Broadcasting Company, Veikkaus and Viaplay.


 Retail
Retail

Retail is one of the industries where the rapid technology development totally has changed the conditions. More and more of the traditional retail industry is being redirected to digital channels and online shopping has been a natural part of our consumption for many years now. Thanks to flexible digital services with focus on user experience and the overall customer journey the efficiency of retail is increased. Deliveries are being synchronized from strategically located warehouses and physical stores are not needed to the same extent.

HiQ has extensive industry expertise and a long track record of working with leading retailers. We collaborate with the client from concept and design through to quality assurance, in everything from marketing and sales solutions to purchasing and logistics systems. Our expertise in digital payment services as well as analysis of campaign activities is valuable as new demands are made for simpler purchasing processes to increase conversion rates.

Our clients include ICA, Jula, Kesko, Stockmann and Vianor.


 Defence & security
Defence and security

We live in a time when defence and security are quickly becoming more critical, with monitoring and business intelligence as essential components. A more uncertain world view moves defence and security issues higher up on the agenda. Not least, cybersecurity is an increasingly important issue for all companies and organisations.

Technical solutions for defence and security are part of HiQ's DNA. Ever since we were founded, we have been helping pioneering clients in the defence industry to develop hightech solutions that help make the world a little safer. One example is the defence group Saab, where HiQ has recently further extended its collaboration with a new IT framework agreement. Together with Saab, HiQ develops training simulator software for fighter pilots, an assignment that HiQ has been entrusted with for more than 20 years.

Our clients include the Swedish Defence Materiel Agency, the Swedish Armed Forces, the Coast Guard and Saab.

Our strategy for success.

Our guiding stars have served as our compass since day one and are the very heart and soul of HiQ – in every assignment, every day. We know that results, responsibility, simplicity and joy are the keys to exceptional quality and thus build the foundation for satisfied clients and employees. Our guiding stars and our culture provide a sharp competitive edge to both HiQ and our clients.

A consultancy company

HiQ is a consultancy company in the truest sense, acting as an independent advisor and putting our clients' interests first. Our main mission is to provide our clients with knowhow, dedication, and innovative power.

Quality, profitability and growth

HiQ stands for high quality. Delivering quality generates satisfied clients, which makes us profitable, which in turn gives us the opportunity to grow. We prioritise quality, profitability, and growth – in that order. Our growth strategy is to grow organically, supplemented by strategic acquisitions. HiQ's acquisition strategy is to strengthen

the company's geographical presence in the Nordic region and to acquire companies that add new competence to HiQ.

Strong position within technology, people and business

With technical expertise in our DNA, and a deep know-how about users, communication and business, we help our clients to utilise the potential of digitalisation and to tackle the challenges in our surrounding world. We master the entire chain from R&D to digital and back and can therefore help our clients from idea to operation. For us, technology is a tool for simplifying and making a difference in people's everyday lives.

We deliver with the client in focus

We offer a flexible delivery model with the client's needs and conditions in focus. We provide specialist know-how for projects on site and also execute projects in our own facilities and via near shore office. We also offer complete teams to our clients – teams that are efficient and successful in creating results.

Knowledge transfer between industries

Since the start in 1995 we have continued to develop in pace with our clients needs and challenges, and with the possibilities created by technology. Our broadening enables us to constantly learn new things, and at HiQ we work actively with transferring

knowledge between various industries and segments. This way our clients can benefit from new competence and inspiration from completely other industries than their own.

The Nordics is our base

HiQ is a company based in the Nordics and our position in the region is very strong. At the same time, our international commitments are steadily increasing, both in terms of assignments for non-Nordic companies and for Nordic clients that we accompany in assignments abroad.



1995**1995**

HiQ is founded in Stockholm with the mission to broaden the operations with a focus on telecom. The foundation to HiQ was laid already in 1992 with the forming of Stayetten Konsult AB, with the subsidiary Approve AB – back then with simulation technology as the basis for the group's business.

1996**1996**

The internet gains ground on a broad front and Nokia presents its first smartphone. The CEO of HiQ is Ken Gerhardsen.

1997**1997**

HiQ now has more than 100 employees. This is also the year when the DVD reaches the market and when the Toyota Prius is launched in Japan as the world's first mass-produced hybrid car.

1998

The Google search engine is launched and the build of the International Space Station, ISS, starts. HiQ establishes subsidiaries in Gothenburg and Oslo, and the name of the parent company is changed to HiQ International AB.

1998**2000****2000**

Lars Stugemo assumes his position as new CEO of HiQ. The company grows through the establishment of HiQ East Oy in Finland and through the acquisition of two new subsidiaries, HiQ København in Denmark and HiQ Open in Gothenburg. Computers have now survived the turn of the millennium, and 12 per cent of the people in the world have a mobile phone.

1999**1999**

HiQ International is listed on the Stockholm Stock Exchange, and Carl Bildt is elected into the board of HiQ. HiQ signs a new framework agreement with Ericsson, as "preferred supplier" of consultancy services. This is also the year when the term "Internet of Things" is launched.

2002**2002**

HiQ establishes a new subsidiary in Lund, HiQ Skåne AB, and acquires Softplan Oy in Finland. The same year, Telia merges with Sonera to form TeliaSonera. HiQ also enters the HiQ Sailing Team project, with one of the world's fastest sailing boats, the famous 60 ft. trimaran.

2003**2003**

A quarter of all Swedes use the internet on a daily basis. Skype is founded and the first European satellite, Smart, orbits the moon. HiQ West and HiQ Open are merged into one company: HiQ Gothenburg.

2001**2001**

This is the year when the IT and dot com bubble bursts. The HiQ team continues to focus on their work and the company increases net sales with 22 per cent to SEK 492 million. The first robot vacuum cleaners are launched, as is the Apple iPod.

2006**2006**

Twitter is launched and Christer Fuglesang becomes the first Swede in space. The HiQ trimaran achieves an impressive triumph in December, when the HiQ Sailing Team sails around Gotland in the new record time 17 hours and 39 minutes – with an average speed of 21 knots!

2005**2005**

There are now more than 500 fantastic HiQers working at the company. This is also the year Youtube is launched and the year when Nokia 1110 becomes the world's best-selling mobile phone. In Sweden, a court hands down the first conviction for file sharing.

2004**2004**

Facebook is born, and in Sweden the flat screen TV is named "Christmas present of the year". HiQ establishes a new subsidiary, HiQ Karlskrona AB, and during the year, HiQ also acquires the company Computer and Audio-Technical Systems AB.

HiQ STORY

2007

2007

The iPhone is released on the US market and the "Quantified Self" concept is launched. HiQ acquires MobilEyes AB, in Moscow.

2008

2008

More than 60 per cent of the world's population has a mobile phone. Spotify is launched and HiQ acquires both Ace Simulation AB and the Finnish HiQ Quality Services Oy.

2009

2009

HiQ helps the Swedish Tax Agency to develop systems that enable Swedes to receive their tax refunds faster. This is also the year when the term "Big Data" starts to catch on.

2011

2011

HiQ wins an award for "Best IT Project in Finland" together with the client Kuusakoski. On a global view, the number of internet users in the world has now reached 2 billion.

2010

2010

HiQ is named "Sweden's best IT consultancy" for the fourth year in a row, by Veckans Affärer. HiQ also acquires the company Friends Technology Oy in Finland. 2010 also sees the launch of Instagram, and the "Christmas present of the year" is a tablet.

2012

2012

Getswish launches the mobile payment service Swish, with an IT solution developed by HiQ together with Bankgirot. The same year, Netflix comes to the Nordics and Facebook buys Instagram for 1 billion US dollars.

2013

2013

65 per cent of Swedes now surf on their mobiles. In the US, Google sets up the Calico company, with the aim to find ways to stop the aging process. HiQ signs framework agreements with e.g. the Swedish Enforcement Authority and Volvo Cars, and we are also digital partner to the Swedish rock musician Dregen – a perfect example of HiQ's range.

2014

2014

HiQ is established in both Norrköping and Örebro. The first Swedes are "chipped" with intravenous chip implants, and the market sees the first big wave of smart watches.

2015

2015

HiQ turns 20, and through successful results we show that we are still a young, hungry, and result-oriented company. For example, HiQ grows in the public sector, where we sign significant framework agreements during the year, with the central purchasing bodies in both Sweden and Finland – Kammarkollegiet and Hansel.

2016

2016

HiQ continues breaking records in results and number of employees. During the year, we acquire the internationally awarded design agency Great Apes in Helsinki. 2016 is also the year when Pokémon Go gets its breakthrough.

2018

2018

Technology development is moving at a faster pace than ever before, and it will never go this slowly again. The year is marked by strong demand, along with a shaky political climate and a strong focus on climate issues – in which HiQ's work on using technology to create a simpler, more sustainable and more enjoyable world is becoming increasingly important.

2017

2017

Yet another record year for HiQ, both in terms of results and number of employees. We continue simplifying people's lives by using technology, design and communication and by doing so contribute to a better and more joyful world. 2017 is also the year when we stop talking about digitalisation and instead talk about technical development, or simply development.

2019

2019

We see a world filled with discussions about Brexit, the U.S., China, trade wars and so on during the year. And we can safely say that technology development continues to thunder ahead at lightning speed. Every individual, company and organisation is being impacted by new technologies that simplify and streamline our daily lives. HiQ moves to a new head office at Södermalm in Stockholm. HiQ Sailing Team sets a new race record at Gotland Runt and is the overall winner!

HiQ Board.



GUNNEL DUVEBLAD

Born 1955. Computer Science, Umeå University. Chairman of the Board since 2016 and member of the board member since 2007. Managing Director, EDS North Europe 2002–2006. Employed within IBM 1977–2002, holding various management positions within IBM at Nordic and European level. Other assignments: Chairman of the boards of i.e. Team Olivia Group AB, Global Scanning A/S and Stiftelsen Ruter Dam. Member of the boards of i.e. Dustin, Kindred Group Plc and Sweco. Holdings in HiQ: 10,000 shares.

LARS STUGEMO

Born 1961. Master of science Electrical Engineering, Royal Institute of Technology. President and CEO of HiQ International since 2000. Employed since March 1995. Other assignments: Chairman of the board Kambi Group Plc, board member Camfil AB and member of Avd VI in The Royal Swedish Academy of Engineering Sciences (IVA). Holdings in HiQ: 210,651 shares, 37,000 warrants, 37,000 matching warrants.

SUSANNE EHNÅGE

Born 1979. Master Degree Economics (civilekonom) University of Gothenburg School of Business, Economics and Law. Board member since 2018. CEO of Lindex AB since 2018. President and CEO of Netonnet Group 2016–2018. Other assignments: Board member in Ahlsell Group and Börssällskapet. Holdings in HiQ: 1,100 shares.

ULRIKA HAGDAHL

Born 1962. Master of science Engineering Physics, Royal Institute of Technology. Board member since 2012. Founder of Orc Software AB (now named Itiviti AB), Head of Development Orc Software 1987–1990, President and CEO Orc Software AB 1990–2000. Other assignments: Member of the board of Beijer Group AB and Invisio AB.

**ERIK HALLBERG**

Born 1956. Engineer in Machine Technology. Board member since 2012. CEO Netmore Group AB since 2019. Active in Telia Company 1999–2016 as (among other) MD Telia International Carrier, responsible for operations in the Baltic states, responsible broadband Sweden and Mobile Sweden. Board member of Toigo Spain and as EVP TeliaCompany AB 2013–2016. Other assignments: Chairman of the board Fidesmo AB and member of the board of Netmore Group AB. Holdings in HiQ: 1,000 shares.

RAIMO LIND

Born 1953. Master Degree Economics, Helsinki School of Economics. Board member since 2013. CFO of Wärtsilä Oyj 1998–2013, deputy MD since 2005. Worked for Wärtsilä 1976–1989 with positions both in Finland and abroad. CFO and management positions at Tamrock Oy 1992–1998, MD Scantrailer Ajoneuvoteollisuus Oy 1990–1991. Other assignments: Chairman of the board of Nest Capital, board member in Nordkalk Oy, member of the board & chairman of the audit committee Nokian Tyres. Holdings in HiQ: 2,040 shares.

ANN HELLENIUS

Born 1974. Master Degree Economics, Linköping University, University of Bath. CIO/CDO Scandic Hotels Group since 2019. CIO Bankgirot 2018–2019, CIO City of Stockholm 2015–2017, Head of development City of Stockholm 2013–2015, CIO Educational administration City of Stockholm 2011–2013, founder and CEO of Solvitur AB 2002–2011, manager E&Y Management Consulting 1998–2001 and management consultant Cambridge Strategic Management Group 1997–1998. Other assignments: Member of the board of Volvofinans Bank AB,

H&H Group AB and member in the Swedish Government's advisory group for digitalisation and advisor for the Swedish Red Cross related to digitalisation.

HiQ Management.



LARS STUGEMO

Born 1961. Master of science Electrical Engineering, Royal Institute of Technology. President and CEO of HiQ International since 2000. Employed since March 1995. Other assignments: Chairman of the board Kambi Group Plc, board member Camfil AB and member of Avd VI in The Royal Swedish Academy of Engineering Sciences (IVA). Holdings in HiQ: 210,651 shares, 37,000 warrants, 37,000 matching warrants.

PATRIK HOLM

Born 1966. Managing Director, HiQ Ace since 2009. Master of Science Industrial Economics, Linköping Institute of Technology 1993. Employed since 2008. Previous positions: Senior Vice President, Enea Nordic Services; Managing Director, Enea Systems AB; Managing Director, Enea Epact AB. Holdings in HiQ: 36,624 shares, 10,000 warrants and 10,000 matching warrants.

MAGNUS GENS

Born 1975. Business development, HiQ International since 2017. Master of Science in Vehicle Engineering, Royal Institute of Technology, 2001. Employed since 2015. Previous positions: Combitech, Assistera, Ericsson. Holdings in HiQ: 2,000 shares, 10,000 warrants and 10,000 matching warrants.

MAGNUS GUDÉN

Born 1962. Business Development/Strategic Partnerships, HiQ International since 2019. Bachelor of Science, Royal Institute of Technology, Stockholm 1986. Employed since 1995. Managing Director, HiQ Stockholm 2013-2019. Business Area Manager 2008-2013, MD HiQ Cats 2005-2008, consultant manager 1999-2005. Previous positions: project manager, architect and developer at Enator and Logica Sydney. Holdings in HiQ: 7,000 shares, 10,000 warrants.

ANNA KLEINE

Born 1973. Managing Director, HiQ Skåne since 2012. Bachelor of Science, Information technology, University of Lund 1999. Employed since 2003. Previous positions: consultant, sales and business area manager at HiQ; consultant and project manager, Telia ProSoft AB. Other assignments: Member of the boards of Mobile Heights and Länsförsäkringar Skåne. Holdings in HiQ: 5,000 warrants and 5,000 matching warrants.

JERKER LINDSTÉN

Born 1971. Managing Director, HiQ Göteborg since 2004. Master of science Automation Engineering, Chalmers University of Technology 1995. Employed since 2004. Previous positions: Regional Manager, Sales Manager, Framfab Region West; Business Area Manager, etc., Telia. Holdings in HiQ: 54,824 shares.

**FREDRIK MALM**

Born 1974. CFO, HiQ International since 2002. M.Sc. Business and Economics, Stockholm School of Economics 1997. Employed since 2002. Previous positions: Corporate Finance, Enskilda Securities; Corporate Finance, Nordea Securities; Holdings in HiQ: 32,000 shares, 6,000 warrants, 6,000 matching warrants.

ANDERS NILSSON

Born 1970. Managing Director, HiQ Mälardalen since 2004. Graduate Engineer 1990. Employed since 2000. Previous positions: Project Manager, Celsius Test Systems; Product Manager, Volvo Aero Support; Licence Engineer, ABB. Holdings in HiQ: 6,840 shares, 23,000 warrants and 23,000 matching warrants.

HELENA FORSMARK

Born 1966. Managing Director, HiQ Stockholm, since April 2019. Master of science Electrical Engineering, Royal Institute of Technology 1993. Employed since 2000. Previous positions: consultant, sales and business area manager at HiQ; consultant and project manager, Ericsson AB; project manager and system architect, Mandator Teknik AB; systems engineer and system developer, Celsius Electronics. Holdings in HiQ: 1,369 shares.

MIKAEL TENG

Born 1964. Business development, HiQ International since 2007. Master of science Engineering, Royal Institute of Technology 1990. Employed since 1998. Previous positions: Global Account Manager and consultant, HiQ Stockholm; Manager, Accenture; Consultant, Tieto Enator; SW Engineer, Oerlikon Contraves AG, Switzerland.

JUKKA RAUTIO

Born 1974. Managing Director, HiQ Finland since 2010, Managing Director HiQ Quality Services Oy 2008–2010. Master of Science 2001, Oulu University. Employed since 2008. Previous positions: Founder and MD, TSG Test Solutions. Holdings in HiQ: 155,000 shares, 60,000 warrants and 60,000 matching warrants.

KLAS NYSTRÖM

Born 1955. Managing Director, HiQ Karlskrona since 2007. Naval Officer. Employed since 2007. Previous positions: Various positions at Telenor, Founder and Vice President of Testbolaget Sverige, Ericsson, Lieutenant Commander in the Swedish Navy. Holdings in HiQ: 20,000 warrants and 20,000 matching warrants.



The year in numbers

Five year summary.

In 2019 our turnover is SEK 1,847.1 million with an operating margin of 12.2%. The tables show HiQ's financial development over the 2015–2019 period.

INCOME STATEMENT (SEK MILLION)	2019	2018	2017	2016	2015
Net sales	1,847.1	1,852.7	1,787.9	1,659.4	1,508.0
Other operating income	22.8	0	0.3	0	0
Operating expences excl. depreciation	-1,597.6	-1,640.8	-1,560.9	-1,440.5	-1,315.2
Operating profit before depreciation	272.3	211.7	227.3	218.9	192.8
Depreciation	-46.3	-15.2	-12.9	-11.0	-9.9
Operating profit	226.0	196.5	214.4	207.9	182.9
Financial net	-1.8	0.9	-0.9	-0.5	-0.2
Pre-tax profit	224.1	197.4	213.5	207.4	182.7
Tax charged to the year's profit	-47.8	-45.5	-48.2	-46.1	-40.5
Profit after tax	176.3	151.9	165.3	161.4	142.2
BALANCE SHEET (SEK MILLION)	2019	2018	2017	2016	2015
Assets					
Intangible assets	391.2	388.4	377.7	364.3	333.3
Right of use assets	127.6	0	0	0	0
Tangible fixed assets	31.6	62.8	50.5	45.3	41.1
Financial assets	20.2	20.3	17.8	14.9	14.3
Total fixed assets	570.6	471.5	446.0	424.5	388.7
Accounts receivable, trade	348.5	376.6	388.7	346.5	300.5
Other current assets, excl. cash	152.1	154.2	154.2	147.8	133.1
Cash and cash equivalents	188.1	183.5	205.1	204.3	212.4
Total current assets	688.7	714.3	748.0	698.6	646.0
Total assets	1,259.3	1,185.8	1,194.0	1,123.2	1,034.7
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholders' equity	813.5	818.5	816.2	777.6	718.0
Non-interest-bearing provisions	0.5	0.9	0.9	0.4	0.0
Interest-bearing long-term liabilities	0	26.2	25.3	25.5	23.9
Long-term liabilities, leases	90.6	0	0	0	0
Non-interest-bearing current liabilities	318.4	334.1	345.3	313.8	287.6
Interest-bearing current liabilities	0	6.1	6.3	5.9	5.2
Short-term liabilities, leases	36.3	0	0	0	0
Total shareholders' equity and liabilities	1,259.3	1,185.8	1,194.0	1,123.2	1,034.7
SALES AND PROFIT PER QUARTER 2019	Q1	Q2	Q3	Q4	
Net sales, SEK million	488.3	477.2	390.2	491.3	
Operating profit, SEK million	55.1	66.2	43.1	61.5	
Operating margin, %	11.3	13.9	11.0	12.5	
Cash and cash equivalents at end of quarter, SEK millon	232.8	110.3	150.5	188.1	

KEY RATIOS

	2019	2018	2017	2016	2015
Net sales, SEK million	1,847.1	1,852.7	1,787.9	1,659.4	1,508.0
Growth in net sales, %	-0.3	3.6	7.7	10.0	9.4
Gross margin, %	14.7	11.4	12.7	13.2	12.8
Operating margin, %	12.2	10.6	12.0	12.5	12.1
Return on shareholders' equity %	21.6	18.6	20.7	21.6	20.1
Return on operating capital, %	35.0	30.0	34.4	36.5	33.9
Net sales per employee, SEK thousand	1,291	1,254	1,234	1,219	1,187
Value add per employee, SEK thousand	977	936	936	943	929
Operating profit per employee, SEK thousand	158	133	148	153	144
Average number of employees	1,431	1,478	1,449	1,361	1,270
Number of employees at year-end	1,560	1,629	1,645	1,573	1,415
Equity ratio, %	64.6	69.0	68.4	69.2	69.4

For definitions see page 117

KEY RATIOS PER SHARE (SEK UNLESS STATED OTHERWISE)

	2019	2018	2017	2016	2015
Earnings after tax, before dilution	3.16	2.73	3.00	2.97	2.66
Earnings after tax, after dilution	3.16	2.71	2.98	2.96	2.65
Cash flow, before dilution	0.06	-0.43	-0.02	-0.15	0.61
Dividend (2019 proposed)	3.40 ¹⁾	3.35 ²⁾	3.30 ³⁾	3.10 ⁴⁾	2.90 ⁵⁾
Equity (before dividend)	14.57	14.66	14.72	14.21	13.32
Yield, %	6.6	7.1	5.3	5.0	5.7
Share price at year-end	51.70	47.31	62.25	61.50	51.00
Average number of shares, thousand	55,841	55,658	55,103	54,264	53,444
Average number of shares after dilution, thousand	55,844	55,954	55,474	54,604	53,701
Number of outstanding shares, thousand	55,842	55,840	55,453	54,713	53,924

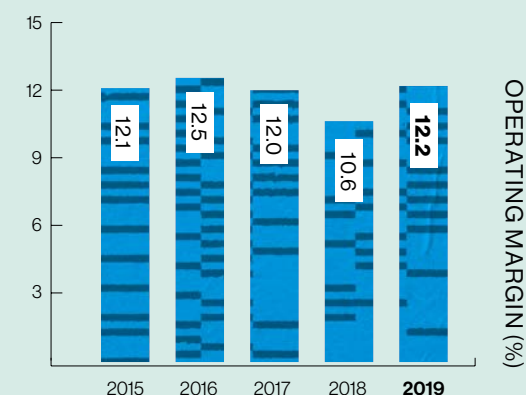
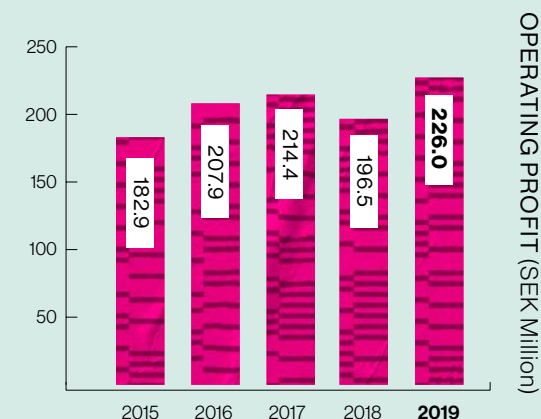
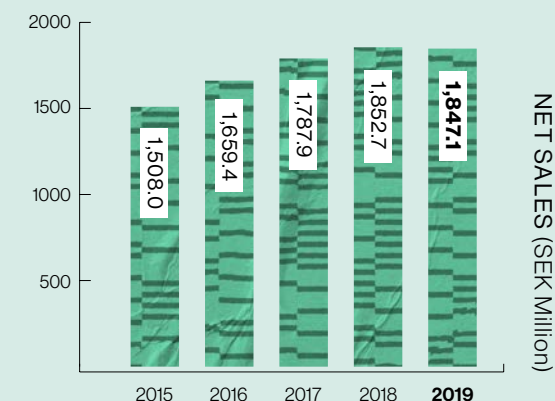
1) The Board has proposed to distribute, via a share split and mandatory redemption, an amount of approximately SEK 190 million (SEK 3.40/share) to the shareholders.

2) 2018 share split and distribution to shareholders of approx. SEK 187 million (SEK 3.35/share).

3) 2017 share split and distribution to shareholders of approx. SEK 183 million (SEK 3.30/share).

4) 2016 share split and distribution to shareholders of approx. SEK 170 million (SEK 3.10/share).

5) 2015 share split and distribution to shareholders of approx. SEK 156 million (SEK 2.90/share).



The HiQ share.

On 31 December 2019, the share capital in HiQ totals SEK 5,584,208.70, represented by 55,842,087 outstanding shares. Each share carries one vote and all shares carry equal rights to a share in the assets and profits of the Company. At the Annual General Meeting (AGM) each person entitled to vote may vote for the full number of shares owned and represented without any restriction on voting rights.

The AGM in March 2019 authorises the Board of Directors, on one or more occasions on the period up to the next AGM, to issue a maximum of 5,000,000 shares in the form of a non-cash issue or off-set issue in conjunction with acquisitions. The Annual General Meeting also authorises the Board of Directors, on one or more occasions in the period up to the next AGM, to pass a resolution to acquire as many shares in total so that the company's holding at no time exceeds 10% of the total shares in the company.

Acquisitions shall be made via Nasdaq Stockholm and may only be made at a price within the price range registered at any time, i.e. the interval between the highest bid rate and lowest offer rate.

CHANGES IN THE SHARE CAPITAL

The list below describes the change in share capital during the last five years and changes until the announcement of this annual report.

YEAR	TRANSACTION	CHANGE IN SHARE CAPITAL	TOTAL SHARE CAPITAL	NUMBER OF OUTSTANDING SHARES
2015	Opening balance	–	5,313,902	53,139,023
2015	Redemption – Split 2:1	–	5,313,902	106,278,046
2015	Redemption of shares	-2,656,951	2,656,951	53,139,023
2015	Bonus issue of shares	2,656,951	5,313,902	53,139,023
2015	Redemption of warrants	47,877	5,361,779	53,617,793
2015	Redemption of warrants	30,648	5,392,427	53,924,273
2016	Redemption – Split 2:1	–	5,392,427	107,848,546
2016	Redemption of shares	-2,696,214	2,696,214	53,924,273
2016	Bonus issue of shares	2,696,214	5,392,427	53,924,273
2016	Redemption of warrants	22,900	5,415,327	54,153,273
2016	Share issue – Great Apes	25,783	5,441,111	54,411,105
2016	Redemption of warrants	30,200	5,471,311	54,713,105
2017	Set-off additional payment Great Apes	5,914	5,477,225	54,772,245
2017	Apportementmission Presis	12,811	5,490,036	54,900,359
2017	Redemption - Split 2:1	–	5,490,036	109,800,718
2017	Redemption of shares	-2,745,018	2,745,018	54,900,359
2017	Bonus issue of shares	2,745,018	5,490,036	54,900,359
2017	Redemption of warrants	38,084	5,558,120	55,281,199
2017	Redemption of warrants	17,169	5,545,289	55,452,887
2018	Redemption - Split 2:1	–	5,545,289	110,905,774
2018	Redemption of shares	-2,772,644	2,772,645	55,452,887
2018	Bonus issue of shares	2,772,644	5,545,289	55,452,887
2018	Redemption of warrants	34,670	5,579,959	55,799,587
2018	Redemption of warrants	4,000	5,583,959	55,839,587
2019	Redemption - Split 2:1	–	5,583,959	111,679,174
2019	Redemption of shares	-2,791,979	2,791,980	55,839,587
2019	Bonus issue of shares	2,791,979	5,583,959	55,839,587
2019	Redemption of warrants	250	5,584,209	55,842,087

EMPLOYEE OWNERSHIP PROGRAMS

From 1998 up to and including 2019 HiQ has implemented a number of share programs for its employees for the purpose of attracting, retaining and motivating staff members. The programs are based on standalone warrants. The programs were divided into sub-programs in order to allow warrants to be offered to new employees on an ongoing basis. The Annual General Meeting in March 2019 approved a warrants program aimed at all employees in Finland and

Sweden, divided into two series. The number of warrants subscribed for in the two series was 832,900. Of these warrants, 611,150 were acquired at market price and 221,750 were allocated as matching warrants, according to the decision made by the Annual General Meeting in March 2019. During 2019 2,500 warrants, issued in 2016, has been exercised into shares. The total number of outstanding warrants, where each warrant entitles the holder to subscribe for 1 share, was 2,678,900 at year-end, corresponding to a maximum

dilution effect of 4.6%. In order to encourage uptake of the warrant programme, HiQ offers a subsidy to the warrant holders who are still employed at HiQ at the time of redemption. Starting in 2015, a matching warrant (received without consideration) has been introduced for key employees that are still employed by HiQ at time of exercise. The cost of the subsidy amounted to SEK 0.8 (1.0) million in 2019. For the program issued in 2019, HiQ intends to purchase own shares corresponding to a maximum of the received proceeds from the utilisation of warrants to purchase shares in 2022. Purchase of own shares requires the Annual General Meeting in 2022 to decide to authorise the Board to purchase shares. For more detailed information regarding the programs, please refer to note 21.

DIVIDEND POLICY

HiQ's dividend level is tailored to the Group's capital requirements, which mainly take the form of investments, working capital commitments and the shareholders' requirement for a good dividend yield. The goal is for the long-term dividend level to be approximately 50% of HiQ's profit after tax.

OWNERSHIP STRUCTURE

At year-end, HiQ has 15,007 shareholders. Foreign ownership amounts to 28.0% and is distributed over the following countries: The US 10.6%, Finland 8.4%, The United Kingdom 3.8% and other countries 5.2%. At year-end, Swedish institutional investors own 48% of the shares. 11.7% of the shares are held directly by the shareholders, while 88.3% are registered in the name of a nominee.

SHARE PRICE DEVELOPMENT

The graph on this page illustrates how the HiQ share has performed over the period 1 January 2019 to 31 December 2019. For up-to-date share information, please consult the Nasdaq Nordic website at www.nasdaqomxnordic.com. HiQ is listed on Nasdaq Stockholm Mid Cap. It was first listed on 12 April 1999 and the initial share price, calculated on the basis of the share split implemented, was SEK 10.60. On 30 December 2019, the market price was SEK 51.70. HiQ's market capitalization thus amounted to around SEK 2,887 million (before dilution). The highest price paid during the year was SEK 63.59. The lowest price paid during the year was SEK 46.00. During the year, a total of 18.9 million shares were traded. On average, approximately 76,000 shares were traded per day.

WARRANT DATA

NAME	NO OF WARRANTS	NO UNDERLYING SHARES	TERM	SUBSCRIPTION PERIOD	STRIKE PRICE
2017:1	640,000	640,000	3 years	May 2020	60.90
2017:2	330,000	330,000	3 years	Nov 2020	59.50
2018:1	410,000	410,000	3 years	May 2021	70.00
2018:2	466,000	466,000	3 years	Nov 2021	51.90
2019:1	482,800	482,800	3 years	May 2022	52.30
2019:2	350,100	350,100	3 years	Nov 2022	48.00

SHARE PRICE (SEK)

TRADE VOLUME (NO OF SHARES)



HOLDINGS	NO OF OWNERS	PERCENTAGE OF OWNERS	NO OF SHARES	PERCENTAGE OF SHARES
1–1.000	12,367	82.4%	3,211,711	5.8%
1.001–5.000	2,005	13.4%	4,790,630	8.6%
5.001–10.000	348	2.3%	2,646,911	4.7%
10.001–50.000	212	1.4%	4,484,373	8.0%
50.001–100.000	21	0.1%	1,525,276	2.7%
100.001–	54	0.4%	39,183,186	70.2%
Total	15,007	100.0%	55,842,087	100.0%

TOP 15 SHAREHOLDERS 31 DECEMBER 2019 (AND KNOWN CHANGES)

Name	Number of shares	Share of capital and votes
Lannebo fonder	5,080,000	9.1%
Mawer	4,598,156	8.2%
Swedbank Robur fonder	4,265,000	7.6%
Handelsbanken fonder	3,561,483	6.4%
Nordea fonder	3,181,718	5.7%
SEB Investment Management	2,043,728	3.7%
JP Morgan Bank Luxembourg	1,541,270	2.8%
Öhman fonder	1,523,551	2.7%
Cliens fonder	1,498,000	2.7%
Avanza Pension	969,612	1.7%
Hannu Lehesaari	840,000	1.5%
Tredje AP-fonden	801,301	1.4%
Rolf Anderson	707,132	1.3%
RBC Investor Services Trust	619,899	1.1%
Nordnet pensionsförsäkringar	585,813	1.1%

Holdings include related-party holdings and holdings through companies.

Source: Euroclear/Vpc and known holdings.

Risk and risk management.

HiQ's business is affected by a number of different factors, some of which are within the company's control while others are not. In consultancies such as HiQ, profitability is primarily determined by four factors: available time, price, utilisation rate and cost control. These factors are in turn affected by market conditions through demand for HiQ's services and the opportunity to recruit new staff and thereby to grow.

BUSINESS-RELATED RISKS

Recruitment and skills supply

Our employees, along with our clients, are HiQ's biggest asset. The average HiQ employee has a degree in engineering and around twelve years' experience in the industry. The supply of experienced and skilled staff with good business expertise depends on economic conditions. In boom periods there is often a shortage of the skills that we are looking for, which can affect HiQ's growth. We work actively on developing HiQ as an attractive employer that skilled people want to work for. In an economic downturn it is easier to recruit specific competence. For a staff intensive company such as HiQ, it is always important to try to keep the staff turnover at a decent level.

Competition and price pressure

Competition is a natural part of doing business and is necessary for healthy development. A highly competitive market is a challenge that develops HiQ as a company, since we must constantly make efforts to show our clients that we are that bit better than our competitors. Fierce competition can also bring pressure on prices.

To balance the risks of that eventuality occurring, HiQ needs to have specialist expertise that is in demand by clients, irrespective of the state of the economy, and in certain cases to avoid projects where the price level is judged to be too low to ensure satisfactory profitability. HiQ competes with large actors and smaller niche players, depending on the area in which HiQ is operating. Some of our larger listed competitors are Accenture, Knowit, Semcon, and TietoEvry.

Framework agreements

Framework agreements have significant importance for companies like HiQ. In our view, clients are today tending to choose to cooperate with fewer suppliers, and they are choosing them carefully. As well as quality and a high level of technical expertise, a strong financial position is of the utmost importance today if we are to be among those companies chosen by our clients as preferred suppliers. Clients want to cooperate with a supplier who will still be there at the end of the project.

HiQ currently has framework agreements with practically all major clients and, in order to reduce the risks of not remaining a preferred supplier, we must deliver quality and results as well as have a good dialogue with the client.

Developments at our key clients

HiQ's top 10 clients account for 33% of sales. HiQ operates in long-term relationships with its clients and many have been on our client list for over five years. There is always the risk that one key client may be affected by fluctuations in the market and reduce the amount of consultancy services that it buys in, which in the short term may result in poorer capacity utilization for HiQ. As a company, we must maintain a good balance between clients from different sectors and geographical regions. More than five different sectors are represented among HiQ's top 10 clients.

Bad debts

Just as HiQ is affected by developments at its key clients – which in the event of a rapid decline may affect our utilisation rate – we may be hit by unpaid invoices and thus bad debts. In historical terms, we have only experienced a few bad debts and we have continually improved our routines for invoice payment and follow-up. Where we work with clients with a lower credit rating, for example because they are newly established, payment may be required in advance or subject to a short period of credit.

MARKET-RELATED RISKS

Cyclical risks

Market conditions affect all companies within a particular sector in one way or another. There is always an obvious risk that HiQ will be affected by economic fluctuations. Historically speaking, HiQ has maintained comparatively high profitability during both boom periods and recessions, but naturally we have also been affected as a company over time – which has meant adjustments to our operations. By creating a flexible organization with skills that can be transferred between different sectors and geographical areas, we have a capacity for balancing out different geographical regions. Thanks to HiQ having clients within a variety of market sectors and a strong balance sheet, we are well prepared to handle a weaker general economy.

FINANCIAL RISKS

For a description of financial risks, please refer to Note 36.

Corporate Social Responsibility Report.

At HiQ, we simplify people's lives by using technology, design and creativity to develop smart solutions, businesses and brands. Digitalisation is a megatrend area that we work within and we believe that technology development is the best way to make the world better, more sustainable, simpler, safer – and more enjoyable.

We live in a world with a finite number of natural resources. Our lifestyle depends on massive amounts of energy. We human beings are scattered around the globe and live under a variety of conditions, structures and rights. As a company, we adhere to the rules, instructions and guidelines set by our Nordic countries and the international community. We work to ensure that we take care of our staff and other people, lighten the load on society, reduce negative impacts on the environment and contribute to a more sustainable world.

HiQ is an outright consulting firm that develops high-tech solutions which simplify peoples' lives. Meanwhile, accelerating technological development and digitalisation create great opportunities to make our society more sustainable. From this position, we at HiQ help our clients develop sustainable solutions every day. We are convinced that our company can make the biggest difference by focusing sharply on digitalising our clients' businesses, products and services. Or why not purely social functions that let us use resources more efficiently. Or use digital methods and tools to educate people so they make smarter choices. And we also make sure we do it right.

Using technology, creativity, design and communication, we create solutions that simplify people's lives. We streamline processes and systems. We speed up flows. We digitalise analogue products. And services. We create solutions that are intuitive, fast, fun and secure. And not least simple. By digitalising and simplifying, we not only help increase efficiency or pure profitability. We also help to slowly but surely create a better world. A more secure, fun, safer – and perhaps above all – more sustainable world.



HiQ's work with training simulators for JAS together with Saab is one of the projects where digitalization contributes to a more sustainable world, partly through reduced carbon dioxide emissions. Read more on page 61.

A more detailed description of HiQ's business model is found on pages 42-43 of the annual report.

HiQ has several governing documents that lay out our sustainability framework. These governing documents include policies for business ethics, health and safety, the environment, gender equality and diversity. In addition to straightforward measurable goals, the results of our policies are reflected in HiQ's values. Practical implementation of these policies is found in our staff manuals, guidelines and instructions. They are also dealt with

in courses that HiQ conducts as well as in the relationships HiQ has with its clients and suppliers.

HiQ's business ethics policy regulates HiQ's governance model for preventing violations of human rights and how we go about counteracting corruption. For HiQ, anti-corruption means taking responsibility for the projects that HiQ carries out and the working methods used. HiQ has zero tolerance for non-compliance with our business ethics policy. No violations of this policy were reported in 2019 or 2018.

HIQ'S WORK WITH SUSTAINABILITY CONSISTS OF FOUR PARTS:

1. We create a better world with the help of technology, design and communication – this we do by working with digitalization together with our clients
2. We contribute to a more sustainable development of the society by generating tax revenues – this we do by delivering profitability and growth
3. We contribute to a decreased load on the welfare systems – this we do by actively contributing to a good working environment and a good balance in life for our employees
4. We contribute to a better environment – this we do by choosing environmental efficient alternatives when we procure products, transportation and premises

1. We create a better world with the help of technology, design and communication

We are convinced that the most important sustainability work we could do is to deliver high quality to our clients and to be profitable – something we have strived for since HiQ was founded more than 20 years ago. By delivering with high quality to our clients, we are contributing to new innovative solutions, increasing the availability, simplifying and contribute to a more resource efficient world

Examples of assignments that we have been working on during 2019 include:

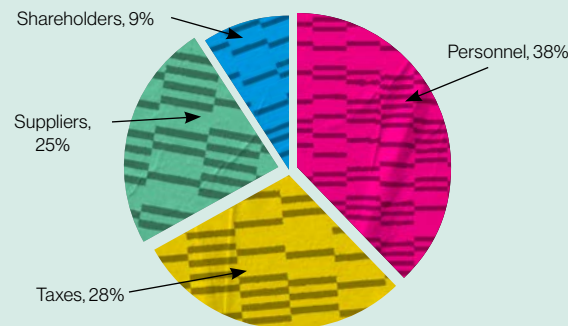
- HiQ helps taxi companies make transports more efficient
- HiQ helps the automotive industry to develop autonomous vehicles
- HiQ helps the Swedish Tax Authority to increase efficiency

A quantitative measure of our performance within the client area is our client satisfaction score. The latest client satisfaction survey, conducted in 2018, showed a score of 4.1 out of a maximum of 5.0.

2. We contribute to a more sustainable development of the society by generating tax revenues

Being a profitable company does also mean that we could contribute to a sustainable development of the society by paying taxes. As a result of our high profitability, our costs for income taxes in

2019 amounted to SEK 48 (46) million. HiQ is at the same time a staff-intensive company which means that a majority of our cost base is salaries and salary related costs (such as a social contribution fees, pension costs, salary taxes and other). In order to show HiQ's contribution within this area, we are calculating our Total Tax Contribution. In 2019 this amounted to SEK 279 million (SEK 280 million in 2018), equivalent to 15 per cent (15 per cent) of our turnover. If we also add the taxes on salaries that our employees generate as a result of the employment by HiQ, the Total Tax Contribution amount to SEK 525 million in 2019 (SEK 532 million in 2018).



The chart above shows how the revenue streams generated by HiQ is distributed to our different stakeholders. The chart shows that approximately 28 per cent is distributed to different types of taxes, which makes the society (through the tax authorities in the countries we are operating) to the second largest stakeholder of the revenue streams generated by HiQ. The staff of HiQ with 38% receive the largest proportion. Third largest stakeholder is other suppliers and fourth group is the shareholders of HiQ.

Based on the operations that HiQ conducts, the company has assessed the risks associated with breach of human rights as low and the risks within this area is minimized by following current legislation, policies and routines and by paying taxes and other fees.

3. We contribute to a decreased load on the welfare systems

At HiQ our employees are our most important resource and therefore a natural part of our sustainability work. In addition to respect for human right, equality and labour law it is of great importance for us as a company that our employees are feeling good

and are healthy. The biggest risk in this area is that our employees quits or are absent from work. Within this area we are measuring staff turnover and sick leave. In 2019, our sick leave is 4.2 (4.2) per cent. Staff turnover is measured relative to last year. In 2019 the staff turnover is lower than in 2018.

HiQ is a value based company working with proactive measures in order to secure that our employees and their families are having a good balance in life.

4. We contribute to a better environment

Since HiQ is a service company the risks related to environmental impact from our production process is limited, seen from a traditional perspective. The areas that we have identified that we could work with are energy consumption in our premises, transportation and in the best possible way use environmental friendly alternatives when we procure products. Due to that HiQ assesses the risks with the environmental impacts as limited, we have chosen not to have any quantitative measurements in this area.

WHISTLEBLOWER POLICY

As part of HiQ's CSR efforts, we will introduce a whistleblower function in 2020 where employees can anonymously report actions or conditions that do not comply with HiQ's business ethics policy. The function will be available to all HiQ employees.

TARGETS WITHIN THE SUSTAINABILITY WORK

HiQ has set the following targets for the sustainability work:

Clients:

- Same or higher client satisfaction score compared to the last measurement

•

Society:

- No quantitative measurements but we measure Total Tax Contribution

Social conditions and staff:

- Lower sick leave in 2020 compared to 2019
- Lower staff turnover in 2020 compared to 2019

Environment:

- No quantitative measurements has been set due to HiQ's assessed limited impact within the area

Anti-corruption:

- Zero tolerance against corruption

No indicators are used within the area of respect for human rights but HiQ should follow current laws and rules.

REVIEW OF POLICIES WITHIN THE AREA OF SUSTAINABILITY

HiQ annually review the compliance of the policies the company has, as well in the area of sustainability as other policies. This is done as a part of the controller tour that is conducted every year. The Board reviews all policies on an annual basis.

RISKS ASSOCIATED WITH THE SUSTAINABILITY WORK

The critical risks within the sustainability area that HiQ has identified relates to our employees. In this area we put a strong focus in the daily operations, several steering documents exist and targets are set. Risks associated with HiQ's other areas of sustainability work we haven't identified any critical risks.

The risks associated with the work within sustainability have been identified based on the steering documents as well as HiQ's operations. The risks are evaluated on a yearly basis and constitute an integrated part of HiQ's risk management process.

Two examples where HiQ and digitization contributes to a more sustainable world

LESS CASH

Today we live in a society where cash is an important and natural part of everyday life. Or do we? Hello...do we really? Okay, so that's how it used to be. These days, many of us in Sweden can agree that you could manage for quite a while without any cash. And that's true, of course. Sweden is one of the countries in the world that has come the farthest in moving towards a completely cashless society.

That we are far ahead – or perhaps even farthest ahead – is because we have purposefully developed smart, secure and simple mobile transfer and payment methods. This made transactions easy, but also paved the way for the development of different types of currencies than our old Swedish crowns. And quite soon we will reach a level where it costs society nominally more to handle cash than there is cash in the system.

Incidentally, the Riksbank has already calculated that a cash purchase costs society more than a card purchase. And to be honest, the nominal cost itself is one thing but the actual cost is much greater. To name a few things. Coin and banknote production involve heavy industries like mining, and the pulp and metal industries. Cash involves transportation – a crazy amount of transportation. And as if that were not enough, the robbery risks of cash handling burdens our welfare system.

By developing smart, secure, simple digital payment and transfer methods, we have halved the amount of cash in circulation in Sweden over the last 10 years. We can make more efficient use of industry and cut way back on transportation. With digitalisation, we are undoubtedly creating a more sustainable world.

FLIGHT SIMULATOR

HiQ's first project was to build training simulators for the pilots of the JAS 39 Gripen fighter aircraft. JAS 39 Gripen is one of the world's most advanced fighter jets. It is also a very important part of our country's defence. And demands a lot from the pilots. In addition to staying in top condition physically and mentally, they must also train regularly on flying the jet. Much of that training is done in a simulator environment.

Since the 1990s, HiQ has developed and refined training simulators for the JAS 39 Gripen for both Swedish pilots and for pilots in the countries where Sweden has exported the jet. The simulator itself is a very high-tech solution based on advanced simulation technology, which is something that lies within HiQ's area of expertise.

Using technology, we make it easier for pilots to train in realistic flight situations. By constantly improving the simulator experience, we can gradually move to reduce the time the planes are in the air. Planes in the air. Means emissions from the aircrafts' internal combustion engines. Means that the planes wear out faster. Means a risk of huge costs if the planes break down or crash. And not least means a risk of the pilots being injured or, in the worst case, being killed.

Through technology, creativity, design and communication, we make it easier for combat pilots to train under controlled conditions. And that's how we create a better world.

Directors' Report.

Directors' Report for HiQ International AB (Publ) Org. no. 556529-3205, registered office: Stockholm, address: Box 4046, 102 61 Stockholm.

THE BUSINESS IN GENERAL

HiQ delivers high-tech solutions in communications and software development. The company is a leading player in these fields, with the Nordic region as its domestic market. In 2019 the Group generates sales of SEK 1,847.1 million, and at year-end has 1,560 employees with operations in Sweden, Finland, Poland and Russia.

OWNERSHIP

HiQ International is listed on the Nasdaq Nordics Mid Cap list in Stockholm. At year-end HiQ had a total of 15,007 shareholders. For a more detailed description of the ownership of HiQ International AB, see The HiQ share on pages 54-56.

SIGNIFICANT EVENTS DURING THE YEAR

The focus for 2019 is technology development. Technology is developing faster than ever before, even though it will never again develop this slowly. New services are constantly being developed, giving birth to new needs and new services to address these needs. Thanks to strong technology development, we continue to experience healthy demand for our services.

At HiQ we use technology, design and communication to simplify people's lives. We're convinced that we can build a simpler, better, more sustainable and more enjoyable world thanks to advances in technology and smart digital solutions. Digital services, systems and products are at the core of our business offer, and with our teams' breadth of expertise we help our clients all the way, from business strategy and initial ideas to development and operational management through to launch and activation.

We often enter partnerships with clients who view technology as a critical success factor. Partnerships in which we bring our innovative strength and technical skills to the table, enabling us to develop the client's organisation as well as its business – always with the user in focus. Hand in hand with our R&D expertise we have a robust IT offering where we also manage platforms, plus a communication offering that meets the requirements and expectations of our clients' marketing departments.

One of our specialist areas is integration and our integration platform Friends, a cloud-based integration platform sold as a license-based service, called integration platform as a service (IPaaS).

As more and more applications are built, the need grows for an

integration solution that enables an efficient, secure way to connect and send data to and from different IT systems, a challenge that our integration platform Friends solves.

The Nordic region is HiQ's biggest market, but we also win assignments for multinational companies where our solutions are used all over the world. We currently operate in four countries, and every one of our nearly 1,600 employees are driven to make people's lives simpler.

We divide our market into eight areas and have a broad, well-balanced market mix. This is a big advantage for our clients, our company and our employees. All market segments reveal the need for digital solutions that help companies and organisations be innovative, and come up with new products, services and value chains. Read more about our market areas on pages 38-41.

We see continuing strong demand in Industry, with 22 per cent of HiQ's total revenue, and the continuing growth of Public Sector accounts for 22 per cent of total revenue. These are two sectors characterised by strong growth and an increased need for digitalisation.

During the year we win new assignments and clients in all segments in which we operate. Digital technology is now a requirement for basically all companies in all industries, and we help our clients and their customers leverage all the opportunities technology brings.

We see strong growth in system integration. Our management and maintenance business is increasing as is demand for our system integration services. We also see growing demand for our integration platform Friends, which streamlines flows and makes it easier for systems to talk to each other. Today, Friends is well established in Finland and we have started expanding in Sweden. We currently have over 300 active licenses, mostly from companies in Finland.

We also see increased growth in marketing. Among other achievements, our Finnish team from Great Apes is recognised in international competitions such as the Red Dot awards, the German Design Awards, the European Design Awards, and the ADC Awards for our project for the forest industry group Metsä Group.

HiQ is passionate about simplifying and improving people's lives. AI and machine learning are good examples, where there are many

opportunities to improve Swedish healthcare. And HiQ is entrusted by the Swedish Association of Local Authorities and Regions to run an AI project concerning the statistical tool “Vården i siffror” (“Healthcare in figures”). Another example is the mobile solution developed by HiQ and Scania that gives Scania customers faster assistance during unscheduled downtime. By simplifying and accelerating communication between service technicians and Scania Assistance, customers and drivers facing unscheduled downtime are getting much faster, better help. A big win, as it shortens the vehicle’s standstill time.

Yet another example is HiQ’s involvement in helping a Nordic company digitalise a previously manual process and add value for all coffee-drinkers in Norway. HiQ is building the mobile solution Snarveien for the petrol station chain Shell in Norway, which is owned by ST1. The solution makes it easy for Shell’s customers to sign up for and manage their coffee subscriptions.

Both Swedish Taxi Stockholm and Finnish Lähitaksi turn to HiQ for help with their digitalisation needs. HiQ is behind Finnish taxi company Lähitaksi’s new digital service aimed at improving the customer experience and making it easier and more convenient to order and pay for a taxi. Taxi Stockholm is launching a strategic partnership with HiQ to develop the company’s digital transport ecosystem.

HiQ has a comprehensive framework agreement portfolio that was enhanced in 2019. For example, HiQ is the only company to receive top scores in the Swedish Tax Agency’s procurement of IT application services and is one of four companies awarded the contract. HiQ wins a procurement contract with the Swedish Armed Forces for consulting services regarding digital channels. HiQ is expanding its collaboration with defence group Saab; in addition to several ongoing research and development agreements, HiQ has now also signed a framework agreement for IT services. HiQ is one of the winners in SVT and Sveriges Utbildningsradio’s (UR) procurement of system development consulting services and signs framework agreements in several areas.

In July, the HiQ Sailing Team takes home the big win at ÅF Offshore Race with the VO65 sailboat HiQ IV. They not only shatter the record by over 4 hours and thus win Line Honors (first to reach the goal), they also take home both class wins and overall wins in the competition! Plus, several other awards. During transport to and from Holland, the boat stops at several of HiQ’s offices

and some 60 HiQers also get the chance to sail along on board.

In 2019 HiQ continues to produce winning results, strengthen our market position and remain relevant for our clients. All subsidiaries are recruiting new employees. Our R&D and IT operations are performing well, with good capacity utilisation and strong earnings in all parts of the Group. Our system integration operations and the Friends integration platform continue to grow, we are well established in the market in Finland and we are now expanding in Sweden. In parts of other investment areas, we are implementing changes to simplify and improve operations and increase earnings.

In Finland, we are currently operating very successfully in many market segments. We are involved in several big new business deals and are delivering a year with excellent earnings. Our digital agency Great Apes continues to develop nicely, win awards and gain recognition for its projects.

In Sweden, we are well represented in all market segments and continue to win new business in HiTech, R&D, IT and Communication. In general, our classic business dealings in R&D and IT are well developed and highly efficient with strong earnings. In some areas, we are not reaching our ambitious efficiency targets. This applies primarily to our Healthcare and Marketing operations in Stockholm. Therefore, we have implemented changes and streamlining measures that will impact the coming quarters.

Our team of experts in Moscow is working successfully with other HiQ offices to develop smart mobile solutions that simplify and improve people’s lives.

Our production unit in Poland, which mainly works with our integration operations in Finland, continues to progress well.

In general, the market saw healthy demand in 2019. We have bold, creative, strong clients, the industry’s best employees and a very strong financial position. We are employing, growing and continuing to generate good results. Our distinct market position and technological development make us increasingly relevant to our clients.

RESULTS AND FINANCIAL POSITION

HiQ’s net sales in 2019 amounts to SEK 1,847.1 (1,852.7) million. Operating profit amounts to SEK 226.0 (196.5) million, giving an operating profit margin of 12.2 (10.6) per cent. Consolidated

net financial items for the period are SEK -1.8 (0.9) million. Profit before tax amounts to SEK 224.1 (197.4) million. During the second quarter 2019 the divestment of the holding in Westend Affärscentrum generates a realisation gain of SEK 22.8 million, which affects the operating profit for the period January–December 2019.

Cash flow from operating activities is positive at SEK 232.2 (167.4) million. At 31 December 2019 the Group has liquid assets of SEK 188.1 (183.5) million. During the year cash flow is affected by a share redemption of approximately SEK 187 million implemented in May 2019. Interest-bearing net funds at the end of the period are SEK 188.1 (151.1) million. Shareholders’ equity at the end of the period is SEK 813.5 (818.5) million and the equity/assets ratio is 64.6 (69.0) per cent.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group has very limited activities within research and development. During the year SEK 5.0 (0.0) million is expensed for research and development.

INVESTMENTS

The Group’s net investments in fixed assets totals SEK 80.5 (26.4) million during the period. Investments in improvements to premises amounts to SEK 4.1 (3.4) million, equipment SEK 7.4 (16.1) million and SEK 69.0 million is right-of-use assets. Right of use assets relates to investments in real estate contracts and company cars and are added to the balance sheet due to the adoption of IFRS 16.

During 2018 there were investments in financial leasing with SEK 6.9 million. The application of IFRS 16 from 1 January 2019 explains the vast increase of investments.

EMPLOYEES

At year-end HiQ has 1,560 (1,629) employees, 1,429 (1,527) of whom are active staff. Employees are HiQ’s most important asset and HiQ works continuously to safeguard and improve the employees’ work situation. Sickness absence at HiQ in 2019 is 4.2 (4.2) per cent. HiQ is a member of a corporate healthcare scheme and certain subsidiaries engage the services of a naprapath. Staff receive subsidized healthcare. HiQ also has ethics and equality policies in place, which mean that all employees shall be given the same opportunities irrespective of age, sex, ethnical belonging and religious conviction. HiQ also works actively to create a corporate culture that develops our employees’ expertise and experience

Directors' Report. *Cont.*

PARENT COMPANY

The Parent Company's operations consist in shared Group functions for accounting and finance, investor relations and marketing. Net sales in the Parent Company are SEK 73.3 (42.5) million. Operating profit is SEK -15.0 (-12.9) million. Net financial items are SEK 224.2 (98.4) million, which includes result from participations in Group companies of SEK 223.7 (97.0) million. After tax of SEK 15.1 (18.5) million, net profit is SEK 194.2 (67.0) million. At 31 December the Company's interest-bearing net funds are SEK 47.7 (31.6) million, adjusted shareholders' equity SEK 455.5 (446.6) million and the equity/assets ratio 72.0 (71.9) percent. The Company's net investments in the period totals SEK 8.9 (4.0) million, of which SEK 3.7 (2.2) million in improvements to premises and 5.2 (1.8) million in equipment.

NEW SHARE ISSUES ETC.

During 2019 2,500 shares have been issued at the price of SEK 50.30 due to redemption of warrants. In total the Company has received SEK 0.1 million, net after issue costs. In addition, the shareholders' equity increased with SEK 1.7 million due to payment of premiums for 832,900 warrants. For a more detailed description of outstanding warrant programmes, see Note 21.

THE HIQ SHARE

At 31 December 2019 HiQ's share capital totals SEK 5,584,208.70 spread over 55,842,087 outstanding shares. Each share carries one vote and all shares carry equal rights to a share in the assets and profits of the Company. As far as the Company is aware, there are no direct or indirect shareholdings representing at least one tenth of the voting rights for all the shares in the Company. Neither is the Company aware of any agreements between shareholders that may entail restrictions in the right to transfer shares. At the Annual General Meeting each person entitled to vote may vote for the full number of shares owned and represented without any restriction on voting rights. The Annual General Meeting in March 2019 authorises the Board of Directors, on one or more occasions in the period up to the next AGM, to issue a maximum of 5,000,000 shares in the form of a non-cash issue or off-set issue in connection with acquisitions. At the AGM in March 2019 it is decided to conduct a split, redemption of shares and bonus issue. The number of outstanding shares and the company's share capital remains the same after the completion of this procedure.

FUTURE PROSPECTS

HiQ contributes to the evolution of modern society, where technology development and a connected lifestyle drive new products, services and business models. We are convinced that we can build a simpler, better, more enjoyable and more sustainable world thanks to advances in technology and smart digital solutions.

Our expertise and sustained strong 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 specialised service company with core operations in the Nordics.

HiQ's growth strategy is to grow organically, complemented by strategic acquisitions. HiQ's acquisition strategy aims to strengthen the company's geographical reach by increasing its Nordic presence and acquiring companies that add new areas of expertise and/or new markets.

We believe in long-term growth in all segments in which HiQ operates. And we believe that new technologies remain a crucial success factor for business and industry.

Our strategy is to:

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

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

RISKS AND RISK MANAGEMENT

HiQ's business is affected by a number of different factors, some of which are within the Company's control while others are not. For a consultancy company such as HiQ, activities are affected by business-related risks such as recruitment, competition and price pressure, development of key customers, bad debts, project risks

and the ability to enter into framework agreements. Market related risks include cyclical risks. Financial risks include exchange rate risks and interest risks. For a more detailed description of HiQ's risk management, see Risk and risk management on page 57. For a description of the Group's risk management concerning financial instruments, see Note 36.

CORPORATE GOVERNANCE REPORT

General

HiQ International AB is a Swedish public limited company with its registered office in Stockholm, Sweden. HiQ's corporate governance is based on the Swedish Companies Act, the company's articles of association, the obligations that accompany listing on the Nasdaq Stockholm, the Swedish Code of Corporate Governance and other applicable laws and regulations. Corporate governance comprises a regulatory and decision making system for managing a company's business in an effective, controlled manner. The aim is to meet the owners' requirements in terms of the return on capital invested. In Sweden, corporate governance has traditionally been regulated by legislation. In addition, the self-regulatory bodies of trade and industry have continually presented various stipulations relating to corporate governance. For detailed information on the Swedish Code of Corporate Governance visit www.bolagsstyrrning.se.

HiQ aims for a high standard through a clear and simple management system and guiding documents. Management, leadership and control of HiQ is divided between the shareholders at the Annual General Meeting, the Board of Directors, the CEO, and the auditors in accordance with the Swedish Companies Act and the company's articles of association. Increased transparency provides good insight into the company's operations, which contributes to effective control.

HiQ's application of the Code of Corporate Governance

HiQ has applied the Swedish Code of Corporate Governance since 1 July 2008. HiQ follows the Code with the following exceptions: No Remuneration Committee has been appointed. Instead these matters are dealt with by the Board as a whole, excluding the company's CEO. This is because the Board judges that due to the nature of the business and the combined expertise of the Board members, this best promotes the business of the company and the interests of its shareholders.

Shareholders

HiQ's share is listed since April 1999 on the Nasdaq Stockholm. At year end, the share capital amounts to SEK 5.6 million, spread over 55,842,087 shares with a quota value of SEK 0.10. There is one share class. The number of shareholders at year-end amounted to 15,007 (17,360). The foreign ownership share was 28 (27) per cent. Swedish institutions owned 48 per cent of the shares. 12 per cent of shares were held directly by the shareholders while 88 per cent were registered in the name of a nominee. For further information regarding HiQ's share and ownership structure, please refer to the section "The HiQ Share", on pages 54-46.

Annual General Meeting

Under the Companies Act, the General Meeting is a company's highest decision-making body. The company's Annual General Meeting adopts the income statement and balance sheet, elects the Board of Directors and – where appropriate – auditors, establishes fees and deals with other matters laid down in legislation or in the Code of Corporate Governance. At the Annual General Meeting, the shareholders have the opportunity to ask questions to the management, Board of Directors and the auditors.

Annual General Meeting 2019

The 2019 Annual General Meeting (AGM) was held in Stockholm on 26 March 2019. Around 46 percent of the votes were represented at the AGM. Gunnel Duveblad was elected as Chairman of the AGM. Among other things, the AGM resolved to re-elect Gunnel Duveblad, Susanne Ehnåge, Erik Hallberg, Ulrika Hagdahl, Raimo Lind and Lars Stugemo as members of the Board. And Ann Hellenius was elected as a new member of the Board. Ken Gerhardsen had declined re-election. Gunnel Duveblad was elected as Chairman of the Board. KPMG AB were elected as auditors of the company.

The Board of Directors was authorised to:

- decide on one or more occasions in the period up to the next AGM on the issue of a maximum of 5,000,000 shares as a non-cash issue or offset issue in conjunction with corporate acquisitions.
- decide on one or more occasions in the period up to the next AGM on the acquisition of a total number of shares such that the number of the company's own shares held at any one time does not exceed 10 per cent of the total number of shares in the company.

- decide on transfer of the company's own shares in settlement for the acquisition of companies or operations at a price corresponding to the share price at the time of transfer.

Furthermore, the AGM resolved to:

- implement a share split and a mandatory redemption procedure in which SEK 187 million, corresponding to SEK 3.35 per share, was distributed to the company's shareholders.
- The AGM also decided to issue a maximum of 1,000,000 warrants to be transferred to employees in Sweden and Finland.
- adopted principles for remuneration and other terms of employment of the executive management as proposed by the Board.

Minutes from the Annual General Meeting and other documentation could be found on HiQ's website www.hiq.se.

ANNUAL GENERAL MEETING 2020

The 2020 Annual General Meeting will be held at 10 a.m. on Monday 30 March, 2020 in the company's premises at Katarinavägen 15, 7th floor, in Stockholm.

Nomination committee

HiQ's 2019 AGM resolved that the following principles shall apply, until a new AGM decision is made, for the appointment of a Nomination Committee and the assignments of the Nomination Committee.

The Chairman of the Board of Directors shall based on the ownership as of 31 July convene the three major shareholders in the company, which each are to elect one representative to the Nomination Committee. If any of the three major shareholders renounce from their right to elect a representative, the next largest shareholder are to be provided with the opportunity to elect a representative. In addition, the Nomination Committee can decide that the Chairman of the Board of Directors shall be a representative of the Nomination Committee. Neither the CEO nor any other member of the management shall be a member of the Nomination Committee.

The Chairman of the Board of Directors shall convene the initial meeting of the Nomination Committee. A representative of the shareholders shall be elected as Chairman of the Nomination Committee. Term of office for the Nomination Committee is until a new Nomination Committee has been appointed.

Directors' Report. *Cont.*

The names of the representatives of the Nomination Committee shall be announced no later than six months prior to the Annual General Meeting. All shareholders shall in connection thereto also be informed whom to contact.

In the event of major changes in the shareholding after this date, the Nomination Committee can, if it finds it necessary, decide that a new shareholder shall be offered a seat in the Nomination Committee according to the above stated principles. Such changes shall not occur later than two months before ordinary Annual General Meeting. Such changes shall be made public immediately.

The Nomination Committee shall prepare and at the Annual General Meeting leave proposals regarding; election of Chairman for the Annual General Meeting, election of Chairman of the Board of Directors along with other members of the Board of Directors, fees to the members of the Board of Directors divided between the Chairman and other members as well as compensation for work in committees and election of and fee to the auditors and (any deputy auditors where appropriate).

No fee shall be paid to the Nomination Committee. The Nomination Committee shall, upon approval by the Chairman of the Board of Directors, be entitled to burden the company with costs for recruitment consultants or other costs necessary for the Nomination Committee to fulfil its duties.

The Nomination Committee ahead of the AGM comprises Joachim Spetz (Robur Fonder), Mats Gustafsson (Lannebo fonder), Lilian Biner (Handelsbanken fonder) and Gunnel Duveblad, the Chairman of the Board. Joachim Spetz was appointed as chairman of the Nomination Committee. All shareholders have been given opportunity to contact the Nomination Committee with proposals, e.g. for Board members, for further evaluation within the context of the Nomination Committee's work. The Nomination Committee has held 7 meetings and has also been in contact at other times. As a basis for its appraisal of the composition of the Board the Nomination Committee had access to the appraisal carried out by the Board and was also given opportunity to meet the members of the Board individually. Based on this appraisal and the opportunity to take into account suggestions for new Board members, the Nomination Committee draws up a proposal for a new Board which is submitted in conjunction with the notice to the forthcoming AGM. At the AGM the Nomination Committee gives a report on its work.

When auditors are to be elected the Audit Committee (which comprises the entire Board excluding the CEO) assists the Nomination Committee with producing a proposal. The current auditor, KPMG, was elected at the 2019 AGM.

The Nomination Committee has applied paragraph 4.1 in the Swedish Corporate Governance Code, as diversity policy for the Board, i.e.: "The Board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances. The Board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The company is to strive for gender balance on the Board".

The Board of the company has, according to the Nomination Committee a good diversity regarding as well experience, age as well as gender balance. Of the Board members elected by the AGM in 2019, 4 are women, constituting 57 per cent of the Board, including the CEO. If the CEO is excluded in the calculation, according to EU standards, the proportion is 67 per cent. The composition of the Board thereby fulfils the Swedish Corporate Governance Code of requirement of a good gender balance.

BOARD OF DIRECTORS

The Board's responsibilities and duties

The Board shall have written instructions stating the division of work between the Board, any other bodies that the Board may establish and the CEO. The work plan, which is established annually at the statutory Board meeting immediately following the AGM, establishes the basis of the Board's work, the division of work between the Board and the CEO as well as the frameworks for financial reporting.

Composition of the Board

According to the company bylaws, the Board shall have at minimum 3 members and maximum 8 members with a maximum of 5 deputies. Coming from different backgrounds and with a broad pool of experience, the directors have the knowledge required to perform their Board duties, including issues relating to strategy, executive management and structural development. Individual directors also provide valuable assistance to management in facilitating contacts with key clients and on issues relating to politics, economics, accounting and finance, law, organisation and marketing. Age, mainly education, work experience, mainly

assignments, election year and holdings of HiQ shares of the Board members is presented on pages 46-47.

Division of work

The board as a whole has chosen to act as audit committee with the exception of the CEO, and also handle remuneration issues.

Chairman of the Board

The Chairman of the Board is responsible for leading the work of the Board and for the Board meeting its commitments in accordance with the Swedish Companies Act and the work plan established by the Board for its work. Continual contact with the CEO shall ensure that the Chairman of the Board monitors the company's development and ensures that the Board receives the information required in order to be able to meet its commitments. The Chairman of the Board shall also represent the company in matters concerned with ownership. Gunnel Duveblad has been Chairman of the Board since March 2016.

Board fees

The 2019 AGM established the fees to be paid to the Board at SEK 2,135,000. Of this amount, SEK 685,000 is payable to the Chairman of the Board and SEK 265,000 each to the other non-employed Board members. The total amount of SEK 2,135,000 also include SEK 125,000 has been paid to the Chairman of the Audit Committee.

The work of the Board in 2019

In 2019 the Board held 11 meetings (9 meetings were held in 2018), including a statutory meeting following the AGM on 26 March 2019. The minutes of these meetings represent documentation of decisions taken and the minutes are taken by the company's Chief Financial Officer, acting as secretary of the Board. The regular Board meetings are prepared jointly by the Chairman of the Board and the CEO of the company.

At every regular Board meeting an update is given on the business situation and financial monitoring. In addition, every meeting deals with a number of matters that are summarised below. Ahead of each Board meeting the Board receives written material as a basis for discussions and decisions that will be dealt with. Members of the executive management take part in the Board meetings in order to report on matters within their specific areas. Other matters dealt with during the year include the economic trend, competence needs, organisation and acquisitions. In addition a full-day strategy seminar was held on issues relating to HiQ's long-term development, and in-depth discussions regarding certain market areas. The CEO provides a monthly report to the Board. This report deals with markets, operations and financial development. These reports are compiled by the CEO and the Chief Financial Officer. The Company's auditor were present at the meeting at which the year-end financial statements were discussed.

This gave the Board of Directors and the auditor the opportunity to discuss the business accounting and audit work. Compensation matters have been taken in connection with ordinary board meetings. Handled matters include conditions and incitements for managements and compensation package for CEO.

Audit committee

The audit committee of 2019 was constituted by all the Board members except the CEO. Chairman of the audit committee is Raimo Lind. The committee has held 5 meetings in 2019. They have also held meetings with the auditors. Matters that have been taken under 2019 includes review of Group policies, internal financial reporting, review of results by AGM elected auditors audit of the operations, impairment tests and matters concerning internal control.

Assessment of the Board's work

In accordance with what is laid down in the Board's work plan, the Board continually assesses its work through open discussions in the Board and through an annual Board appraisal taking the form of a survey. The results of the annual Board appraisal are submitted to the Nomination Committee. The nomination committee has also had a meeting with Board members in order to ask questions regarding the Board's work.

Auditors

The company's auditor, KPMG, was elected on the AGM in March 2019. Helena Arvidsson Älgne is the responsible auditor. During the year the auditor has, in addition to auditing the financial statements for the company, also reviewed the interim report for the period January – September 2019. As described in the section "The work of the Board in 2019", the auditor has also participated at the Board meeting treating the full year results. For information regarding remuneration to auditors, please refer to Note 6.

Internal control over financial reporting

Internal control over financial reporting is based on the control environment established by the Board and executive management. Control environment refers to – among other things – the values and the culture that exist within HiQ, but also the organisational structure, responsibilities and powers defined and communicated to everyone concerned within the company. It also includes components such as the competence and experience of the company's employees and a number of governing documents such as policies and manuals.

BOARD MEMBER	INDEPENDENT IN RELATION TO			
	COMPANY	LARGER SHAREHOLDER	PRECENCE	PRESENCE AUDIT COMMITTEE
Gunnel Duveblad, Chairman of the Board	Yes	Yes	11/11	5/5
Susanne Ehnåge	Yes	Yes	11/11	5/5
Ken Gehardsen (until AGM March 2019)	Yes	Yes	3/3	1/1
Ulrika Hagdahl	Yes	Yes	11/11	5/5
Erik Hallberg	Yes	Yes	11/11	5/5
Ann Hellenius (starting from AGM March 2019)	Yes	Yes	7/8	3/4
Raimo Lind	Yes	Yes	11/11	5/5
Lars Stugemo	No	Yes	11/11	-

Directors' Report. *Cont.*

Control environment

The Board of HiQ has an established work plan which is laid down annually at the statutory Board meeting and forms the basis of the work of the Board and for effective management of the risks to which the business is exposed. The Board annually updates and establishes the Board's work plan, the CEO's instructions, an approval matrix and an investment policy, among other things. Work plans exist for the Boards of subsidiaries and instructions exist for the Managing Directors of each company in the HiQ Group. In addition, HiQ has for example a media policy, an IR policy, an emergency plan and a business ethics policy. The policies and other steering documents that HiQ has are judged to form a basis for good internal control. Internal steering documents to secure high quality in financial reporting include a financial Handbook, IR-policy and the approval matrix. HiQ has an information security policy that is compliant with the Data Protection Regulation (GDPR), which came in force in 2018.

The tasks of the Board include continual monitoring of compliance with the general policies and other steering documents that exist, as well as continual assessment of the company's financial situation and results. HiQ has a decentralised organisational model in which each subsidiary has great independence. The Group has an approval matrix that clearly regulates the powers that exist at each level in the organisation. The approval matrix regulates matters such as the submission of purchases, fixed price quotations, investments, salaries and discounts.

Risk inventory/risk register

The aim of HiQ's risk inventory is to ensure that HiQ's business is conducted in a manner that is in line with the risk level the Board and the management decided. The company's Board and senior management are responsible for the existence of and compliance with guidelines on risk management. HiQ has carried out an analysis of the risks that may affect the accuracy of the financial information that the company provides externally. In so doing a number of income statement and balance sheet items were identified where the risk of material errors is greater than in the case of other items. One example of this is the settlement of fixed price projects, where particular importance is placed on ensuring good internal control of revenue settlement. Another example is the treatment of sub-consultants. During the year all subsidiaries have conducted a self-evaluation regarding the internal control.

During the autumn the Group controller has reviewed all group companies regarding administrative routines and internal control. At the controller tour sample tests is made. During the controller tour this year, matters relating to IFRS 16 have also been reviewed. The outcome of this work is compiled and presented to the Board. Based on the analysis an action plan is set to improve the internal control.

Information and communication

Information on HiQ's steering documents such as policies, guidelines and routines is provided to the persons concerned. Significant policies and guidelines are updated as needed, but at least annually, and communicated to the staff concerned. Financial reporting issues are also discussed at meetings at which the Group's financial officers meet. For external communication HiQ follows its established media plan and IR policy.

Monitoring

Within HiQ a complete income statement and balance sheet are produced monthly, along with certain key ratios, at both Group and segment level. Moreover, various relevant key ratios and liquidity are monitored weekly. Each month the entire Group is consolidated, with results being tracked against budget. In addition to the financial reporting, a follow-up of the internal control work and risk inventory is made. Each month the Board receives an update of the financial outcome of the Group.

Disclosure of information to the stock market

In accordance with the commitments incumbent upon HiQ as a listed company, HiQ provides the stock market with information on the Group's financial position and development. The information is provided in the form of interim reports and an annual report, which are published in Swedish and English. In addition to purely financial information, HiQ also issues press releases concerning news and events and also gives presentations for shareholders, financial analysts and investors both in Sweden and abroad. The information published is also made available on the company's website, www.hiq.se.

Statement

In view of the above processes and structure, the Board does not consider it appropriate to establish a separate internal audit function.

GUIDELINES FOR DETERMINING SALARIES AND OTHER REMUNERATION FOR THE CEO AND OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT

The Annual General Meeting on 26 March 2019 passed a resolution concerning the following principles for remuneration and terms of employment of the CEO and other members of the executive management. Remuneration of the CEO and other members of the executive management shall comprise fixed salary, any variable remuneration, pension and any other customary benefits. The total remuneration shall be in line with market rates and the remuneration terms shall reward outstanding performance and standardise shareholder and individual incentives.

Fixed salary

Remuneration in the form of fixed salary shall be in proportion to the executive's experience, responsibilities and authority.

Variable remunerations

The variable remuneration shall be in proportion to the executive's responsibilities and authority. It shall also be subject to an upper limit and based on fulfillment of targets aligned with the shareholders' long-term interests. Where appropriate, the variable element shall be based on quantitative and qualitative targets.

The Company's costs for the variable element of remuneration for the CEO and other members of the executive management are maximum 100% of the fixed salary cost for this group depending on target fulfillment. The CEO and other members of the executive management shall be eligible to participate in the warrant program, in the same way as other staff and on the same terms, in accordance with the proposal submitted to the Annual General Meeting by the Board, and have premiums subsidized on the same terms as other employees within HiQ if applicable.

Pension

HiQ offers its employees a premium-based pension scheme with entitlement to pension from the age of 65. Variable remuneration is not pensionable. Pension benefits amount to a maximum of 35% of fixed salary, not exceeding 10 price base amounts per employee per year.

Other benefits

Other benefits comprise conventional benefits in accordance with local practice.

Termination and severance pay

In the case of the CEO, there is a reciprocal period of notice of six months. If employment is terminated by the Company, severance pay equivalent to 10 months' salary is payable. If employment is terminated by the CEO, salary and other benefits are paid for four months after cessation of employment, during which period the CEO is prohibited from entering into competing activities. In the case of other members of the executive management, there is normally a reciprocal period of notice of three to six months. Issues concerning remuneration of the executive management are handled by the CEO. Decisions on remuneration of the CEO are taken by the Board of Directors. These guidelines may be waived by the Board where there are particular reasons for this in an individual case.

THE BOARD'S PROPOSED GUIDELINES APPLICABLE UNTIL THE NEXT ANNUAL GENERAL MEETING

The Board of Directors proposes that the General Meeting 30 March 2020 resolves that the following Guidelines for remuneration of the Senior Executives of the Company shall apply until the Annual General Meeting 2024, unless circumstances arise that require prior revision. The Guidelines include the CEO and other members of the Senior Management. Remuneration included in the Guidelines shall include salary and other remuneration to the Senior Management. Remuneration is also including the transfer of securities and the granting of the right to acquire securities from the Company in the future.

The Guidelines' promotion of the Company's business strategy, long-term interests and sustainability

At HiQ we simplify people's lives by using tech, design and creativity to build smart solutions, businesses and brands. We are convinced that tech development is the best way to make the world better, sustainable, smoother, safer – and more fun. The purpose with the remuneration package is to recruit and retain senior executives with high competence and ability to reach set targets, implement HiQ's strategy and fulfil the Company's business strategy, long-term interests and sustainability. For further information on the Company's business strategy, please visit www.hiq.se.

The decision-making process to determine, review and implement the guidelines

The Remuneration Committee consists of all members of the Board of Directors, except the CEO. The committee's tasks

include preparing the Board of Directors' decision relating to remuneration guidelines, remuneration and other terms of employment for the Senior management of Company. The Remuneration Committee shall also monitor and evaluate ongoing and completed programs during the year for variable remuneration to the Senior Management of the Company. They shall also follow and evaluate the application of the guidelines for remuneration to the Senior Management of the Company that the Annual General Meeting is required by law to adopt as well as the applicable remuneration structures and remuneration levels in the Company.

The Board of Directors shall prepare proposals for new Guidelines at least every four years and submit the proposal to the Annual General Meeting for resolution. The CEO and other members of the Senior Management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Types of remuneration, etc.

The remuneration offered shall be on market terms and consists of a fixed salary, variable salary, pension benefits and other benefits. The annual general meeting could in addition – and independent of these guidelines – decide on share and share-based programs and compensations.

Fixed salary

The remuneration consisting of a fixed salary shall be in proportion to the employee's experience, responsibility and authority.

Variable salary

The variable salary shall be in proportion to the employee's responsibility and authority. Moreover, it shall be maximized and is based on the fulfilment of certain levels of performance which coincides with the shareholders' long term interests. The variable part shall, where appropriate, be based on quantitative and qualitative goals. Variable remuneration is not pensionable.

The total costs incurred by the company for the variable salary for company's management will amount to maximum 100 per cent. of the fixed cost for the salary, depending on whether the performance levels are met.

Pension

Employees of HiQ are offered a premium based pension plan

Directors' Report. *Cont.*

with a right to collect pension from the age of 65. Pension benefits amount to a maximum of 35 per cent of the fixed salary, not exceeding 10 Price base amount per year and employee.

Other benefits

Other benefits will consist of such benefits, such as company car and wellness subsidies, which are considered as standard according to local practice.

Notice and severance pay

Regarding notice to terminate the employment of the Managing Director, a mutual notice period of six months applies. When notice is given by the company, a severance payment corresponding to ten months salary will be made. When notice is given by the Managing Director, salary and other benefits will be paid for a period of four months after the employment has come to an end, during which time a prohibition of competition applies. Regarding notice for termination of employment of other persons in the company's management, a mutual notice period of three to six months normally applies. .

Salary and employment conditions for employees

Salary and employment conditions for the employees of the Company have been taken into account in the preparation of these remuneration guidelines by including information on the employees' total income, the components of the remuneration and the increase and growth rate over time have been part of the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the Guidelines and the limitations set out herein are reasonable. In the remuneration report to be prepared regarding paid and outstanding remuneration covered by the Guidelines, the development of the gap between the remuneration of the Senior management and the remuneration of other employees will be reported.

Derogation from the guidelines

The Board of Directors may resolve to derogate from the Guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability.

The proposal is essentially in line with the guidelines approved at the Annual General Meeting in 2019.

PROPOSED APPROPRIATION OF THE COMPANY'S PROFIT (SEK THOUSAND)

The following funds are at the disposal of the Annual General Meeting:

Share premium reserve	214,352
Profit brought forward	0
Profit for the year	194,810
Total	408,532

The Board and the CEO propose that profits be appropriated such that SEK 408,532 thousand is carried forward.

It is also proposed a share split 2:1 combined with a compulsory redemption procedure shall be carried out. The procedure will imply that each share will split into one ordinary share and one redemption share. The redemption share is suggested to be redeemed for SEK 3.40 per share, representing a transfer of approximately SEK 189.9 million to the Company's shareholders, based on the number of outstanding shares.

Statement on reasons for the Board's value transfer proposal through mandatory redemption

The proposed value transfer to the shareholders will reduce the Parent Company's equity/assets ratio from 72.0 per cent to 60.0 per cent and the consolidated equity/assets ratio from 64.6 per cent to 58.3 per cent. In view of the continued profitability of the company and the Group, the equity/assets ratio is deemed to be adequate.

The Board likewise believes that it will be possible to maintain an adequate level of liquidity in the company and the Group

In the view of the Board of Directors the proposed value transfer will not prevent the company or any of the companies within the Group from meeting their short or long term obligations or from making the necessary investments. The proposed value transfer is therefore defensible with respect to the provisions of paragraphs 2-3 of Section 3 of Chapter 17 of the Swedish Companies Act (the precautionary principle).

The financial reports were approved for publication by the Board of Directors of the Parent Company on 9 March 2020.

For more information about the company's results and financial position, see the following income statements and balance sheets and the notes to the accounts.

Consolidated statement of comprehensive income.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK THOUSAND)			
	NOTE	2019	2018
Net sales	3, 4, 8	1,847,053	1,852,700
Other operating income		22,754	0
Assignment-specific external costs	8	-284,254	-287,595
Staff expenses	5, 30, 34	-1,220,274	-1,233,020
Other external expenses	6, 28	-92,942	-120,312
Depreciation	11, 12, 13, 28	-46,378	-15,227
Operating profit		225,959	196,546
Finance income	7	1,567	1,853
Finance costs	7	-3,414	-973
Pre-tax profit		224,112	197,426
Income tax	9	-47,809	-45,514
Profit for the period attributable to the equity holders of the Company		176,303	151,912
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	22	6,254	15,067
Other comprehensive income for the period		6,254	15,067
Comprehensive income for the period attributable to the equity holders of the Company		182,557	166,979
Profit per share attributable to the equity holders of the Company			
Basic SEK	23	3.16	2.73
Diluted SEK	23	3.16	2.71

Consolidated balance sheet.

CONSOLIDATED BALANCE SHEET (SEK THOUSAND)	NOTE	2019-12-31	2018-12-31
Assets			
Fixed assets			
Tangible fixed assets	11	31,560	62,750
Right of use assets	12	127,601	0
Intangible assets	13	391,186	388,446
Investments in associates	15	0	13,029
Deferred tax	10	3,149	1,925
Financial assets	14, 16	17,116	5,343
Total fixed assets		570,612	471,493
Current assets			
Accounts receivables, trade	14, 18	348,523	376,571
Current income tax assets		16,962	16,515
Other receivables	14, 17	18,488	8,347
Accrued income and prepaid expenses	19	116,600	129,333
Cash and cash equivalents	14, 20	188,147	183,496
Total current assets		688,720	714,262
Total assets		1,259,332	1,185,755
Equity and liabilities			
Equity			
Capital and reserves attributable to the Parent Company's equity holders			
Share capital	21	5,584	5,584
Other contributed capital		433,321	460,298
Other reserves	22	32,936	26,682
Retained earnings, including profit for the period		341,649	325,887
Total equity		813,490	818,451
Liabilities			
Long-term liabilities			
Long-term interest-bearing debt	14, 25, 28	0	26,248
Long-term liabilities, leases	14	90,573	0
Deferred tax	10	539	837
Total long-term liabilities		91,112	27,085
Short-term liabilities			
Short-term interest-bearing debt	14, 25, 28	0	6,137
Short-term liabilities, leases	14	36,329	0
Accounts payable, trade	14	71,651	77,014
Other liabilities	14, 26	88,891	99,840
Accrued expenses and prepaid income	27	157,859	157,228
Total short-term liabilities		354,730	340,219
Total liabilities		445,842	367,304
Total equity and liabilities		1,259,332	1,185,755

Consolidated statement of changes in shareholders' equity.

Attributable to the equity holders of the parent company						
(SEK THOUSAND)	NOTE	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	RESERVES	RETAINED EARNINGS, INCLUDING NET PROFIT FOR THE PERIOD	TOTAL EQUITY
Balance at 1 January 2018		5,545	440,853	11,615	358,143	816,156
Adjustment according to IFRS 9, after taxes	2				-1,173	-1,173
Comprehensive income						
Profit for the period					151,912	151,912
Other comprehensive income						
Currency translation adjustments	22			15,067		15,067
Comprehensive income				15,067	151,912	166,979
Transactions with shareholders						
Warrant premiums	21		2,677			2,677
Share issue conversion of warrants		39	16,768			16,807
Redemption of shares	24				-182,995	-182,995
Total transactions with shareholders		39	19,445		-182,995	-163,511
Balance at 31 December 2018		5,584	460,298	26,682	325,887	818,451
Balance at 1 January 2019		5,584	460,298	26,682	325,887	818,451
Adjustment according to IFRS 16, after taxes	2				-2,322	-2,322
Comprehensive income						
Profit for the period					176,303	176,303
Other comprehensive income						
Currency translation adjustments	22			6,254		6,254
Comprehensive income				6,254	176,303	182,557
Transactions with shareholders						
Warrant premiums	21		1,741			1,741
Share issue conversion of warrants			126			126
Redemption of shares	24		-28,844		-158,219	-187,063
Total transactions with shareholders			-26,977		-158,219	-185,196
Balance at 31 December 2019		5,584	433,321	32,936	341,649	813,490

Consolidated cash flow.

(SEK THOUSAND)	NOTE	2019	2018
Cash flow from operating activities			
Pre-tax profit		224,112	197,426
Adjustment for items not included in the cash flow	33	46,379	15,227
Paid tax		-49,262	-59,078
Cash flow from operating activities before changes in working capital		221,229	153,575
Cash flow from changes in working capital			
Increase (-)/decrease (+) in operating assets		27,612	28,229
Increase (+)/decrease (-) in operating liabilities		-16,594	-14,385
Cash flows from current operations		232,246	167,419
Cash flow from investing activities			
Investments in Group companies		-	-
Investments in tangible assets		-4,537	-19,179
Investments in financial assets		-	-2,358
Disposal of financial assets		1,277	-
Cash flow from investing activities		-3,260	-21,537
Cash flow from financing activities			
	33		
Warrant premiums		1,741	2,677
Share issue		126	16,807
Principal elements of lease payments		-40,233	-
Repayment of debt		-118	-6,313
Redemption of shares	24	-187,063	-182,995
Cash flow from financing activities		-225,547	-169,824
Cash flow for the period		3,439	-23,942
Cash and cash equivalents at beginning of year		183,496	205,124
Effects of exchange rate changes		1,212	2,314
Cash and cash equivalents at end of year	20	188,147	183,496

Income statement, parent company and statement of comprehensive income.

INCOME STATEMENT, PARENT COMPANY (SEK THOUSAND)	NOTE	2019	2018
Net sales	4, 34	73,288	42,518
Assignment-specific external costs	34	-14,984	-1,642
Other external expenses	6	-32,169	-28,489
Staff expenses	5, 30, 34	-38,904	-25,225
Depreciation and write-downs	11	-2,225	-24
Operating profit		-14,994	-12,862
Profit from shares in Group companies	7	223,686	96,990
Finance income	7	956	1,879
Finance costs	7	-407	-505
Profit after financial items		209,241	85,502
Income tax	9	-15,061	-18,483
Profit for the period		194,180	67,019
STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY (SEK THOUSAND)			
Profit for the year		194,180	67,019
Comprehensive income for the period		194,180	67,019

Balance sheet parent company.

BALANCE SHEET, PARENT COMPANY (SEK THOUSAND)	NOTE	2019-12-31	2018-12-31
Assets			
Fixed assets			
Tangible fixed assets			
Equipment	11	6,023	1,939
Improvement expenses for other's properties	11	6,464	3,867
Deferred tax asset	10	314	350
Financial fixed assets			
Shares in Group companies	31	436,294	436,294
Other financial fixed assets		5,028	5,028
Total fixed assets		454,123	447,478
Current assets			
Short-term receivables			
Accounts receivable, trade		11,483	8,480
Receivables – Group companies		32,535	52,954
Current income tax receivable		9,089	3,945
Other receivables	17	2,159	3,432
Accrued income and prepaid expenses	19	9,642	4,961
Total current assets		64,908	73,772
Cash and bank balances		113,526	99,760
Total assets		632,557	621,010
Equity and liabilities			
Equity			
Restricted equity			
Share capital)		5,584	5,584
Statutory reserve		41,419	41,419
Total restricted equity		47,004	47,004
Non-restricted equity			
Share premium reserve		214,352	241,331
Retained earnings		0	91,198
Profit for the period		194,180	67,019
Total non-restricted equity		408,532	399,548
Total equity		455,536	446,552
Current liabilities			
Accounts payable, trade		2,088	4,858
Liabilities – Group companies		163,152	158,827
Other liabilities	26	1,077	960
Accrued expenses and prepaid income	27	10,704	9,813
Total current liabilities		177,021	174,458
Total equity and liabilities		632,557	621,010

Shareholders' equity – parent company.

		2019		2018	
EQUITY		SHARES	VOTES	SHARES	VOTES
Number of shares and votes		55,842,087	55,842,087	55,839,587	55,839,587
PARENT COMPANY 2018 (SEK THOUSAND)	NOTE	SHARE CAPITAL	STATUTORY RESERVE	PREMIUM RESERVE	RETAINED EARNINGS
Balance at 1 January 2018		5,545	41,419	221,885	274,195
Comprehensive income					
Profit for the period					67,019
Comprehensive income					67,019
Transactions with shareholders					
Redemption of shares	24				-182,995
Warrant premiums	21			2,677	
Share issue		39		16,768	
Total transactions with shareholders		39		19,445	-182,995
Balance at 31 December 2018		5,584	41,419	241,331	158,219
PARENT COMPANY 2019 (SEK THOUSAND)	NOTE	SHARE CAPITAL	STATUTORY RESERVE	PREMIUM RESERVE	RETAINED EARNINGS
Balance at 1 January 2019		5,584	41,419	241,331	158,219
Comprehensive income					
Profit for the period					194,180
Comprehensive income					194,180
Transactions with shareholders					
Redemption of shares	24			-28,844	-158,219
Warrant premiums	21			1,741	
Share issue				126	
Total transactions with shareholders				-26,977	-158,219
Balance at 31 December 2019		5,584	41,419	214,352	194,180

Cash flow statement for the parent company.

CASH FLOW STATEMENT (SEK THOUSAND)	NOTE	2019	2018
Cash flow from operating activities			
Pre-tax profit		209,241	85,502
Adjustment for items not included in the cash flow	33	16,225	17,524
Paid tax		-20,205	-28,944
Cash flow from operating activities before changes in working capital		205,261	74,082
Cash flow from changes in working capital			
Increase (-)/decrease (+) in operating assets		14,044	40,394
Increase (+)/decrease (-) in operating liabilities		2,563	45,675
Cash flows from current operations		221,868	160,151
Cash flow from investing activities			
Investments in tangible assets		-8,906	-3,972
Investments in financial assets		-14,000	-20,014
Cash flow from investing activities		-22,906	-23,986
Cash flow from financing activities			
Warrant premiums		1,867	2,677
Share issue		—	16,807
Redemption of shares	24	-187,063	-182,995
Cash flow from financing activities		-185,196	-163,511
Cash flow for the period		13,766	-27,346
Cash and cash equivalents at beginning of year		99,760	127,106
Cash and cash equivalents at end of year	33	113,526	99,760

Notes.

1. General information

HiQ International AB ('the Company') and its subsidiaries (together 'HiQ' or 'the Group') is a consultancy company with operations mainly in the Nordic region and Russia. The Company is a limited liability company incorporated and domiciled in Stockholm, Sweden. The address of its registered office is Box 4046, 102 61 Stockholm, Sweden. The Company is listed on Nasdaq Stockholm Mid Cap.

These consolidated financial statements have been approved for issue by the Board of Directors on 9 March 2020. The income statements and balance sheets are to be adopted by the Annual General Meeting on 30 March 2020.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from IFRS Interpretations Committee (IFRS IC) as they have been adopted by the EU and in accordance with RFR 1 and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 35 (Critical accounting, estimates and assumptions).

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has applied the following standards and amendments

for the first time for their annual reporting period commencing 1 January 2019:

IFRS 16 "Leases"

HiQ has adopted IFRS 16 using the cumulative catch-up method, with the cumulative effect being adjusted on the adoption date, which means that the prior periods financial statements and key ratios presented in this quarterly report have not been restated to reflect adoption of this new standard.

As result of the adoption of IFRS 16, right-of-use assets and lease liabilities have been added as new lines in the consolidated balance sheet. Right-of-use assets and lease liabilities were previously not reported in the balance sheet. Repayment to lessors was reported as a part of cash flow from operating activities. Now the amortization of lease liabilities is reported as cash flow from financing activities.

The Group has applied the new standard as from 1 January, 2019. The Group has implemented the standard using the cumulative catch-up method, with the cumulative effect being adjusted to the opening retained earnings balance in equity at transition date. No restatement of previous periods have been made. The Group has at transition recognized lease liabilities for leases previously classified as operating leases. At the transition, HiQ has applied the practical expedient under IFRS 16 to not reassess whether a contract is a lease but to apply the new standard for contracts previously identified as a lease under IAS 17. The weighted average incremental borrowing rate applied to lease liabilities recognized in the balance sheet at the transition date was 2.0 per cent. Right-of-use assets have in some cases been recognized based on the amount equal to the related lease liability (adjusted for any lease payments made at or before the commencement date) and in some cases, especially regarding real estate contracts, with an amount as if the asset was depreciated since commencement date. Thereby the impact on the Group's opening retained earnings was negative with SEK 2.3 million, as of 1 January 2019.

The Group recognizes right-of-use assets and lease liabilities arising from all leases in the balance sheet, with some exceptions. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate.

HiQ applies the recognition exemption for short-term leases and

leases for which the underlying asset is of low-value. These leases are instead expensed on a straight-line basis over the lease term.

In the income statement depreciation on right-of-use assets and interest expenses are recognized. During the period January - December 2019, depreciation on right-of-use assets, previously accounted for as operational leases, amounted to SEK 29.6 million and interest expenses amounted to SEK 2.2 million. Operating leasing expenses for these contracts would have amounted to SEK 29.6 million.

None of the other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2019 has had a material impact on the Group's financial statement.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments and interpretations are effective from periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the group.

REVENUE RECOGNITION

A revenue is recognised when control of a good or service transfers to a customer. The main principle is that a company recognizes revenue in the way best reflecting the transfer of the promised good or service to the customer.

This recognition is made by a five step model:

Step 1: identify the contract with the contract

Step 2: identify different components in the contract

Step 3: set the transaction price

Step 4: allocate the transaction price on different components

Step 5: recognize revenue when a component is complete

If the consideration includes variable considerations (performance bonuses, discounts, royalties) should be estimated and included in the transaction price to the extent they with high probability will not be reversed.

HiQ's business model mainly consists of sale of services. The services are sold on a project basis but also competence-based. In

addition to providing pure services, HiQ also provide products in the form of software licenses and hardware as part of the projects delivered by HiQ.

Sale of services

The group offers services to variable price as well as fixed price within IT, design and implementation. Revenues from the delivered services is recognized in the period when the services are provided. For fixed price projects, the revenues are recognised in relation to the proportion of the total project delivered during the financial period, in cases when the client receives and utilises the services at the same point of time. This is based on the time incurred compared to the total estimated time for the project.

Some agreements include several additional services, in addition to consultancy services, such as software licenses and in some cases also hardware or third party licenses. When the agreement contains several performance obligations, the transaction price is allocated to the separate performance obligations based on their stand-alone price. In the cases when a stand-alone price is not available, the price is based on expected costs with the addition of a profit margin. If the contracts include installation of hardware or licenses, the revenue is recognised when the product is delivered, the ownership is transferred and the client has accepted the product, i.e. when the client has gained control of the product.

Estimates regarding revenues, costs or level of completion of projects are re-assessed if the circumstances change. Increases or decreases in estimated revenues or costs dependent on a change of estimates are recognised in the income statement in the period the changed circumstances became known by the management.

In fixed-price contracts the client pays the decided price at certain points in time. If the services provided by the Group exceed the received payment, a contract asset is recognised. If the payments received exceed the provided services a contract liability is recognised.

If the agreement for a time and material project is based on an hourly rate, the revenue is recognised to the extent the client gains control of the provided service. The clients are billed every month and the remuneration should be paid when invoicing is made.

Variable consideration: Under IFRS 15 the variable consideration

shall be estimated at contract inception. For HiQ, variable consideration occurs in the form of discounts and incentive-based pricing. In cases when variable consideration occurs, the impact is estimated and the transaction price is adjusted.

Warranty obligations: In some cases HiQ provides warranties for the delivery of software or project deliveries. The warranties given are classified as assurance-type warranties. Under previous standards, warranties were accounted for as deferred revenue over the project period. Under IFRS 15 the warranties will be accounted for under IAS 37.

Interest income and dividends

Interest income is recognized using the effective interest method. Dividend income is recognized when the Group's right to receive payment has been established.

CONSOLIDATION

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, which normally follows an ownership share exceeding 50 per cent of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs in connection to acquisitions are expensed at time of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement. Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been

changed where necessary to ensure consistency with the principles adopted by the Group.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its associates' post-acquisition profits or losses is recognised in other comprehensive income, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

TANGIBLE FIXED ASSETS

Tangible fixed assets are reported at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Improvement expenses to others' property 17%–20%
Equipment 20%
Leased equipment 17%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Acquired customer relations

Customer relations that are acquired by the Group is reported at acquisition cost less accumulated amortizations and write downs. Acquired customer relations are amortised over 5 years.

ACCOUNTS RECEIVABLES, TRADE

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance, please see note 18.

FINANCIAL ASSETS

The Group classifies its financial assets in the following measurement categories:

- financial assets to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- financial assets to be measured at amortised cost

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell

the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at fair value through profit or loss are expensed directly in profit or loss.

Subsequent measurement of debt instruments depends on the Group's business model for managing the assets and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised costs: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains or losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial instruments is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- Fair value through profit or loss: Assets that not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net with other gains/(losses) in the period in which it arises.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 18 for further details.

LEASES - ACCOUNTING PRINCIPLES FROM 1 JANUARY 2019

Assets (right-of-use assets) and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to income statement over the lease

period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The lease period is reassessed if an option is actually exercised (or not exercised). The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that change is within the control of the lessee.

LEASES - ACCOUNTING PRINCIPLES UNTIL 31 DECEMBER 2018

Leases of property, plant and equipment where the Group has substantially all the risks and rewards from ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum leasing payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of financial charges, are included in other long-term and short-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term. Leases where the lessor retains a significant proportion of risks and rewards of ownership are classified as operating leases. Expenses

made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

INCOME TAXES

Income tax reported consists of tax that is to be paid or received during the current year, adjustments for the previous year's tax, and changes in deferred tax. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination or temporary differences arising from goodwill accounting, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities is offset when there exists a legal right to offset these assets and liabilities and when the deferred taxes are subject to the same authority.

PROVISIONS

Provisions for restructuring costs and legal claims etc are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are valued at the net present value of the amount that is expected to be required in order to settle the commitment. The increase of the provision over time is recognized as interest expense.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Swedish crowns, which is the Company's functional and presentation currency. When recalculating foreign subsidiaries used currency amounts to, on balance day: EUR/SEK 10.43 (10.28), DKK/SEK 1.40 (1.38), RUB/SEK 0.15 (0.13) and USD/SEK 9.32 (8.97).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- A. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- B. Income and expenses for each income statement are translated at average exchange rates.
- C. On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken as a separate item in other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term investments that can be traded within 3 months.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, from the proceeds.

ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities are classified as short-term liabilities if they are due within one year. Accounts payable and other liabilities are initially reported at fair value and thereafter at accrued acquisition value, applying the effective interest method.

EMPLOYEES BENEFITS

A) Pension obligations

HiQ operates a number of different pension plans. All plans are defined contribution plans where HiQ pays fixed contributions into a separate entity. The Group has no further payment obligations once the contributions have been paid in case the pension institution not have sufficient funds to pay out the pensions. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

B) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

C) Profit-sharing and bonus plans

When profit-sharing and bonus programs are in use the Group expenses costs for these programs in accordance with the obligations to pay such compensation.

D) Share-based payments

The group operates one share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (matching warrants) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted and the terms associated with the allocation of warrants. At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium. The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

FAIR VALUE

The reported value – after any impairment – of trade receivables and payables is assumed to equate to their fair value, since these entries are short-term in nature. The fair value of financial liabilities is calculated, for disclosure purposes, by discounting the future contracted cash flow to the current market interest rate available for similar financial instruments.

SEGMENT REPORTING

Management has decided the operating segments based upon the reports reviewed by the highest executive decision maker, meaning the management group.

ACCOUNTING POLICIES FOR THE PARENT COMPANY

The parent company's accounts have been prepared in accordance with the Swedish Annual Accounts Act and Statement RFR 2 "Accounting for legal entities" issued by the Swedish Financial Accounting Standards Council. RFR 2 states that the parent company shall apply all standards and statements issued by IFRS that has been adopted by the EU, as far this is possible according to the Swedish Annual Accounts Act. Consideration should also be taken to the connection between accounting and taxation. The statement RFR 2 states in which cases, exceptions and additions

should be made in relation to IFRS. The most important differences between the accounting principles of the Group and the Company are stated below.

The principal accounting policies outlined below have been applied in the preparation of the parent company's financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Dividends

Dividends are recognised when the right to receive payment is regarded as collectable.

Financial instruments

In the parent company financial instruments are valued at acquisition cost less accumulated writedowns. Financial current assets are valued to the lower of cost or market. In cases when operations have been transferred between two subsidiaries, re-allocation of the value of shares in Group companies are made.

Fixed tangible assets, Owned assets

Tangible fixed assets are reported at acquisition cost less a deduction for accumulated depreciation and write-downs, as in the Group but with the addition of possible write-ups.

Leased assets

In the parent company all leasing agreements are treated as operational leasing agreements. The parent company does not apply IFRS16 in accordance with the exception in RFR2.

Taxes

In the parent company untaxed reserves are accounted for including deferred tax. In the consolidated accounts the untaxed reserves are divided into deferred tax and equity.

Group Contributions

Group Contributions from the parent company to group companies are reported as an increase at shares in subsidiaries.

3. Segment reporting

Management has decided the operating segments based upon the reports reviewed by the highest executive decision maker, meaning the management group. The operations is considered upon a geographic perspective based upon where the operations are located, i.e. Sweden, Öresund and Finland. The two segments, Sweden and Öresund, are reported together due to the fact that they have similar financial characteristics and that the services and clients are similar. The Russian operations is regarded as an integrated part of the Swedish operations and is therefore included in the operating segment Sweden.

The reportable segments derive their revenue primarily from sale of consultancy services. The reportable segments performance is measured on an operating profit-level, where central costs are allocated to the reportable segments, to the extent possible. Financial items are not allocated to the reportable segments. Sales between the reportable segments are done at market terms. The highest executive decision maker doesn't follow up financial items per segment nor tax costs per segment, only on a group level.

4. Sales distribution

(SEK THOUSAND)	Finland		Sweden & Öresund		Group Elim.		Totalt	
	2019	2018	2019	2018	2019	2018	2019	2018
External revenues	404,158	371,999	1,442,895	1,480,701	0	0	1,847,053	1,852,700
Revenues from other segments	848	1,402	0	0	-848	-1,402	0	0
Total revenues	405,006	373,401	1,442,895	1,480,701	-848	-1,402	1,847,053	1,852,700
Operating profit	71,767	61,567	149,059	149,864	5,133	-14,885	225,959	196,546
Operating margin	17.7%	16.5%	10.3%	10.1%			12.2%	10.6%
Depreciation	3,047	2,910	8,425	12,317	34,906	–	46,378	15,227
Investments in fixed assets	489	1,770	1,810	19,109	86,903	15,876	89,202	36,755

Total operating profit, according to the table above is in accordance with the Group's operating profit.

RECONCILIATION WITH THE PROFIT BEFORE TAX IS FOUND BELOW

Operating profit							225,959	196,546
Financial items							-1,847	880
Profit before tax							224,112	197,426
Assets	406,265	393,802	823,376	777,181	29,691	14,772	1,259,332	1,185,755
Of which fixed assets	5,231	6,875	13,843	19,772				
Of which in associates	–	13,029	–	–				
Share of profit in associated companies	0	0	–	–	–	–	0	0

Fixed assets in the table above do not include shares recognised as financial assets.

Non-allocated assets amounting to SEK 26,691 (14,772) thousand relates to assets, including cash, in the parent company.

NET SALES (SEK THOUSAND)	Group		Parent company	
	2019	2018	2019	2018
Consultancy services	1,798,481	1,817,371	11,198	183
Product sales and re-billed expenses	41,291	32,226	50	0
Other	7,281	3,103	62,040	42,335
Total	1,847,053	1,852,700	73,288	42,518

Of net sales, clients in Sweden account for SEK 1,386,700 (1,456,079) thousand, clients in Finland SEK 407,345 (348,897) thousand and other countries SEK 53,008 (47,724) thousand.

In 2019 no client accounted for more than 10 per cent of net sales.

The main amount of "Other" in the Parent company refers to management fee.

2019	Group			
REVENUE FROM CONTRACTS WITH CLIENTS (SEK THOUSAND)	SWEDEN & ÖRESUND	FINLAND	GROUP AND ELIMINATIONS	TOTAL
Consultancy services	1,420,168	379,161	-848	1,798,481
Product sales and re-billed expenses	18,196	23,095	–	41,291
Other	4,531	2,750	–	7,281
Total	1,442,895	405,006	-848	1,847,053

Timing of revenue recognition

At a point of time	12,510	2,750	–	15,260
Over time	1,430,385	402,256	-848	1,831,793

2018				
REVENUE FROM CONTRACTS WITH CLIENTS (SEK THOUSAND)	SWEDEN & ÖRESUND	FINLAND	GROUP AND ELIMINATIONS	TOTAL
Consultancy services	1,464,870	353,903	-1,402	1,817,371
Product sales and re-billed expenses	14,601	17,625	–	32,226
Other	1,230	1,873	–	3,103
Total	1,480,701	373,401	-1,402	1,852,700

Timing of revenue recognition

At a point of time	14,176	1,870	–	16,046
Over time	1,466,525	371,531	-1,402	1,836,654

99% of HIQ net sales are made on time and material basis. Of these assignments the vast majority have a duration shorter than 12 months. Based on this, HIQ has chosen to use the practical expedient in IFRS 15 regarding remaining performance obligations.

Assets and liabilities related to contracts with customers

GROUP	2019	2018
Current contract assets relating to IT-consulting contracts	0	840
Loss allowance	0	0
Total contract assets	0	840
Contract liabilities - IT-consulting contracts	0	0
Total current contract liabilities	0	0

Revenue recognised in relation to contract liabilities

GROUP	2019	2018
Revenue recognised that was included in the contract liability balance at the beginning of the period	0	2,056
Revenue recognised from performance obligations satisfied in previous periods	0	0

5. Employees and salaries

Salaries, remuneration, pension expenses and social security contributions for group companies in 2019 totalled in Sweden SEK 959,175 (961,809) thousand, in Denmark SEK 635 (8,977) thousand, in Finland SEK 190,871 (192,753) thousand, in Russia with SEK 19,300 (18,696) thousand and in the US with SEK 3,036 (4,554) thousand. The variable part of the salaries and remuneration paid to the Board of Directors and the CEO is SEK 7,203 (5,382) thousand for the Group and SEK 4,314 (4,246) thousand for the Parent Company. For further information regarding benefits for senior executives, please refer to note 30.

AVERAGE NUMBER OF EMPLOYEES:	2019			2018		
	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN
Parent company						
The municipality of Stockholm	7	1	6	6	1	5
Subsidiaries						
Sweden	1,135	271	864	1,159	280	879
Denmark	0	0	0	7	2	5
Finland	235	46	189	251	59	192
Russia	54	6	48	55	6	49
Total for the group	1,431	324	1,107	1,478	348	1,130

GROUP (INCL SUBSIDIARIES)	2019			2018		
	NO ON BALANCE SHEET DAY	OF WHICH MEN	OF WHICH WOMEN	NO ON BALANCE SHEET DAY	OF WHICH MEN	OF WHICH WOMEN
Board members	13	69%	31%	13	77%	23%
CEO and other Senior executives	12	83%	17%	11	91%	9%

PARENT COMPANY	2019			2018		
	NO ON BALANCE SHEET DAY	OF WHICH MEN	OF WHICH WOMEN	NO ON BALANCE SHEET DAY	OF WHICH MEN	OF WHICH WOMEN
Board members	7	43%	57%	7	57%	43%
CEO and other Senior executives	5	100%	0%	4	100%	0%

SALARIES AND OTHER REMUNERATION (SEK THOUSAND)	2019		2018	
	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
The board of Directors and CEO	23,443	7,646	23,715	9,033
Other employees	805,434	8,943	815,943	6,669
Bonus reservation (warrant programme)	1,344	40	1,024	10
Costs matching warrants	114	114	305	305
Total salaries and other remuneration	830,335	16,743	840,987	16,017
Legal and contractual social security contributions	236,177	6,184	235,572	5,644
Bonus reservation and matching warrant	458	48	385	98
PENSION EXPENSES				
The board of Directors and CEO	4,868	1,418	3,838	460
Other employees	101,178	1,509	106,010	1,122
Total salaries and remuneration, pension expenses and social security contribution	1,173,017	25,902	1,186,792	23,341

6. Auditor's fee

(SEK THOUSAND)	2019		2018	
	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
KPMG				
Auditing	1,208	402	1,300	439
Associated services in addition to auditing	0	0	0	0
Tax advisory	13	13	0	0
Other services	109	109	42	11
Total	1,330	524	1,342	450

7. Financial income and costs

GROUP	2019	2018
Interest income	167	194
Exchange rate changes	1,400	1,659
Financial income	1,567	1,853
Interest expenses	-2,949	-514
Exchange rate changes	-465	-459
Financial expenses	-3,414	-973
Financial net	-1,847	880
PARENT COMPANY		
Result from shares in group companies		
Write-down of shares in subsidiaries	-14,000	-17,500
Received dividends	139,186	1,990
Received Group contribution	98,500	112,500
Total	223,686	96,990
Interest income and similar items		
Exchange rate changes	930	1,852
Interest income, Group companies	25	27
Interest income, other	1	0
Total	956	1,879
Interese expenses and similar items		
Exchange rate changes	-394	-505
Interest expenses, Group companies	0	0
Interest expenses, other	-13	0
Total	-407	-505

8. Foreign exchange differences

GROUP (SEK THOUSAND)	2019	2018
Net sales	412	459
Assignment-specific external expenses	-484	-903

The amounts relates to foreign exchange differences on operational items

9. Taxes

GROUP (SEK THOUSAND)	2019	2018
Current tax		
Tax for the period	47,584	45,003
Adjustment of previous years' tax	0	0

Deferred tax		
Deferred tax temporary differences	298	270
Loss carried forward	-73	241
Total tax cost - Group	47,809	45,514

PARENT COMPANY (SEK THOUSAND)	2019	2018
Current tax		
Tax for the period	18,057	22,333
Deferred tax temporary differences	0	0
Deferred tax on given group contributions	-2,996	-3,850
Total tax cost - Parent Company	15,061	18,483

EFFECTIVE TAX RATE GROUP	2019 (%)	2019	2018 (%)	2018
Profit before tax (SEK thousand)		224,112		197,426
Income tax rate in Sweden	21.4%	47,960	22.0%	43,434
Effect of foreign income tax	-0.6%	-1,392	-0.6%	-1,246
Non-deductible costs	0.7%	1,556	1.2%	2,380
Non-taxable income	0.0%	-26	0.0%	0
Other	-0.2%	-289	0.5%	946
Average tax-rate	21.3%	47,809	23.1%	45,514

EFFECTIVE TAX RATE PARENT COMPANY	2019 (%)	2019	2018 (%)	2018
Profit before tax (SEK thousand)		209,241		85,502
Income tax rate in Sweden	21.4%	44,778	22.0%	18,810
Non-deductible costs / Non-taxable income	-12.8%	-26,750	4.1%	3,495
Other	-1.4%	-2,967	-4.5%	-3,822
Average tax-rate	7.2%	15,061	21.6%	18,483

Tax attributable to the items in other comprehensive income amounts to the following amount:

	2019			2018		
	Pre tax	Tax effect	After tax	Pre tax	Tax effect	After tax
Exchange differences	6,254	–	6,254	15,067	–	15,067

10. Deferred tax assets/liabilities

	2019		2018	
(SEK THOUSAND)	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Deferred tax assets				
Losses carried forward	1,648	0	1,575	0
Fixed assets (including Right of use assets 2019)	1,501	314	350	350
Total	3,149	314	1,925	350
Deferred tax liabilities				
Untaxed reserves	0	0	0	0
Intangible fixed assets	538	0	837	0
Total	538	0	837	0
	2019		2018	
RECOVERY DATE FOR DEFERRED TAX ASSETS (SEK THOUSAND)	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Deferred tax assets to be recovered after 1 year	3,149	314	1,925	350
	2019		2018	
RECOVERY DATE FOR DEFERRED TAX LIABILITIES (SEK THOUSAND)	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Deferred tax liabilities to be recovered within 1 year	297	–	230	–
Deferred tax liabilities to be recovered after 1 year	241	–	607	–
	Deferred tax assets		Deferred tax liabilities	
BOOK VALUE (SEK THOUSAND)	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
As of 1 January 2018	2,321	404	855	–
Change during the year	-396	-54	-18	–
As of 31 December 2018	1,925	350	837	–
As of 1 January 2019	1,925	350	837	–
Change during the year	1,224	-36	-298	–
As of 31 December 2019	3,149	314	539	–

The change in deferred tax assets in 2019 is attributable to the adoption of IFRS 16 and in 2018 utilized tax losses. The change in deferred tax liabilities is attributable to acquired customer relations and changes in untaxed reserves.

11. Fixed tangible assets

	Group				Parent company	
(SEK THOUSAND)	IMPROVEMENT EXPENSES FOR OTHERS' PROPERTY	EQUIPMENT	LEASED EQUIPMENT*	TOTAL	EQUIPMENT	IMPROVEMENT EXPENSES FOR OTHERS' PROPERTY
Acquisition value						
Balance at 1 January 2018	19,336	34,066	44,286	97,688	1,158	4,135
Investments	5,276	15,603	15,876	36,755	1,778	2,193
Acquired assets	0	0	0	0	0	0
Exchange differences	70	624	0	694	0	0
Disposals	-6,506	-925	-15,047	-22,478	0	0
Balance at 31 December 2018	18,176	49,368	45,115	112,659	2,936	6,328
Balance at 1 January 2019	18,176	49,368	–	67,544	2,936	6,328
Investments	3,756	7,520	–	11,276	5,221	3,686
Re-classifications	0	804	–	804	0	0
Exchange differences	-227	683	–	456	0	0
Disposals	-390	-2,546	–	-2,936	0	0
Balance at 31 December 2019	21,315	55,829	–	77,144	8,157	10,014
	Group				Parent company	
(SEK THOUSAND)	IMPROVEMENT EXPENSES FOR OTHERS' PROPERTY	EQUIPMENT	LEASED EQUIPMENT*	TOTAL	EQUIPMENT	IMPROVEMENT EXPENSES FOR OTHERS' PROPERTY
Depreciations and write-downs						
Balance at 1 January 2018	-11,829	-22,523	-12,812	-47,164	-974	-2,461
Depreciation	-1,634	-6,420	-6,137	-14,191	-24	0
Acquired depreciation	0	0	0	0	0	0
Disposals	4,715	1,057	6,101	11,873	0	0
Exchange differences	-178	-249	0	-427	0	0
Balance at 31 December 2018	-8,926	-28,135	-12,848	-49,909	-998	-2,461
Balance at 1 January 2019	-8,926	-28,135	–	-37,061	-998	-2,461
Depreciation	-2,532	-7,781	–	-10,313	-1,136	-1,089
Re-classifications	0	-788	–	-788	0	0
Disposals	390	2,380	–	2,770	0	0
Exchange differences	-71	-120	–	-191	0	0
Balance at 31 December 2019	-11,139	-34,444	–	-45,583	-2,134	-3,550

* In 2018 leasing according to IAS 17. Leasing in 2019, see note 12.

	Group				Parent company	
(SEK THOUSAND)	IMPROVEMENT EXPENSES FOR OTHERS' PROPERTY	EQUIPMENT	LEASED EQUIPMENT	TOTAL	EQUIPMENT	IMPROVEMENT EXPENSES FOR OTHERS' PROPERTY
Net book values						
Balance at 1 January 2018	7,507	11,543	31,474	50,524	184	1,674
Balance at 31 December 2018	9,250	21,233	32,267	62,750	1,938	3,867
Balance at 1 January 2019	9,250	21,233	–	30,483	1,938	3,867
Balance at 31 December 2019	10,176	21,385	–	31,560	6,023	6,464

LEASED EQUIPMENT

As of 1 January 2019 The Group has adopted IFRS 16 "Leases" which results in that leased equipment are included in Right-of-use assets as from 1 January 2019 (note 12 "Right-of-use assets") and are excluded from tangible assets.

In 2019 leased equipment include company cars leased with financial leasing. The agreements are based on market terms. The leased assets are collateral for the leasing debt (note 28). Paid leasing fees amounts to SEK 6,412 thousand in 2018.

12. Right-of-use assets

As of 1 January 2019 the Group has adopted IFRS "Leases" which results in that leased equipment as of 1 January 2019 are included in right-of-use assets.

GROUP (SEK THOUSAND)	2019	2018
Right-of-use assets		
Buildings	25,361	–
Vehicles	102,240	–
Total	127,601	–
Lease liabilities		
Current	36,329	–
Non current	90,573	–
Total	126,902	–

New right-of-use assets in 2019 amounted to SEK 75,697 thousand.

Note 12 continued

The income statement shows the following amounts relating to leases:

GROUP (SEK THOUSAND)	2019	2018
Depreciation of right-of-use assets		
Buildings	-28,573	–
Vehicles	-6,333	–
Total	-34,906	–
Interest expense (included in finance costs)	-2,463	–
Expense relating to short-term leases (included in other external expenses)	-3,200	–
Expense related to leases of low-value assets (included in other external expenses)	-3,714	–
Expense relating to variable lease payments not included in lease liabilities (included in other external expenses)	-2,145	–
Revenute from sub-lease of right-of-use asset (included in net sales)	4,122	–

The total cash outflow for leases in 2019 was SEK 40,584 thousand.

The Group leases offices and vehicles. Rental contracts are typically made for a period of 3 - 6 years with a renewal option. For vehicles the leasing period is normally 3 years.

In 2018, leased tangible assets were classified as either finance lease leases or operational leases, see note 11 and note 28 for further information. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Payments associated with short-term leases for office leases and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items office equipment.

The table below outlines the duration of the lease liabilities of the Group.

LEASE LIABILITIES (SEK THOUSAND)	2019	2018
Due for payment within 1 year	36,329	–
Due for payment between 1 year and 5 years	90,574	–
Due for payment after 5 years	0	–

13. Intangible assets

Recoverable amount for cash-generating units is based on the following important assumptions: The impairment tests have been based on calculations of the value in use. These values are based on cash flow valuations, in which the forecast for the first year constitutes agreed budget for the unit. The forecast for the following four years is based on management's judgement of the development during this period. Cash flows forecasted for the period beyond the explicit forecast period is based on a continued annual growth rate of 1% (1% in 2018). This level is estimated to be in line with the expected level of inflation. Forecasted cash flows are discounted with a discount rate of 8.7%, pre-tax (9.4% in 2018).

GROUP (SEK THOUSAND)	GOODWILL	ACQUIRED CUSTOMER RELATIONS	TOTAL
Acquisition value			
Balance at 1 January 2018	373,993	35,121	409,114
Acquisition	994	0	994
Exchange differences	10,730	0	10,730
Balance at 31 December 2018	385,717	35,121	420,838
Balance at 1 January 2019	385,717	35,121	420,838
Acquisition	0	0	0
Exchange differences	3,797	0	3,797
Balance at 31 December 2019	389,514	35,121	424,635
Amortisations and write-downs			
Balance at 1 January 2018	0	-31,356	-31,356
Amortisation	0	-1,033	-1,033
Exchange differences	0	-3	-3
Balance at 31 December 2018	0	-32,392	-32,392
Balance at 1 January 2019	0	-32,392	-32,392
Amortisation	0	-1,056	-1,056
Exchange differences	0	-1	-1
Balance at 31 December 2019	0	-33,449	-33,449
GROUP (SEK THOUSAND)	GOODWILL	ACQUIRED CUSTOMER RELATIONS	TOTAL
Net book values			
Balance at 1 January 2018	373,993	3,765	377,758
Balance at 31 December 2018	385,717	2,729	388,446
Balance at 1 January 2019	385,717	2,729	388,446
Balance at 31 December 2019	389,514	1,672	391,186

Acquired customer relations is amortised on a straight-line method over their estimated useful lives. The useful life is expected to 5 years, equivalent to a rate of 20% per year.
Impairment tests for goodwill.

The cash-generating units listed below account for the majority of the Group's total goodwill:

(SEK THOUSAND)	2019	2018
HiQ Finland – consultancy services in Finland	222,658	219,696
HiQ Öresund – consultancy services in Öresund	59,182	58,424
HiQ Göteborg – consultancy services in Gothenburg	25,537	25,537
HiQ Stockholm – consultancy services in Stockholm	61,204	61,128
HiQ Ace – consultancy services in Linköping	20,933	20,933
Total	389,514	385,717

Note 13 continued

IMPORTANT ASSUMPTIONS AND VARIABLES WITH A SIGNIFICANT IMPACT ON THE CALCULATED RECOVERABLE AMOUNT

The assumptions that the Company have made regarding top-line growth and operating margin are in line with historical outcome as well as external sources of information such as published market research regarding HiQ and the IT-consultancy sector. The assumptions do not imply any substantial increases compared to historically achieved levels.

Top-line growth:

Net sales for a consultancy company is dependent on assumptions regarding price levels, utilization rates and number of employees.

Operating margin:

A consultancy company has a low need for investments and also low working capital requirements. Therefore, the operating margin is of relatively large importance for the forecasted future cash flows. In addition to the development of net sales, staff expenses is one of the most important variables for the estimation of the future operating margin.

Discount rate:

The discount rate reflects the specific risks associated with the Group's operations and the countries in which the units are operating. The discount rate level is also in line with the levels the stock market demands from a company like HiQ.

Long-term growth:

When calculating the recoverable amount HiQ has used a growth rate of 1% in order to extrapolate cash flows after the explicit forecast period. A sensitivity analysis shows that none of the cash-generating units has a need for impairment if the following assumptions are assumed:

- Top-line growth: 0% (from the first forecasted year and onwards)
- Operating margin: 15% (in line with the Group's long-term financial targets)
- Discount rate: 8.7% pre-tax

The Company's prediction is that reasonable possible changes in annual growth rate, operating margins, discount rate and other assumptions would not have such large impact on the recoverable amount that they would reduce the recoverable amount to a value lower than the carrying amount.

14. Financial instruments

The Group has the following financial instruments:

	NOTE	ASSETS AT FVOCI	FINANCIAL ASSETS AT AMORTISED COST	TOTAL
2019				
Trade and other receivables	18	–	453,825	453,825
Shares	16	31	–	31
Cash and cash equivalents	20	–	188,147	188,147
2018				
Trade and other receivables	18	–	380,602	380,602
Shares	16	30	–	30
Cash and cash equivalents	20	–	183,496	183,496
	NOTE	ASSETS AT FVOCI	LIABILITIES AT AMORTISED COST	TOTAL
2019				
Trade and other payables	26	–	85,976	85,976
Borrowings (incl liabilities, leasing)	12	–	126,902	126,902
2018				
Trade and other payables	26	–	97,354	97,354
Borrowings (incl financial leasing)	25	–	32,385	32,385

15. Investments in associates

GROUP (SEK THOUSAND)	2019	2018
At beginning of year	13,029	12,484
Share of profit	0	0
Exchange differences	0	545
Disposal	-13,029	–
Book value at end of year	0	13,029

Investments in associates refers to HiQ Finland's premises in Espoo, Finland. In 2019, the Group has disposed the holdings in Westend Affärscentrum. The disposal gave a realisation gain of SEK 22,8 million. The realisation gain has been included as other operating income in the income statement. Proceeds from the disposal will be received in three parts. The first part was received in 2019 and the other two will be received in 2020 and 2021, respectively (note 16 and note 17). The real estate company is a non-profit company with the only mission to provide its tenants cost-efficient premises.

The Group's share of revenues, profit, assets and liabilities are outlined below.

(SEK THOUSAND)	SALES	PROFIT	ASSETS	LIABILITIES	EQUITY	OWNERSHIP
2019						
Westend Affärscentrum OY	–	–	–	–	–	0.0%
2018						
Westend Affärscentrum OY	855	0	13,101	72	13,029	29.9%

16. Financial fixed assets

GROUP (SEK THOUSAND)	2019	2018
Available-for-sale financial assets – shares	31	30
Long-term receivable due to the divestment of the holding in Westend Affärscentrum	11,772	0
Deposit leasing agreements	5,313	5,313
Total	17,116	5,343

None of the receivables above have been due.

17. Other receivables

GROUP (SEK THOUSAND)	2019	2018
Work in progress	0	840
Short-term receivable due to divestment of the holding in Westend Affärscentrum	11,772	0
Other receivables	6,716	7,507
Total	18,488	8,347

The book value of other receivables is assessed to equate to their fair value. None of the receivables above have been due.

PARENT COMPANY (SEK THOUSAND)	2019	2018
Other receivables	2,159	3,432

18. Accounts receivables, trade

GROUP (SEK THOUSAND)	2019	2018
Accounts receivables, trade	350,992	379,425
Provisions for bad debt	-2,469	-2,854
Book value of accounts receivables, trade	348,523	376,571

The book value of trade receivables is assessed to equate to their fair value. For a breakdown of reported trade receivables by age see below:

GROUP	2019	2018
Not yet due	324,412	345,540
Up to 3 months overdue	23,192	30,492
Between 3 and 6 months overdue	622	60
More than 6 months overdue	297	479
Total	348,523	376,571

The amounts in the table above show amounts that are due but not written down. The Group's clients are primarily globally leading international corporations with a good credit rating. The Group has suffered very limited bad debts in its history.

THE BOOK VALUE OF TRADE RECEIVABLES BREAKS DOWN INTO THE FOLLOWING CURRENCIES	2019	2018
Swedish kronor	291,334	313,537
Euro	55,390	61,766
Danish kronor	139	0
US Dollar	1,660	388
Other currencies	0	880
Total	348,523	376,571

DURING THE YEAR THE FOLLOWING CHANGES WERE MADE IN THE PROVISIONS FOR BAD DEBT:	2019	2018
Opening balance	2,854	2,562
Provisions	1,296	2,854
Reversed provisions	-1,681	-29
Confirmed bad debt	0	-2,533
Closing balance	2,469	2,854

Provisions and write-downs for trade receivables are reported under "Other external expenses" in the consolidated income statement.

19. Prepaid expenses and accrued income

(SEK THOUSAND)	2019	Group		Parent company	
		2018	2019	2018	2019
Assignments not yet invoiced	90,070	92,398	3,687	1,958	
Other	26,530	36,935	5,955	3,003	
Total	116,600	129,333	9,642	4,961	

The book value is assessed to equate to their fair value.

20. Cash and cash equivalents

GROUP (SEK THOUSAND)	2019	2018
Cash and cash equivalent	188,147	183,496
Total	188,147	183,496

21. Share capital

	NUMBER OF SHARES
As of 1 January 2018	55,452,887
Split 2:1 (each share split into an ordinary share and one redemption share)	55,452,887
Redemption of redemption shares	- 55,452,887
Share issue – conversion of warrants	346,700
Share issue – conversion of warrants	40,000
As of 31 December 2018	55,839,587
As of 1 January 2019	55,839,587
Split 2:1 (each share split into an ordinary share and one redemption share)	55,839,587
Redemption of redemption shares	-55,839,587
Share issue – conversion of warrants	2,500
As of 31 December 2019	55,842,087

The total number of ordinary shares as of 31 December 2019 amounted to 55,842,087 (55,839,587) with a quota value of SEK 0.10 per share. All issued shares are fully paid.

OUTSTANDING WARRANTS

At the end of the financial year the following series of warrants (where each warrant entitles the holder to subscribe for one share) were outstanding:

TIME OF ISSUE	SUBSCRIPTION PERIOD	STRIKE PRICE	Outstanding number of warrants	
			2019-12-31	2018-12-31
May 2016	May 2019	50.30 SEK	–	420,000
November 2016	November 2019	58.20 SEK	–	422,500
May 2017	May 2020	60.90 SEK	640,000	640,000
November 2017	November 2020	59.50 SEK	330,000	330,000
May 2018	May 2021	70.00 SEK	410,000	410,000
November 2018	November 2021	51.90 SEK	466,000	466,000
May 2019	May 2022	52.30 SEK	482,800	–
November 2019	November 2022	48.00 SEK	350,100	–
Total			2,678,900	2,688,500

The average subscription price for outstanding warrants amounted to SEK 57.32 at the end of 2019 and 58.48 at the beginning of the year. Average strike price for warrants issued in 2019 amounts to SEK 50.49 (60.37). The warrants have been sold to employees of the Group. Sale of warrants are made on market terms (except for the matching warrants described below), based on a valuation made by external advisors with Black-Scholes valuation model. The total amount of warrant premiums received amounts to SEK 1.7 (2.7) million, recognised in equity.

Note 21 continued

The following assumptions have been used in valuation of warrants:

	VALUE	SHARE PRICE	STRIKE PRICE	INTREST	VOLATILITY	TERM
May 2016	3.35	49.88	50.30	-0.41 %	24 %	3 years
November 2016	3.99	57.13	58.20	-0.66 %	24 %	3 years
May 2017	4.51	61.25	60.90	-0.38 %	23 %	3 years
November 2017	3.72	59.19	59.50	-0.46 %	22 %	3 years
May 2018	5.28	70.14	70.00	-0.37 %	23 %	3 years
November 2018	4.07	52.74	51.90	-0.20 %	25 %	3 years
May 2019	2.77	50.48	52.30	-0.51 %	25 %	3 years
November 2019	3.02	47.90	48.00	-0.37 %	25 %	3 years

Share price

The share price for the May-2016-serie the average closing price from the period 3-9 May 2016 was used. For the November-2016-serie the average price from the period 28 October - 2 November 2016 was used. For the May-2017-serie the average closing price from the period 5-10 May 2017 was used. For the November-2017-serie the average price from the period 6-9 November 2017 was used. For the May-2018-serie the average closing price from the period 7-11 May 2018 was used. For the November-2018-serie the average price from the period 5-8 November 2018 was used. For the May-2019-serie the average closing price from the period 7-10 May 2019 was used. For the November-2019-serie the average price from the period 4-7 November 2019 was used.

Repurchase of shares

For the program issued in 2019, HiQ intends to purchase own shares corresponding to a maximum of the received proceeds from the utilisation of warrants to purchase shares in 2022. Purchase of own shares requires the Annual General Meeting in 2022 to decide to authorise the Board to purchase shares.

Strike price

The strike price for the May-2016-serie 100% of the average closing price for the period 26 April - 9 May 2016 was used. For the November-2016-serie 100% of the average closing price for the period 20 October - 2 November 2016 was used. The strike price for the May-2017-serie was set at 100% of the average closing price for the period 26 April - 10 May 2017. For the November-2017-serie 100% of the average closing price for the period 27 October - 9 November 2017 was used. The strike price for the May-2018-serie was set at 100% of the average closing price for the period 26 April - 11 May 2018. For the November-2018-serie 100% of the average closing price for the period 26 October - 8 November 2018 was used. The strike price for the May-2019-serie was set at 100% of the average closing price for the period 26 April - 10 May 2019. For the November-2019-serie 100% of the average closing price for the period 25 October - 7 November 2019 was used.

Expenses associated with the warrant programs amounted to SEK 0.0 (0.0) million, of which SEK 0.0 (0.0) million has been charged to costs and SEK 0.0 (0.0) million, recognised in equity.

Matching warrants

As a part of the share ownership program, approved by the AGM 2019, a total of 221,750 (268,250 for the program 2018) matching warrants has been issued. These matching warrants are included in the total number of warrants. These matching warrants consist of

warrants given to key employees without any paid consideration. In order to qualify for the matching warrants, the key employees shall still be employed at the start of the subscription period, i.e. after approx. 3 years. The Group has no legal or constructive obligation to repurchase or settle the matching warrants in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	AVERAGE STRIKE PRICE	WARRANTS
As of 1 January 2018	56.69	460,300
Granted	59.85	268,250
Forfeited	58.52	-17,200
Exercised	43.18	-42,500
Expired	49.20	-7,000
As of 31 December 2018	58.89	661,850

	AVERAGE STRIKE PRICE	WARRANTS
As of 1 January 2019	58.89	661,850
Granted	50.53	221,750
Forfeited	56.28	-135,400
Exercised	–	0
Expired	54.97	-104,800
As of 31 December 2019	57.23	643,400

TIME OF ISSUE	SUBSCRIPTION PERIOD	STRIKE PRICE	NUMBER OF WARRANTS
May 2016	May 2019	50.30	72,800
November 2016	November 2019	58.20	62,000
May 2017	May 2020	60.90	144,500
November 2017	November 2020	59.50	63,900
May 2018	May 2021	70.00	107,750
November 2018	November 2021	51.90	105,500
May 2019	May 2022	52.30	130,250
November 2019	November 2022	48.00	91,500

22. Reserves

GROUP (SEK THOUSAND)	RESERVES	EXCHANGE RESERVE	TOTAL
Balance at 1 January 2018	46	11,569	11,615
Exchange differences:			
– Group	–	15,067	15,067
Balance at 31 December 2018	46	26,636	26,682
Balance at 1 January 2019	46	26,636	26,682
Exchange differences:			
– Group	–	6,254	6,254
Balance at 31 December 2019	46	32,890	32,936

23. Profit per share

BASIC PROFIT PER SHARE

Profit per share is calculated as profit for the period, attributable to the equity holders of the Company, divided by the average number of outstanding shares for the period.

GROUP (SEK THOUSAND)	2019	2018
Profit for the period attributable to the equity holders of the company	176,303	151,912
Average number of outstanding shares (thousand)	55,841	55,658
Basic profit per share (SEK/share)	3.16	2.73

DILUTED PROFIT PER SHARE

The diluted profit per share is calculated as the profit for the period (attributable to the equity holders of the Company) divided by the average number of outstanding shares for the period with consideration taken to the potential dilution from outstanding warrants. The potential dilution is calculated as the difference between the outstanding number of options and the number of shares that could be acquired at market value (calculated as the average share price for the period), for the sum of the subscription price for the outstanding options.

GROUP (SEK THOUSAND)	2019	2018
Profit for the period attributable to the equity holders of the company	176,303	151,912
Average number of outstanding shares (thousand)	55,841	55,658
Possible dilution from warrants	3	296
Adjusted number of outstanding shares	55,844	55,954
Diluted profit per share (SEK/share)	3.16	2.71

24. Dividend per share

The dividend paid in 2019 and 2018 amounted to SEK 0 million (SEK 0.00 per share) and SEK 0 million (SEK 0.00 per share) respectively. During spring 2019, HiQ completed a share split 2:1, (in which each ordinary share were split into one ordinary share and one redemption share) combined with compulsory redemption procedure, in which 55,839,587 shares were redeemed at SEK 3.35 each. Thereby a total of SEK 187.063 thousand was distributed to the shareholders. During spring 2018, HiQ completed a share split 2:1, (in which each ordinary share were split into one ordinary share and one redemption share) combined with compulsory redemption procedure, in which 55,452,887 shares were redeemed

at SEK 3.30 each. Thereby a total of SEK 182,995 thousand was distributed to the shareholders. For 2019 the Board proposes that no dividend should be paid. It is also proposed a share split 2:1 (each ordinary share is split into one ordinary share and one redemption share) combined with a compulsory redemption procedure, where each redemption share is redeemed at SEK 3.40 per share, approximately SEK 189.9 million. The Annual General Meeting on March 30, 2020 will decide if procedure shall be carried out. These financial statements do not reflect the proposed split and redemption procedure.

25. Interest-bearing debt

(SEK THOUSAND)	2019	Group	Parent company	
		2018	2019	2018
Long-term				
Leasing (note 28)	0	26,130	0	0
Bank loan	0	118	0	0
Total	0	26,248	0	0
Short-term				
Leasing	0	6,137	0	0
Total	0	6,137	0	0

As of 1 January 2019, the Group applies IFRS 16 and leasing debt have been re-classified, see note 12.

The book value is deemed to be equal to the fair value. The Parent Company (and the Group) has an unutilised overdraft facility of SEK 0 million (SEK 50 million).

26. Other liabilities

GROUP		
OTHER SHORT-TERM LIABILITIES (SEK THOUSAND)	2019	2018
Social security contributions and tax	36,192	38,098
VAT	38,176	41,556
Other liabilities	14,523	20,186
Total	88,891	99,840
PARENT COMPANY		
OTHER SHORT-TERM LIABILITIES (SEK THOUSAND)	2019	2018
Social security contributions and tax	953	856
Other liabilities	124	104
Total	1,077	960

27. Accrued expenses and pre-paid income

(SEK THOUSAND)	Group		Parent company	
	2019	2018	2019	2018
Holiday salaries, including social security contributions	102,366	103,353	1,343	1,144
Accrued payroll tax	18,869	19,515	710	383
Accrued salaries, including social security contributions	18,063	21,380	6,655	6,312
Other	18,561	12,980	1,996	1,974
Total	157,859	157,228	10,704	9,813

28. Leasing

OPERATIONAL LEASING (SEK THOUSAND)	Group		Parent company	
	2019	2018	2019	2018
Due for payment within 1 year	–	32,492	15,062	8,714
Due for payment between 1 and 5 years	–	130,782	48,947	57,742
Due for payment after 5 years	–	6,083	0	6,083

The Group's operational leasing contracts primarily consist of leases for premises. The premises rented by the Group are leased on market terms, with the rent partly or fully linked to changes in the price index. Lease terms are between 3 and 7 years. The parent company's operational leasing contracts primarily consist of leases

for premises and company cars. The premises rented by the parent company are leased on market terms, with the rent partly or fully linked to changes in the price index. Total operating leasing fees for the the Parent company SEK 14,040 (15,378) thousand and SEK 41,308 thousand for the Group in 2018.

FINANCIAL LEASING (SEK THOUSAND)	2019	2018
Due for payment within 1 year	–	6,137
Due for payment between 1 and 5 years	–	26,130

As of 1 January 2019, the Group applies IFRS 16 and the information regarding right-of-use assets and leases for the Group, could be found in note 12. For 2018 the Group's financial leasing agreements relates to company cars. The leasing term is 3 years, with terminal value of 50% after 3 years, with a depreciation rate

17% per year. The leasing agreements can be terminated without financial penalty with the car being redeemed at its residual value. Leasing agreements are established on market terms. The leasing liability is hedged since the right to the leased object is returned to the lessor in case of payment failure.

29. Pledged assets and contingent liabilities

HiQ International AB has a contingent liability for the fulfilment of the subsidiaries leasing agreements. The amount for the contingent liabilities amount to SEK 7,521 (30,553) thousand. In addition to the contingent liabilities outlined above, there is no other pledged assets and contingent liabilities of SEK 0 (0) thousand related to leasing agreements.

Otherwise there are no other pledged assets or contingent liabilities that has been identified that are not reported in these financial statement.

30. Benefits for management

Salaries and remuneration for the CEO in 2019 amounted to SEK 7,068 (7,000) thousand, of which the variable part amounted to SEK 4,314 (4,246) thousand. A defined contribution pension premium was paid at the highest tax-deductible amount, SEK 465 (442) thousand. In 2019 the CEO has exchanged SEK 900 thousand of variable salary for 2018 to pension premiums. Social security contributions amounted to SEK 2,277 (2,239) thousand as well as taxes on pension payment of SEK 113 (107) thousand. The retirement age of the CEO is 65 years. During 2019, the CEO acquired 25,000 warrants at market price. The market price for these warrants at time of allotment amounted to SEK 69 thousand and thereby also received 25,000 matching warrants with a total value of SEK 69 thousand, conditioned by employment in May 2022.

The CEO's employment terms stipulates a mutual period of notice of six months during which period salary and other benefits are paid. If the CEO resigns, salary and other benefits is paid under four months after the termination. If notice is given by the company, the CEO is also entitled to severance pay corresponding to ten months' remuneration. If the company would be acquired by a public offer, receives a new main shareholder or conducts a major shift in business idea or changes the scope of operations, the CEO has the right to resign on the same terms as if the notice was given by the company. The Board as a whole, except the CEO, acts as a remuneration committee and deals with matters concerning the CEO's terms of employment and pension terms.

The members of the Board received a total remuneration of SEK 2,135 (2,030) thousand, of which the chairman of the Board received SEK 685 (655) thousand. The AGM in March 2019 decided that the remuneration for the chairman of the Board shall amount to SEK 685 thousand and that the Board members not employed by the company shall receive a remuneration of SEK 265 thousand (Ann Helenius, Susanne

SALARY AND OTHER REMUNERATION (SEK THOUSAND) 2019

	BASE SALARIES	VARIABLE SALARIES	OTHER BENEFITS	PENSION PREMIUMS	OTHER REMU- NERATION	SHARE BASED PROGRAM	TOTAL
Board							
Gunnel Duveblad, Chairman of the Board	685	—	—	—	—	—	685
Susanne Ehnåbåge	265	—	—	—	—	—	265
Ann Helenius	265	—	—	—	—	—	265
Erik Hallberg	265	—	—	—	—	—	265
Ulrika Hagdahl	265	—	—	—	—	—	265
Raimo Lind	390	—	—	—	—	—	390
Senior executives							
CEO	2,754	4,314	178	465	—	—	7,711
Other senior executives (11 people)	17,305	3,664	1,521	3,452	—	110	26,052
Total	22,194	7,978	1,700	3,917	—	110	35,898

SALARY AND OTHER REMUNERATION (SEK THOUSAND) 2018

	BASE SALARIES	VARIABLE SALARIES	OTHER BENEFITS	PENSION PREMIUMS	OTHER REMU- NERATION	SHARE BASED PROGRAM	TOTAL
Board							
Gunnel Duveblad, Chairman of the Board	655	—	—	—	—	—	655
Susanne Ehnåbåge	255	—	—	—	—	—	255
Ken Gerhardsen	255	—	—	—	—	—	255
Erik Hallberg	255	—	—	—	—	—	255
Ulrika Hagdahl	255	—	—	—	—	—	255
Raimo Lind	355	—	—	—	—	—	355
Senior executives							
CEO	2,754	4,246	126	442	—	—	7,568
Other senior executives (10 people)	16,002	1,995	1,664	3,009	—	22	22,693
Total	20,786	6,241	1,790	3,451	—	22	32,291

Note 30 continued

Ehnbåge, Raimo Lind, Ulrika Hagdahl and Erik Hallberg). In addition, the chairman of the audit committee has received a remuneration of SEK 125 thousand. The 11 (10) other senior executives received salary and remuneration during 2019 with a total amount of SEK 20,969 (17,997) thousand, of which the variable part amounted to SEK 3,664 (1,995) thousand. The variable part is based on result that are quantitative as well as qualitative. Social security contribution amounted to SEK 6,818 (5,977) thousand as well as taxes on pension payments of SEK 837 (730) thousand. Pension premiums amounted to SEK 3,452 (3,009) thousand. During 2019 other senior executives acquired 48,000 warrants at market price. The market price for these warrants at time of allotment amounted to SEK 135 thousand and thereby also received 48,000 matching warrants with a total value of SEK 135 thousand, conditio-

ned by employment in May and November 2022. During 2012 other senior executives acquired 65,000 warrants at a fair value of SEK 337 thousand. And thereby were also granted 65,000 matching warrants with a total value of SEK 337 thousand, conditioned by employment in May and November 2021. Other senior executives have a mutual term of notice of 3–6 months and in most cases are entitled to severance pay equivalent to 3–6 months on notice given by the company. The retirement age for all other senior executives is 65 years. Matters relating to salary and remuneration paid to other senior executives were decided by the CEO of HiQ International, in certain cases following consultation with the chairman of the Board. The information above applies to the parent company as well as for the group.

31. Group companies

SPECIFICATION OF THE PARENT COMPANY'S SHARES IN GROUP COMPANIES:

NAME	CORPORATE ID	REGISTERED OFFICE	COUNTRY	SHARES	SHARE OF CAPITAL	BOOK VALUE (SEK THOUSAND)
HiQ København A/S	20851147	Kastrup	Denmark	500	100% (100%)	3,495 (3,495)
HiQ Finland OY	0648086-9	Espoo	Finland	600	100% (100%)	294,308 (294,308)
OOO MobilEyes INN	7707281246	Moskva	Russia	69,042	100% (100%)	2,545 (2,545)
HiQ Accelerated Concept Evaluation AB	556640-3415	Linköping	Sweden	523,600	100% (100%)	26,849 (26,849)
HiQ Computer and Audio-Technical Systems AB	556194-0403	Stockholm	Sweden	10,000	100% (100%)	1,200 (1,200)
HiQ Göteborg AB	556244-6384	Göteborg	Sweden	1,020	100% (100%)	44,798 (44,798)
HiQ Karlskrona AB	556534-5336	Karlskrona	Sweden	1,000	100% (100%)	600 (600)
HiQ Linköping AB	556738-3400	Linköping	Sweden	1,000	100% (100%)	1,100 (1,100)
HiQ MobilEyes AB	556563-2345	Stockholm	Sweden	1,000,000	100% (100%)	9,767 (9,767)
HiQ Mälardalen AB	556443-8736	Lidingö	Sweden	1,000	100% (100%)	215 (215)
Presis i Sverige AB	556706-8084	Lund	Sweden	100,000	100% (100%)	5,031 (9,785)
HiQ Skåne AB	556628-0136	Lund	Sweden	1,000	100% (100%)	4,854 (100)
HiQ Stockholm AB	556506-5819	Stockholm	Sweden	1,000	100% (100%)	41,532 (41,532)
Total						436,294 (436,294)

PARENT COMPANY (SEK THOUSAND)	2019	2018
Acquisition value		
At beginning of year	638,817	621,317
Acquisition Great Apes	–	–
Acquisition Presis i Sverige	–	–
Given Group contributions	14,000	17,500
Given shareholder contributions	–	–
At end of year	652,817	638,817
Accumulated write-down		
At beginning of year	-202,523	-185,023
Write-downs	-14,000	-17,500
At end of year	-216,523	-202,523
Book value of shares in Group companies	436,294	436,294

All group companies provide consultancy services.

32. Business combination

In April 2018 HiQ acquired the consultancy operations of the company Indentive. Closing date was 2 May 2018. Initial purchase price amounts to SEK 0.0 million. Based on the outcome of certain financial targets, an estimated additional purchase price of SEK 0.5 million could be paid within 12 months. HiQ also took over opera-

ting liabilities of SEK 0.5 million. The acquisition results in a goodwill of SEK 1.0 million. The goodwill is attributable to the market position of the acquired company.

33. Cash flow from operating activities

NET DEBT RECONCILIATION	AS OF 1 JANUARY 2018	CASH FLOW	CHANGES LEASING	FOREIGN EXCHANGE ADJUSTMENTS	AS OF 31 DECEMBER 2018
Loans	153	-51	–	16	118
Financial leasing	31,473	-6,262	7,056	–	32,267
Total	31,626	-6,313	7,056	16	32,385
Cash and cash equivalents	205,124	-23,942	–	2,314	183,496
Net debt	173,498	-17,629	-7,056	2,298	151,111

NET DEBT RECONCILIATION	AS OF 1 JANUARY 2019	CASH FLOW	CHANGES LEASING	FOREIGN EXCHANGE ADJUSTMENTS	AS OF 31 DECEMBER 2019
Loans	118	--118	–	–	0
Financial leasing	32,267	–	- 32,267	–	-
Total	32,385	- 118	- 32,267	–	0
Cash and cash equivalents	183,496	3,439	–	1,212	188,147
Net debt	151,111	3,557	32,267	1,212	188,147

	Group		Parent company	
INTERESTS PAID AND DIVIDENDS RECEIVED	2019	2018	2019	2018
Interest received	224	194	27	27
Interest paid	-3,047	-514	-13	0
Total	-2,823	-320	14	27

	Group		Parent company	
ADJUSTMENTS FOR ITEMS NOT INCLUDED IN CASH FLOW	2019	2018	2019	2018
Anticipated dividends from Group companies	–	–	–	–
Depreciation	46,379	15,227	2,225	24
Additional payments acquisitions	–	–	–	–
Write-down of shares in Group companies	–	–	14,000	17,500
Total	46,379	15,227	16,225	17,524

As of 1 January 2019 the Group applies IFRS 16, which affect net debt but also depreciation and interest costs.

	Group		Parent company	
TRANSACTIONS NOT LEADING TO PAYMENTS	2019	2018	2019	2018
Acquisition of assets by financial leasing	75,873	6,930	0	0
Share issue - acquisition	0	0	0	0
CASH AND CASH EQUIVALENTS (SEK THOUSAND)	2019	2018	2019	2018
The following components are included in the liquid assets:				
Cash and cash equivalents	188,147	183,496	113,526	99,760
Total cash and cash equivalents	188,147	183,496	113,526	99,760

The Parent Company (and thereby the Group) has an unutilised overdraft facility of SEK 0 million.

34. Related-party transactions

RELATED-PARTY RELATIONS

The parent company has at related-party relation to its subsidiaries (note 31).

PURCHASES AND NET SALES, GROUP INTERNAL, PARENT COMPANY (SEK THOUSAND)	2019	2018
Net sales to Group companies	61,986	44,648
Purchases from Group companies	53,934	50,791
Interest income from Group companies	25	27
Interest expenses to Group companies	0	0
RESULTS FROM SHARES IN GROUP COMPANIES, PARENT COMPANY (SEK THOUSAND)	2019	2018
Dividends received from Group companies	139,186	1,990
Received Group contributions	98,500	112,500
Write-down of shares in Group companies	-14,000	-17,500
Total	223,686	96,990

Transactions with senior executives

Remuneration to Board members have, according to a decision made by the Annual General Meeting, been paid with an amount of SEK 2,135 (2,030) thousand. In addition, SEK 117 (35) thousand have been paid as reimbursement of travel and accommodation expenses in connection with the Board work. No loans have been given to the Board members or any senior executives. For further information regarding benefits for senior executives, please refer to note 30.

Transactions with associated companies

Group companies have paid rents to associates with SEK 240 (697) thousand.

All related party transactions are conducted at market terms.

35. Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 13). In note 13 a sensitivity analysis regarding the value of the Group's goodwill is presented. An impairment of goodwill would effect the Group's profit as well as the equity of the Group. However, the cash flow would not be effected.

36. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall policy is to minimising the potential adverse effects on the Group's financial performance arising from these risks. The risk management is carried out centrally as well as decentralised by the subsidiaries, according to the Group's policies and guidelines.

A. MARKET RISK

Foreign exchange risk

HiQ has operations mainly in Sweden, Finland, Denmark and Russia. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Most of the company's operations are local, i.e. income and expenses are in the same currency, which decreases the exposure to foreign exchange risks. In some cases, sales are made in a different currency from that in which the costs of producing the services were incurred. In cases where revenues and expenses are in different currencies the foreign exchange risk increases. Because of its limited foreign exchange exposure, HiQ does not currently employ any form of currency hedging. The company could be affected by substantial foreign exchange rate fluctuations, but we consider this risk to be small. The currency breakdown of the Group's incoming payments is; SEK 76%, Euro 23% and other currencies 1%. For outgoing payments the breakdown is; SEK 80%, Euro 19% and other currencies 1%. If the Swedish Crown had strengthened/weakened by 10% against the Euro (with all other variables held constant) the net profit 2019 would have been approximately SEK 6 (6) million lower/higher. Equity would have been approximately SEK 32 (32) million higher/lower, mainly as a result of foreign exchange difference on translation of goodwill. The Group has investments in foreign entities whose net assets are exposed to foreign exchange risks. The foreign exchange exposure arising from this are not hedged. All together HiQ's currency exposure is judged to be very limited

Cash flow and interest rate risk and fair values

As the Group has no significant interest-bearing assets, except cash at bank accounts, the Group's income and cash flows are substantially independent of changes in market interest rates. Borrowings issued at fixed rates could expose the Group to interest rate risk. Financial leasing agreements are at variable interest rates. There-

fore no interest rate regarding fair values arise. From time to time the Group's surplus liquidity could be invested in short-term investments exposed to low price risk. The risk is regarded as low, due to the short duration of the investments. By the end of 2019 the Group had SEK 0 (0) million in short-term investments.

B. CREDIT RISK

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to clients, including outstanding receivables and committed transactions. Most of HiQ's assignments are charged on account, i.e. time spent is invoiced monthly. 99% of net sales is charged on account, while fixed-price assignments, i.e. projects charged according to a fixed schedule, accounting for the remaining 1%. Projects charged on account are invoiced monthly or at the conclusion of the project. Payment is normally due within 30 days, although shorter and longer payment periods occasionally apply. Each week, accounts receivables are followed up to ensure that payment terms are met. Interest is charged on late payments and unpaid invoices are referred to a debt collection agency. Most of HiQ's clients are large and well-established. The ten largest clients account for about 33% of net sales and include Ericsson, Volvo Group and Skatteverket. The maximum credit risk amount to the book value of the assets. New clients are subject to credit checks. Actual bad debts have historically been low. For further information regarding bad debts, please refer to note 18.

C. LIQUIDITY RISK

Liquidity risk is managed by maintaining sufficient cash and

short-term investments and the availability of funding through an adequate amount of committed credit facilities. The management forecasts the Group liquidity (cash and cash equivalents and credit facilities) based upon forecasted cash flows. HiQ's liquidity is very good. Cash flow before investments in 2019 was SEK 232.2 (167.4) million and on 31 December 2019 cash and cash equivalents amounted to SEK 188.1 (183.5) million.

The table below analyses the due date for the Group's financial liabilities, based on time left to due date. The amounts presented are nominal values.

Management of capital risk

The Group's aims as regards its capital structure are to safeguard the Group's ability to continue its operations, such that it can continue to generate a return for shareholders and benefits for other stakeholders, and to maintain a capital structure that against this background – keeps capital costs down. To maintain or adjust the capital structure, the Group may change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets in order to reduce debts. A consultancy company such as HiQ has a limited asset-based security base for borrowing. The Group's strategy in 2019, which as unchanged from 2018, was to maintain positive net funds. As of 31 December 2019 financial net funds amounted to SEK 188.1 million (SEK 151.1 million as of 31 December 2018).

AS OF 31 DECEMBER 2019	LESS THAN 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	MORE THAN 1 YEAR
Financial debt (excluding liabilities, leasing)	–	–	0
Liabilities, leasing	9,083	27,246	90,573
Accounts payable, trade	71,651	–	–
Other liabilities	14,324	–	–

AS OF 31 DECEMBER 2018	LESS THAN 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	MORE THAN 1 YEAR
Financial debt (excluding Financial leasing)	–	–	118
Financial leasing	1,534	4,603	26,130
Accounts payable, trade	77,014	–	–
Other liabilities	20,340	–	–

37. Events after the reporting period

No other substantial events have occurred after the reporting period.

38. Proposed appropriation of the company's profit

The following funds are at the disposal of the Annual General Meeting (SEK thousand):

Share premium reserve	214,352
Profit brought forward	0
Profit for the year	194,180
Total	408,532

The Board and the CEO propose that profits be appropriated such that SEK 408,532 thousand is carried forward.

It is also proposed a share split 2:1 combined with a compulsory redemption procedure shall be carried out. The procedure will imply that each share will split into one ordinary share and one redemption share.

The redemption share is suggested to be redeemed for SEK 3.40 per share, representing a transfer of approximately SEK 189.9 million to the Company's shareholders, based on the number of outstanding shares.

The Board of Directors and the Managing Director declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden and gives a true and fair view of the

Parent Company's financial position and results of operations. The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm 9 March 2020

Gunnel Duveblad
Chairman of the Board

Susanne Ehnåge
Board member

Ulrika Hagdahl
Board member

Erik Hallberg
Board member

Ann Hellenius
Board member

Raimo Lind
Styrelseledamot

Lars Stugemo
Member of the Board and
Chief Executive Officer

Our Auditors' report for this annual report was submitted on 9 March 2020.

KPMG AB

Helena Arvidsson Älgne
Authorised Public Accountant

Auditor's report.

To the general meeting of the shareholders of HiQ International AB (publ), corporate identity number 556529-3205

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of HiQ International AB (publ) for the year 2019, except for the corporate governance statement on pages 65-68. The annual accounts and consolidated accounts of the company are included on pages 62-112 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 65-68. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and balance sheet for the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of intangible assets and parent company's shares in subsidiaries

See disclosure 13 and 31 and accounting principles on pages 82 and 84 in the annual account and consolidated accounts for detailed information and description of the matter.

DESCRIPTION OF KEY AUDIT MATTERS

Per December 31, 2019, the carrying value of acquired intangible assets, which comprise of goodwill and customer relations, amounted to 391 million SEK.

Goodwill amounted to 390 million SEK. Customer relations are depreciated over 5 years. Annually, or if any indicators of impairment exist, good-will is subject to an impairment test, which is complex and contains significant elements of judgment.

The impairment test as required by IFRS is to be performed taking into account both forecasted internal and external assumptions and plans. Examples of such judgements are future cash flows and the discount rate applied considering that estimated future payments are subject to risk.

Per December 31, 2019, the parent company holds shares in Group companies of 436 million SEK.

If the book value of the shares exceeds the equity in a given Group company, a similar type of impairment test is performed using the same methodology and assumptions as is done in respect of goodwill in the Group.

RESPONSE IN THE AUDIT

We have assessed the Group's impairment tests to ascertain whether they are carried out in accordance with the techniques prescribed by IFRS. In addition, we have assessed the reasonableness of future cash flows and discount rates by obtaining and evaluating the Group's written documentation and plans. We have also interviewed management and performed retrospective review over prior period estimates.

An important part of our work has been to evaluate how changes in assumptions may affect the valuation by obtaining and assessing the Group's sensitivity tests.

We have also reviewed the Annual report disclosures for completeness, and assessed whether the disclosures are in line with the assumptions used by management in their valuation and that they are, in all material respects, in accordance with the disclosures required by IFRS.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-61 and 117. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists

related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated

accounts, we have also audited the administration of the Board of Directors and the Managing Director of HiQ International AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill

the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance

with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 65-68 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 58-61, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of HiQ International AB (publ) by the general meeting of the shareholders on the 26th of March 2019. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2018.

Stockholm 9 March 2020

KPMG AB

Helena Arvidsson Älgne

Authorized Public Accountant

Alternative performance measures.

HiQ uses a number of alternative performance measures in order to convey a fair picture of HiQ's results and financial position. Below are definitions of the alternative performance measures used. The numbers written within brackets are a calculation of the performance measures for the financial year 2019.

GROSS MARGIN

Operating profit/loss before depreciation for the period, in relation to net sales for the period $(272,337 / 1,847,053 = 14.7 \text{ per cent})$

OPERATING MARGIN

Operating profit/loss for the period, in relation to net sales for the period $(225,959 / 1,847,053 = 12.2 \text{ per cent})$

PROFIT MARGIN

Pre-tax profit for the period, in relation to net sales for the period $(224,112 / 1,847,053 = 12.1 \text{ per cent})$

NET INTEREST INCOME

Financial income, less financial costs $(1,567 - 3,414 = -1,847)$

INTEREST BEARING NET FUNDS, EXCL LEASE LIABILITIES

Liquid assets, less interest bearing debts (excluding lease liabilities) (at the end of the period) $(188,147 - 0 = 188,147)$

EQUITY/ASSETS RATIO

Shareholders' equity as a percentage of total assets (at the end of the period) $(813,490 / 1,259,332 = 64.6 \text{ per cent})$

CAPITAL EMPLOYED

Equity and interest bearing debt (excluding lease liabilities) (at the end of the period) $(813,490 + 0 = 813,490)$

OPERATING CAPITAL

Capital employed, less liquid assets $(813,490 - 188,147 = 625,343)$

RETURN ON OPERATING CAPITAL

Operating profit/loss in relation to average operating capital $(225,959 / ((625,343 + 667,340)/2) = 35.0 \text{ per cent})$

NET SALES PER EMPLOYEE

Net sales in relation to average number of employees $(1,847,053 / 1,431 = 1,291)$

ADDED VALUE PER EMPLOYEE

Operating profit/loss plus salaries and salary related expenses, in relation to average number of employees $((225,959 + 1,172,089) / 1,431 = 977)$

OPERATING PROFIT PER EMPLOYEE

Operating profit/loss in relation to average number of employees $(225,959 / 1,431 = 158)$

EQUITY/SHARE

Shareholders' equity in relation to total number of outstanding shares (at the end of the period) $(813,490 / 55,842 = 14.57)$

YIELD

Distribution to the shareholders for the period (or proposed) in relation to share price at end of period $(3.40 / 51.70 = 6.6 \text{ per cent})$

ADJUSTED EQUITY (PARENT COMPANY)

Equity with equity proportion of untaxed reserves $(455,536 + 0 = 455,536)$.



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