

hiQ

**SHARE
REDEMPTION**

2019

Information for shareholders in HiQ International AB (publ) regarding the Board's proposal for a share split and mandatory redemption procedure

BACKGROUND

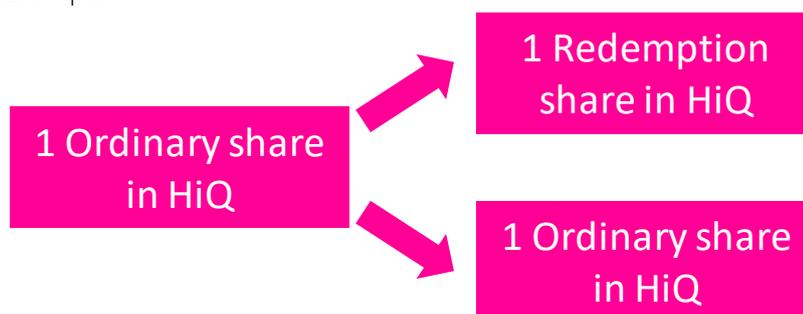
HiQ International AB's ("HiQ") financial position has strengthened significantly in recent years, and the Board considers that the company's present balance sheet is more than strong enough to ensure the development of the business in the medium term. The Board proposes a share split of 2:1 in combination with a mandatory redemption procedure. The proposal means that each share will be divided into two shares. One of these shares will be a so-called redemption share. Shareholders who wish to trade in redemption shares will be offered such an opportunity during the period between 10 April 2019 up to and including 25 April 2019. All redemption shares will then be redeemed for SEK 3.35 per share. Altogether, the proposal means that approximately SEK 187 million will be repaid to the shareholders.

This document has been prepared in order to provide the shareholders of HiQ International AB with information regarding the proposed split and redemption.

This document is not a prospectus.

PROCEDURE

Example:



On the record day for the share split on 9 April 2019, one (1) existing share in HiQ will be divided into two (2) shares, of which one (1) will be a redemption share.

1 Redemption share in HiQ	=	3.35 SEK
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Those shareholders who own redemption shares in HiQ on the record day for the redemption of the redemption shares on 7 May 2019 will receive SEK 3.35 per redemption share. The redemption settlement is expected to be paid via Euroclear Sweden (Swedish Central Security Depository) around 10 May 2019.

PRELIMINARY TIMETABLE

26 March: Annual General Meeting at 10.00 a.m. at the Company's premises at Katarinavägen 15, 7th floor. in Stockholm, Sweden.

9 April: Record day for the share split. Every share will be divided into two shares, of which one will be a redemption share.

10 April – 25 April: Trading in redemption share.

7 May: Record day for redemption of redemption shares.

10 May: Preliminary date for payment of redemption settlement, SEK 3.35 per redemption share, via Euroclear Sweden.

CONDITIONS FOR REDEMPTION SHARES

Terms

An existing share will be divided into two shares by a so-called share split. One of these shares will be a so-called redemption share, and the remaining share will be an ordinary share. Each redemption share will be redeemed for a cash consideration of SEK 3.35 per redemption share.

Receipt of redemption shares

The final day for trading in the HiQ share, including the right to a redemption share, is 5 April 2019. The record day for the share split and thus for the receipt of redemption shares is 9 April 2019. The receipt of redemption shares requires no action on the part of the shareholder.

Trading in redemption shares

Trading in redemption shares will take place on the Nasdaq OMX Stockholm during the period from 10 April – 25 April 2019. The record day for determining which holders of redemption shares will receive redemption settlement is 7 May 2019. Payment of the redemption settlement of SEK 3.35 per redemption share is expected to be made on 10 May 2019. Payment will be effected automatically via Euroclear Sweden to the yield account.

Share holding registered in the name of an authorized agent

Shareholders with a share holding in HiQ registered in the name of an authorized agent will not receive any notification from Euroclear Sweden. Information about the redemption procedure will be provided by the authorized agent concerned.

FINANCIAL EFFECTS

The redemption procedure means that shareholders' equity will reduce by SEK 187 million. This reduction involves a decrease in the shareholders' equity from SEK 818 million to SEK 631 million. The equity/assets ratio on 31 December 2018 will change from 69.9 percent to 63.2 percent.

QUESTIONS AND ANSWERS

Why is HiQ proposing the redemption of shares?

HiQ's good liquidity exceeds what is required in order for HiQ to be able to continue to operate the business according to the strategy that has been established. Redemption of shares is a good way for HiQ to distribute the surplus to its shareholders in a manner that is flexible from a tax perspective.

As a shareholder, do I need to do anything?

As a shareholder, you have the option of not having to do anything actively. HiQ will automatically redeem your redemption shares, and you will receive SEK 3.35 per redemption share. If you are a foreign shareholder, it may be advantageous for you to sell your redemption shares on the Nasdaq Stockholm.

Why is the redemption procedure mandatory?

It is cheaper and easier for HiQ to conduct the redemption procedure as a mandatory, rather than as a voluntary programme, which also entails that the same offer will be made to all HiQ's shareholders.

When will the redemption shares be received?

Those who, on the record day of 9 April 2019, are shareholders in HiQ will, for each existing share, automatically become the holder of two shares, of which one will be a redemption share.

Will the redemption settlement be received automatically?

Those who, on the record day of 7 May 2019, are holders of redemption shares in HiQ will automatically receive a redemption settlement of SEK 3.35 per redemption share.

Can I trade my redemption shares?

The redemption shares can be traded on the Nasdaq Stockholm during the period 10 April – 25 April 2019.

When and how will I receive money for my redemption shares?

Payment of SEK 3.35 per redemption share is expected to be made via Euroclear Sweden to the yield account on 10 May 2019.

For further information concerning the procedure, please contact Fredrik Malm on +46 (0)8-588 90 000.

TAX CONSIDERATIONS

The following is a summary of certain Swedish tax consequences that may arise from the proposed share split and share redemption program for shareholders in HiQ. The summary is based on Swedish tax legislation as at the date of this summary and is intended only as general information for shareholders who are resident in Sweden for tax purposes, unless otherwise indicated. The summary does not deal comprehensively with all tax consequences that may occur in this context. For instance, it does not cover the specific rules on shares “held for business purposes”, “Investeringsparkonton”, “qualified shares” in closely held companies, nor cases where shares are held by a partnership or held as current assets in a business operation. Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies and mutual funds. Each shareholder is recommended to consult a tax advisor for information with respect to the special tax consequences that may arise from the proposed share split and share redemption program, including the applicability and effect of foreign tax legislation, provisions contained in tax treaties for the avoidance of double taxation or other rules which may be applicable.

Share Split and Receipt of Redemption Shares

Taxation is not triggered by a share split or the receipt of redemption shares. However, the redemption or other disposal of redemption shares could trigger capital gains taxation, see section *Redemption and Sale of Redemption Shares* below.

Redemption and Sale of Redemption Shares

INDIVIDUALS

Individuals are normally subject to capital gains tax when shares are sold or redeemed. The current tax rate, for listed shares, is 30% of the gain.

The capital gain is calculated to equal the difference between the proceeds received when the shares are sold or redeemed, after deduction for potential sale expenses, and the acquisition cost for tax purposes. The acquisition cost for listed shares is normally determined according to the so-called average method. This means that the costs of acquiring all shares of the same type and class are added together and calculated collectively, with respect to changes to the holding. Alternatively, the so-called standard rule, according to which the acquisition cost is equal to 20% of the net proceeds received when the shares are sold or redeemed, may be applied to the disposal of listed shares and certain listed securities that are taxed in the same manner as shares.

In connection with a share split redemption shares, the acquisition cost for the initial shares will be split between the remaining shares and the redemption shares. HiQ will request that the Swedish Tax Agency issue recommendations regarding the allocation of the pre-split acquisition cost between the remaining shares and the redemption shares, respectively, see section *Acquisition Cost of the Redemption Shares – Example* below.

As a main rule, 70% of a capital loss (on listed shares) is deductible against any other taxable income from capital. Capital losses on listed shares and listed securities taxed in the same manner as shares (except for listed shares in mutual funds containing only Swedish receivables), are, however, fully deductible against taxable capital gains on such assets or on non-listed shares in Swedish limited liability companies and foreign legal entities. Moreover, only five sixths of capital losses on nonlisted shares in Swedish limited liability companies and foreign legal entities are deductible.

If capital losses pertain to both listed and non-listed shares, the losses pertaining to the listed shares are deductible prior to the losses on the non-listed shares. 70% of any excess amount is deductible according to the main rule or five sixths of 70% is deductible if the capital loss relates to non-listed shares.

If a deficit arises in the income from capital category, a reduction of the tax on income from employment and from business operations, as well as the real estate tax and the municipal real estate fee, is allowed. The tax reduction amounts to 30% of any deficit not exceeding SEK 100,000 and 21% of any deficit in excess of SEK 100,000. Deficits may not be carried forward to a subsequent fiscal year.

LEGAL ENTITIES

Limited liability companies and other legal entities are normally taxed on all income as income from business activities at a flat rate of 21.4%. For the calculation of capital gains and losses, see section *Individuals* above.

A capital loss on shares incurred by a corporate shareholder may be offset only against taxable gains on shares or other securities that are taxed in the same manner as shares. Such capital losses may however, under certain circumstances, also be deducted against capital gains within the same group of companies on shares and securities taxed in the same manner as shares, provided the requirements for group contributions (tax consolidation) are met. Capital losses on shares and securities taxed in the same manner as shares which are not deducted within a certain year, may be carried forward and offset against capital gains on such assets in future years without any limitation in time.

Acquisition Cost of the Redemption Shares - Example

The pre-split acquisition cost is normally allocated between the redemption shares and the remaining shares based on their market value at the time of the share split. Recommendations as to the allocation are normally issued by the Swedish Tax Agency. Information about the recommendations is expected to be available at the Swedish Tax Agency's web page, www.skatteverket.se, and HiQ's web page, www.hiq.se, in the summer/autumn 2019.

These principles are best described by the following example. Please note that the amounts below do only serve as an example.

A shareholder owns 100 HiQ-shares with an average acquisition cost of SEK 30 immediately prior to the share split. It is assumed that the lowest price paid on the last day of trade in the HiQ-shares before the split and separation of the redemption shares is SEK 62,00, that the redemption shares are listed and that the lowest price paid on the first day of trade in the redemption shares is SEK 3.35. Further, it is assumed that the Swedish Tax Agency on this basis issues a recommendation that 5.4% (SEK 3.35/SEK 62,00) of the pre-split acquisition cost should be allocated to the redemption shares and the residual 94.6% should be allocated to the remaining shares. Accordingly, the acquisition cost allocated to each redemption share should be SEK 1.62 (5.4% out of SEK 30) and the acquisition cost allocated to each remaining share should be SEK 28.38 (94.6% out of SEK 30).

Should the redemption shares be disposed of (through sale or redemption) at a price of SEK 3.35 per share, the total capital gain would be $(3.35 \times 100) - (1.62 \times 100) = \text{SEK } 173$.

The acquisition cost for any redemption shares that have not been acquired as a consequence of the share split is calculated using the average method. The calculation is based on the actual acquisition cost for such shares. When applying the average method, redemption shares and remaining shares are not considered to be of the same type and class.

The standard rule may be used when calculating the acquisition cost. This means that if the acquisition cost of the redemption share in the example above was less than SEK 0.67, the standard rule would be more favorable.

Shareholders Residing Outside of Sweden

WITHHOLDING TAX

For shareholders not resident in Sweden and not conducting business from a permanent establishment in Sweden, payments due to a reduction of the share capital by way of a redemption program are treated as dividend distributions, which mean that a 30% Swedish

withholding tax is levied on the redemption proceeds. The withholding tax rate is normally reduced under double taxation treaties between Sweden and other countries.

The withholding of the tax is normally effected by Euroclear Sweden or, if the shares are registered with a nominee, by the nominee. The withholding tax liability arises when the redemption proceeds are distributed. Please note that there should be no withholding tax on the disposal of redemption shares by means of a sale to a third party.

A shareholder may reclaim the amount of withholding tax that is attributable to an amount equal to the acquisition cost of the redemption share. Alternatively, the amount of tax attributable to 20% of the redemption amount may be reclaimed, provided that the shares are listed. The acquisition cost should be calculated as explained in section *Acquisition Cost of the Redemption Shares – Example*. The refund application must be made in writing and submitted to the Swedish Tax Agency no later than by the end of the fifth calendar year following the redemption payment.

For shareholders that are legal entities resident within the EU, there is normally no Swedish withholding tax if the shareholder holds 10% or more of the capital in the company whose shares are redeemed, provided that certain conditions are met.

INCOME TAX

Generally, individual shareholders who are not liable for Swedish income tax will not be liable for Swedish tax on the sale of Swedish shares. According to a special tax rule, however, individuals who are resident outside of Sweden may under certain circumstances be liable to Swedish tax on the sale of shares if they have been residents in Sweden or permanently lived in Sweden during the calendar year of the sale, or at any time during the ten preceding calendar years. The application of this rule is, however, in many cases limited by double taxation treaties between Sweden and other countries.

Foreign legal entities are normally not liable for income tax on capital gains on Swedish shares unless the gains are connected to a permanent establishment in Sweden.



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