

2016 – RECORD & INCREASED DIGITALISATION

JANUARY – DECEMBER 2016

- Net sales increase by 10 per cent to SEK 1,659.4 (1,508.0) million
- Operating profit (EBIT) of SEK 207.9 (182.9) million – an operating margin of 12.5 per cent
- Pre-tax profit of SEK 207.4 (182.7) million
- Profit after tax of SEK 161.4 (142.2) million
- Earnings per share of SEK 2.97 (2.66)
- Cash flow from operations of SEK 131.7 (157.1) million
- Liquid assets of SEK 204.3 (212.4) million
- The Board proposes to the Annual General Meeting that a dividend of SEK 3.10 per share to be distributed to the shareholders, totalling SEK 170 million

OCTOBER – DECEMBER 2016

- Net sales of SEK 460.5 (409.0) million
- Operating profit (EBIT) of SEK 56.5 (54.6) million – an operating margin of 12.3 per cent
- Pre-tax profit of SEK 56.5 (54.7) million
- Profit after tax of SEK 43.8 (42.7) million
- Earnings per share of SEK 0.80 (0.79)

SIGNIFICANT EVENTS DURING THE YEAR

- HiQ acquires the digital design and development agency Great Apes Oy in Helsinki
- Gunnel Duveblad is elected the new Chairman of the Board of HiQ at the Annual General Meeting
- HiQ is acknowledged as one of Sweden's Career Companies for the third year in a row
- HiQ helps Volvofinans Bank to simplify the lives of a million car owners with the successful digital service *CarPay*
- HiQ develops for the healthcare operator Diacor the first smartphone health clinic, *DiacorPlus*
- HiQ helps Västtrafik simplify the lives of its passengers with the new mobile service *Västtrafik To Go*
- HiQ helps Enköping Municipality develop the new web portal *Enkoping.se*
- HiQ is partner to S-Pankki and the ABC chain, enabling customers to pay for fuel by smartphone
- HiQ wins the contract as strategic partner to DEKRA Industrial
- HiQ wins a framework agreement with the European research facility ESS, which is being built in Lund
- HiQ wins a framework agreement for the development of digital services with SVT and Viaplay
- HiQ wins a framework agreement with Stockholm County Council
- HiQ and 3nine develop an IoT solution that simplifies the lives of operators in the engineering industry
- HiQ helps the Swedish Transport Administration simplify travel for the visually impaired by developing the digital service *Tågprator*
- HiQ develops *Tidning för alla* (newspaper for all) and makes news sites available to people with reading impairments

HiQ International AB is required to publish this information under the EU Market Abuse Regulation. The information was released for publication by the specified contact on 31 January 2017 at 07:30 CET.

HiQ helps to make the world a better place by making people's lives simpler through technology and communication. We are the perfect partner for everyone eager to achieve results that make a difference in a digitalised world. Founded in 1995, HiQ has more than 1,500 specialists in four countries and is listed on the Nasdaq Stockholm Mid Cap. For more information and inspiration, please visit www.hiq.se.

PRESIDENT'S STATEMENT

2016 is a record year for HiQ, with net sales increasing by 10 per cent to SEK 1,659.4 million. The operating profit is SEK 207.9 million and at the end of the year we have 1,573 employees. All the figures are the highest we have ever achieved. We have a strong financial position with cash flow of SEK 131.7 million and liquid assets of SEK 204.3 million.

2016 is the year of digitalisation. The word is on everyone's lips, including those of our clients, our employees and the people surrounding us. Digitalisation continues to sweep across our society. This phenomenon is based essentially on technological development. The result is that every sector is being redesigned, business models are being challenged and our behaviour is rapidly changing.

This happens when we together with our clients create the cashless society and develop self-driving vehicles and exciting new digital services. In Finland, for example, we and our partner S-Gruppen are developing the popular mobile service *S-Mobiili*, which gives customers access to unique benefits and S-Pankki's services. For Volvofinans Bank, we create the smartphone service *CarPay*, which makes life easier for a million car owners by offering full control over car-related transactions. Another example of innovation is when travel becomes easier for thousands of passengers every day in Western Sweden thanks to the *Västrafik To Go* service. Or when Diacor creates, with our help, the world's first digital healthcare clinic (*DiacorPlus*) for smartphones.

Change is also important to us at HiQ. Our continued relevance relies on it. Consequently, we are expanding to meet the demand from our clients' marketing departments, and we are now challenging Nordic advertising agencies. Our expertise in eHealth is increasingly sought after and we now have a strong team working with this sector. During the year, we also developed our offering in Augmented- and Virtual Reality (VR) to add real business value for our clients.

The quality of our work was acknowledged during the year on the many occasions on which we won nominations, awards and received mention of honour. In Finland, *DiacorPlus* received a mention of honour in the 'Project of the Year 2016' competition. The HiQ-developed municipal site *Enkoping.se* won the Swedish Publishing Award's special award for usability with the motivation "excellent

focus on helping users find what they need – bingo!". In December, we were yet again acknowledged as one of Sweden's Career Companies. This honour shows that we continue to be a very attractive employer, which makes us both proud and happy.

When we founded HiQ in the mid-90s, our offering was extremely niched. Over the years, we have managed to retain our technology-heavy DNA while continuously expanding our client portfolio and the number of sectors in which we operate. We now have the ability to accompany our clients from concept to development and management and continuous improvement. It is fantastic to see how we help our clients with solutions we could not even have dreamed of 20 years ago.

When I look into the future, I am convinced that digitalisation and technological development will continue to shape our society at an ever increasing rate. Companies and organisations will redefine their operations and create new business models. Fast-growing new start-ups will pop up. They will build their business concept on new technology and challenge established players. This will result in people's lives becoming simpler and better and make the world a slightly more fun place to live in. Of course, no one knows exactly what will happen. What we do know is that the development will be fantastic and exceed all our expectations.

For HiQ, this means adding value if we are to remain relevant and successful. We do this by operating at the point where technology, people and business meet, and building the company we always wanted to work for. With the best employees in the industry, an impressive client list and very strong finances, I look forward with great confidence to the next chapter for HiQ.

Lars Stugemo, President and CEO of HiQ

OFFERING & FOCUS AREAS

HiQ's domestic market is the Nordic region and we also win assignments globally. Today, we work with clients in, for example, London and California. With deep know-how about technology, users and business, we help our clients exploit the opportunities afforded by digitalisation.

HiQ wins many assignments that involve assuming overall responsibility for specific areas. Typical examples include software development, testing and quality assurance. Today, we have the breadth to deliver everything from digital strategies to design and concept development. We master the entire chain from R&D to digital and back, and can therefore help our clients all the way from idea to operation. HiQ is often named partner to companies that see digitalisation as a crucial success factor, and we bring both innovation and technical know-how to the development of the company and its business, while always focusing on the user.

We offer a complete range of communication services to meet the requirements and expectations of our clients' marketing departments and we are now challenging traditional advertising agencies. Another area that is growing fast is eHealth. With our ability to make life easier and better, we are becoming an increasingly important partner for healthcare operators. HiQ also has a strong offering in Augmented- and Virtual Reality (VR) *, with this technology adding business value for our clients.

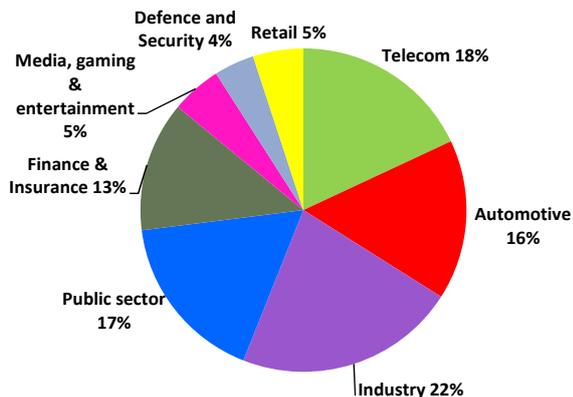
** Augmented Reality strengthens or supplements the actual reality by for example using computer generated graphics by contrast, Virtual Reality that replaces the real world with a simulated one.*

NEWS DURING THE FOURTH QUARTER

- HiQ wins an important framework agreement with Stockholm County Council. The agreement further reinforces our position in health and social care. Apart from Stockholm County Council, orders can also be placed by the Swedish Association of Local Authorities and Regions, Inera and Region Gotland.
- With our client Diacor, we develop *DiacorPlus*, a healthcare clinic in the smartphone. The new eHealth service is developed by HiQ and makes it possible to communicate with a doctor via chat or video and see your own patient records. During the quarter, *DiacorPlus* receives a mention of honour in the 'Project of the Year 2016' competition in Finland.
- HiQ wins a framework agreement with ESS – a European research facility under construction in Lund. The agreement is of software development for control systems. ESS stands for European Spallation Source, and the facility will be used for a number of different scientific fields.
- With Enköping Municipality, HiQ develops the web portal *Enkoping.se*. HiQ has overall responsibility from concept and design to final solution. The aim is to design a site to make life easier for all residents and businesses in the municipality. In November, the team wins the Swedish Publishing Awards special award for usability. "For excellent focus on helping users find what they need – bingo!" was the motivation given.
- HiQ participates in the development of the concept and technology of the *In-Car Delivery* service, which attracts global attention and makes it possible to order goods directly to your connected car. In December, *In-Car Delivery* wins the Volvo Cars Technology Award for product development. This prestigious honour is awarded for solutions that represent innovation and engineering skill, and creates results and benefits for Volvo Cars.
- The *Secure Our Oceans* initiative helps decision makers worldwide find the right technology to preserve marine protected areas. To make the project easily accessible and achieve global spread, they collaborate with HiQ to create a new communication platform. HiQ's design and development work, rapidly help generate results for the project in the form of partnerships with public authorities and new pilot projects.

MARKET SEGMENTS

We divide our market areas into eight segments and have a broad, well-balanced market mix. This is of great benefit to our clients and to us as a company and our employees. All market segments are characterised by companies' and organisations' need for digital solutions, which contributes to innovations, new offerings and new value chains.



HiQ's sales per industry over the past 12 months

INDUSTRY

There is more and more talk about Industry 4.0 and the potential of the Internet of Things. The challenge is to decide which opportunities actually add value. Not just innovation for its own sake. Innovation needs to benefit users and generate results.

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

One of forward-thinking of HiQ's clients is Toyota Material Handling Europe, which develops warehouse truck solutions. In an innovation partnership, HiQ helps this logistics company develop its offering and benefit from the opportunities provided by digitalisation. The long-term goal is a fully digital warehouse which enhances business and makes life easier for both warehouse staff and end customers.

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

TELECOM

Since 1995, HiQ has held a very strong position in this segment and we collaborate with global and market leading clients. For more than 20 years we have worked with suppliers, operators, users and legislative authorities. This provides us with extensive technical and commercial know-how in telecommunication systems.

Mobility and network connection are a fact of life today. Our solid telecom experience and know-how therefore create great value for clients and projects in all industries as digitalisation spreads. Today we work broadly with the clients in this segment; with advanced technological systems and with digital channels and solutions aimed directly at the end users. We are also winning strategic assignments in which our task is to identify new possibilities and enhance the efficiency of businesses.

During the year, HiQ becomes a strategic partner to Polystar, a leading company in the field of analysis, services and products for increased network performance, which helps telecom companies worldwide optimise customer experience. Thanks to its partnership with HiQ, Polystar can offer even faster, better service.

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

PUBLIC SECTOR

Our clients aim to offer our citizens the best possible service, and the challenges involve everything from out-dated systems and managing large data volumes to security and integrity issues. HiQ is growing fast in the public sector in health and social care, areas that clearly affect people's everyday lives.

Major framework agreements give us a strong platform on which to grow further in this segment. During the year, we win a framework agreement with Stockholm County Council, thus reinforcing our position in health and social care.

DiacorPlus is the eHealth service that HiQ develops for the Finnish company Diacor, which makes it possible to communicate with a doctor via chat or video call and see your own patient records. This is an efficient aid for anyone who is unable or unwilling to visit a health centre. The service previously received an award and in 2016 it receives a mention of honour in the 'Project of the Year 2016' competition in Finland.

HiQ wins and implements digital communication assignments, several in the local authority sector. Municipal web platforms for Kungälv, Partille and Enköping are developed in partnership with HiQ. During the year, Enköping.se wins the Swedish Publishing Award 's special award for usability because of its "excellent focus on helping users find what they need – bingo!".

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

AUTOMOTIVE

The automotive industry is hotter and more technology-intensive than ever. Vehicles are now connected and part of an ecosystem in which the various components communicate with each other. Cars are no longer just a means of transport. They are a service platform, and it's more about the new services that digitalisation enables and creates. At the same time, technological development continues to make vehicles safer and greener.

In this exciting, rapid development process, HiQ is a strong, experienced operator, both delivering cutting-edge technology and being a partner for innovation, including concept development on projects concerning Virtual Reality (VR) and Mixed Reality (*Computer generated graphics in a real world environment*).

Autonomous or self-driving vehicles are a focus area for HiQ. We are involved in an extensive research project in which 100 self-driving Volvo cars will be tested on selected roads with ordinary individuals at the wheel in Gothenburg in 2017.

HiQ is part of the winning team behind *Volvo In-Car Delivery*, which receives the prestigious Volvo Cars Technology Award for product development. HiQ participated in the development of the concept and technology of the solution, which attracts global attention and makes it possible to order goods directly to your connected car.

Clients in this segment include Autoliv, BorgWarner, Scania, Volvo Cars and Volvo Group.

FINANCE AND INSURANCE

The financial industry is changing fast. Several innovative new operators are emerging on the market to challenge the established players.

We have a strong offering created through our extensive experience from the financial sector, combined with expertise in digitalisation and mobile solutions. We are proud of the figures showing that millions of people use the different services that HiQ works with, in both Sweden and Finland.

For example, HiQ helps Volvofinans Bank on their digital journey by creating the mobile service *CarPay*. The service offers full control over car-related purchases and payments, plus entirely new benefits. We are also continuing to help the Finnish bank S-Pankki make life easier for its 2.9 million customers with its joint initiative with the ABC chain, permitting customers to pay for fuel directly using the service *S-mobiili*.

Clients include Bankgirot, Collector, Fennia, Handelsbanken, LähiTapiola, Nordea, OP Pohjola Group, S-Group, SEB, Swedbank, Swedish Motor Insurers, Varma and Volvofinans Bank.

MEDIA, GAMING AND ENTERTAINMENT

Today, we decide for ourselves when, where and how we want to watch TV, play games or follow the news. When augmented and virtual reality enter our daily lives, new opportunities will arise to create exciting experiences. We saw this already in 2016 with the global success of Pokémon Go.

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

These challenges perfectly match HiQ's position at the point at which technology, people and business intersect. We combine technical expertise with design and user focus. During the year, we win framework agreements with both SVT and Viaplay for the development of digital services.

Nordic companies enjoy global success in the gambling and gaming sectors, and HiQ has worked with a wide

range of leading companies on this exciting market for a long time.

Clients include Channel 4, DICE, Fintoto, GTECH, King, MTG, MTV 3 Finland, Rovio, Spotify, SVT, TV4, Utbildningsradion, Veikkaus and Viaplay.

RETAIL

Retail is completely different that it was three years ago. New e-commerce records are set and shopping online is a natural component of consumer behaviour. We can drop the 'e' prefix now and see everything as simply retail, but via different channels and platforms. Efficient digital services mean that we are also buying more and more from foreign suppliers, creating new requirements and challenges for companies in the Nordic region, with the focus on user experience and the overall customer journey.

HiQ has broad industry knowledge and extensive experience working with leading retail chains. We work with clients from concept and design to quality assurance in everything from marketing and sales solutions to purchasing and logistics systems. We have valuable expertise in digital payment services to meet new requirements for simpler purchasing processes to increase conversion.

HiQ also helps companies with smart, innovative solutions for loyalty points and benefits in order to add value for the end customer. One of these operators is Suomen Lähikauppa (now Kesko). As a result of the integration solution implemented by HiQ, it can now offer its regular customers considerable benefits in its 700 stores.

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

DEFENCE AND SECURITY

We live at a time when defence and security are rapidly growing in importance, and external environmental monitoring. As the world situation becomes more uncertain, defence rises up the agenda. Cyber security, in particular, is increasingly important for all companies and organisations as more and more products and systems are connected to the web.

HiQ has gained wide experience in this segment ever since our foundation in 1995. For more than 20 years we have helped leading clients develop training and

development simulators for JAS – high-tech solutions that are employed for more efficient, advanced training of hundreds of pilots worldwide. Simulation technology is something we can use in other segments as well, for example in industry and healthcare.

HiQ also helps the Swedish Defence Materiel Administration (FMV) simplify tracking of equipment using RFID technology. The tracking enhances efficiency and provides FMV with better control, resulting in positive financial and environmental effects.

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

THE GROUP'S DEVELOPMENT

During 2016, we at HiQ continue to produce winning results, strengthen our position on the market and be relevant to our clients. We acquire Great Apes Oy in Finland and all our subsidiaries recruit new employees.

HiQ in Finland delivers a strong 2016. The company continues to grow and implements many successful projects. Operations in Finland are supplemented by the acquisition of the digital design- and development agency Great Apes Oy.

In Stockholm, HiQ continues to be a leading player with a presence in all market segments. The company develops well during the year and grows in segments such as industry and the health sector.

HiQ in Mälardalen, with offices in Västerås and Örebro, has a stable year. The company has a strong presence in the industry and the defence segment and is also expanding its digital business within the public sector.

In Gothenburg, HiQ remains the leading innovation and technology company, with a strong presence in many sectors. The company performs very well in 2016, wins new global clients and delivers extremely successful client projects.

In Skåne, HiQ relocates from Lund to Malmö. The company puts together a new management team, expands its operations and wins new clients, as well as developing its digital business.

HiQ in Östergötland, with operations in Linköping and Norrköping, continues to perform very well. The company

has a strong result in 2016 and expands its market mix and digital offering during the year.

In Karlskrona, HiQ has a strong result on a market dominated by telecom and shipping. We also expand our offering and win clients in new market segments.

Our nearshore office in Moscow grows and develops well in 2016, winning many new projects.

DELIVERY MODELS

HiQ offers a flexible delivery model, focusing on the client. We provide specialist expertise for projects on site with clients and also undertake projects at our own facilities and via our nearshore office. We also offer complete teams for our clients – teams that are both efficient and successful at creating results.

MARKETING AND COMMUNICATIONS

HiQ works actively to strengthen the brand through marketing, PR and various activities. HiQ's established *Knowledge Bar* concept completes its successful tour of Sweden and Finland during the year. Thousands of clients, employees and other visitors have the opportunity to learn from HiQ's and our invited speakers' knowledge, primarily in the digital field, and to network and enjoy live music.

Just over 1,000 HiQ employees meet in Visby on the island of Gotland in the autumn. Over two days, we learn from both internal and external speakers, attend workshops and network. We donate to the Swedish Childhood Cancer Foundation by running the race *Run of Hope*, as well as relax and enjoy each other's company.

The fourth edition of the prize-winning HiQ Magazine is published in 2016. In it, we uncover more of the potential of digitalisation and talk about simplification with people who want to make a difference. In the autumn, HiQ Magazine is nominated, for the fourth year in a row, for both the Swedish Design Awards and the Swedish Publishing Awards. It fills us with pride that our ambition to move the boundaries of successful communication is recognised.

FUTURE PROSPECTS

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

Our expertise and 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 the core of its operations in the Nordic region.

HiQ's growth strategy is to grow organically and to complement with strategic acquisitions. HiQ's acquisition strategy aims to strengthen the company's geographical reach by increasing its Nordic presence and we seek to acquire companies that add new areas of expertise to HiQ.

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

Our strategy is to:

- Help our clients to simplify and contribute to a better world, by using our know-how within the entire chain of technology, people, and business.
- Be the leading company in the Nordic region within our industry.
- Have the best employees in the market and be the most attractive employer.
- 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.

EMPLOYEES

At the end of the reporting period, HiQ has 1,573 (1,415) employees, of which 1,436 (1,298) are on active duty.

SALES AND PROFIT

HiQ's net sales total SEK 1,659.4 (1,508.0) million.

Operating profit (EBIT) is SEK 207.9 (182.9) million, equivalent to a margin of 12.5 (12.1) per cent.

Group net financials for the period total SEK -0.5 (-0.2) million.

Pre-tax profit (PTP) is SEK 207.4 (182.7) million.

INVESTMENTS

Group net investment in fixed assets during the period total SEK 14.9 (14.1) million. SEK 1.4 (2.5) million of this total is invested in new premises, SEK 4.5 (4.1) million in equipment and SEK 9.0 (7.5) million in financial leasing.

FINANCIAL POSITION

Cash flow from operations total SEK 131.7 (157.1) million. During the year, the working capital has increased, thereby decreasing the cash flow.

Group liquid assets at 31 December total SEK 204.3 (212.4) million. This is an increase in liquid assets of SEK 44.9 million compared to 30 September 2016.

Interest-bearing net assets total SEK 172.9 (183.4) million at the end of the reporting period.

Owner's equity at the end of the reporting period totals SEK 777.6 (718.0) million, and the equity/assets ratio as a measure of solidity is 69.2 (69.4) per cent.

SHARES

On 31 December 2016 there is a total of 54,713,105 shares in HiQ International AB (publ). This is an increase of 788,832 shares from the number of shares on 1 January 2016. The increase is a result of the conversion of warrants and share issue in connection with the acquisition of Great Apes Oy. Due of this, the share capital increased by approximately SEK 79,000 and the shareholders' equity increased by SEK 35.6 million. In addition, the shareholders' equity has increased by SEK 2.5 million due to the sale of warrants.

ACQUISITIONS

In September 2016, HiQ acquires 100% of the shares in the digital design- and development agency, Great Apes Oy in Helsinki, with around 15 employees. The acquisition price was paid in 257,832 newly issued HiQ shares, resulting in dilution of 0.5 per cent.

The book value of the shares amounts to SEK 20.3 million, (including estimated additional purchase sum). For the Group, goodwill amounts to SEK 16.7 million and acquired client relationships to SEK 3.3 million. The acquisition analysis is preliminary.

Assuming that Great Apes reaches certain set profitability targets, an additional purchase sum amounting to a

maximum total of EUR 0.6 million will be paid during 2017 and 2018.

The company is consolidated from 1 September 2016. During the time period 1 September 2016 – 31 December 2016, Great Apes have had net sales of SEK 6.0 million and contributed to the Group's (EBIT) SEK 1.5 million.

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

REDEMPTION OF SHARES

On 22 March 2016 the Annual General Meeting approves a shareholders' dividend of SEK 2.90 per share (totalling approximately SEK 156 million) in the form of a split and a mandatory redemption program. Trading in the redemption shares took place from 12 April up to and including 25 April. Payment took place on 6 May 2016.

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

OPTIONS

On 22 March 2016 the Annual General Meeting approved a share warrant programme for HiQ employees.

The program consists of two series. The first was issued in May and the second in November. Both were available for all employees in Sweden, Finland, and Denmark. In total, 420,000 warrants in the first series and 422,500 in the second series, are outstanding.

If all outstanding warrants are fully exercised, the dilution effect will be approximately 3.6 per cent.

PROPOSED DIVIDEND

The Board proposes that the Annual General Meeting approve a dividend to shareholders of SEK 3.10 per share (totalling approximately SEK 170 million) in the form of a split and a compulsory redemption programme.

HiQ's long-term policy states that the long-term dividend level should amount to around 50 per cent of HiQ's profit after tax. It is based on HiQ's strong financial position.

PARENT COMPANY

Profit after tax for HiQ International AB (publ) totals SEK 129.1 (120.6) million.

On 31 December 2016, the company's interest-bearing net assets total SEK 55.5 (69.0) million, adjusted owner's equity totals SEK 510.7 (499.9) million and the equity/assets ratio is 87.9 (88.8) per cent.

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

ACCOUNTING PRINCIPLES

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

The same accounting principles are used for this report as for the company's most recent annual report with the exception of certain changes in standards (noted in HiQ's annual report for 2015) and interpretations that have since come into effect. These are, however, not considered to have any impact on the consolidated accounts during the reporting period.

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

SIGNIFICANT RISKS AND UNCERTAINTIES

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

For a detailed description of significant risks and uncertainties, please see pages 22-23 in the HiQ Annual Report for 2015.

ANNUAL GENERAL MEETING

The Annual General Meeting for 2016 will take place on 22 March 2017 at 10:00 (CET) at the company's office at Regeringsgatan 20 in Stockholm, in accordance with a decision by the Board of HiQ International AB. Notice of the AGM will be published on the company website and in Post & Inrikes Tidningar (The Official Swedish Gazette) no later than four weeks before this date and will also be advertised in the Swedish newspaper Svenska Dagbladet.

In accordance with the decision of HiQ's Annual General Meeting on 22 March 2016, a nominating committee has been appointed consisting of Maria Rengefors, Nordea funds, Joachim Spetz, Swedbank Robur Fonder and Johan Strandberg, SEB Investment Management. Chair of the committee is Maria Rengefors. The Committee has also appointed the chair of HiQ, Gunnel Duveblad, as a member of the nominating committee.

Shareholders wishing to submit proposals to the nominating committee can do so by e-mail to valberedning@hiq.se or by post to HiQ International's headquarters in Stockholm at:

The Nominating Committee
HiQ International AB
Box 7421
SE-103 91 Stockholm
Sweden

Proposals are to be submitted by 31 January 2017.

FINANCIAL REPORTS 2017:

Interim report January-March 2017: 25 April 2017

Interim report January-June 2017: 18 July 2017

Interim report January-September 2017: 26 October 2017

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Stockholm, 31 January 2017

The Board of HiQ International AB (publ)

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

This information is information that HiQ International AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:30 CET on 31 January 2017.

HiQ International Group
Company registration number 556529-3205

Statement of comprehensive income

SEK 000s			Oct-Dec	Oct-Dec
	2016	2015	2016	2015
Net sales	1 659 426	1 507 959	460 452	409 013
Assignment-specific external expenses	-226 571	-193 968	-66 518	-55 713
Staff costs	-1 117 077	-1 037 479	-310 330	-274 227
Other external expenses	-96 878	-83 716	-24 483	-22 350
Depreciation	-10 993	-9 870	-2 588	-2 140
Operating profit	207 907	182 926	56 533	54 583
Finance income	531	311	132	178
Finance costs	-991	-498	-174	-92
Pre-tax profit	207 447	182 739	56 491	54 669
Income tax	-46 083	-40 490	-12 711	-11 973
Profit for the period attributable to shareholders	161 364	142 249	43 780	42 696

Other comprehensive income

Items that may be subsequently reclassified to profit or loss

Exchange differences on translating foreign operations	16 452	-14 460	-3 590	-11 861
Other comprehensive income for the period	16 452	-14 460	-3 590	-11 861
Profit for the period attributable to shareholders	177 816	127 789	40 190	30 835

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

Earnings per share before dilution, SEK	2,97	2,66	0,80	0,79
Earnings per share after dilution, SEK	2,96	2,65	0,80	0,79
Average number of shares, thousands	54 264	53 444	54 512	53 720
Average number of shares, after dilution, thousands	54 604	53 701	54 995	54 037

The HiQ International Group
Company registration number 556529-3205

Balance Sheet

SEK 000s	31 Dec 2016	31 Dec 2015
ASSETS		
FIXED ASSETS		
Tangible fixed assets	45 319	41 147
Intangible fixed assets		
Goodwill	361 208	333 317
Other intangible fixed assets	3 136	0
Financial fixed assets	14 881	14 283
Total fixed assets	424 544	388 747
CURRENT ASSETS		
Accounts receivable, trade	346 518	300 454
Current income tax assets	9 914	14 619
Other receivables	6 055	6 781
Prepaid expenses and accrued income	131 869	111 724
Liquid assets	204 262	212 414
Total current assets	698 618	645 992
Total assets	1 123 162	1 034 739
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Shareholders' equity attributable to shareholders	777 566	718 018
Total shareholders' equity	777 566	718 018
Non-current liabilities		
Long-term interest-bearing debt	25 508	23 853
Deferred tax liabilities	393	0
Total non-current liabilities	25 901	23 853
Current liabilities		
Short-term interest-bearing debt	5 887	5 198
Accounts payable, trade	65 136	58 446
Other liabilities	95 240	86 713
Accrued expenses and prepaid income	153 432	142 511
Total current liabilities	319 695	292 868
Total shareholders' equity and liabilities	1 123 162	1 034 739

HiQ International Group

Company registration number 556529-3205

SEK 000s	2016	2015	Oct-Dec 2016	Oct-Dec 2015
Cash flow analysis				
Cash flow before change in operating capital & investments	171 217	157 475	46 992	49 580
Change in operating capital	-39 512	-409	-17 397	9 718
Cash flow before investments	131 705	157 066	29 595	59 298
Cash flow from investments	-4 939	-6 839	-1 149	-5 887
Cash flow after investments	126 766	150 227	28 446	53 411
Cash flow from investments activities	-134 918	-117 863	16 443	5 773
Change in liquid assets	-8 152	32 364	44 889	59 184
Liquid assets at the start of the period	212 414	180 050	159 373	153 230
Liquid assets at the end of the period	204 262	212 414	204 262	212 414
Change in shareholders' equity				
Amount at the start of the period	718 018	698 169	723 537	675 858
Dividends / redemption	-156 380	-138 161	0	0
Warrant premiums	2 504	1 595	1 444	892
Share issue conversion of warrants	21 234	28 626	12 395	10 433
New share issue in connection with acquisition	14 374	0	0	0
Total comprehensive income for the period	177 816	127 789	40 190	30 835
Amount at the end of the period	777 566	718 018	777 566	718 018
Key figures				
Operating profit (EBIT)	207 907	182 926	56 533	54 583
Operating margin	12,5%	12,1%	12,3%	13,3%
Profit margin	12,5%	12,1%	12,3%	13,4%
Capital employed	808 961	747 069	808 961	747 069
Operating capital	604 699	534 655	604 699	534 655
Return on operating capital	36,5%	33,9%	9,4%	10,1%
Return on shareholders' equity	21,6%	20,1%	5,8%	6,1%
Financial position				
Expensed investments in computers	4 185	2 477	1 328	678
Liquid assets	204 262	212 414	204 262	212 414
Interest-bearing net cash	172 867	183 363	172 867	183 363
Shareholders' equity	777 566	718 018	777 566	718 018
Equity/assets ratio	69,2%	69,4%	69,2%	69,4%
Employees				
Number of employees at end of period	1 573	1 415	1 573	1 415
Number of employees in duty at end of period	1 436	1 298	1 436	1 298
Average number of employees	1 361	1 270	1 416	1 283
Value added per employee	943	929	248	245
Turnover per employee	1 219	1 187	325	319
Operating profit per employee	153	144	40	43
Share data				
No. of shares at end of period, thousands	54 713	53 924	54 713	53 924
Average no. of shares before dilution, thousand	54 264	53 444	54 512	53 720
Average no. of shares after dilution, thousand	54 604	53 701	54 995	54 037
Profit per share before dilution, SEK	2,97	2,66	0,80	0,79
Profit per share after dilution, SEK	2,96	2,65	0,80	0,79
Shareholders' Equity per share, SEK	14,21	13,32	14,21	13,32

HiQ International Group
Company registration number 556529-3205
Segment reporting

2016	Sweden	Finland	Group and elim	Group
Net sales from external clients	1 356 174	303 252		1 659 426
Net sales from other segments	0	521	-521	0
Net sales	1 356 174	303 773	-521	1 659 426
Operating profit	166 198	56 733	-15 024	207 907
<i>Operating margin %</i>	12,3%	18,7%		12,5%
Financial net				-460
Profit before tax				207 447
Assets*	724 036	352 210	46 916	1 123 162
2015	Sweden	Finland	Group and elim	Group
Net sales from external clients	1 245 258	262 701	0	1 507 959
Net sales from other segments	2 250	414	-2 664	0
Net sales	1 247 508	263 115	-2 664	1 507 959
Operating profit	143 983	51 322	-12 379	182 926
<i>Operating margin %</i>	11,5%	19,5%		12,1%
Financial net				-187
Profit before tax				182 739
Assets*	633 602	320 030	81 107	1 034 739
Oct - Dec 2016	Sweden	Finland	Group and elim	Group
Net sales from external clients	372 602	87 850		460 452
Net sales from other segments	0	67	-67	0
Net sales	372 602	87 917	-67	460 452
Operating profit	42 909	17 627	-4 003	56 533
<i>Operating margin %</i>	11,5%	20,0%		12,3%
Financial net				-42
Profit before tax				56 491
Assets*	724 036	352 210	46 916	1 123 162
Oct - Dec 2015	Sweden	Finland	Group and elim	Group
Net sales from external clients	335 843	73 170	0	409 013
Net sales from other segments	1 448	77	-1 525	0
Net sales	337 291	73 247	-1 525	409 013
Operating profit	40 593	15 051	-1 061	54 583
<i>Operating margin %</i>	12,0%	20,5%		13,3%
Financial net				86
Profit before tax				54 669
Assets*	633 602	320 030	81 107	1 034 739

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

HiQ International AB, Parent Company
Company registration number 556529-3205

Income Statement

SEK 000s

	2016	2015
Net sales	44 661	33 649
Assignment-specific external expenses	-8 927	-1 144
Other external expenses	-25 113	-21 732
Staff costs	-25 185	-22 824
Depreciation and write-downs	-365	-583
Operating profit	-14 929	-12 634
Profit from shares in Group companies	167 900	151 304
Finance income	437	1 111
Finance costs	-768	-636
Pre-tax profit	152 640	139 145
Income tax	-23 527	-18 502
Profit for the period	129 113	120 643

Profit for the period attributable to shareholders **129 113** **120 643**

Balance Sheet

SEK 000s

	31 Dec 2016	31 Dec 2015
ASSETS		
FIXED ASSEST		
Tangible fixed assets	253	574
Financial fixed assets	427 180	406 481
Total fixed assets	427 433	407 055
CURRENT ASSETS		
Accounts receivable, trade	2 933	613
Receivables-Group companies	19 318	13 054
Current income tax assets	0	502
Other receivables	1 654	1 703
Prepaid expenses and accrued income	3 654	3 485
Liquid assets	125 739	136 565
Total current assets	153 298	155 922
Total assets	580 731	562 977

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity

Total restricted equity	46 891	46 811
Total non-restricted equity	463 814	453 048
Total shareholders' equity	510 705	499 859

Current liabilities

Accounts payable, trade	1 163	1 432
Liabilities - Group companies	45 834	50 380
Current income tax liabilities	5 057	0
Other liabilities	6 775	1 118
Accrued expenses and prepaid income	11 197	10 188
Total current liabilities	70 026	63 118

Total shareholders' equity and liabilities **580 731** **562 977**

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 period January – December 2016.

Operating margin: Operating profit/loss for the period, in relation to net sales for the period (207,907 / 1,659,426 = 12.5%)

Profit margin: Pre-tax profit for the period, in relation to net sales for the period (207,447 / 1,659,426 = 12.5%)

Net interest income: Financial income, less financial costs (531 – 991 = -460)

Interest bearing net funds: Liquid assets, less interest bearing debts (at the end of the period) (204,262 – 25,508 – 5,887 = 172,867)

Equity/assets ratio: Shareholders' equity as a percentage of total assets (at the end of the period) (777,566 / 1,123,162 = 69.2%)

Capital employed: Equity and interest bearing debt (at the end of the period) (777,566 + 25,508 + 5,887 = 808,961)

Operating capital: Capital employed, less liquid assets (808,961 – 204,262 = 604,699)

Return on operating capital: Operating profit/loss in relation to average operating capital (207,907 / ((534,655 + 604,699)/2) = 36.5%)

Net sales per employee: Net sales in relation to average number of employees (1,659,426 / 1,361 = 1,219)

Added value per employee: Operating profit/loss plus salaries and salary related expenses, in relation to average number of employees ((207,907 + 1,075,886) / 1,361 = 943)

Operating profit per employee: Operating profit/loss in relation to average number of employees (207,907 / 1,361 = 153)

Equity/share: Shareholders' equity in relation to total number of outstanding shares (at the end of the period) (777,566 / 54,713 = 14.21)