

## CONTINUOUS SUCCESS FOR HIQ

### JANUARY – SEPTEMBER 2017

- Net sales total SEK 1 293.2 (1 199.0) million, an increase with 7.9 per cent
- Operating profit (EBIT) is SEK 152.0 (151.4) million, equivalent to an operating margin of 11.8 per cent
- Pre-tax profit of SEK 151.2 (151.0) million
- Profit after tax of SEK 117.2 (117.6) million
- Earnings per share of SEK 2.13 (2.17)
- Cash flow from operations of SEK 112.7 (102.1) million
- Liquid assets of SEK 154.6 million

### JULY – SEPTEMBER 2017

- Net sales total SEK 369.3 (352.1) million, an increase with 4.9 per cent
- Operating profit (EBIT) is SEK 38.5 (46.9) million, equivalent to an operating margin of 10.4 per cent
- Pre-tax profit of SEK 38.3 (46.8) million
- Profit after tax of SEK 29.6 (36.7) million
- Earnings per share of SEK 0.54 (0.68)
- Cash flow from operations of SEK -5.7 (15.7) million

### SIGNIFICANT EVENTS DURING THE THIRD QUARTER

- HiQ becomes strategic partner to bank- and insurance group Skandia
- HiQ signs framework agreement with Zenuity for development of systems for autonomous cars
- HiQ develops a digital service for the Royal Swedish Opera to make opera more accessible
- HiQ improves the working conditions in the industry together with 3nine and ST Solutions
- HiQ develops the app "Olof Palme at Almedalen" that wins the Almedalen Innovation Award.
- HiQ's team from Great Apes in Helsinki win two prizes in the prestigious design competition Red Dot Awards and HiQ is also fourfold nominated in the Swedish Design Awards

### SIGNIFICANT EVENTS AFTER THE THIRD QUARTER

- HiQ wins framework agreement with one of Scandinavia's biggest banks
- HiQ develops loyalty portal for Circle K
- HiQ behind Wärtsilä's global intranet

*This information is information that HiQ International AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out, at 07.30 CET on 26 October 2017.*

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

## PRESIDENT'S STATEMENT

Net sales for the first nine months of the year increases with 7.9 per cent to SEK 1 293.2 (1 199.0) million. This is a record for HiQ – despite a seasonally challenging third quarter. Operating profit (EBIT) for the period amounts to SEK 152,0 (151,4) million, which is also a record. We have had a strong cash flow of SEK 112.7 million and enter the last quarter of the year with a strong financial position and SEK 154.6 million in liquid assets.

Digitalisation is having a fundamental impact on every aspect of modern society and it affects everyone. And digital technology penetrates deeper into the fabric of society than ever before. Nowadays the talk is not only about disruptive innovations; instead, today's it's also about digital infrastructure and platforms that creates the firm foundations on which this profound transformation is being built. This, in turn, is fuelling an ever-increasing demand for our integration services and our FRENDS integration platform – and not least for the services of our Finnish operations.

However, perhaps the time has now come for us to stop talking about digitalisation and to simply call the processes that are taking place by their proper name – development. At HiQ we work together with our customers to develop new solutions, launch new services, find new business models and revenue sources, link more products to cloud services, app development, design and activation. We transform classic product companies into service businesses, pioneer new distribution channels based on user behaviour, and develop solutions built on strong brands. And all of this is, in essence, just simple, straightforward business and product development. The difference is that today we are using digital technology as the tool for implementing progress.

Advances in technology, ever faster processors and rapidly rising transmission speeds enable us to develop increasingly sophisticated solutions. Solutions that, in their own way, change the way we work and live. We are constantly creating new products and services to solve needs that we were once hardly aware existed. And we never cease in our mission to use technology to simplify and improve people's everyday lives.

Demand for our services is good across the board. Take the banking and insurance industry, for example. Never

before has our skill in developing smart, secure digital services attracted so much attention as it does today. Among the many exciting new assignments that we are continuing to win are a major framework agreement with one of the biggest banking groups in Scandinavia and a digital partnership agreement with the Skandia insurance group.

Another area that is hotter than ever is the automotive industry, where we are a proud partner to the newly started Zenuity initiative – a collaboration between two industry giants, Volvo and Autoliv – for whom we are developing safety systems and driver assistance technologies for autonomous vehicles.

We are even assisting a classic institution in the form of the Royal Swedish Opera with their digital strategy to function in the world of today. And build an app that increases the accessibility and enhances the experience. So, thanks to the ingenuity of our team of developers, testers, system architects and designers, people who were not previously able enjoy opera can now do so to their full satisfaction.

The cornerstones upon which HiQ rests have been laid by engineers. Logic, mathematics and technology have been at the core of all that we do ever since we first began. Back then, 24 years ago, we used the potential that digital technology unlocked to develop flight training simulators for pilots of the JAS 39 Gripen multirole fighter aircraft. It was simpler to train in a machine than in an actual plane. Today we have evolved to become one of the Nordic countries' leading service companies in the fields of technology, design and communication.

Some time ago, I was asked, "How many people in your company work with digital technology?" A logical enough question, you may think. From my perspective, however, it was almost comical. We are now over 1,600 people working at HiQ. And everyone – every single individual – is contributing in one way or another to drive the digital revolution forward. Together, we are leading the hundreds of companies and organisations that are our customers towards the future – at full speed!

*Lars Stugemo, President and CEO of HiQ*

## OFFERING & FOCUS AREAS

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

HiQ wins many assignments that involve assuming overall responsibility for specific areas. Typical examples include software development, testing and quality assurance. Today, we have the breadth to deliver everything from digital strategies to design and concept development.

We master the entire chain from R&D to digital and back, and can therefore help our clients all the way from the idea to operation. HiQ frequently partners companies that see digitalisation as a crucial success factor, bringing both innovation and technical know-how to the development of the company and its business, while always focusing on the user. Today we also offer a strong IT service range, which include integration and maintenance of platforms as well as a communication service offer to meet the requirements and expectations of our clients' marketing departments.

One area that is expanding very rapidly is digitalisation and rationalisation within healthcare (eHealth). Our track record of success in simplifying and improving has made us an increasingly important partner for companies and organisations in the healthcare sector. Another example is the cashless society, where we are experiencing strong demand for our expertise in developing, smart and secure digital services.

## EVENTS DURING THE THIRD QUARTER

Examples of published news during the third quarter:

- HiQ becomes a strategic partner to the Skandia banking and insurance group, helping Skandia to make life simpler for its two million customers.
- HiQ secures a framework agreement with Zenuity AB, jointly owned by Volvo Car Group and Autoliv, to develop and optimise software for driver assistance and autonomous driving systems.
- HiQ develops a digital strategy and a digital service for the Royal Swedish Opera to make opera performances available to people with functional diversity. An app

downloaded to a smartphone gives users access to audio description, while the text of the performance is translated and relayed through the phone's headset.

- HiQ works together with 3nine and ST Solutions to produce an IoT solution that simplifies and improves working conditions in industrial environments. The first installation is now being rolled out at the Sandvik Coromant plant.
- HiQ develops the AR app "Olof Palme at Almedalen". This uses augmented reality to enable visitors to the annual Swedish forum for political and social debate known as Almedalen Week to experience for themselves a genuine piece of political history. They can relive former Swedish prime minister Olof Palme's speech from 1983 in the very setting in which it took place. The project also wins the Almedalen Innovation Prize.
- HiQ's digital concept team from Great Apes in Helsinki wins two prizes in the prestigious Red Dot Awards design competition: Communication Design 2017. HiQ also has four nominations for the Swedish Design Awards: for the "Operan för alla" project on behalf of the Royal Swedish Opera; for the "Stadsutveckling Göteborg" website for the City of Gothenburg; for "Parkera Göteborg" for the City of Gothenburg's municipal parking company; and, together with the Mecka advertising agency, for HiQ's own graphic identity.

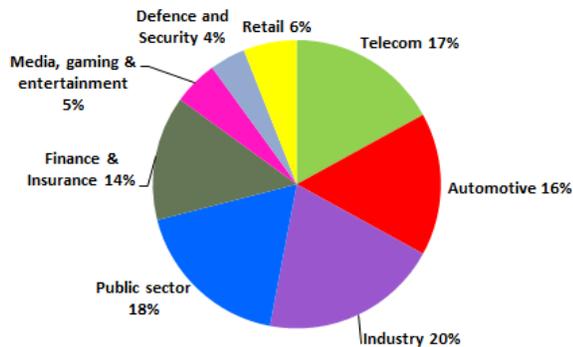
## EVENTS AFTER THE THIRD QUARTER

Examples of published news after the third quarter:

- HiQ signs a framework agreement with one of the largest banks in Scandinavia. The agreement covers the areas: development, testing, system architecture, project management, design and business analysis.
- HiQ develops a new loyalty portal for Circle K that simplifies and improves the experience for Circle K's customers.
- HiQ helps Wärtsilä to develop a new global intranet that simplify everyday work life for over 18,000 employees.

## MARKET 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.



*HiQ sales per market segment over the past 12 months*

## INDUSTRY

It has been talked about the possibilities with Internet of Things for long. And today we take for granted that things are connected. The challenge lies in determining which opportunities actually add value. Innovation for its own sake is of no value; innovation needs to benefit users and generate results.

HiQ is well established in this segment and helps leading players with strategic development, digital tools, process efficiency and smart integration between systems, with the aid of, for example, the FRENDS integration platform.

One example in this segment is Empower in Finland, for whom HiQ has developed the EmSafe workplace health and safety system as part of Empower’s strategic digitalisation project. Using real-time data, the system can, for example, issue automated alerts, search for any anomalies (for example, a human presence in restricted areas) and monitor the movements of people, vehicles and hazardous substances in the workplace. Safety at work is one of the most important issues in an industrial working environment.

Clients include 3nive, ABB, Assa Abloy, Atlas Copco, Bombardier, Cactus, DEKRA, Destia, Electrolux, Elenia,

Finnair, Jeppesen Systems, Kuusakoski, Toyota Material Handling Europe and SAS.

## TELECOM

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

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

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

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

## PUBLIC SECTOR

Our customers’ mission in this sector aim to offer citizens the best possible service, and the challenges in doing so involve everything from managing outdated systems and large volumes of data to issues related to security and integrity. HiQ is growing fast in the public sector.

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

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

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

### **AUTOMOTIVE**

The automotive industry is hotter and more technology-intensive than ever. Vehicles are now connected and part of a technical ecosystem in which different components are constantly communicating with one another. At the same time, technological development continues to make vehicles safer and greener.

HiQ's focus areas here are self-driving vehicles, safety and environment. For example, we are helping Volvo Cars and the newly started company Zenuity to develop and optimise software for driver assistance and autonomous driving systems.

HiQ is also a strong, highly experienced partner in this exciting process of rapid development, delivering cutting-edge technology and assisting with innovations that include concept development on Virtual Reality (VR) and Mixed Reality projects.

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

### **FINANCE AND INSURANCE**

HiQ is very experienced in finance, which combined with our skills in digitalization and mobile solutions makes us the leading player in the area. Among other things HiQ are, together with Volvofinans, developing the CarPay application. We also help Finnish S-Pankki, where the simple but effective service S-mobiili makes lives easier for their three million clients

Together with Bankgirot we are developing the technical solution for one of the best cashless solutions in the Nordic region, Swish, which over a short period of time has come to dominate the market. Swish is owned by Getswish and is a collaboration between banks in Sweden. Swish has rapidly reached over 6 million users, over 90 per cent brand awareness in Sweden, changed behaviours, and has become one of the corner stones in

Sweden's steps to be the first country in the world that no longer handles notes and coins.

The market and demand for services in the bank and finance segment is strong. Our services are constantly requested in new areas, where we can use our technology to simplify and improve people's lives. Not at least within the development of smart and simple digital payment solutions.

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

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

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

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

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

Nordic companies enjoy a high degree of worldwide success in the field of gaming and gambling. HiQ has been working for many years with a number of leading names in this exciting market and now, with the support of the digital concept team at Great Apes, we are helping them to further advance their positions.

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

### **RETAIL**

In just the past few years or so, retail has undergone a revolution. New e-commerce records are being set all the time and shopping online has become a natural component of consumer behaviour. Perhaps it is now time to drop the 'e' prefix and see everything as retail plain and simple – but via different channels and platforms. Efficient digital services mean that we are also buying more than ever from foreign suppliers. This makes

new requirements and creates new challenges for companies in the Nordic region, as the focus on user experience and the overall customer journey become increasingly important.

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

In retail, we help our clients with smart, innovative solutions in order to add value for the end customer. One of these players is Jula, where HiQ helps on their digital journey to simplify for customers and employees.

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

## DEFENCE AND SECURITY

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

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

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

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

## THE GROUP'S DEVELOPMENT

We keep on creating winning results and strengthening our position in the market. The demand for digitalisation and our services is good and we work with full speed to meet our clients' requirements.

In Finland we make a really strong quarter and today we operate in all market segments. We have a strong development and win new assignments. The digital concept team at Great Apes continue to win several prestigious design awards also during this the quarter.

In Stockholm, we continue to be a leading player with presence in all market segments. The development during the quarter is not in line with the expectations, which depends on delayed projects and projects that were finalized earlier than expected.

In the region Mälardalen, with offices in Västerås and Örebro, we make a solid quarter on a market that is heavy on industry and defence & security. On 30 August we inaugurate our new office in Västerås.

In Gothenburg, we are positioned as the leading innovation and tech company with a strong presence in several market segments. During the quarter we continue to win exciting deals and projects.

In Skåne, with offices in Malmö and Lund, we continue broadening our operations. The acquired company Presis continues to develop and shows good results during the quarter.

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

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

## DELIVERY MODELS

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

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

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

## MARKETING & COMMUNICATIONS

Today much of HiQ's communication takes place online. That means that our own website is a key component in our marketing mix. To ensure that we are always at the cutting edge of developments in this field we launched a new HiQ website in mid-September.

The new site is fully responsive and has been developed specifically with mobile phone users in mind. The project has focused on simplifying the pathways for stakeholders, shareholders and investors who are searching for information about the company, making it easier for presumptive employees to find and apply for jobs, and enabling potential customers to see what we do at a glance.

Another important channel for us is our active presence on social media. In 2017 we have focused on building up a base of followers and publishing relevant content. As a result, we have seen a steady growth in followers and a gradual increase in interactions with our social media postings.

## FUTURE PROSPECTS

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

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

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

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

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

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

Our strategy is to:

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

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

## EMPLOYEES

At the end of the reporting period, HiQ has 1 616 (1 542) employees, of which 1 495 (1 433) were on active duty.

## SALES AND PROFIT

HiQ's net sales total SEK 1 293.2 (1 199.0) million.

Operating profit (EBIT) is SEK 152.0 (151.4) million, equivalent to a margin of 11.8 (12.6) per cent.

Group net financials for the period total SEK -0,8 (-0,4) million.

Pre-tax profit (PTP) is SEK 151.2 (151.0) million.

## INVESTMENTS

Group net investment in fixed assets during the period total SEK 8.3 (10.9) million. SEK 1.2 (1.4) million of this total is invested in new premises, SEK 4.3 (3.3) million in equipment and SEK 2.8 (6.2) million in financial leasing.

## FINANCIAL POSITION

Cash flow from operations total SEK 112.7 (102.1) million.

Group liquid assets at 30 September total SEK 154.6 (159.4) million. This is a decrease in liquid assets of SEK 9.3 million compared to 30 June 2017. The decrease is attributable to the seasonality-wise weak second quarter 2017.

Interest-bearing net assets total SEK 125.4 (129.6) million at the end of the reporting period.

Owner's equity at the end of the reporting period total SEK 755.2 (723.5) million, and the equity/assets ratio as a measure of solidity is 70.3 (71.4) per cent.

## SHARES

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

## ACQUISITIONS

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

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

The company is consolidated from 16 March 2017.

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

During the first quarter of 2017, an additional payment for the financial year 2016 to the sellers of Great Apes is also paid. The additional payment is made through a non-cash issue of 59,140 shares, corresponding to a value of SEK 3.8 million.

## REDEMPTION OF SHARES

On 22 March 2017 the AGM resolves that SEK 3.10 per share, corresponding to a total amount of approximately SEK 170 million, be paid to shareholders in the form of a share split and a mandatory share redemption programme. The record day for the share split is 7 April 2017 and trading in the redemption shares take place during the period 10 April up to and including 25 April. Payment is made on 8 May 2017.

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

## OPTIONS

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

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

## PARENT COMPANY

Profit after tax for HiQ International AB (publ) total SEK 32.6 (36.9) million.

On 30 September 2017, the company's interest-bearing net assets total SEK 101.9 (115.8) million, adjusted owner's equity total SEK 402.3 (404.7) million and the equity/assets ratio to 70.7 (70.3) per cent.

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

## ACCOUNTING PRINCIPLES

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

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

considered to have any impact on the consolidated accounts during the reporting period.

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

## SIGNIFICANT RISKS AND UNCERTAINTIES

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

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

## ANNUAL GENERAL MEETING

Annual General Meeting for 2017 will take place on 21 March 2018 at 10.00 (CET) at the company's offices, 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 no later than four weeks before this date and will also be advertised in Swedish newspaper Svenska Dagbladet.

In accordance with the decision of HiQ's Annual General Meeting, a nominating committee has been appointed

consisting of Joachim Spetz, Swedbank Robur Fonder, Maria Rengefors, Nordea funds, 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](mailto:valberedning@hiq.se) or by mail to HiQ International's headquarters in Stockholm, address:

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

Proposals are to be submitted by 31 January 2018

## FINANCIAL REPORTS 2017/2018:

Year-end report January-December 2017: 30 January 2018

Interim report January-March 2018: 25 April 2018

Interim report January-June 2018: 17 July 2018

Interim report January-September 2018: 25 October 2018

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

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Stockholm, 26 October 2017

The Board of Directors of HiQ International AB (publ)

This report has been subject to scrutiny by the company's auditors.

*This information is information that HiQ International AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 07.30 CET on 26 October 2017.*

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

**Statement of comprehensive income**

SEK 000s	Jan-Sep 2017	Jan-Sep 2016	July-Sep 2017	July-Sep 2016	RTM	2016
Net sales	1 293 234	1 198 974	369 316	352 091	1 753 686	1 659 426
Assignment-specific external expenses	-186 312	-160 053	-54 347	-47 304	-252 830	-226 571
Staff costs	-867 710	-806 747	-248 499	-233 351	-1 178 040	-1 117 077
Other external expenses	-77 487	-72 395	-24 806	-21 791	-101 970	-96 878
Depreciation	-9 714	-8 405	-3 188	-2 755	-12 302	-10 993
<b>Operating profit</b>	<b>152 011</b>	<b>151 374</b>	<b>38 476</b>	<b>46 890</b>	<b>208 544</b>	<b>207 907</b>
Finance income	90	399	3	65	222	531
Finance costs	-882	-817	-142	-119	-1 056	-991
<b>Pre-tax profit</b>	<b>151 219</b>	<b>150 956</b>	<b>38 337</b>	<b>46 836</b>	<b>207 710</b>	<b>207 447</b>
Income tax	-34 067	-33 372	-8 730	-10 105	-46 778	-46 083
<b>Profit for the period attributable to shareholders</b>	<b>117 152</b>	<b>117 584</b>	<b>29 607</b>	<b>36 731</b>	<b>160 932</b>	<b>161 364</b>

**Other comprehensive income**

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

Exchange differences on translating foreign operations	1 507	20 042	-3 270	8 537	-2 083	16 452
<b>Other comprehensive income for the period</b>	<b>1 507</b>	<b>20 042</b>	<b>-3 270</b>	<b>8 537</b>	<b>-2 083</b>	<b>16 452</b>
<b>Profit for the period attributable to shareholders</b>	<b>118 659</b>	<b>137 626</b>	<b>26 337</b>	<b>45 268</b>	<b>158 849</b>	<b>177 816</b>

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

Earnings per share before dilution, SEK	2,13	2,17	0,54	0,68	2,93	2,97
Earnings per share after dilution, SEK	2,11	2,16	0,53	0,67	2,91	2,96
Average number of shares, thousands	55 024	54 182	55 281	54 239	54 896	54 264
Average number of shares, after dilution, thousands	55 417	54 473	55 527	54 606	55 249	54 604

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

**Balance Sheet**

SEK 000s	30 Sep 2017	30 Sep 2016	31 Dec 2016
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Tangible fixed assets	44 608	43 734	45 319
Intangible fixed assets			
Goodwill	367 325	362 460	361 208
Other intangible fixed assets	4 016	3 325	3 136
Financial fixed assets	18 501	18 584	14 881
<b>Total fixed assets</b>	<b>434 450</b>	<b>428 103</b>	<b>424 544</b>
<b>CURRENT ASSETS</b>			
Accounts receivable, trade	333 798	244 533	346 518
Current income tax assets	2 558	6 926	9 914
Other receivables	11 103	6 896	6 055
Prepaid expenses and accrued income	137 498	167 425	131 869
Liquid assets	154 619	159 373	204 262
<b>Total current assets</b>	<b>639 576</b>	<b>585 153</b>	<b>698 618</b>
<b>Total assets</b>	<b>1 074 026</b>	<b>1 013 256</b>	<b>1 123 162</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Shareholders' equity attributable to shareholders	755 200	723 537	777 566
<b>Total shareholders' equity</b>	<b>755 200</b>	<b>723 537</b>	<b>777 566</b>
<b>Non-current liabilities</b>			
Long-term interest-bearing debt	22 569	23 451	25 508
Deferred tax liabilities	743	419	393
<b>Total non-current liabilities</b>	<b>23 312</b>	<b>23 870</b>	<b>25 901</b>
<b>Current liabilities</b>			
Short-term interest-bearing debt	6 631	6 313	5 887
Accounts payable, trade	65 175	52 534	65 136
Other liabilities	85 234	75 460	95 240
Accrued expenses and prepaid income	138 474	131 542	153 432
<b>Total current liabilities</b>	<b>295 514</b>	<b>265 849</b>	<b>319 695</b>
<b>Total shareholders' equity and liabilities</b>	<b>1 074 026</b>	<b>1 013 256</b>	<b>1 123 162</b>

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

SEK 000s	Jan-Sep 2017	Jan-Sep 2016	July-Sep 2017	July-Sep 2016	RTM	2016
<b>Cash flow analysis</b>						
Cash flow before change in operating capital & investments	130 381	124 225	25 824	28 267	177 373	171 217
Change in operating capital	-17 684	-22 115	-31 571	-12 592	-35 081	-39 512
Cash flow before investments	112 697	102 110	-5 747	15 675	142 292	131 705
Cash flow from investments	-5 558	-3 790	-1 327	-1 027	-6 707	-4 939
Cash flow after investments	107 139	98 320	-7 074	14 648	135 585	126 766
Cash flow from investments activities	-156 782	-151 361	-2 213	-4 379	-140 339	-134 918
Change in liquid assets	-49 643	-53 041	-9 287	10 269	-4 754	-8 152
Liquid assets at the start of the period	204 262	212 414	163 906	149 104	159 373	212 414
Liquid assets at the end of the period	154 619	159 373	154 619	159 373	154 619	204 262
<b>Change in shareholders' equity</b>						
Amount at the start of the period	777 566	718 018	728 863	663 895	723 537	718 018
Dividends / redemption	-170 191	-156 380	0	0	-170 191	-156 380
Warrant premiums	1 994	1 060	0	0	3 438	2 504
Share issue conversion of warrants	14 889	8 839	0	0	27 284	21 234
New share issue in connection with acquisition	12 283	14 374	0	14 374	12 283	14 374
Total comprehensive income for the period	118 659	137 626	26 337	45 268	158 849	177 816
Amount at the end of the period	755 200	723 537	755 200	723 537	755 200	777 566
<b>Key figures</b>						
Operating profit (EBIT)	152 011	151 374	38 476	46 890	208 544	207 907
Operating margin	11,8%	12,6%	10,4%	13,3%	11,9%	12,5%
Profit margin	11,7%	12,6%	10,4%	13,3%	11,8%	12,5%
Capital employed	784 400	753 301	784 400	753 301	784 400	808 961
Operating capital	629 781	593 928	629 781	593 928	629 781	604 699
Return on operating capital	24,6%	26,8%	6,3%	8,2%	34,1%	36,5%
Return on shareholders' equity	15,3%	16,3%	4,0%	5,3%	21,8%	21,6%
<b>Financial position</b>						
Expensed investments in computers	2 792	2 857	977	872	4 120	4 185
Liquid assets	154 619	159 373	154 619	159 373	154 619	204 262
Interest-bearing net cash	125 419	129 609	125 419	129 609	125 419	172 867
Shareholders' equity	755 200	723 537	755 200	723 537	755 200	777 566
Equity/assets ratio	70,3%	71,4%	70,3%	71,4%	70,3%	69,2%
<b>Employees</b>						
Number of employees at end of period	1 616	1 542	1 616	1 542	1 616	1 573
Number of employees in duty at end of period	1 495	1 433	1 495	1 433	1 495	1 436
Average number of employees	1 443	1 343	1 450	1 357	1 436	1 361
Value added per employee	686	694	191	202	934	943
Turnover per employee	896	893	255	260	1 221	1 219
Operating profit per employee	105	113	27	35	145	153
<b>Share data</b>						
No. of shares at end of period, thousands	55 281	54 411	55 281	54 411	55 281	54 713
Average no. of shares before dilution, thousand	55 024	54 182	55 281	54 239	54 896	54 264
Average no. of shares after dilution, thousand	55 417	54 473	55 527	54 606	55 249	54 604
Profit per share before dilution, SEK	2,13	2,17	0,54	0,68	2,93	2,97
Profit per share after dilution, SEK	2,11	2,16	0,53	0,67	2,91	2,96
Shareholders' Equity per share, SEK	13,66	13,30	13,66	13,30	13,66	14,21

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

<b>Jan-Sep 2017</b>	<b>Sweden</b>	<b>Finland</b>	<b>Group and elim</b>	<b>Group</b>
Net sales from external clients	1 037 874	255 360	0	1 293 234
Net sales from other segments	0	120	-120	0
<b>Net sales</b>	<b>1 037 874</b>	<b>255 480</b>	<b>-120</b>	<b>1 293 234</b>
Operating profit	119 611	41 543	-9 143	152 011
<i>Operating margin %</i>	11,5%	16,3%		11,8%
Financial net				-792
Profit before tax				151 219
Assets*	773 242	349 352	-48 568	1 074 026
<b>Jan-Sep 2016</b>	<b>Sweden</b>	<b>Finland</b>	<b>Group and elim</b>	<b>Group</b>
Net sales from external clients	983 572	215 402		1 198 974
Net sales from other segments	0	454	-454	0
<b>Net sales</b>	<b>983 572</b>	<b>215 856</b>	<b>-454</b>	<b>1 198 974</b>
Operating profit	123 289	39 106	-11 021	151 374
<i>Operating margin %</i>	12,5%	18,1%		12,6%
Financial net				-418
Profit before tax				150 956
Assets*	694 488	330 364	-11 596	1 013 256
<b>July-Sep 2017</b>	<b>Sweden</b>	<b>Finland</b>	<b>Group and elim</b>	<b>Group</b>
Net sales from external clients	293 785	75 531	0	369 316
Net sales from other segments	0	28	-28	0
<b>Net sales</b>	<b>293 785</b>	<b>75 559</b>	<b>-28</b>	<b>369 316</b>
Operating profit	28 281	12 785	-2 590	38 476
<i>Operating margin %</i>	9,6%	16,9%		10,4%
Financial net				-139
Profit before tax				38 337
Assets*	773 242	349 352	-48 568	1 074 026
<b>July-Sep 2016</b>	<b>Sweden</b>	<b>Finland</b>	<b>Group and elim</b>	<b>Group</b>
Net sales from external clients	285 454	66 637		352 091
Net sales from other segments	0	106	-106	0
<b>Net sales</b>	<b>285 454</b>	<b>66 743</b>	<b>-106</b>	<b>352 091</b>
Operating profit	39 328	13 327	-5 765	46 890
<i>Operating margin %</i>	13,8%	20,0%		13,3%
Financial net				-54
Profit before tax				46 836
Assets*	694 488	330 364	-11 596	1 013 256

\* 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	Jan-Sep 2017	Jan-Sep 2016	RTM	2016
Net sales	30 474	29 813	45 322	44 661
Assignment-specific external expenses	-3 174	-2 643	-9 458	-8 927
Other external expenses	-19 779	-20 969	-23 923	-25 113
Staff costs	-16 805	-17 063	-24 927	-25 185
Depreciation and write-downs	-51	-348	-68	-365
<b>Operating profit</b>	<b>-9 335</b>	<b>-11 210</b>	<b>-13 054</b>	<b>-14 929</b>
Profit from shares in Group companies	40 625	45 922	162 603	167 900
Finance income	369	336	470	437
Finance costs	-730	-604	-894	-768
<b>Pre-tax profit</b>	<b>30 929</b>	<b>34 444</b>	<b>149 125</b>	<b>152 640</b>
Income tax	1 718	2 500	-24 309	-23 527
<b>Profit for the period</b>	<b>32 647</b>	<b>36 944</b>	<b>124 816</b>	<b>129 113</b>
<b>Profit for the period attributable to shareholders</b>	<b>32 647</b>	<b>36 944</b>	<b>124 816</b>	<b>129 113</b>

**Balance Sheet**

SEK 000s	30 Sep 2017	30 Sep 2016	31 Dec 2016
<b>ASSETS</b>			
<b>FIXED ASSEST</b>			
Tangible fixed assets	202	226	253
Financial fixed assets	438 744	429 286	427 180
<b>Total fixed assets</b>	<b>438 946</b>	<b>429 512</b>	<b>427 433</b>
<b>CURRENT ASSETS</b>			
Accounts receivable, trade	1 795	1 437	2 933
Receivables-Group companies	4 579	3 815	19 318
Current income tax assets	9 752	14 808	0
Other receivables	5 281	1 726	1 654
Prepaid expenses and accrued income	6 502	8 698	3 654
Liquid assets	101 906	115 827	125 739
<b>Total current assets</b>	<b>129 815</b>	<b>146 311</b>	<b>153 298</b>
<b>Total assets</b>	<b>568 761</b>	<b>575 823</b>	<b>580 731</b>

**SHAREHOLDERS' EQUITY AND LIABILITIES**

<b>Shareholders' equity</b>			
Total restricted equity	46 948	46 861	46 891
Total non-restricted equity	355 323	357 796	463 814
<b>Total shareholders' equity</b>	<b>402 271</b>	<b>404 657</b>	<b>510 705</b>
<b>Current liabilities</b>			
Accounts payable, trade	1 314	4 282	1 163
Liabilities - Group companies	152 181	149 349	45 834
Current income tax liabilities	0	0	5 057
Other liabilities	2 573	6 330	6 775
Accrued expenses and prepaid income	10 422	11 205	11 197
<b>Total current liabilities</b>	<b>166 490</b>	<b>171 166</b>	<b>70 026</b>
<b>Total shareholders' equity and liabilities</b>	<b>568 761</b>	<b>575 823</b>	<b>580 731</b>

## ALTERNATIVE KEY RATIOS

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

**Operating margin:** Operating profit/loss for the period, in relation to net sales for the period (152 011 / 1 293 234 = 11.8%)

**Profit margin:** Pre-tax profit of the period, in relation to net sales for the period (151 219 / 1 293 234 = 11.7%)

**Net interest income:** Financial income, less financial costs (90 – 882 = - 792)

**Interest bearing net assets:** Liquid assets, less interest bearing debts (at the end of the period) (154 619 – 22 569 – 6 631 = 125 419)

**Equity/assets ratio:** Shareholders' equity as a percentage of total assets (at the end of the period) (755 200 / 1 074 026 = 70,3%)

**Capital employed:** Equity and interest bearing debt (at the end of the period) (755 200 + 22 569 + 6 631 = 784 400)

**Operating capital:** Capital employed, less liquid assets (784 400 – 154 619 = 629 781)

**Return on operating capital:** Operating profit/loss in relation to average operating capital (152 011 / ((629 781 + 604 699)/2) = 24.6%)

**Net sales per employee:** Net sales in relation to average number of employees (1 293 234 / 1 443 = 896)

**Added value per employee:** Operating profit/loss plus salaries and salary related expenses, in relation to average number of employees ((152 011 + 838 128) / 1443 = 686)

**Operating profit per employee:** Operating profit/loss in relation to average number of employees (152 011 / 1443 = 105)

**Equity/share:** Shareholders' equity in relation to total number of outstanding shares (at the end of the period) (755 200 / 55 281 = 13,66)



## **Report of Review of Interim Financial Information**

HiQ International AB (publ), corp ID 556529-3205

### **Introduction**

We have reviewed this report of HiQ International AB as of September 30, 2017 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34, IFRS and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **The scope of the review**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practises. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance expressed based on an audit.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm October 26, 2017

PricewaterhouseCoopers AB

Gabriella Hermansson  
Authorised Public Accountant