

HiQ annual report

2015





Our position and our offer is more relevant than ever. This is very clear to us during 2015, which is HiQ's best year to date. We are setting a record with net sales of SEK 1,508 million, and we increase profits with 24 per cent to SEK 183 million. We have a strong cash flow of SEK 157 million and a solid balance sheet. In view of our strong financial position, the Board of Directors proposes a dividend of SEK 2.90 per share. It feels good that we, after 20 years in the business, continue to deliver strong results to our employees, clients and shareholders.

When we established HiQ in 1995, it was with technology-heavy assignments within telecom and defence. As an example, we worked with developing advanced flight simulators to provide pilots with better and more efficient training. During the years thereafter we have continued to evolve in pace with our clients' needs, and with the possibilities created by technology. In a time when innovation is increasingly born in the combination of people's needs, user behaviour, and the possibilities of technology, we at HiQ master all aspects – technology, people, and business. Always with an urge to simplify and contribute to a better world.

In our surrounding world, digitalisation continues driving the development at a quick pace. It is re-drawing the maps of our clients, as value-chains are challenged and new companies and opportunities arise. In all industries, all the time. Many of our clients see both potential and threats in digitalisation, and are now facing new needs for change. Not least have smartphones completely transformed our behaviour, our needs, and our expectations – a change that affects all types of organisations.

HiQ is right in the middle of this development. We have what it takes to help our clients to identify the opportunities and tackle the challenges. Our range covers both the tech-heavy and everything concerning strategy, design, and marketing communications – we deliver the entire chain from R&D to digital and back. An exciting development since 1995, but with the same tools in the form of know-how, passion, and creativity.

For us at HiQ it will always be about simplicity. Making people's lives simpler and contributing to a better planet, with the help of technology and communications. If technology doesn't simplify and improve, what is the value?

In most of the technical solutions that we use in everyday life, it's not the advanced technology in itself that we appreciate. The value for us as people is when our daily life becomes a bit more simple and fun. When we can check our electricity consumption via our mobiles, stream a thrilling TV show from our sofa, or transfer money to a friend in real-time. Or why not have the week's groceries delivered straight to our car. It's the simplicity and experience that creates value.

When we started in 1995, we were a small group of four people. Today, we are 1,400 employees – the best in the industry. Skilled and ambitious people with big hearts, that I am happy and proud to call HiQ'ers, and who are helping our clients to simplify and improve.

The joy and the energy is always with us at HiQ, and we love finding simple solutions to complex challenges. With new technology and digital innovations, the possibilities are endless. But in order for all of these possibilities to create real value, we believe that responsibility and leadership, at all levels, will be important. Now and in the future.

HiQ's position is strong, as is our conviction that simplicity is the innovation of our time. Our driving force, to simplify for people, has never felt more significant.

With fantastic employees, HiQ will continue being the company that delivers results and value together with our clients, while contributing to a better and more joyful world. It's needed.



Lars Stugemo, President and CEO of HiQ

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Annual General Meeting

The Annual General Meeting will take place at 10 a.m. (10:00 CET) on 22 March 2016, in HiQ's 9th floor office at Regeringsgatan 20 in Stockholm. A notice of the meeting will be published on the company website, www.hiq.se, and will also be advertised in *Post & Inrikes Tidningar* and in the Swedish daily newspaper *Svenska Dagbladet*.

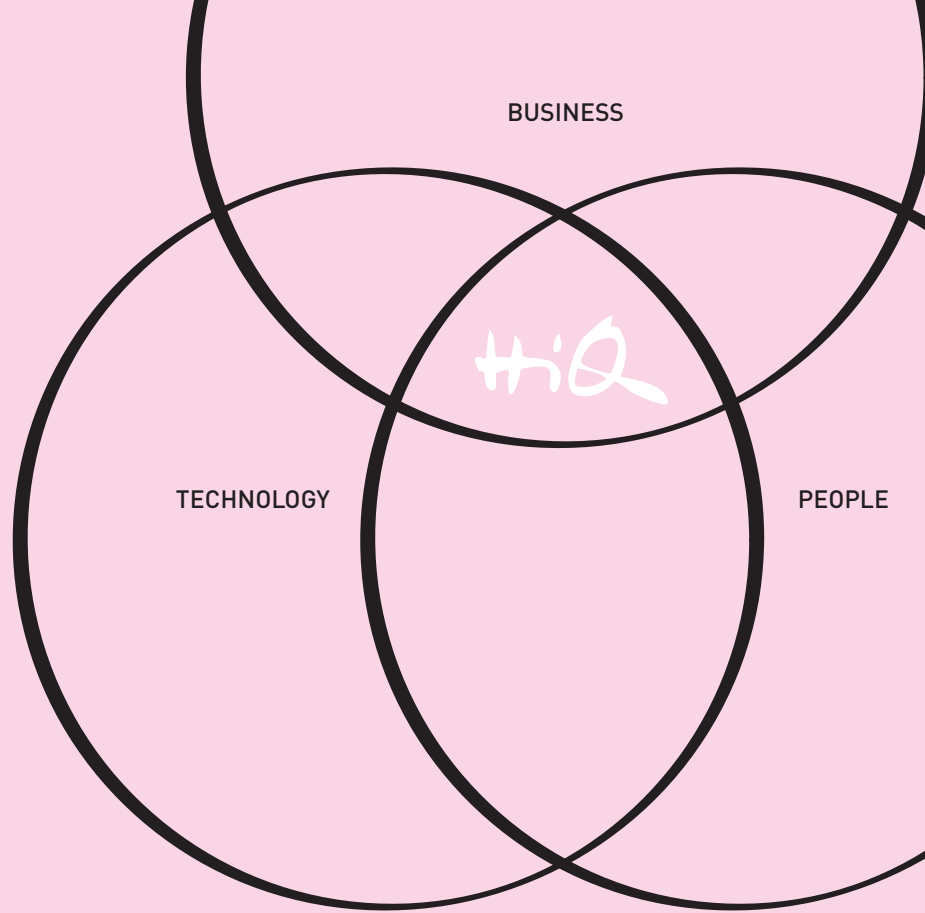
Financial reporting dates

Interim report January–March 2016 will be published 25 April 2016

Interim report January–June 2016 will be published 11 August 2016

Interim report January–September 2016 will be published 19 October 2016

Year-end report 2016 will be published 25 January 2017



We are HiQ

Our passion is to simplify people's lives and contribute to a better world through technology and communications.

Today, innovation is born from the combination of people's needs, user behaviour, and the possibilities created by technology. HiQ has the experience and know-how to master all aspects of this development – technology, people and business.

We take our clients all the way from idea and strategy to technical development and marketing communications. Thanks to our range we work in all kinds of industries and at all levels within our clients' organisations.

HiQ was founded in 1995 and is listed on the Nasdaq Stockholm Mid Cap list. Our 1,400 employees are our stars, helping our clients to create results that make a difference in people's everyday lives.

The year at a glance

2015 is HiQ's best year to date. We advance our position and deliver fine results, with a record in net sales and increased profits. We are hiring, growing, and winning new clients and framework agreements, and we contribute to new innovations in the market. HiQ has over 1,400 employees, who with a focus on quality are helping our clients to simplify and improve, while we at the same time have fun at work. HiQ has a strong position in the Nordic Market and we also win new assignments internationally. We continue to prioritise quality, profitability, and growth – in that order.

We have a strong cash flow of SEK 157.1 million and a solid balance sheet. HiQ's liquid assets total SEK 212.4 million in the end of 2015, and the Board proposes that the Annual General Meeting approves a dividend to shareholders of SEK 2.90 per share, totalling SEK 156.4 million, in the form of a split and a compulsory redemption programme.

Digitalisation continues to influence all industries by creating new opportunities and challenging existing business models and value chains. In this development HiQ plays an important role. With 20 years experience and profound know-how, we help our clients to utilise the potential of technology and to make a difference in people's everyday lives.

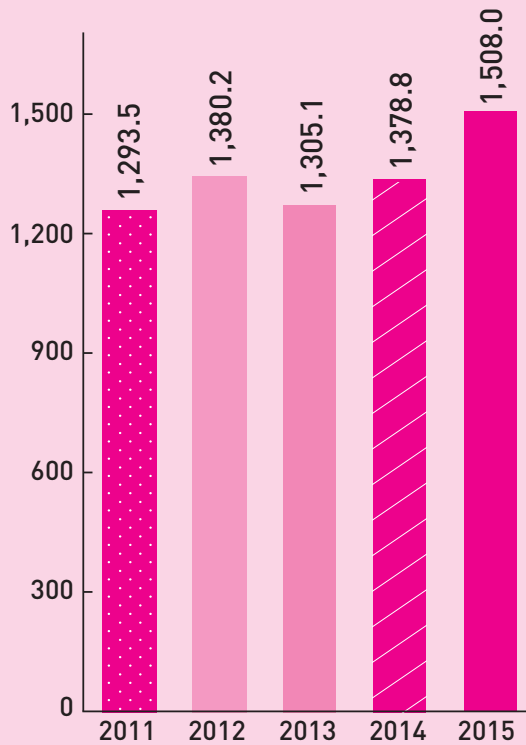
Within the innovative automotive sector, HiQ continues to be a leading partner. We are winning new assignments and embarking on exciting collaborations, in which we work with concepts and services

concerning, for example, self-driving cars. We are also strengthening our position within the public sector when we sign framework agreements with the central purchasing bodies in both Sweden and Finland – Kammarkollegiet and Hansel. These important agreements mean that hundreds of authorities and public organisations can use HiQ as a supplier.

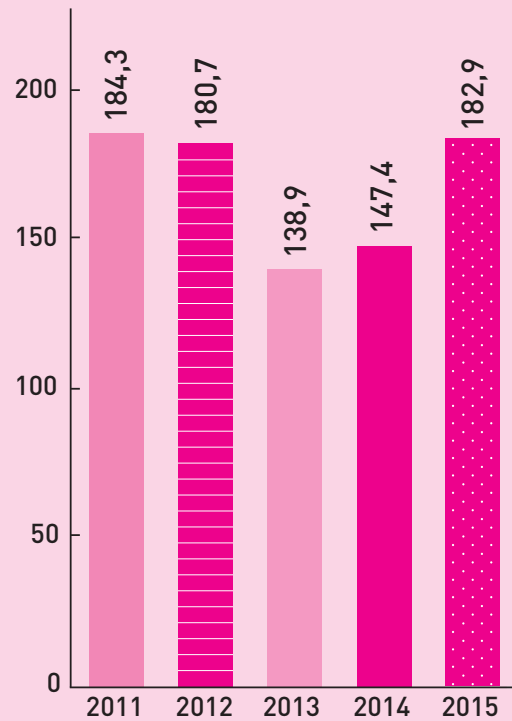
Thanks to our range we are increasingly being given overall responsibility for our clients' digital communication, focused on both strategy and business-critical solutions. This area is growing during 2015, for example within the industry segment.

We are also winning awards. As an example, the Finnish banking service S-mobile, developed by HiQ, wins the international "Contactless & Mobile Award". This makes us proud and is also proof of our front-line position within mobile banking and payment solutions. HiQ is also awarded within engaging communication when our Annual Report 2014, in combination with the HiQ Magazine, wins both the Swedish Design Award and the Swedish Publishing Award.

We are more employees than ever before, and it makes us happy that so many creative, skilled and ambitious people want to work at HiQ. Together we continue building the company that we, ourselves, want to work in – large enough to offer both the range and cutting-edge expertise requested by our clients, but not bigger than that every employee feels involved. A company in which we create winning results in combination with joy, passion and energy.



Net sales (SEK million)



Operating profit (SEK million)

1,415

Number of employees

51.00

Share price at the end of the year

24%

Increased profits in 2015

12.1%

Operating margin

1,508.0 M SEK

Net sales

OUR values

HiQ is, and always has been, a value-based company in which results, responsibility, simplicity and joy influence everything that we do. At HiQ, these words are not only a written document – they are with us in every project, every day, helping us to create a competitive advantage and a more joyful everyday life for ourselves and for our clients.

Our values have been our guiding light since the start more than 20 years ago. They are the very heart and soul of HiQ. Our values govern who we are, how we act, and how we are perceived by our clients and the world around us. Put into practice they mean that we take responsibility and are committed, that we dare to suggest unexpected and more efficient solutions, and that we bring joy to the teams that we work in. We do our utmost to simplify and improve with the help of technology, while having fun together.

Results

In order to have satisfied clients we must deliver results, every day in every project. We monitor this through a continuous and honest dialogue with our clients – in everyday communication but also through extensive client surveys. The outcome of the results we deliver is that our clients can offer better products and services to make people's everyday lives simpler, safer and more joyful. Even though HiQ has turned 20 years we remain a young, hungry and result-oriented company, constantly striving to make a difference in people's lives and in our clients' organisations.

Responsibility

Every HiQ employee sets a good example and takes responsibility in words as well as in action – for themselves, for their team, and for the overall result. This

covers everything from delivering the right results at the right time, to creating a pleasant atmosphere wherever we carry out our work – at home at HiQ as well as in our clients' offices. We do the little extra to create added value for our clients, and to build the HiQ that we ourselves want to work in.

Simplicity

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

Joy

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

The HiQ Co-Worker

We recruit the best. This forms strong teams consisting of people with different backgrounds, origins and competences – a mix of women and men in all ages. All of our employees are unique and at HiQ it's a given to be who you are. This inspires creativity, which makes us more innovative and competitive.

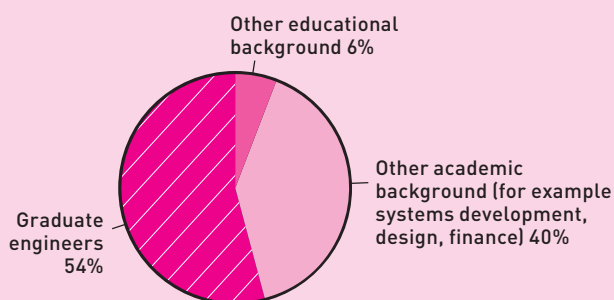
HiQ has a strong corporate culture, infused by our values – results, responsibility, simplicity and joy. For us it's important that our employees are feeling well, having fun and feel that they are developing. Regardless if it's about competence development and courses, or about social activities such as working out

or playing music together. We believe that having a balance in life is important. What we do in our spare time is reflected in our work and vice versa. We are proud when HiQ is ranked high as an employee in different surveys, for example when we were recently named one of Sweden's Career Companies for the second year in a row.

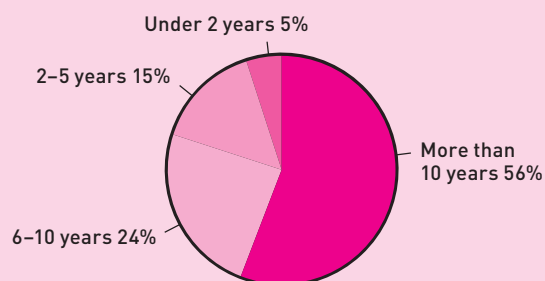
A typical HiQ'er is positive, motivated and highly skilled – skills that come from both experience and studies. Today, we are more than 1,400 employees combining joy, responsibility and simplicity while creating results together with our clients.

Key ratios 5 years	2015	2014	2013	2012	2011
Net sales per employee, thousand	1,187	1,115	1,086	1,150	1,169
Value add per employee, thousand	929	881	858	889	901
EBIT per employee, thousand	144	119	116	151	167
Number of employees at end of year	1,415	1,412	1,326	1,326	1,282
Average number of employees	1,270	1,237	1,202	1,200	1,107
Proportion of women	22%	24%	24%	22%	21%
Average age, years	39	39	38	37	37

Educational background



Industry experience among employees



What we do for our clients

Our passion is to create simple solutions to complex challenges.

Digitalisation leads to many business models being challenged, and the pursuit for new value-adding offers and more cost-effective operations is intense. Technology is becoming significantly cheaper, smaller, more powerful and more connected, and we see that the user plays an increasingly important part in driving innovation. This creates completely new opportunities and incentives for change.

In a time when the need for change and development is dominating our conversations, we at HiQ bring clarity and determination to our clients. We lead the way for those who are tackling digital anxiety, and we drive change with those in need of transforming their products, services, business models, and organisations.

Our roots are within IT and mobility. We started out in the defence and telecom industries, but for the past 20 years we have been exploring new markets and opportunities, in order to constantly develop and broaden in pace with our clients' needs. HiQ never stands still.

Our driving force is to simplify people's lives and create a better world through technology and communication. This has positioned us as a leading player with experience and know-how within the entire spectra of technology, people, and business. Today, we help our clients with the entire chain from technology development, systems solutions, testing, operations and maintenance, to digital strategies, concept development, user experience, design, and content production – but never locked to a specific technology or industry. A HiQ client is just as often a CEO or Marketing Manager, as a Head of IT, technology, or development, and our assignments are both operational and strategic. The common denominator for our clients is that they want to simplify and create value with the help of technology and communications.

Together with our clients we are driving innovation for a better and more joyful world. Our firm belief is that innovation is spelled simplicity.

OUR client segments

HiQ's clients are found in many different industries but they all have a clear common denominator – that digitalisation is creating both new opportunities and new challenges in their corporations.

Together with our innovative and brave clients, we at HiQ develop solutions with the aim to simplify and improve. For the sake of simplicity, we divide our clients into eight market segments.

Telecom

Since 1995, HiQ has a very strong standing 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 the legislative authorities. This has provided us with extensive know-how within telecommunications, from both a technical and a commercial perspective.

Today we work broadly with the clients in this segment; with advanced technological systems, with digi-

tal channels, and with solutions aimed directly to the end users. We are also winning strategic assignments in which our task is to help our clients with identifying new possibilities. As an example, HiQ is the partner to a global telecom operator, with the assignment to develop the operator's business within the areas Internet of Things and digital transformation.

In 2015 we are part of the winning team when Tele2 receives the "Gyllene Hjulet" award for "Sponsorship of the year". Tele2 is awarded for the work with the Tele2 Arena, a project in which HiQ was a partner in the development of an innovative communications solution.

Mobility and network connection are today a given. HiQ's experience and know-how within telecom therefore creates great value for clients and projects in all industries, in pace with the digitalisation.

Some of our clients in this segment are Ascom Wireless Solutions, Com Hem, Doro, Ericsson, Microsoft Devices, Nokia, Telenor, TDC, Telia and Tele2.

Automotive

Vehicles and their components are nowadays connected and able to communicate with each other. The car is no longer only a means of transportation. The technology simplifies for people, contributes to environmentally friendlier vehicles, and increases safety on our roads.

The innovative power is strong and the perhaps most significant trend is Autonomous Drive – the technology behind self-driving cars. Together with connectivity it is driving the development forward with huge leaps. Now everything can be connected in the cloud – road trains, active safety systems, Internet of Things solutions, and infotainment. The focus is shifting from the product into different services, such as Volco's In-car Delivery that enables delivery of goods directly to your car.

HiQ delivers both technical expertise and acts as partner within concept and innovation. We have for example worked with both technology and concept development in two new concepts from Volvo Cars. "Concept 26" focuses on what we as drivers want to do with our time as the car takes over the wheel – a project with safety and experience as key factors. The other concept uses "mixed reality", taking both the buyer experience and driver experience to a new level.

HiQ is also involved in developing eco-friendlier vehicles. In this area technology plays a crucial part in finding new and effective solutions.

Some of our clients in this segment are Autoliv, BorgWarner, Scania, Volvo Cars and Volvo Group.

Industry

The drive to simplify and improve is strong within the industry sector, and more companies are dependent on, and open to, the possibilities of digitalisation. In this development, HiQ has the know-how

and experience to strengthen businesses. A common denominator in the segment is the companies' need to become more cost-effective and to identify new offers – all with the aim to maintain their competitive power. As everything becomes connected there is a lot of talk about the potential with Internet of Things. The challenge is detecting the possibilities that create real value. Not innovating for the sake of innovation, but with the user and result in focus.

HiQ has a strong position within this segment and we help many companies to streamline their operations, for example the Finnish infrastructure and construction company Destia. By taking overall responsibility for Destia's system integrations HiQ makes sure that all business systems work seamlessly together, favouring Destia's operations and ultimately nearly all Finns.

We work with many global players, for example with the management of business-critical applications and development of digital services. Among other examples, HiQ is strategic partner to Finnair and SAS, in charge of the development, support and operation of critical crew management systems.

Some of our clients are ABB, Atlas Copco, Bombardier, Cactus, Dekra, Destia, Electrolux, Finnair, Jeppesen Systems, Kerava Energy, and SAS.

Public sector

Authorities and public organisations are constantly striving to increase accessibility and improve the service to the citizens, for example through digital tools and services. HiQ has vast experience from these kinds of critical solutions and of the challenges that are clients are struggling with – challenges that can concern everything from out-dated systems and managing large data volumes, to security and integrity issues.

In practice, simplifying for the citizens can be to make sure that a patient's medical records are available digitally regardless of healthcare unit. It's also when we help municipalities to improve communication and contact with their inhabitants, or when we're helping an authority to streamline its internal operations. HiQ has framework agreements with the central purchasing authorities in both Finland and Sweden: Hansel and Kammarkollegiet. This gives us a strong platform for continued growth within this important segment. We also continue to strengthen our position

within healthcare, using strategy and technology to simplify for both patients and healthcare providers. For the client SALAR, the Swedish Association of Local Authorities and Regions, HiQ is responsible for development and management of “Vården i siffror” (Healthcare in numbers), a service that gives citizens access to healthcare statistics from all of Sweden.

Some of our clients are the Swedish Public Employment Service, Kungälv municipality, the Swedish Association of Local Authorities and Regions, the Swedish Civil Contingencies Agency, the Swedish Enforcement Authority, the Swedish Post and Telecom Authority, the Government of Sweden, the Swedish Tax Agency, the city of Västerås, and the Finnish customs.

Finance and insurance

Today, we take for granted that we can manage our bank errands easily, quickly and securely – gladly with a mobile device. At HiQ, we combine our financial know-how with expertise in digitalisation to create competitive offers in mobile payments and banking services. An area in which HiQ continues being the leading player in the Nordics.

We are proud of the figures showing that millions of people are using the different services that HiQ works with. One example is Getswish’s mobile payment service Swish, for which HiQ has developed the IT solution together with Bankgirot. At the time of writing the service has nearly four million users.

We have also developed the S-mobile service for the S Group in Finland. The innovative solution has won international recognition and offers a fully integrated loyalty program, which combines a mobile bank with a retailer’s customer bonus system. S-mobile had over 100,000 downloads in the first weeks after its launch.

Some of our clients in this segment are Bankgirot, Collector, Fennia, Handelsbanken, LähiTapiola, Nordea, OP Pohjola Group, the S Group, SEB, Swedbank, the Traffic Assurance Association and Varma.

Media, gaming and entertainment

This segment has changed rapidly. Today, we decide for ourselves where, when and how we want to watch TV, gamble or follow the news.

The players in this area are all struggling with the same challenges - competition is strong and the variety of choices is huge, which sets high demands on interesting content and user-friendliness. Those who offer quality content and deliver it through simple and smooth platforms will be successful. On top of this, a winning strategy for business and marketing is required in order to stand out.

These challenges are well in line with HiQ’s position within technology, people, and business. We use technical know-how in combination with interaction design and user behaviour when working with both experienced and new players. As an example we work with developing streaming solutions for different media companies in the Nordics and elsewhere in Europe. We have also worked with gamification and digital learning for several years, an area of which we have only seen the beginning.

Within the gaming sector the Nordic companies are successful in the global market and HiQ works with a number of leading gaming companies. We are also involved in the development of sports betting solutions, for example an award-winning service for horse and harness betting in Finland.

Some of our clients in this segment are Channel 4, DICE, Fintoto, GTECH, King, MTG, MTV 3 Finland, Rovio, Spotify, Sveriges Television, TV4, Utbildningsradion and Veikkaus.

Defence and security

We live in a time in which defence and security are more and more important, and in which also surveillance and external monitoring are included. As the view of the world is uncertain the question of defence is put higher on the agenda – not least is IT security an increasingly important issue for our clients. HiQ’s experience in this area is extensive, as it has been since we started in 1995.

For more than 20 years we have worked with developing training and development simulators for JAS – high-tech solutions that have been used for educating and training hundreds of pilots worldwide. Simulation technology is something we can use in other segments as well, for example within the industry sector.

At HiQ we have always been good at using know-how from one industry in other segments. As an

example, we are combining our knowledge within telecom and mobility with our experience within security, as we contribute with technical know-how in the Ngulia project in Kenya. The Ngulia initiative uses sensor technology to protect the black rhino and park rangers from poachers.

HiQ is also helping the Swedish Defence Materiel Administration (FMV) to simplify tracking of equipment using RFID technology - a collaboration that has won international recognition. The tracking streamlines and provides FMV with better control, which gives positive effects from an economic as well as an environmental perspective.

Some of our clients in this segment are; the Swedish Defence Materiel Administration (FMV), the Swedish Armed Forces, Linköping University and SAAB.

Retail

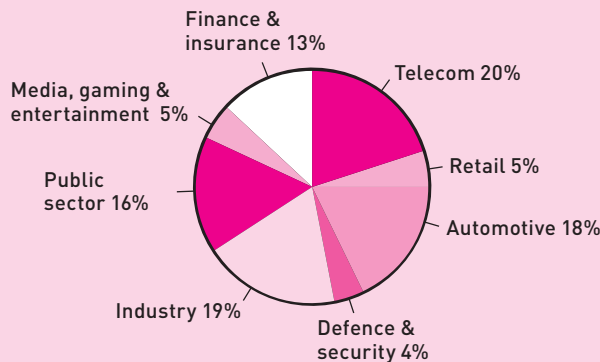
Retail has been in the middle of an enormous shift for years. Today, e-commerce represents a large part of our total consumption and is constantly setting new records. It's time to erase the "e" and see everything as commerce, but through various channels and platforms. Shopping online is standard today and we

are also purchasing more from companies in other countries. For the players in the Nordics this creates new demands and challenges regarding user experience and the complete customer journey. An effect of the consumers' demands of increased simplicity is for example the recent launch of Swish for online retail.

HiQ has an extensive understanding of the industry and we supply leading retail chains with services ranging from idea and design to quality assurance. HiQ works within a broad range that includes everything from procurement and logistics systems to tools for marketing and sales. Our expertise within payment solutions is valuable for meeting new demands of simplified buying processes in order to increase conversion.

HiQ is for example helping Suomen Lähikauppa (SLK) in Finland to improve its services to loyalty customers. Thanks to the integration solution that HiQ implements, shoppers receive extensive customer loyalty benefits in SLK's nearly 700 stores around Finland.

Some of our clients in this segment are ICA, Suomen Lähikauppa, Stockmann and Vianor.



"We wanted an integration partner who can take over extensive entireties and offer a large variety of services. We saw HiQ as a reliable partner, with the right know-how to fit our needs. Thanks to a smooth partnership model we can focus on our core business."

Jaana Saarela, CIO at Destia

"The new site is fast, easy to work with, and it looks good. It's a solution that also works well from a visitor's point of view, with ticket sales and news flows in the same place. It's always easy working with HiQ, and once again the team has really delivered. Together with a really strong new album, the scene is set for something fantastic."

Dregen, musician

"HiQ provides the right know-how and experience for quickly helping Cactus to build a system that meets high demands regarding safety and reliability."

Fredrik Bergström, CEO at Cactus

"We are happy to launch a new platform that is both good-looking, fast and user-friendly. It works on all devices and will be of great use for our citizens and for everyone visiting Västerås. The new solution also simplifies for those who work with the website. We've had a good collaboration with HiQ throughout the project."

Mats Lindskog, acting Director of Communications for the city of Västerås

“We take many things with us from 2015. But most of all, it is probably the fact that our motivation, to simplify people’s lives with the help of technology, is more relevant than ever.”

Lars Stugemo, President and CEO, HiQ

OUR STRATEGY FOR SUCCESS

A value-based HiQ

Our values have been our compass since the start 20 years ago. They are the very heart and soul of HiQ. We know that our values; results, responsibility, simplicity and joy, are the foundation for high quality, and thereby the foundation for satisfied clients and employees. Our values are with us in every project, every day. They are a significant competitive advantage for both HiQ and our customers.

A consultancy company – plain and simple

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

Quality, profitability and growth

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

Specialists within technology, users and business

With technical knowledge in our DNA, and a deep know-how about users, communication, and business, we help our clients to utilise the potential of digitalisation and to tackle the challenges. We have the

competence and experience to help our clients all the way from strategy, concept, and design to technical development, implementation and operation. We see technology as a tool for making a difference in people's everyday lives, by using it to simplify and improve.

We deliver with the client in focus

HiQ offers a flexible delivery model with the client's needs and conditions in focus. We provide specialist know-how for projects on site and also execute projects in our own facilities and via our near shore office. We also offer complete teams, which give our clients flexibility. The number of overall undertakings and administrative commitments is growing and is today a significant part of our business.

Knowledge transfer between industries

Since the start in 1995 we have continued to develop in pace with our clients needs, and with the possibilities created by technology. Our broadening enables us to constantly learn new things, and at HiQ we work actively with transferring knowledge between various industries and segments. This way our clients can benefit from new competence and inspiration from completely other industries than their own.

With the nordic region as our base

HiQ is a consultancy company based in the Nordics. Our position in the region is strong. At the same time, our international commitments are steadily increasing, both in terms of assignments for non-Nordic companies and for Nordic clients abroad. During 2015 we work with projects in for example London and California.

HiQ history

HiQ is founded in Stockholm with the mission to broaden the operations with a focus on telecom. The foundation to HiQ was laid already in 1992 with the forming of Stayetten Konsult AB, focused on simulation technology.

1995

The internet gains ground on a broad front and Nokia presents its first smartphone. The CEO of HiQ is Ken Gerherdsen, who is still active in the company today, but nowadays as member of the board.

1996

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

1997

1999

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

1998

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

Lars Stugemo becomes new CEO of HiQ. The company establishes HiQ East Oy in Finland and acquires two new subsidiaries, HiQ København in Denmark and HiQ Open in Gothenburg. Computers have survived the turn of the millennium, and 12 per cent of the people in the world now have a mobile phone.

2000

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

2001

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

2002

2003

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

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

2004

HiQ turns 20 and it is our best year so far. We are more employees than ever before, we deliver fantastic results, and we sum up the year with a record in net sales. Our position has never been more relevant, and we continue, every day, to simplify people's lives with the help of technology.

2015

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

2014

HiQ is established in both Norrköping and Örebro. The first Swedes are "chipped" with intravenous chip implants, and the market sees the first big wave of smart watches. There are now more mobile phones on the planet than there are people.

2013

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

2012

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

2011

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

2010

More than 60 per cent of the people in the world now have a mobile phone. Spotify is launched and HiQ acquires both Ace Simulation AB and the Finnish HiQ Quality Services Oy.

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

2008

2009

2007

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

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

2006

2005

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

Five-year summary

In 2015 our turnover was SEK 1,508.0 million with an operating margin of 12.1%. The tables below show HiQ's financial development over the 2011–2015 period.

Income statement

(SEK million)	2015	2014	2013	2012	2011
Net sales	1,508.0	1,378.8	1,305.1	1,380.2	1,293.5
Other operating income	—	—	—	—	1.1
Operating expenses, excl. depreciation	– 1,315.2	– 1,221.1	– 1,155.3	– 1,186.2	– 1,097.5
Operating profit before depreciation	192.8	157.7	149.8	194.0	197.1
Depreciation	– 9.9	– 10.3	– 10.9	– 13.3	– 12.7
Operating profit	182.9	147.4	138.9	180.7	184.3
Financial net	– 0.2	0.5	0.4	0.7	1.6
Pre-tax profit	182.7	147.9	139.3	181.4	186.0
Tax charged to the year's profit	– 40.5	– 32.9	– 32.3	– 44.5	– 50.3
Profit after tax	142.2	115.0	107.1	136.9	135.7

Balance sheet

(SEK million)	2015	2014	2013	2012	2011
Assets					
Intangible assets	333.3	344.0	330.6	324.8	337.7
Tangible fixed assets	41.1	36.1	36.8	36.9	34.3
Financial assets	14.3	15.1	14.2	13.2	11.7
Total fixed assets	388.7	395.2	381.5	374.9	383.7
Accounts receivable, trade	300.5	281.5	253.1	279.2	260.3
Other current assets, excl. cash	133.1	132.4	117.4	127.8	129.0
Cash and cash equivalents	212.4	180.1	207.3	210.0	190.5
Total current assets	646.0	593.9	577.8	617.0	579.8
Total assets	1,034.7	989.1	959.4	991.9	963.5

Shareholders' equity and liabilities

Shareholders' equity	718.0	698.2	691.0	699.3	686.2
Non-interest-bearing provisions	0.0	0.1	0.3	8.9	2.2
Interest-bearing long-term liabilities	23.9	21.9	23.5	23.5	25.0
Non-interest-bearing current liabilities	287.6	263.0	239.2	255.1	245.8
Interest-bearing current liabilities	5.2	5.8	5.3	5.1	4.3
Total shareholders' equity and liabilities	1,034.7	989.1	959.4	991.9	963.5

Sales and profit per quarter 2015

	Q1	Q2	Q3	Q4
Net sales, SEK million	391.3	391.0	316.6	409.0
Operating profit, SEK million	46.1	43.6	38.7	54.6
Operating margin, %	11.8%	11.1%	12.2%	13.3%
Cash and cash equivalents per quarter	204.3	139.2	153.2	212.4

Key ratios

	2015	2014	2013	2012	2011
Net sales, SEK million	1,508.0	1,378.8	1,305.1	1,380.2	1,293.5
Growth in net sales, %	9.4	5.6	-5.4	6.7	16.7
Gross margin, %	12.8	11.4	11.5	14.1	15.2
Operating margin, %	12.1	10.7	10.6	13.1	14.3
Return on shareholders' equity %	20.1	16.6	15.4	19.8	20.6
Return on working capital, %	33.9	27.9	27.0	34.6	36.2
Net sales per employee, SEK thousand	1,187	1,115	1,086	1,150	1,169
Value add per employee, SEK thousand	929	881	858	889	901
Operating profit per employee, SEK thousand	144	119	116	151	167
Average number of employees	1,270	1,237	1,202	1,200	1,107
Number of employees at year-end	1,415	1,412	1,326	1,326	1,282
Equity ratio, %	69.4	70.6	72.0	70.5	71.2

For definitions see page 73.

Key ratios per share

(SEK, unless stated otherwise)	2015	2014	2013	2012	2011
Earnings after tax, before dilution	2.66	2.18	2.03	2.60	2.58
Earnings after tax, after dilution	2.65	2.17	2.03	2.59	2.58
Cash flow, before dilution	0.61	-0.56	-0.05	0.37	0.51
Dividend (2015 proposed)	2.90 ¹⁾	2.60 ²⁾	2.60 ³⁾	2.40 ⁴⁾	2.20 ⁵⁾
Equity (before dividend)	13.32	13.14	13.10	13.26	13.01
Yield, %	5.7	6.3	6.6	6.7	7.6
Share price at year-end	51.00	41.10	39.60	36.00	29.00
Average number of shares, thousand	53,444	52,784	52,752	52,752	52,564
Average number of shares after dilution, thousand	53,701	52,890	52,842	52,752	52,568
Number of outstanding shares, thousand	53,924	53,139	52,752	52,752	52,752

1) The Board has proposed to distribute, via a share split and mandatory redemption, an amount of approximately SEK 156 million (SEK 2.90/share) to the shareholders.

2) 2014 share split and distribution to shareholders of approx. SEK 138 million (SEK 2.60/share)

3) 2013 share split and distribution to shareholders of approx. SEK 137 million (SEK 2.60/share)

4) 2012 share split and distribution to shareholders of approx. SEK 127 million (SEK 2.40/share)

5) 2011 share split and distribution to shareholders of approx. SEK 116 million (SEK 2.20/share)

The HiQ share

On 31 December 2015, the share capital in HiQ totaled SEK 5,392,427.30, represented by 53,924,273 outstanding shares. Each share carries one vote and all shares carry equal rights to a share in the assets and profits of the Company. At the Annual General Meeting (AGM) each person entitled to vote may vote for the full number of shares owned and represented without any restriction on voting rights. The AGM in March 2015 authorised the Board of Directors, on one or more occasions on the period up to the next AGM, to issue a maximum of 5,000,000

shares in the form of a non-cash issue or off-set issue in conjunction with acquisitions. The Annual General Meeting also authorised the Board of Directors, on one or more occasions in the period up to the next AGM, to pass a resolution to acquire as many shares in total so that the company's holding at no time exceeds 10% of the total shares in the company. Acquisitions shall be made via Nasdaq Stockholm and may only be made at a price within the price range registered at any time, i.e. the interval between the highest bid rate and lowest offer rate.

Changes in the share capital

The list below describes the change in share capital during the last five years.

Year	Transaction	Change in share capital	Total share capital	Number of outstanding shares
2011	Opening balance	—	5,230,272	52,302,723
2011	Redemption – Split 2:1	—	5,230,272	104,605,446
2011	Redemption of shares	–2,615,136	2,615,136	52,302,723
2011	Bonus issue of shares	2,615,136	5,230,272	52,302,723
2011	Redemption of warrants	44,880	5,275,152	52,751,523
2012	Redemption – Split 2:1	—	5,275,152	105,503,046
2012	Redemption of shares	–2,637,576	2,637,576	52,751,523
2012	Bonus issue of shares	2,637,576	5,275,152	52,751,523
2013	Redemption – Split 2:1	—	5,275,152	105,503,046
2013	Redemption of shares	–2,637,576	2,637,576	52,751,523
2013	Bonus issue of shares	2,637,576	5,275,152	52,751,523
2014	Redemption – Split 2:1	—	5,275,152	105,503,046
2014	Redemption of shares	–2,637,576	2,637,576	52,751,523
2014	Bonus issue of shares	2,637,576	5,275,152	52,751,523
2014	Redemption of warrants	38,750	5,313,902	53,139,023
2015	Redemption – Split 2:1	—	5,313,902	106,278,046
2015	Redemption of shares	–2,656,951	2,656,951	53,139,023
2015	Bonus issue of shares	2,656,951	5,313,902	53,139,023
2015	Redemption of warrants	47,877	5,361,779	53,617,793
2015	Redemption of warrants	30,648	5,392,427	53,924,273

Employee ownership programs

From 1998 up to and including 2015 HiQ has implemented a number of share programs for its employees for the purpose of attracting, retaining and motivating staff members. The programs are based on standalone warrants. The programs were divided into sub-programs in order to allow warrants to be offered to new employees on an ongoing basis. The Annual General Meeting in March 2015 approved a warrants program aimed at all employees in Denmark, Finland and Sweden, divided into two series. The number of warrants subscribed for in the two series was 638,200. Of these warrants, 544,700 were acquired at market price and 93,500 were allocated

as matching warrants, according to the decision made by the Annual General Meeting in March 2015. During 2015 785,250 warrants, issued in 2012, has been exercised into shares and 108,845 warrants lapsed, issued 2012, without exercise. The total number of outstanding warrants, where each warrant entitles the holder to subscribe for 1 share, was 1,745,088 at yearend, corresponding to a maximum dilution effect of 3.1%. In order to encourage uptake of the warrant programme, HiQ offers a subsidy to the warrant holders who are still employed at HiQ at the time of redemption. Starting in 2014, a matching warrant (received without consideration) has been introduced for key employees that are still employed

by HiQ at time of exercise. The cost of the subsidy amounted to SEK 0.6 (1.2) million in 2015. For more

detailed information regarding the programs, please refer to note 20.

Warrant data

Name	No of warrants	No underlying shares	Term	Subscription period	Strike price
2013:1	229,000	229,000	3 years	May 2016	38.60
2013:2	304,200	304,200	3 years	Nov 2016	41.50
2014:1	395,000	395,000	3 years	May 2017	39.20
2014:2	178,688	178,688	3 years	Nov 2017	38.20
2015:1	355,000	355,000	3 years	May 2018	42.80
2015:2	283,200	283,200	3 years	Nov 2018	49.20

Dividend policy

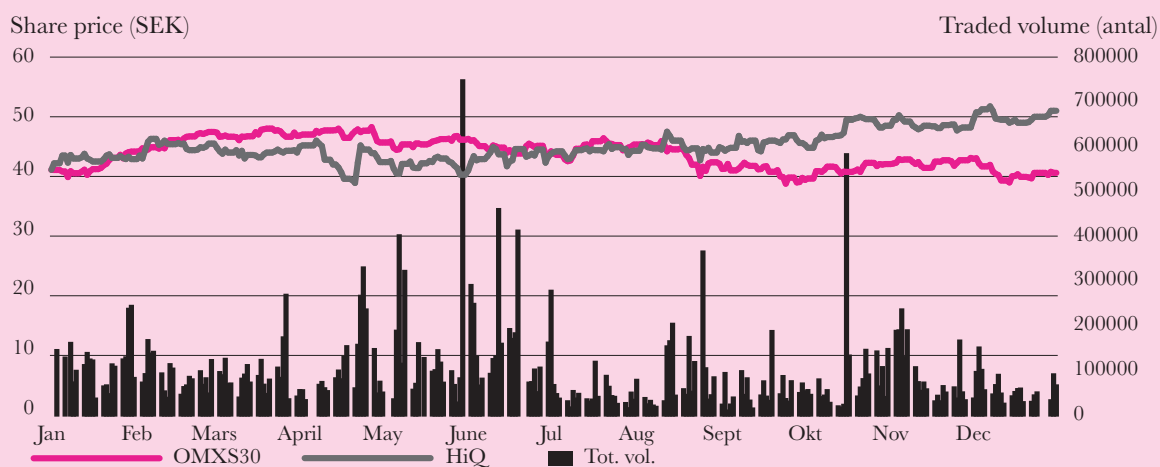
HiQ's dividend level is tailored to the Group's capital requirements, which mainly take the form of investments, working capital commitments and the shareholders' requirement for a good dividend yield. The goal is for the long-term dividend level to be approximately 50% of HiQ's profit after tax.

Ownership structure

At year-end, HiQ had 11,545 shareholders. Foreign ownership amounted to 31.5% and was distributed over the following countries: Nordic countries (except Sweden) 13.2%, Europe (except Nordic region) 11.9%, the US 5.9% and other countries 0.5%. At yearend, Swedish institutional investors owned 46% of the shares. 16% of the shares were held directly by the shareholders, while 84% were registered in the name of a nominee.

Share price development

The graph below illustrates how the HiQ share has performed over the period 1 January 2015 to 31 December 2015. For up-to-date share information, please consult the Nasdaq Nordic website at www.nasdaqomxnordic.com. HiQ is listed on Nasdaq Stockholm Mid Cap, which is a part of the Nordic Exchange. It was first listed on 12 April 1999 and the initial share price, calculated on the basis of the share split implemented, was SEK 10.60. On 30 December 2015, the market price was SEK 51.00. HiQ's market capitalization thus amounted to around SEK 2,750 million (before dilution). The highest price paid during the year was SEK 51.75 on 7 December 2015. The lowest price paid during the year was SEK 38.40 on 17 April 2015. During the year, a total of 24.1 million shares were traded. On average, approximately 96,000 shares were traded per day.



Holdings	No of owners	Percentage of owners	No of shares	Percentage of shares
1 – 1,000	9,105	78.9%	3,062,758	5.7%
1,001 – 5,000	1,915	16.5%	4,697,476	8.7%
5,001 – 10,000	254	2.2%	1,952,598	3.6%
10,001 – 15,000	56	0.5%	722,600	1.3%
15,001 – 20,000	43	0.4%	784,957	1.5%
20,001 –	172	1.5%	42,703,884	79.2%
Total	11,545	100.0%	53,924,273	100.0%

Top 15 shareholders 31 December 2015 (and known changes)

Name	No of shares	Share of capital and votes
Swedbank Robur fonder	5,166,016	9.6%
Nordea fonder	4,830,759	9.0%
SEB Investment Management	4,448,404	8.3%
Lannebo fonder	3,200,000	5.9%
AMF Försäkring och fonder	2,478,187	4.6%
DnB Carlson fonder	2,112,491	3.9%
Handelsbanken fonder	1,926,805	3.6%
Skandia fonder	1,273,654	2.4%
Fondita Nordic Micro Cap	1,240,000	2.3%
Hannu Lehessaari	1,010,000	1.9%
Avanza Pension	894,077	1.7%
Rolf Anderson	790,132	1.5%
Fidelity fonder	710,700	1.3%
Nordnet Pensionsförsäkring	394,109	0.7%
Thomas Wernhoff	300,000	0.6%

Holdings include related-party holdings and holdings through companies.
Source: Euroclear/Vpc and known holdings.

Risk and risk management

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

Business-related risks

Recruitment and skills supply

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

Competition and price pressure

Competition is a natural part of doing business and

is necessary for healthy development. A highly competitive market is a challenge that develops HiQ as a company, since we must constantly make efforts to show our clients that we are that bit better than our competitors. Fierce competition can also bring pressure on prices. To balance the risks of that eventuality occurring, HiQ needs to have specialist expertise that is in demand by clients, irrespective of the state of the economy, and in certain cases to avoid projects where the price level is judged to be too low to ensure satisfactory profitability. HiQ competes with large actors and smaller niche players, depending on the area in which HiQ is operating. Some of our larger listed competitors are Acando, Accenture, Knowit, Semcon, and Tieto.

Framework agreements

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

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

Developments at our key clients

HiQ's top 10 clients account for 41% of sales. HiQ operates in long-term relationships with its clients and many have been on our client list for over five years. There is always the risk that one key client may be affected by fluctuations in the market and reduce the amount of consultancy services that it buys in, which in the short term may result in poorer capacity utilization for HiQ. As a company, we must maintain a good balance between clients from different sectors and geographical regions. More than five different sectors are represented among HiQ's top 10 clients.

Bad debts

Just as HiQ is affected by developments at its key clients – which in the event of a rapid decline may affect our utilisation rate – we may be hit by unpaid invoices and thus bad debts. In historical terms, we have only experienced a few bad debts and we have continually improved our routines for invoice payment and follow-up. Where we work with clients

with a lower credit rating, for example because they are newly established, payment may be required in advance or subject to a short period of credit.

Market-related risks

Cyclical risks

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

Financial risks

For a description of financial risks, please refer to note 34 on page 68.

Director's report

Directors' Report for HiQ International AB (Publ) Org. no. 556529-3205,
registered office: Stockholm, address: Box 7421, 103 91 Stockholm.

The business in general

HiQ works with high-tech solutions within communications and software development. The company is a leading player in these fields, with the Nordic region as its domestic market. In 2015 the Group generated sales of SEK 1,508.0 million. At year-end the Group had 1,415 employees, and operations in Sweden, Finland, Denmark and Russia.

Ownership

HiQ International is listed on the Nasdaq Nordics Mid Cap list in Stockholm. At year-end HiQ had a total of 11,545 shareholders. For a more detailed description of the ownership of HiQ International AB, see The HiQ share on pages 20-22.

Important events during the year

During 2015 we continue to grow and win market shares. The financial year is summarized with a record in net sales and increased profits. We welcome more employees to HiQ and we are winning new clients, framework agreements, and exciting assignments. HiQ has a continued strong position in the Nordic market and we also work with assignments internationally, for example in London and California. HiQ turns 20 during the year and we celebrate by continuing to simplify people's lives and contributing to a better and more joyful world.

With technology in our DNA and profound know-how about users, communications, and business, we help our clients to utilise the potential of new technology and to tackle the challenges. Thanks to our range we today operate at all levels within in our clients' organisations, with IT and R&D as well as with marketing and business development.

We divide our clients into eight market segments; telecom, automotive, industry, public sector, finance & insurance, media, gaming & entertainment, defence & security, and retail (read more about the different areas on the pages 10-13).

When looking back at 2015 we can, among other things, see that the telecom segment now represents 20 per cent of our net sales, a record-low number since the start of HiQ in 1995. However, this does not mean that we work less with telecom technology and mobility; it's actually quite the opposite. Today, we use our know-how and experience from the telecom area in all segments in which we operate. We also see that the public sector area continues to grow and now represents 16 per cent of HiQ's total net sales. A background to this development are the framework agreements that we win during the year, with the central purchasing authorities in both Sweden and Finland – Kammarkollegiet and Hansel. The agreements mean that hundreds of authorities and public organisations can use HiQ as a supplier.

In 2015 we win new assignments and clients in all segments in which we operate. Regardless of industry there is one common denominator – digitalisation is creating enormous opportunities but also challenges. Value-chains and business models are transforming, and the experienced players are facing new user behaviours that start-ups can adapt to from the start. In this development, we help our clients with both innovative power and technical know-how.

We are doing this in, for example, the automotive industry – a sector in which development is moving at a fast pace and in which a car is now so much more than only a means for transportation. During the year we are advancing our position within self-driving vehicles as we embark on a partnership with a leading player within active safety. We also continue innovating together with Volvo Cars, when we contribute with both technical and concept development in two new concepts for the cars of the future. Concepts, in which technology creates added value for you as a driver and buyer, focused on for example infotainment, active safety, and "mixed reality". 2015 is also the year when Volvo's In Car Delivery service reaches the public, making it possible to have goods delivered straight to your car. HiQ has been involved since the start, developing the technology for the acknowledged service.

HiQ's passion is to simplify people's everyday lives and contribute to a better world. An area in which we see great potential for doing this is the public sector, a segment in which we are both winning and executing a number of significant assignments during the year. As an example, "Vården i siffror" (Healthcare in numbers) is opened up for the public, giving private citizens the possibility to compare results and quality within Swedish healthcare. For the client SALAR, the Swedish Association of Local Authorities and Regions, HiQ is responsible for further development and administration of the service. During the year we also develop new mission-critical communication platforms for, among others, the city of Västerås and the Kungälv municipality.

We are also simplifying for people with the services we are working with in areas such as finance, retail and entertainment. Smart solutions that make it easy to transfer money, shop, or stream TV-shows and music – solutions that are used daily by millions of people. A milestone in 2015 is when Getswish's mobile payment service Swish, for which HiQ has developed the IT solution together with Bankgirot, comes close to four millions users. "Svischa" (to swish) is also recognized as a new verb by the Swedish Language Council. We are also proud when S-mobile, developed by HiQ together with the Finnish S-Bank, wins the international "Contactless & Mobile Award".

Looking at the development in the entire HiQ Group, we see that HiQ in Finland is showing Finnish "sisu" and delivers a very strong 2015. The company grows in several segments and delivers many successful projects, for example within retail and industry.

In Stockholm, HiQ continues being a leading player with presence in all market segments. The company develops well and continues to broaden its operations further during the year.

HiQ in Mälardalen, with offices in Västerås and Örebro, performs a good year. The company has a strong presence in the industry and defence segments and is also creating value within the public sector.

In Gothenburg, HiQ continues being the leading innovation and technology company, with strong presence in above all the automotive and telecom segments. HiQ broadens its operations in Western Sweden and

wins significant assignments, within for example digital communication, during the year.

In the Öresund region, challenging winds are blowing and the restructuring of the telecom industry continues to influence also in 2015. HiQ stays focused on broadening its operations and winning new clients in new segments.

HiQ's in Östergötland, with business in Linköping and Norrköping, continues performing well. The company presents a strong result in 2015 and has a strong presence within e.g. telecom and automotive.

In Karlskrona, HiQ performs a good result on a market dominated by telecom and shipping, while also broadening the market mix.

The summary of 2015 is that it's HiQ's best year to date. We have the best employees in the business, a very strong financial standing, and a client list others can merely dream about. We are hiring and growing, and we continue to create results - this in a market that is, as usual, impacted by the uncertainty in our surrounding world. The demand for digitalisation and IT services is increasing and we at HiQ work persistently to meet the needs of our clients.

We take many things with us from 2015, but most of all, it's probably the fact that our offer and our motivation, to simplify people's lives through technology, is more relevant than ever.

Results and financial position

HiQ's net sales in 2015 amounted to SEK 1,508.0 (1,378.8) million, an increase of 9%. Operating profit amounted to SEK 182.9 (147.4) million, giving an operating profit margin of 12.1 (10.7) percent. Consolidated net financial items for the period were SEK -0.2 (0.5) million. Profit before tax amounted to SEK 182.7 (147.9) million.

Cash flow from operating activities was positive at SEK 157.1 (104.0) million. At 31 December 2015 the Group had liquid assets of SEK 212.4 (180.1) million. During the year cash flow was affected by a share redemption of approximately SEK 138 million implemented in May 2015. Interest-bearing net funds at the end of the period were SEK 183.4 (152.3) million. Shareholders' equity at the end of

the period was SEK 718.0 (698.2) million and the equity/assets ratio was 69.4 (70.6) percent.

During December 2012, the trustee manager of SAAB Automobile AB, posted reimbursement demands to HiQ of SEK 4.3 million (VAT included) for services delivered by HiQ. During 2012 – 2015, the trustee manager adjusted the claims to SEK 5.7 million (VAT included). As HiQ see these demands as being ill-founded, no reservations for this amount has been set. After the end of the reporting period, a settlement of this case has been made with the result that the reimbursement demands is dropped. The effect on HiQ's income statement as a result of the settlement is limited.

Research and development activities

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

Investments

The Group's net investments in fixed assets totalled SEK 14.1 (8.7) million during the period. Investments in improvements to premises amounted to SEK 2.5 (1.7) million, equipment SEK 4.1 (1.7) million, finance leases SEK 7.5 (5.3) million.

Employees

At year-end HiQ had 1,415 (1,412) employees, 1,298 (1,301) of whom were active staff. Employees are HiQ's most important asset and HiQ works continuously to safeguard and improve the employees' work situation. Sickness absence at HiQ in 2015 was 3.4% (4.1%). HiQ is a member of a corporate healthcare scheme and certain subsidiaries engage the services of a naprapath. Staff receive subsidized healthcare. HiQ also has ethics and equality policies in place, which mean that all employees shall be given the same opportunities irrespective of age, sex, ethnical belonging and religious conviction. HiQ also works actively to create a corporate culture that develops our employees' expertise and experience.

Parent company

The Parent Company's operations consist in shared Group functions for accounting and finance, investor relations and marketing. Net sales in the Parent Company were SEK 33.6 (36.4) million. Operating profit was SEK -12.6 (-11.9) million. Net financial items

were SEK 151.8 (107.0) million, which includes result from participations in Group companies of SEK 151.3 (107.9) million. After tax of SEK 18.5 (13.8) million, net profit was SEK 120.6 (81.3) million. At 31 December the Company's interest-bearing net funds were SEK 69.0 (35.6) million, adjusted shareholders' equity SEK 499.9 (487.2) million and the equity/assets ratio 88.8 (85.5) percent. The Company's net investments in the period totalled SEK 0.0 (0.0) million.

Environmental information

We do not consider that HiQ's activities have any significant impact on the environment. Nevertheless, HiQ's environmental work and policy are reviewed on an ongoing basis. The environmental policy states that HiQ shall engage actively in environmental activities with a view to continuously improving the environment in a way which is defensible from an economic and business perspective. We believe this makes the Company more attractive to employees, clients, suppliers and shareholders. Environmental work is an integrated part of the business and each managing director has local responsibility for ensuring that HiQ's environmental policy is followed and any action programmes implemented.

New share issues etc.

During 2015 478,770 shares have been issued at the price of SEK 38.00 due to redemption of warrants and 306,480 shares have been issued at the price of SEK 34.30, this also due to redemption of warrants. In total the Company has received SEK 28.6 million, net after issue costs. In addition, the shareholders' equity increased with SEK 1.6 million due to payment of premiums for 638,200 warrants. During 2014, 387,500 shares have been issued at the price of SEK 31.80 as a result of conversion of warrants. Net after issue costs, the Company has received SEK 12.3 million. In addition, the shareholders' equity increased with SEK 1.1 million due to payment of premiums for 573,688 warrants. For a more detailed description of outstanding warrant programmes, see Note 20.

The HiQ share

At 31 December 2015 HiQ's share capital totalled SEK 5,392,427.30 spread over 53,924,273 outstanding shares. Each share carries one vote and all shares carry equal rights to a share in the assets and profits of the Company. As far as the Company is

aware, there are no direct or indirect shareholdings representing at least one tenth of the voting rights for all the shares in the Company. Neither is the Company aware of any agreements between shareholders that may entail restrictions in the right to transfer shares. At the Annual General Meeting each person entitled to vote may vote for the full number of shares owned and represented without any restriction on voting rights. The Annual General Meeting in March 2015 authorised the Board of Directors, on one or more occasions in the period up to the next AGM, to issue a maximum of 5,000,000 shares in the form of a non-cash issue or off-set issue in connection with acquisitions. At the AGM in March 2015 it was decided to conduct a split, redemption of shares and bonus issue. The number of outstanding shares and the company's share capital remained the same after the completion of this procedure.

Future prospects

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

Our expertise and sustained strong financial situation allow us to identify opportunities to advance our positions even further in the 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 organic growth with strategic acquisitions. HiQ's acquisition strategy aims to strengthen the company's geographical reach by increasing its Nordic presence and it seeks 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:

- be a high quality consultancy firm that creates value for clients, co-workers and shareholders

- be profitable, generate good growth and strong cash flow, and to create good long-term yield to our shareholders
- be the leading company in the Nordic region within our industry

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

Risks and risk management

HiQ's business is affected by a number of different factors, some of which are within the Company's control while others are not. For a consultancy company such as HiQ, activities are affected by business-related risks such as recruitment, competition and price pressure, development of key customers, bad debts, project risks and the ability to enter into framework agreements. Market related risks include cyclical risks. Financial risks include exchange rate risks and interest risks. For a more detailed description of HiQ's risk management, see Risk and risk management on pages 22-23.

For a description of the Group's risk management concerning financial instruments, see Note 34, on page 68.

Corporate governance report

General

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

HiQ aims for a high standard through a clear and simple management system and guiding documents. Management, leadership and control

of HiQ is divided between the shareholders at the Annual General Meeting, the Board of Directors, the CEO, and the auditors in accordance with the Swedish Companies Act and the company's articles of association. Increased transparency provides good insight into the company's operations, which contributes to effective control.

HiQ's application of the Code of Corporate Governance

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

Shareholders

HiQ's share is listed since April 1999 on the Nasdaq Stockholm. The share capital amounts to SEK 5.4 million, spread over 53,924,273 shares with a quota value of SEK 0.10. There is one share class. The number of shareholders at year-end amounted to 11,545 (10,370). The foreign ownership share was 32 (29)%. Swedish institutions owned 46% of the shares. 16 % of shares were held directly by the shareholders while 84% were registered in the name of a nominee. For further information regarding HiQ's share and ownership structure, please refer to the Section "The HiQ Share", on pages 20-22.

Annual General Meeting

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

Annual General Meeting 2015

The 2015 Annual General Meeting (AGM) was held in Stockholm on 24 March 2015. Around 46 percent of the votes were represented at the AGM. Anders Ljungh was elected as Chairman of the AGM.

Among other things, the AGM resolved to re-elect all the members of the Board. Anders Ljungh was re-elected as Chairman of the Board.

The Board of Directors was authorised to:

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

Furthermore, the AGM resolved to:

- implement a share split and a mandatory redemption procedure in which SEK 138 million, corresponding to SEK 2.60 per share, was distributed to the company's shareholders. The AGM also decided to issue a maximum of 1,000,000 warrants to be transferred to employees in Sweden, Denmark and Finland.
- adopted principles for remuneration and other terms of employment of the executive management as proposed by the Board.
- resolved to establish a Nomination Committee and adopted principles for its structure – see also under "Nomination Committee".

Minutes and other documentation relating to the Annual General Meeting are available on HiQ's web site www.hiq.se

Annual General Meeting 2016

The 2016 Annual General Meeting will be held at 10 a.m. on Tuesday 22 March, 2016 in the company's premises at Regeringsgatan 20, 9th floor, in Stockholm.

Nomination committee

HiQ's 2015 AGM resolved that by 31 July 2015 the Chairman of the Board should convene the three largest shareholders in the company, which would then each be entitled to appoint a member of the Nomination Committee. In addition the Nomina-

tion Committee can decide to elect the Chairman of the Board to the Committee. These members have the right to appoint or co-opt another member to the committee. The composition of Committee shall be announced at least six months ahead of the AGM. The Nomination Committee represents the company's shareholders and is responsible for preparing and presenting proposals to the AGM regarding Chairman of the Board, the Board of Directors, fees to be paid to the Chairman of the Board and other Board members and remuneration for committee work, election of and fees to auditors and deputy auditors (where applicable) for decisions on principles for the structure of the Nomination Committee as well as for the Chairman of the AGM.

The Nomination Committee ahead of the AGM comprises Jan Andersson (Robur Fonder), Björn Henriksson (Nordea Fonder), Johan Strandberg (SEB Investment Management) and Anders Ljungh, the Chairman of the Board. Jan Andersson was appointed as chairman of the Nomination Committee. All shareholders have been given opportunity to contact the Nomination Committee with proposals, e.g. for Board members, for further evaluation within the context of the Nomination Committee's work. The Nomination Committee has held 3 meetings and has also been in contact at other times. As a basis for its appraisal of the composition of the Board the Nomination Committee had access to the appraisal carried out by the Board and was also given opportunity to meet the members of the Board individually. Based on this appraisal and the opportunity to take into account suggestions for new Board members, the Nomination Committee draws up a proposal for a new Board which is submitted in conjunction with the notice to the forthcoming AGM. At the AGM

the Nomination Committee gives a report on its work. The AGM appoints auditors every four years. When auditors are to be elected the Audit Committee (which comprises the entire Board excluding the CEO) assists the Nomination Committee with producing a proposal. The current auditor, PricewaterhouseCoopers, was elected at the 2015 AGM.

Board of directors

The Board's responsibilities and duties

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

Composition of the Board

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

Age, mainly education, work experience, mainly assignments, election year and holdings of HiQ shares of the Board members is presented on pages 74-75.

	Independent in relation to		
	Company	Larger shareholders	Presence
The Board members			
Anders Ljungh, Chairman of the Board	Yes	Yes	7/7
Erik Hallberg	Yes	Yes	6/7
Gunnel Duveblad	Yes	Yes	7/7
Johanna Fagrell Köhler	Yes	Yes	6/7
Ken Gerhardsen	Yes	Yes	6/7
Lars Stugemo	No	Yes	7/7
Raimo Lind	Yes	Yes	7/7
Ulrika Hagdahl	Yes	Yes	7/7

Division of work

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

Chairman of the Board

The Chairman of the Board is responsible for leading the work of the Board and for the Board meeting its commitments in accordance with the Swedish Companies Act and the work plan established by the Board for its work. Continual contact with the CEO shall ensure that the Chairman of the Board monitors the company's development and ensures that the Board receives the information required in order to be able to meet its commitments. The Chairman of the Board shall also represent the company in matters concerned with ownership. Anders Ljungh has been Chairman of the Board since 2003.

Board fees

The 2015 AGM established the fees to be paid to the Board at SEK 1,900,000. Of this amount, SEK 550,000 is payable to the Chairman of the Board and SEK 225,000 each to the other non-employed Board members. In addition, SEK 90,000 has been paid to the Chairman of the Audit Committee. The Board members have the right to invoice the remuneration from a company. In that case the amount should be adjusted so it is cost neutral for HiQ.

The work of the Board in 2015

In 2015 the Board held 7 meetings (8 meetings were held in 2014), including a statutory meeting following the AGM on 24 March 2015. The minutes of these meetings represent documentation of decisions taken and the minutes are taken by the company's Chief Financial Officer, acting as secretary of the Board. The regular Board meetings are prepared jointly by the Chairman of the Board and the CEO of the company. At every regular Board meeting an update is given on the business situation and financial monitoring. In addition, every meeting deals with a number of matters that are summarised below. Ahead of each Board meeting the Board receives written material as a basis for discussions and decisions that will be dealt with. Members of the executive management take part in the Board meetings in order to report on matters within their specific areas. Other matters dealt with during the year include the

economic trend, competence needs, organisation and acquisitions. In addition a full-day strategy seminar was held on issues relating to HiQ's long-term development, and in-depth discussions regarding certain market areas. The CEO provides a monthly report to the Board. This report deals with markets, operations and financial development. These reports are compiled by the CEO and the Chief Financial Officer. The Company's auditor were present at the meeting at which the year-end financial statements were discussed. This gave the Board of Directors and the auditor the opportunity to discuss the business accounting and audit work. Compensation matters have been taken in connection with ordinary board meetings. Handled matters include conditions and incitements for managements and compensation package for CEO.

Audit committee

The audit committee of 2015 was constituted by all the Board members except the CEO. Chairman of the audit committee is Gunnel Duveblad. The committee has held 5 meetings in 2015. They have also held meetings with the auditors. Matters that have been taken under 2015 includes review of Group policies, risk analyses, internal financial reporting, review of results by AGM elected auditors audit of the operations, impairment tests and matters concerning internal control.

Assessment of the Board's work

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

Auditors

The company's auditor, PricewaterhouseCoopers, was re-elected on the AGM in March 2015. The auditor was elected for the period until the end of the AGM 2019. Nicklas Kullberg is the responsible auditor. During the year the auditor has, in addition to auditing the financial statements for the company, also reviewed the interim report for the period January – June 2015. As described in the section "The work of the Board in 2015", the auditor has also met the Board at the Board meeting treating the full year

results. For information regarding remuneration to auditors, please refer to note 6, on page 52.

Internal control over financial reporting

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

Control environment

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

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

Risk inventory/risk register

The aim of HiQ's risk inventory is to ensure that HiQ's business is conducted in a manner that is in

line with the risk level the Board and the management decided. The company's Board and senior management are responsible for the existence of and compliance with guidelines on risk management. HiQ has carried out an analysis of the risks that may affect the accuracy of the financial information that the company provides externally. In so doing a number of income statement and balance sheet items were identified where the risk of material errors is greater than in the case of other items. One example of this is the settlement of fixed price projects, where particular importance is placed on ensuring good internal control of revenue settlement. Another example is the treatment of sub-consultants. During the year all subsidiaries have conducted a self-evaluation regarding the internal control. During the autumn the Group controller has visited all offices and completed a review regarding administrative routines and internal control. The outcome of this work is compiled and analysed. Based on the analysis an action plan is set to improve the internal control.

Information and communication

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

Monitoring

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

Disclosure of information to the stock market

In accordance with the commitments incumbent upon HiQ as a listed company, HiQ provides the stock market with information on the Group's financial position and development. The information

is provided in the form of interim reports and an annual report, which are published in Swedish and English. In addition to purely financial information, HiQ also issues press releases concerning news and events and also gives presentations for shareholders, financial analysts and investors both in Sweden and abroad. The information published is also made available on the company's website, www.hiq.se.

Statement

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

Guidelines for determining salaries and other remuneration for the CEO and other members of the executive management

The Annual General Meeting on 24 March 2015 passed a resolution concerning the following principles for remuneration and terms of employment of the CEO and other members of the executive management.

Remuneration of the CEO and other members of the executive management shall comprise fixed salary, any variable remuneration, pension and any other customary benefits. The total remuneration shall be in line with market rates and the remuneration terms shall reward outstanding performance and standardize shareholder and individual incentives.

Fixed salary

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

Variable remunerations

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

The Company's costs for the variable element of remuneration for the CEO and other members of the executive management are maximum 100% of the fixed salary cost for this group depending on target fulfillment. The CEO and other members of the executive management shall be eligible to participate in the warrant program, in the same way as other

staff and on the same terms, in accordance with the proposal submitted to the Annual General Meeting by the Board, and have premiums subsidized on the same terms as other employees within HiQ if applicable.

Pension

HiQ offers its employees a premium-based pension scheme with entitlement to pension from the age of 65. Variable remuneration is not pensionable. Pension benefits amount to a maximum of 35% of fixed salary, not exceeding approx. SEK 0.4 million per employee per year.

Other benefits

Other benefits comprise conventional benefits in accordance with local practice.

Termination and severance pay

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

The Board's proposed guidelines applicable until the next Annual General Meeting

The Board of Directors proposes to the Annual General Meeting 2016 unchanged principles for the remuneration and other terms of employment of the CEO and other members of the executive management for approval by the General Meeting.

Proposed appropriation of the company's profit (SEK thousand)

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

Share premium reserve	147,337
Profit brought forward	185,068
Profit for the year	120,643
Total	453,049

The Board and the CEO propose that profits be appropriated such that SEK 453,049 thousand is carried forward. It is also proposed a share split 2:1 combined with a compulsory redemption procedure shall be carried out. The procedure will imply that each share will split into one ordinary share and one redemption share. The redemption share is suggested to be redeemed for SEK 2.90 per share, representing a transfer of approximately SEK 156 million to the Company's shareholders.

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

The proposed value transfer to the shareholders will reduce the Parent Company's equity/assets ratio from 88.8% to 84.5% and the consolidated equity/assets ratio from 69.4% to 63.9%. In view of the continued profitability of the company and the Group, the equity/assets ratio is deemed to be adequate.

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

In the view of the Board of Directors the proposed value transfer will not prevent the company or any of the companies within the Group from meeting their short- or longterm obligations or from making the

necessary investments. The proposed value transfer is therefore defensible with respect to the provisions of paragraphs 2–3 of Section 3 of Chapter 17 of the Swedish Companies Act (the precautionary principle).

The financial reports were approved for publication by the Board of Directors of the Parent Company on 29 February 2016.

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

Consolidated statement of comprehensive income

(SEK thousand)	Note	2015	2014
Net sales	3, 4, 8	1,507,959	1,378,841
Assignment-specific external costs	8	– 193,968	– 159,560
Staff expenses	5, 29, 32	– 1,037,479	– 980,644
Other external expenses	6, 27	– 83,716	– 80,943
Depreciation	11, 12, 27	– 9,870	– 10,288
Operating profit		182,926	147,406
Finance income	7	311	1,130
Finance costs	7	– 498	– 676
Pre-tax profit		182,739	147,860
Income tax	9	– 40,490	– 32,867
Profit for the period		142,249	114,993
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations	21	– 14,460	15,890
Other comprehensive income for the period		– 14,460	15,890
Comprehensive income for the period attributable to the equity holders of the Company		127,789	130,883
Profit per share attributable to the equity holders of the Company			
Basic	22	2.66	2.18
Diluted	22	2.65	2.17

Consolidated balance sheet

Consolidated balance sheet (sek thousand)	Note	2015-12-31	2014-12-31
Assets			
FIXED ASSETS			
Tangible fixed assets	11	41,147	36,073
Intangible assets	12	333,317	344,031
Investments in associates	13	11,611	12,066
Deferred tax	10	2,387	2,688
Financial assets	15	285	312
Total fixed assets		388,747	395,170
CURRENT ASSETS			
Accounts receivables, trade	17	300,454	281,485
Current income tax assets		14,619	20,366
Other receivables	16	6,781	3,709
Accrued income and prepaid expenses	18	111,724	108,283
Cash and cash equivalents	19	212,414	180,050
Total current assets		645,992	593,893
Total assets		1,034,739	989,063
Equity and liabilities			
EQUITY			
Capital and reserves attributable to the Parent Company's equity holders			
Share capital	20	5,392	5,314
Other contributed capital		366,251	336,108
Other reserves	21	– 11,670	2,790
Retained earnings		358,045	353,957
Total equity		718,018	698,169
LIABILITIES			
Long-term liabilities			
Long-term interest-bearing debt	24, 27	23,853	21,946
Deferred tax	10	0	140
Total long-term liabilities		23,853	22,086
Short-term liabilities			
Short-term interest-bearing debt	24, 27	5,198	5,789
Accounts payable, trade		58,446	49,123
Other liabilities	25	86,713	82,367
Accrued expenses and prepaid income	26	142,511	131,529
Total short-term liabilities		292,868	268,808
Total liabilities		316,721	290,894
Total equity and liabilities		1,034,739	989,063

Information regarding the Group's pledged assets and contingent liabilities is found in note 28.

Consolidated statement of changes in shareholders' equity

Attributable to the equity holders of the parent company						
(SEK thousand)	Note	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
Balance at 1 January 2014		5,275	322,685	- 13,100	376,118	690,978
Comprehensive income						
Profit for the period					114,993	114,993
Other comprehensive income						
Currency translation adjustments	21			15,890		15,890
Comprehensive income				15,890	114,993	130,883
Transactions with shareholders						
Warrant premiums	20		1,139			1,139
Share issue conversion of warrants		39	12,284			12,323
Redemption of shares	23				- 137,154	- 137,154
Total transactions with shareholders		39	13,423		- 137,154	- 123,692
Balance at 31 December 2014		5,314	336,108	2,790	353,957	698,169
Balance at 1 January 2015		5,314	336,108	2,790	353,957	698,169
Comprehensive income						
Profit for the period					142,249	142,249
Other comprehensive income						
Currency translation adjustments	21			- 14,460		- 14,460
Comprehensive income				- 14,460	142,249	127,789
Transactions with shareholders						
Warrant premiums	20		1,595			1,595
Share issue conversion of warrants		79	28,547			28,626
Redemption of shares	23				- 138,161	- 138,161
Total transactions with shareholders		79	30,142		- 138,161	- 107,940
Balance at 31 December 2015		5,392	366,251	- 11,670	358,045	718,018

Consolidated cash flow

(SEK thousand)	Note	2015	2014
Cash flow from operating activities			
Pre-tax profit		182,739	147,860
Adjustment for items not included in the cash flow	31	9,479	10,677
Paid tax		– 34,742	– 35,808
Cash flow from operating activities before changes in working capital		157,475	122,729
Cash flow from changes in working capital			
Increase (–)/decrease (+) in operating assets		– 27,734	– 39,597
Increase (+)/decrease (–) in operating liabilities		27,325	20,822
Cash flows from current operations		157,066	103,954
Cash flow from investing activities			
Investments in tangible assets		– 6,839	– 3,312
Cash flow from investing activities		– 6,839	– 3,312
Cash flow from financing activities			
Warrant premiums		1,595	1,139
Share issue		28,626	12,323
Repayment of debt		– 5,995	– 6,568
Redemption of shares	23	– 138,161	– 137,154
Cash flow from financing activities		– 113,935	– 130,260
Cash flow for the period		36,292	– 29,618
Cash and cash equivalents at beginning of year		180,050	207,349
Effects of exchange rate changes		– 3,928	2,318
Cash and cash equivalents at end of year	19	212,414	180,050

Income statement, parent company and statement of comprehensive income

Income statement, parent company (SEK thousand)	Note	2015	2014
Net sales	4, 32	33,649	36,427
Assignment-specific external costs	32	– 1,144	– 6,638
Other external expenses	6	– 21,732	– 18,481
Staff expenses	5, 29, 32	– 22,824	– 22,595
Depreciation and write-downs	11	– 583	– 617
Operating profit		– 12,634	– 11,904
Profit from shares in Group companies	7	151,304	107,911
Finance income	7	1,111	1,063
Finance costs	7	– 636	– 2,021
Profit after financial items		139,145	95,088
Income tax	9	– 18,502	– 13,825
Profit for the period		120,643	81,263
Statement of comprehensive income, parent company (SEK thousand)			
Profit for the year		120,643	81,263
Comprehensive income for the period		120,643	81,263

Balance sheet parent company

Balance sheet, parent company (SEK thousand)	Note	2015-12-31	2014-12-31
ASSETS			
FIXED ASSETS			
Tangible fixed assets:			
Equipment	11	287	378
Improvement expenses for other's properties	11	287	779
Deferred tax asset	10	359	277
Financial fixed assets:			
Shares in Group companies	30	406,122	406,122
Total fixed assets		407,055	407,556
CURRENT ASSETS			
Short-term receivables			
Accounts receivable, trade		613	141
Current income tax assets		502	6,797
Receivables – Group companies	14	13,054	40,208
Other receivables	16	1,703	856
Accrued income and prepaid expenses	18	3,485	3,874
Total current assets		19,357	51,876
Cash and bank balances		136,565	110,452
Total assets		562,977	569,884
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital (53,924,273 shares with a quota value of SEK 0.10)		5,392	5,314
Statutory reserve		41,419	41,419
Total restricted equity		46,811	46,733
Non-restricted equity			
Share premium reserve		147,337	117,195
Retained earnings		185,068	241,966
Profit for the period	23	120,643	81,263
Total non-restricted equity		453,049	440,424
Total equity		499,859	487,157
CURRENT LIABILITIES			
Accounts payable, trade		1,432	4,975
Liabilities – Group companies		50,380	67,451
Other liabilities	25	1,118	1,059
Accrued expenses and prepaid income	26	10,188	9,242
Total current liabilities		63,118	82,727
Total equity and liabilities		562,977	569,884
Pledged assets		None	None
Contingent liabilities	28	27,571	24,345

Shareholders' equity – parent company

Equity	2015		2014		
	Shares	Votes	Shares	Votes	
Number of shares and votes	53,924,273	53,924,273	53,139,023	53,139,023	
Parent Company 2014					
(SEK thousand)	Note	Share capital	Statutory reserve	Premium reserve	Retained earnings
Balance at 1 January 2014		5,275	41,419	103,772	379,120
Comprehensive income					
Profit for the period					81,263
Comprehensive income					81,263
Transactions with shareholders					
Redemption of shares	23				- 137,154
Warrant premiums	20			1,139	
Share issue		39		12,284	
Total transactions with shareholders		39		13,423	- 137,154
Balance at 31 December 2014		5,314	41,419	117,195	323,229
Parent Company 2015					
(SEK thousand)	Note	Share capital	Statutory reserve	Premium reserve	Retained earnings
Balance at 1 January 2015		5,314	41,419	117,195	323,229
Comprehensive income					
Profit for the period					120,643
Comprehensive income					120,643
Transactions with shareholders					
Redemption of shares	23				- 138,161
Warrant premiums	20			1,595	
Share issue		79		28,547	
Total transactions with shareholders		79		30,142	- 138,161
Balance at 31 December 2015		5,392	41,419	147,337	305,711

Cash flow statement for the parent company

Cash flow statement (SEK thousand)	Note	2015	2014
Cash flow from operating activities			
Pre-tax profit		139,145	95,088
Adjustment for items not included in the cash flow	31	9,583	- 6,983
Paid tax		- 12,207	- 13,741
Cash flow from operating activities before changes in working capital		136,521	74,364
Cash flow from changes in working capital			
Increase (-)/decrease (+) in operating assets		26,142	- 9,851
Increase (+)/decrease (-) in operating liabilities		- 19,609	9,713
Cash flows from current operations		143,054	74,226
Cash flow from investing activities			
Investments in tangible assets		-	-
Investments in financial assets		- 9,000	- 8,300
Cash flow from investing activities		- 9,000	- 8,300
Cash flow from financing activities			
Warrant premiums		1,595	1,139
Share issue		28,625	12,323
Redemption of shares	23	- 138,161	- 137,154
Cash flow from financing activities		- 107,941	- 123,692
Cash flow for the period		26,113	- 57,766
Cash and cash equivalents at beginning of year		110,452	168,218
Cash and cash equivalents at end of year	31	136,565	110,452

Notes

1. General information

HiQ International AB (‘the Company’) and its subsidiaries (together ‘HiQ’ or ‘the Group’) is a consultancy company with operations in the Nordic region and Russia. The Company is a limited liability company incorporated and domiciled in Stockholm, Sweden. The address of its registered office is Box 7421, 103 91 Stockholm, Sweden. The Company is listed on Nasdaq Stockholm Mid Cap.

These consolidated financial statements have been approved for issue by the Board of Directors on 29 February 2016. The income statements and balance sheets are to be adopted by the Annual General Meeting on 22 March 2016.

2. Summary of significant accounting policies

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

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from IFRS Interpretations Committee (IFRS IC) as they have been adopted by the EU and in accordance with RFR 1 and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 33 (Critical accounting assumptions).

New and amended standards adopted by the group

IFRIC 21, ‘Levies’, this is an interpretation of IAS 37 ‘Provisions, Contingent liabilities and Contingent

Assets’. IAS 37 clarifies the criteria for recognizing a liability, where one criteria is that the company has an existing liability as a result of an occurred event. IFRIC 21 handles accounting of different types of levies that could be imposed on company by a government by laws or regulations. The interpretation deals with the timing of the obligating event, leading to the recognition of the liability. The obligating event leading to a liability is the activity that triggers the payment of the levy. IFRIC 21 is effective from 1 January 2014 but according to IASB for financial years beginning after the 17 June 2014.

None of the standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2015 has had a material impact on the Group’s financial statement.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

New standards not yet in force

IFRS 9, ‘Financial instruments’, replaces parts of IAS 39 with regards to the classification and measurement of financial assets and liabilities. IFRS 9 maintains a mixed valuation approach but simplifies the approach in certain areas. IFRS 9 has three classification categories for debt instruments: amortized cost, fair value through other comprehensive income and fair value through profit or loss. Classification of instruments is driven by the company’s business model and the characteristics of the instrument. Investments in debt instruments is valued at amortized cost if: a). the purpose of the holding is to get contractual cash flows and b). the contractual cash flows is only interest and amortizations. All other debt and equity instruments, including investments in complex instruments should be valued at fair value. All changes in fair value of financial instruments is charged through profit or loss, with the exception of equity instruments, not held for sale, for which there

is an option to charge through other comprehensive income. No reclassification to the income statement will be made at the disposal of the instrument. For debt instruments, value at fair value, a company should recognize the part of the value change due to changes in the company's credit rating in other comprehensive income. The new hedge accounting rules in IFRS 9 gives the company better possibilities to mirror the applied risk management strategy. In general, the requirements for hedge accounting are relaxed. The new standard extends the disclosure requirements and implies some changes in the presentation format. IFRS 9 does also impose a new model for the calculation of credit loss reserves, based on expected credit losses. The new model for write-downs includes a three-step model based on changes in credit quality on the financial assets. The steps guides how a company values and accounts for write-downs and how they should apply the effective interest method. For financial assets without a significant finance component, for example accounts receivables and leasing assets, rules for simplifications are in place meaning that the company could present a reserve for the whole duration of the receivable and thereby does not need to make a reserve when a substantial change in the credit rating occurs.

Entities applying the standard before 1 February 2015 continue to have the option to apply the standard in phases. If an entity elects to early apply IFRS 9 (but after 1 February 2015) it must apply all of the requirements at the same time. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

IFRS 15, "Revenue from contracts with customers", is the new standard for revenue recognition. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction contracts and all associated interpretations. (IFRIC and SIC). Revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards, nor is it necessarily the same as the culmination of an earnings process as it is considered today. The main principle in IFRS 15 is that a company recognizes revenue in the way best reflecting the transfer of the promised good or service to the customer. This recognition is made by a five step model:

- Step 1: identify the contract with the contract
- Step 2: identify different components in the contract
- Step 3: set the transaction price
- Step 4: allocate the transaction price on different components
- Step 5: recognize revenue when a component is complete

The most significant changes compared to the current standards are: distinct goods or services integrated in contracts must be recognized as separate components and discounts shall as a main rule be allocated to the separate contracts. If the consideration includes variable considerations (performance bonuses, discounts, royalties) revenues could be recognized earlier than according to current standards. They should be estimated and included in the transaction price to the extent they with high probability will not be reversed. The timing of recognition could vary: some revenues that under current standards are recognized at the end of the contract could be allocated during the contract period and vice versa. There are also new specific rules regarding licenses, warranties, pre-payments and consignment agreements. The standard does also imply increased need for disclosures.

A company could choose between "full retroactivity" or future application with additional disclosures. IFRS 15 is effective for annual periods beginning on or after 1 January 2018 (not yet adopted by the EU).

IFRS 16, "Leases", In January 2016 IASB published a new leasing standard that will replace IAS 17 "Leases" and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities arising from all leasing agreements, with a few exceptions, should be shown in the balance sheet. This accounting is based on the view that the lessee has a right to use an asset during a specific period of time and at the same time has an obligation to pay for this right. The accounting for the lessor will in all material aspects be unchanged. The standard is applicable for financial years starting 1 January 2019 or later. Earlier adoption is accepted (not yet adopted by the EU).

The group is yet to assess the full impact of the standards outlined above. No other standards, amend-

ments and interpretations not yet in force is expected to have a material impact on the Group.

Changes in standards

Disclosure Initiative – Amendments to IAS 1, "Presentation of financial statements". The amendments form a part of the IASB'S Disclosure initiative, which explores how financial statement disclosures can be improved. The amendments clarify in certain areas, including: materiality – a company should not aggregate or disaggregate information in a manner that obscures useful information.

When management determines an item is material, the amendments require that sufficient information should be disclosed in order to understand the impact on the financial position or performance.

- Disaggregation and subtotals – line items specified in IAS 1 could in some cases be disaggregated when it is needed in order to understand the company's financial position or performance. There is also a new guide for the use of subtotals.
- Notes – the change confirms that the notes do not need to be presented in a certain order.
- Other comprehensive income attributable to investments accounted for under the equity method – the amendments require that the share of other comprehensive income arising from investments accounted for under the equity method is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

The transition provisions state that the disclosures of IAS 8, that is, those regarding adoption of a new standard/policy are not required. The amendments are effective for annual periods beginning on or after 1 January 2016 (adopted by the EU).

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services. Revenue is shown, net of value-added tax and rebates. Revenue is recognized as follows:

Sales of services – assignments on current account

The Group sells IT and management consultancy

services to its customers. Sales of services are recognized in the accounting period in which the services are rendered. Work carried out that has not yet been invoiced on the balance sheet date is reported as accrued income.

Sales of services – fixed price assignments

Income from ongoing fixed price service assignments and expenses relating to these assignments are reported as income and costs respectively in accordance with the degree of completion of the assignment on the closing day (percentage of completion method).

The percentage of completion of an assignment is determined by comparing expense incurred on the closing day with the estimated total expenditure. In cases where the outcome of the service assignment cannot be estimated with any degree of certainty, the income is reported only to the extent that corresponds to the assignment costs incurred that will probably be reimbursed by the client. An anticipated loss on an assignment is reported immediately as a cost. Fixed price assignments make up only a limited proportion of net sales. In 2015, the proportion of fixed price assignments was 3,0% (1,4%), of total net sales.

Sales of products

Sales of products are recognized when the revenue could be measured reliable, the customer has accepted the products and collectability of the related receivables is reasonably assured. Sales of products are mostly done in the form of computers, third party software licenses etc as a part of a consultancy assignment.

License income

Income from license sales is distributed in accordance with the financial import of the agreement concerned.

Interest income and dividends

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

Consolidation

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group

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

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its associates' post-acquisition profits or losses is recognised in other comprehensive income, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made pay-

ments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Tangible fixed assets

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

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

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

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Acquired customer relations

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

Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale financial assets.

A) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade receivables and other receivables and cash and cash equivalents in the balance sheet. Loans and receivables are carried at amortised cost using the effective interest method.

B) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are

recognised in profit or loss, while translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and nonmonetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustment recognised in equity are included in the income statement as “gains and losses from investment securities”. Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payment is established. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Currently, the Group does not have any substantial holding of such securities.

Leases

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

asset's useful life and the lease term. Leases where the lessor retains a significant proportion of risks and rewards of ownership are classified as operating leases. Expenses made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Income taxes

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

Provisions

Provisions for restructuring costs and legal claims etc are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item in-

cluded in the same class of obligations may be small. Provisions are valued at the net present value of the amount that is expected to be required in order to settle the commitment. The increase of the provision over time is recognized as interest expense.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Swedish crowns, which is the Company's functional and presentation currency. When recalculating foreign subsidiaries used currency amounts to, on balance day: EUR/SEK 9.14 (9.52), DKK/SEK 1.22 (1.28), and RUB/SEK 0.11 (0.14).

Transactions and balances

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

Group companies

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

- A) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- B) Income and expenses for each income statement are translated at average exchange rates.
- C) On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken as a separate item in other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity

are recognized in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Dividend distribution

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

Accounts receivable, trade

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost, less provision for impairment. Trade receivables are always short-term, and consequently the effective interest method is not applicable. Provision for impairment is made if there is objective evidence that the Group will not receive the amount due according to the original terms of the receivables. Significant financial difficulties on the part of the debtor, the likelihood that the debtor will be declared bankrupt or undergo financial restructuring and missed or late payments (more than 30 days overdue) are regarded as indications of possible impairment of receivables. The amount of the provision is the difference between the book value of the asset and the present value of the expected future cash flows. The impairment is recognised in the income statement immediately. The reported value of the asset is reduced using an impairment account and the loss is reported in the income statement under other external expenses. When a receivable cannot be collected it is written off in the impairment account for receivables. An amount previously written off is reversed by crediting other external expenses in the income statement.

Cash and cash equivalents

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

Share capital

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

Accounts payable

Accounts payable are initially reported at fair value

and thereafter at accrued acquisition value, applying the effective interest method.

Employee benefits

A) Pension obligations

HiQ operates a number of different pension plans. All plans are defined contribution plans where HiQ pays fixed contributions into a separate entity. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

B) Termination benefits

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

C) Profit-sharing and bonus plans

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

D) Share-based payments

The group operates one share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (matching warrants) of the Group.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted and the terms associated with the allocation of warrants.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of

the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Fair value

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

Accounting policies for the parent company

The parent company's accounts have been prepared in accordance with the Swedish Annual Accounts Act and Statement RFR 2 "Accounting for legal entities" issued by the Swedish Financial Accounting Standards Council. RFR 2 states that the parent company shall apply all standards and statements issued by IFRS that has been adopted by the EU, as far this is possible according to the Swedish Annual Accounts Act. Consideration should also be taken to the connection between accounting and taxation. The statement RFR 2 states in which cases, exceptions and additions should be made in relation to IFRS. The most important differences between the accounting principles of the Group and the Company are stated below. The principal accounting policies outlined below have been applied in the preparation of the parent company's financial statements.

These policies have been consistently applied to all the years presented, unless otherwise stated.

Dividends

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

Financial instruments

In the parent company financial instruments are valued of acquisition cost less accumulated write-

downs. Financial current assets are valued to the lower of cost or market.

Fixed tangible assets

Owned assets

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

Leased assets

All leasing agreements are treated as operational leasing agreements.

Taxes

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

Group Contributions

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

3. Segment reporting

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

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

(SEK thousand)	Finland		Sweden & Öresund		Group Elim.		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
External revenues	262,701	226,808	1,245,258	1,152,033	0	0	1,507,959	1,378,841
Revenues from other segments	414	0	2,250	0	-2,664	0	0	0
Total revenues	263,115	226,808	1,247,508	1,152,033	-2,664	0	1,507,959	1,378,841
Operating profit	51,322	29,757	143,983	131,133	-12,379	-13,484	182,926	147,406
Operating margin	19.5%	13.1%	11.5%	11.4%			12.1%	10.7%
Depreciation	1,742	1,766	8,128	8,522	—	—	9,870	10,288
Investments in fixed assets	3,899	537	2,531	2,838	16,562	11,589	22,992	14,964

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

Reconciliation with the profit before tax is found below:

Operating profit							182,926	147,406
Financial items							-187	454
Profit before tax							182,739	147,860
Assets	320,030	335,148	633,602	634,600	81,107	19,315	1,034,739	989,063
Of which in associates	11,611	12,066						
Share of profit in associated companies	0	0	—	—	—	—	0	0

Non-allocated assets amounting to SEK 81,107(19,315) thousand relates to assets, including cash, in the parent company.

4. Sales distribution

Net sales (SEK thousand)	Group		Parent	
	2015	2014	2015	2014
Consultancy services	1,481,301	1,339,575	0	0
Re-billed expenses	23,642	37,991	7,280	13,424
Other	3,016	1,275	26,369	23,003
Total	1,507,959	1,378,841	33,649	36,427

Of net sales, clients in Sweden account for SEK 1,224,814 (1,136,096) thousand, clients in Finland SEK 266,415 (217,825) thousand and other countries SEK 16,730 (24,920) thousand.

In 2015 one client accounted for more than 10% of net sales. This client's proportion of net sales was 12%. The client belongs to the segment Sweden & Öresund and Finland.

5. Employees and salaries

Average number of employees:	2015			2014		
	Total	Women	Men	Total	Women	Men
PARENT COMPANY						
The municipality of Stockholm	6	2	4	6	2	4
SUBSIDIARIES						
Sweden	1,009	227	782	980	224	756
Denmark	7	2	5	6	2	4
Finland	214	45	169	213	46	167
Russia	34	7	27	32	7	25
Total for the group	1,270	283	987	1,237	281	956

Group (incl subsidiaries)	2015			2014		
	No on balance sheet date	Of which men	Of which women	No on balance sheet date	Of which men	Of which women
Board members	13	77%	23%	13	77%	23%
CEO and other						
Senior executives	11	82%	18%	11	91%	9%

Parent Company	2015			2014		
	No on balance sheet date	Of which men	Of which women	No on balance sheet date	Of which men	Of which women
Board members	8	62%	38%	8	62%	38%
CEO and other						
Senior executives	4	75%	25%	4	100%	0%

Salaries and other remuneration (SEK thousand)	2015		2014	
	Group	Parent company	Group	Parent company
The Board of Directors and CEO	22,762	8,822	19,592	7,851
Other employees	675,134	5,419	639,238	4,778
Bonus reservation (warrant programme)	430	430	938	938
Costs matching warrants	286	286	47	47
Total salaries and other remuneration	698,612	14,957	659,815	13,614
Legal and contractual social security contributions	201,716	4,393	191,063	4,537
Bonus reservation and matching warrants	298	298	295	295
Pension expenses				
The Board of Directors and CEO	3,500	444	3,299	444
Other employees	94,533	695	88,827	1,186
Total salaries and remuneration, pension expenses and social security contribution	998,659	20,787	943,299	20,076

Salaries, remuneration, pension expenses and social security contributions for group companies in 2015 totalled SEK 824,820 (782,149) thousand in Sweden, SEK 6,352 (5,634) thousand in Denmark and SEK 158,153 (145,692) thousand in Finland and in Russia with SEK 9,333 (9,824) thousand.

The variable part of the salaries and remuneration paid to the Board of Directors and the CEO is SEK 6,963 (5,168) thousand for the Group and SEK 4,050 (3,381) thousand for the Parent Company. For further information regarding benefits for senior executives, please refer to note 29.

6. Auditor's fee

(SEK thousand)	2015		2014	
	Group	Parent Company	Group	Parent Company
PricewaterhouseCoopers				
Auditing	1,264	380	1,040	213
Associated services in addition to auditing	36	0	293	184
Tax advisory	115	115	183	132
Other services	59	41	11	0
Total	1,474	536	1,528	529

7. Financial income and costs

Group	2015	2014
Interest income	296	708
Exchange rate changes	15	422
Financial income	311	1,130
Interest expenses	- 383	- 598
Exchange rate changes	- 115	- 78
Financial expenses	- 498	- 676
Financial net	- 187	454

Parent Company

RESULTS FROM SHARES IN GROUP COMPANIES

Write-down of shares in subsidiaries	- 9,000	- 8,400
Received dividends	55,304	32,311
Received Group contribution	105,000	84,000
Total	151,304	107,911

INTEREST INCOME AND SIMILAR ITEMS

Exchange rate changes	1,039	635
Interest income, Group companies	22	39
Interest income, other	50	428
Total	1,111	1,102

INTEREST EXPENSES AND SIMILAR ITEMS

Exchange rate changes	- 446	- 1,570
Interest expenses, Group companies	- 190	- 451
Interest expenses, other	0	0
Total	- 636	- 2,021

8. Foreign exchange differences

Group (SEK thousand)	2015	2014
Net sales	187	388
Assignment-specific external expenses	- 837	- 381
Total	- 650	7

9. Taxes

Group (SEK thousand)	2015	2014
CURRENT TAX		
Tax for the period	40,931	33,161
Adjustment of previous years' tax	0	51
DEFERRED TAX		
Deferred tax temporary differences	- 86	- 345
Loss carried forward	- 355	—
Total tax cost – Group	40,490	32,867

Parent Company (SEK thousand)	2015	2014
CURRENT TAX		
Tax for the period	20,482	15,651
Deferred tax on given group contributions	- 1,980	- 1,826
Total tax cost – Parent Company	18,502	13,825

Effective tax rate

Group	2015 (%)	2015	2014 (%)	2014
Profit before tax (SEK thousand)		182,739		147,860
Income tax rate in Sweden	22.0%		22.0 %	
Effect of foreign income tax	- 0.6 %		- 0.4%	
Non-deductible costs	0.5 %		0.9%	
Non-taxable income	0.0 %		0.0%	
Other	0.2 %		- 0.3%	
Average tax rate	22.1%	40,490	22.2%	32,867

Effective tax rate

Parent Company	2015 (%)	2015	2014 (%)	2014
Profit before tax (SEK thousand)		139,145		95,088
Income tax rate in Sweden	22.0%		22.0%	
Non-deductible costs / Non-taxable income	- 7.3 %		- 5.5%	
Other	- 1.4 %		- 2.0%	
Average tax rate	13.3%	18,502	14.5%	13,825

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

	2015			2014		
	Pre tax	Tax effect	After tax	Pre tax	Tax effect	After tax
Exchange differences	- 14,460	—	- 14,460	15,890	—	15,890

10. Deferred tax assets/liabilities

	2015		2014	
	Group	Parent Company	Group	Parent Company
DEFERRED TAX ASSETS				
Losses carried forward	2,028	0	2,383	0
Fixed assets	359	359	305	277
Total	2,387	359	2,688	277
DEFERRED TAX LIABILITIES				
Untaxed reserves	0	0	0	0
Intangible fixed assets	0	0	140	0
Total	0	0	140	0
Recovery date for deferred tax assets (SEK thousand)				
	2015		2014	
	Group	Parent Company	Group	Parent Company
Deferred tax liabilities to be recovered after 1 year	2,387	359	2,688	277
Recovery date for deferred tax liabilities (SEK thousand)				
	2015		2014	
	Group	Parent Company	Group	Parent Company
Deferred tax liabilities to be recovered within 1 year	—	—	140	—
Deferred tax liabilities to be recovered after 1 year	—	—	—	—
Book value (SEK thousand)				
	Deferred tax assets		Deferred tax liabilities	
	Group	Parent Company	Group	Parent Company
As of 1 January 2014	2,539	196	336	—
Change during the year	149	81	– 196	—
As of 31 December 2014	2,688	277	140	—
As of 1 January 2015	2,688	277	140	—
Change during the year	– 301	82	– 140	—
As of 31 December 2015	2,387	359	0	—

The change in deferred tax assets is attributable to utilized tax losses. The change in deferred tax liabilities is attributable to amortization of acquired customer relations.

11. Fixed tangible assets

(SEK thousand)	Group				Parent Company	
	Improvement expenses for others' property	Equipment	Leased Equipment	Total	Equipment	Improvement expenses for others' property
ACQUISITION VALUE						
Balance at 1 January 2014	10,096	24,549	36,748	71,393	1,114	2,461
Investments	1,710	1,666	11,588	14,964	0	0
Acquired assets	0	461	0	461	0	0
Exchange differences	149	296	0	445	0	0
Disposals	-239	-1,044	-10,274	-11,557	0	0
Balance at 31 December 2014	11,716	25,928	38,062	75,706	1,114	2,461
Balance at 1 January 2015	11,716	25,928	38,062	75,706	1,114	2,461
Investments	2,600	4,282	16,562	23,444	0	0
Acquired assets	0	0	0	0	0	0
Exchange differences	-111	-341	0	-452	0	0
Disposals	-490	-2,647	-15,762	-18,899	0	0
Balance at 31 December 2015	13,715	27,222	38,862	79,799	1,114	2,461

(SEK thousand)	Group				Parent Company	
	Improvement expenses for others' property	Equipment	Leased Equipment	Total	Equipment	Improvement expenses for others' property
DEPRECIATIONS AND WRITE-DOWNS						
Balance at 1 January 2014	-5,587	-18,676	-10,367	-34,630	-611	-1,189
Depreciation	-1,654	-1,771	-5,789	-9,214	-125	-492
Disposals	70	608	3,919	4,597	0	0
Exchange differences	-127	-258	0	-385	0	-
Balance at 31 December 2014	-7,298	-20,097	-12,237	-39,632	-736	-1,681
Balance at 1 January 2015	-7,298	-20,097	-12,237	-39,632	-736	-1,681
Depreciation	-2,056	-1,808	-5,199	-9,063	-91	-493
Disposals	490	2,640	6,679	9,809	0	0
Exchange differences	88	145	0	233	0	0
Balance at 31 December 2015	-8,776	-19,120	-10,757	-38,653	-827	-2,174

(SEK thousand)	Group				Parent Company	
	Improvement expenses for others' property	Equipment	Leased Equipment	Total	Equipment	Improvement expenses for others' property
NET BOOK VALUES						
Balance at 1 January 2014	4,509	5,873	26,381	36,763	503	1,272
Balance at 31 December 2014	4,418	5,831	25,825	36,073	378	779
Balance at 1 January 2015	4,418	5,831	25,825	36,073	378	779
Balance at 31 December 2015	4,939	8,102	28,105	41,147	287	287

Leased equipment

The Group leases company cars with financial leasing. The agreements are based on market terms. The leased assets are collateral for the leasing debt (note 27). Paid leasing fees amounts to SEK 5,524 (6,340) thousand.

12. Intangible assets

Group (SEK thousand)	Goodwill	Acquired customer relations	Total
ACQUISITION VALUE			
Balance at 1 January 2014	328,944	30,215	359,159
Exchange differences	14,267	0	14,267
Balance at 31 December 2014	343,211	30,215	373,426
Balance at 1 January 2015	343,211	30,215	373,426
Exchange differences	- 9,894	0	- 9,894
Balance at 31 December 2015	333,317	30,215	363,532
AMORTISATIONS AND WRITE-DOWNS			
Balance at 1 January 2014	0	- 28,554	- 28,554
Amortisation	0	- 906	- 907
Exchange differences	0	65	- 13
Balance at 31 December 2014	0	- 29,395	- 29,395
Balance at 1 January 2015	0	- 29,395	- 29,395
Amortisation	0	- 807	- 807
Exchange differences	0	- 13	- 13
Balance at 31 December 2015	0	- 30,215	- 30,215
Group (SEK thousand)			
	Goodwill	Acquired customer relations	Total
NET BOOK VALUES			
Balance at 1 January 2014	328,944	1,661	330,605
Balance at 31 December 2014	343,211	820	344,031
Balance at 1 January 2015	343,211	820	344,031
Balance at 31 December 2015	333,317	0	333,317

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

Impairment tests for goodwill

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

(SEK thousand)	2015	2014
HiQ Finland – consultancy services in Finland	180,581	188,088
HiQ Öresund – consultancy services in Öresund	46,209	48,481
HiQ Göteborg – consultancy services in Gothenburg	25,537	25,537
HiQ Stockholm – consultancy services in Stockholm	61,052	61,166
HiQ Ace – consultancy services in Linköping	19,938	19,938
Total	333,317	343,211

Recoverable amount for cash-generating units is based on the following important assumptions:

The impairment tests have been based on calculations of the value in use. These values are based on cash flow valuations, in which the forecast for the first year constitutes agreed budget for the unit. The forecast for the following four years is based on mana-

gement's judgement of the development during this period. Cash flows forecasted for the period beyond the explicit forecast period is based on a continued annual growth rate of 1% (1% in 2014). This level is estimated to be in line with the expected level of inflation. Forecasted cash flows are discounted with a discount rate of 8.2%, pre-tax (8.2% in 2014).

Important assumptions and variables with a significant impact on the calculated recoverable amount:

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

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

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

Discount rate: When calculating the recoverable amount HiQ has made the assumption that the operations is financed only by equity, an assumption that is regarded as fair based on HiQ's type of operations.

The interest rate has thereafter been estimated based on a judgement of market terms. The discount rate level is also in line with the levels the stock market demands from a company like HiQ.

Long-term growth: When calculating the recoverable amount HiQ has used a growth rate of 1% in order to extrapolate cash flows after the explicit forecast period.

A sensitivity analysis shows that none of the cash-generating units has a need for impairment if the following assumptions are assumed:

- Top-line growth: 0% (from the first forecasted year and onwards)
- Operating margin: 15% (in line with the Group's long term financial targets)
- Discount rate: 8.2% pre-tax

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

13. Investments in associates

Group (SEK thousand)	2015	2014
At beginning of year	12,066	11,331
Share of profit	0	0
Exchange differences	- 455	735
Book value at end of year	11,611	12,066

Investments in associates refers to HiQ Finland's premises in Espoo, Finland. These premises is owned by a real estate company, owned by the companies that are tenants. The ownership shares in the real estate company are equal to the proportion of the area that HiQ Finland has of the total area of the building. The real estate company is a non-profit company

with the only mission to provide its tenants cost-efficient premises. The name of the real estate company is Westend Affärscentrum OY and the Group's ownership share is 29.9% by the end of 2015. The Group's share of revenues, profit, assets and liabilities are outlined below:

(SEK thousand)	Sales	Profit	Assets	Liabilities	Equity	Ownership
2015						
Westend Affärscentrum OY	658	0	11,747	117	11,611	29.9 %
2014						
Westend Affärscentrum OY	570	0	12,260	194	12,066	29.9 %

14. Receivables – group companies

Parent Company (SEK thousand)	2015	2014
Receivables – Group companies	13,054	40,208

15. Financial fixed assets

Group (SEK thousand)	2015	2014
Available-for-sale financial assets – shares	0	28
Other receivables	285	284
Total	285	312

None of the receivables above have been due.

16. Other receivables

Group (SEK thousand)	2015	2014
Work in progress	1,464	933
Other receivables	5,317	2,776
Total	6,781	3,709

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

Parent Company (SEK thousand)	2015	2014
Other receivables	1,703	856

17. Accounts receivables, trade

Group (SEK thousand)	2015	2014
Accounts receivables, trade	304,045	285,076
Provisions for bad debt	– 3,591	– 3,591
Book value of accounts receivables, trade	300,454	281,485

The book value of trade receivables is assessed to equate to their fair value.

For a breakdown of reported trade receivables by age see below:

Group	2015	2014
Not yet due	270,998	265,703
Up to 3 months overdue	24,505	15,100
Between 3 and 6 months overdue	313	621
More than 6 months overdue	4,638	61
Total	300,454	281,485

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

Note 17, continued

The book value of trade receivables breaks down into the following currencies:	2015	2014
Swedish kronor	253,172	243,982
Euro	45,590	37,225
Danish kronor	793	160
US Dollar	27	118
Other currencies	872	0
Total	300,454	281,485

During the year the following changes were made in the provisions for bad debt:	2015	2014
Opening balance	3,591	3,591
Provisions	0	0
Reversed provisions	0	0
Confirmed bad debt	0	0
Closing balance	3,591	3,591

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

18. Prepaid expenses and accrued income

(SEK thousand)	Group		Parent Company	
	2015	2014	2015	2014
Assignments not yet invoiced	91,334	88,520	0	0
Other	20,390	19,763	3,485	3,874
Total	111,724	108,283	3,485	3,874

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

19. Cash and cash equivalents

Group (SEK thousand)	2015	2014
Cash and cash equivalent	212,414	180,050
Total	212,414	180,050

20. Share capital

	Number of shares
As of 1 January 2014	52,751,523
Split 2:1 (each share split into an ordinary share and one redemption share)	52,751,523
Redemption of redemption shares	– 52,751,523
Share issue – conversion of warrants	387,500
As of 31 December 2014	53,139,023
As of 1 January 2015	53,139,023
Split 2:1 (each share split into an ordinary share and one redemption share)	53,139,023
Redemption of redemption shares	– 53,139,023
Share issue – conversion of warrants	478,770
Share issue – conversion of warrants	306,480
As of 31 December 2015	53,924,273

The total number of ordinary shares as of 31 December 2015 amounted to 53,924,273 (53,139,023) with a quota value of SEK 0.10 per share. All issued shares are fully paid.

Outstanding warrants

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

Time of issue	Subscription period	Strike price	Outstanding number of warrants	
			2015-12-31	2014-12-31
May 2012	May 2015	38.00 SEK	–	567,615
November 2012	November 2015	34.30 SEK	–	326,480
May 2013	May 2016	38.60 SEK	229,000	229,000
November 2013	November 2016	41.50 SEK	304,200	304,200
May 2014	May 2017	39.20 SEK	395,000	395,000
November 2014	November 2017	38.20 SEK	178,688	178,688
May 2015	May 2018	42.80 SEK	355,000	–
November 2015	November 2018	49.20 SEK	283,200	–
Total			1,745,088	2,000,983

The average subscription price for outstanding warrants amounted to SEK 41.77 at the end of 2015 and SEK 38.25 at the beginning of the year. In 2013, no warrants were used for subscription of shares. Average strike price for warrants issued in 2015 amounts to SEK 45.64 (38.89). The warrants have been sold

to employees of the Group. Sale of warrants are made on market terms, based on a valuation made by external advisors with Black-Scholes valuation model. The total amount of warrant premiums received amounts to SEK 1.6 (1.1) million, recognised in equity.

The following assumptions have been used in valuation of warrants:

	Share price ¹⁾	Strike price ²⁾	Interest	Volatility	Term
May 2012	33.60	38.00	1.05 %	26 %	3 years
November 2012	30.80	34.30	0.78 %	26 %	3 years
May 2013	35.15	38.60	0.91 %	26 %	3 years
November 2013	37.38	41.50	1.11 %	25 %	3 years
May 2014	40.05	39.20	0.81 %	22 %	3 years
November 2014	39.08	38.20	0.12 %	24 %	3 years
May 2015	41.20	42.80	0.01 %	24 %	3 years
November 2015	49.71	49.20	–0.30 %	24 %	3 years

Note 20, continued

1) The share price for the May-2012-serie, was set at the average of the closing price from the period 8 May – 11 May 2012. For the November-2012-serie the average closing price from the period 31 October – 5 November 2012 was used. For the May-2013-serie the average closing price from the period 2 - 7 May 2013 was used. For the November-2013-serie the average price from the period 31 October - 5 November 2013 was used. For the May-2014-serie the average closing price from the period 5 - 8 May 2014 was used. For the November-2014-serie the average price from the period 30 October - 4 November 2014 was used. For the May-2015-serie the average closing price from the period 4 - 7 May 2015 was used. For the November-2015-serie the average price from the period 2 - 5 November 2015 was used.

2) The strike price for the May-2012-serie was set at 110% of the average closing price for the period 27 April – 11 May 2012. For the November-2012-serie 110% of the average closing price for the period 23 October – 5 November 2012 was used. The strike price for the May-2013-serie was set at 110% of the average closing price for the period 23 April – 7 May 2013. For the November-2013-serie 110% of the average closing price for the period 23 October – 5 November 2013 was used. For the May-2014-serie 100% of the average closing price for the period 24 April - 8 May 2014 was used. For the November- 2014-serie 100% of the average closing price for the period 22 October - 4 November 2014 was used. For the May-2015-serie 100% of the average closing price for the period 23 April - 7 May 2015 was used. For the November- 2015-serie 100% of the average closing price for the period 23 October - 5 November 2015 was used.

Expenses associated with the warrant programs amounted to SEK 0.1 (0.1) million, of which SEK 0.0 (0.0) million has been charged to costs and SEK 0.1 (0.1) million, recognised in equity.

Matching warrants

As a part of the share ownership program, approved by the AGM 2015, a total of 93,500 (102,800 for the program 2014) matching warrants has been issued. These matching warrants are included in the total number of warrants in the section above. These matching warrants consist of warrants given to key

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

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

	Average strike price	Warrants
As of 1 January 2014	—	0
Granted	39.04	102,800
Forfeited	—	—
Exercised	—	—
Expired	—	—
As of 31 December 2014	39.04	102,800
As of 1 January 2015	—	102,800
Granted	46.18	93,500
Forfeited	—	—
Exercised	—	—
Expired	—	—
As of 31 December 2015		196,300

None of the outstanding matching warrants can be exercised before 2017.

Time of issue	Subscription period	Strike price	Number of warrants
May 2014	May 2017	39.20	86,500
November 2014	November 2017	38.20	16,300
May 2015	May 2018	42.80	44,000
November 2015	November 2018	49.20	49,500

21. Reserves

Group (SEK thousand)	Reserves	Exchange reserve	Total
Balance at 1 January 2014	46	- 13,146	- 13,100
Exchange differences:			
- Group	—	15,890	15,890
Balance at 31 December 2014	46	2,744	2,790
Balance at 1 January 2015	46	2,744	2,790
Exchange differences:			
- Group	—	- 14,460	- 14,460
Balance at 31 December 2015	46	- 11,716	- 11,670

22. Profit per share

Basic profit per share :

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

Group (SEK thousand)	2015	2014
Profit for the period attributable to the equity holders of the company	142,249	114,993
Average number of outstanding shares (thousand)	53,444	52,784
Basic profit per share (SEK/share)	2.66	2.18

Diluted profit per share:

The diluted profit per share is calculated as the profit for the period (attributable to the equity holders of the Company) divided by the average number of outstanding shares for the period with consideration taken to the potential dilution from outstanding war-

rants. The potential dilution is calculated as the difference between the outstanding number of options and the number of shares that could be acquired at market value (calculated as the average share price for the period), for the sum of the subscription price for the outstanding options.

Group (SEK thousand)	2015	2014
Profit for the period attributable to the equity holders of the company	142,249	114,993
Average number of outstanding shares (thousand)	53,444	52,784
Possible dilution from warrants	257	106
Adjusted number of outstanding shares	53,701	52,890
Diluted profit per share (SEK/share)	2.65	2.17

23. Dividend per share

The dividend paid in 2015 and 2014 amounted to SEK 0 million (0.00 per share) and SEK 0 million (SEK 0.00 per share) respectively. During spring 2015, HiQ completed a share split 2:1, (in which each ordinary share were split into one ordinary share and one redemption share) combined with compulsory redemption procedure, in which 53,139,023 shares were redeemed at SEK 2.60 each. Thereby a total of SEK 138,161 thousand was distributed to the shareholders. During spring 2014, HiQ completed a share split 2:1, (in which each ordinary share were split into one ordinary share and one redemption share) combined with compulsory redemption procedure, in

which 52,751,523 shares were redeemed at SEK 2.60 each. Thereby a total of SEK 137,154 thousand was distributed to the shareholders. For 2016 the Board proposes that no dividend should be paid. It is also proposed a share split 2:1 (each ordinary share is split into one ordinary share and one redemption share) combined with a compulsory redemption procedure, where each redemption share is redeemed at SEK 2.90 per share, totalling SEK 156,380 thousand. The Annual General Meeting on March 22, 2016 will decide if procedure shall be carried out. These financial statements do not reflect the proposed split and redemption procedure.

24. Interest-bearing debt

(SEK thousand)	Group		Parent Company	
	2015	2014	2015	2014
LONG-TERM				
Leasing (note 27)	22,907	20,036	0	0
Bank loan	946	1,910	0	0
Total	23,853	21,946	0	0
SHORT-TERM				
Leasing	5,198	5,789	0	0
Total	5,198	5,789	0	0

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

25. Other liabilities

Group			
Other short-term liabilities (SEK thousand)	2015	2014	
Social security contributions and tax	29,654	32,148	
VAT	36,557	34,041	
Other liabilities	20,502	16,178	
Total	86,713	82,367	
Parent Company			
Other short-term liabilities (SEK thousand)	2015	2014	
Social security contributions and tax	1,010	953	
Other liabilities	108	106	
Total	1,118	1,059	

26. Accrued expenses and pre-paid income

(SEK thousand)	Group		Parent Company	
	2015	2014	2015	2014
Holiday salaries, including social security contributions	85,412	82,390	1,180	894
Accrued payroll tax	17,983	16,903	276	395
Accrued salaries, including social security contributions	21,149	9,155	6,131	5,500
Other	17,967	23,081	2,601	2,453
Total	142,511	131,529	10,188	9,242

27. Leasing

Operational leasing (SEK thousand)	Group		Parent Company	
	2015	2014	2015	2014
Due for payment within 1 year	21,333	18,514	9,212	9,242
Due for payment between 1 and 5 years	28,510	26,389	6,948	15,747
Due for payment after 5 years	0	0	0	0

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

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

Financial leasing (SEK thousand) – Group

	2015	2014
Due for payment within 1 year	5,198	5,789
Due for payment between 1 and 5 years	22,907	20,036

The Group's financial leasing agreements relates to company cars. The leasing term is 3 years, with terminal value of 50% after 3 years, with a depreciation rate 17% per year. The leasing agreements can be terminated without financial penalty with the car being

redeemed at its residual value. Leasing agreements are established on market terms. The leasing liability is hedged since the right to the leased object is returned to the lessor in case of payment failure.

28. Pledged assets and contingent liabilities

HiQ International AB has a contingent liability for the fulfilment of the subsidiaries leasing agreements. The amount for the contingent liabilities amount to SEK 27,571 (24,345) thousand. In addition to the contingent liabilities outlined above, there is no other pledged assets and contingent liabilities of SEK 0 (0) thousand related to leasing agreements.

During December 2012, the trustee manager of SAAB Automobile AB, posted reimbursement demands to HiQ of SEK 4.3 million (VAT included)

for services delivered by HiQ. Since then the trustee manager has adjusted the claims to SEK 5.7 million (VAT included). After the end of the reporting period, a settlement of this case has been made with the result that the reimbursement demands is dropped. The effect on HiQs income statement as a result of the settlement is limited.

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

29. Benefits for management

Salary and other remuneration

(SEK thousand) 2015	Base salaries	Variable salaries	Other benefits	Pension premiums	Other remuneration	Share-based program	Total
Chairman of the Board	550	—	—	—	—	—	550
Other Board members	1,440	—	—	—	—	—	1,440
CEO	2,570	4,050	123	444	—	59	7,246
Other senior Executives (11 people)	13,999	3,447	1,099	2,727	—	195	21,467
Total	18,559	7,497	1,222	3,171	—	254	30,703

Salary and other remuneration

(SEK thousand) 2014	Base salaries	Variable salaries	Other benefits	Pensions premiums	Other remuneration	Share-based program	Total
Chairman of the Board	500	—	—	—	—	—	500
Other Board members	1,370	—	—	—	209	—	1,579
CEO	2,448	3,381	133	444	—	8	6,414
Other senior Executives (11 people)	14,030	1,787	1,255	2,903	—	11	19,986
Total	18,348	5,168	1,388	3,347	209	19	28,479

Salaries and remuneration for the CEO in 2015 amounted to SEK 6,620 (5,829) thousand, of which the variable part amounted to SEK 4,050 (3,381) thousand. A defined contribution pension premium was paid at the highest tax-deductible amount, SEK 444 (444) thousand. Social security contributions amounted to SEK 2,119 (1,873) thousand as well as taxes on pension payment of SEK 108 (108) thousand. The retirement age of the CEO is 65 years. In 2014 the CEO has acquired 15,000 warrants to a market value of SEK 41 thousand and also received 15,000 matching warrants with a value of SEK 41 thousand, conditioned by employment in May 2017. The CEO's employment terms stipulates a mutual period of notice of six months during which period salary and other benefits are paid. If the CEO resigns, salary and other benefits is paid under four months after the termination. If notice is given by the company, the CEO is also entitled to severance pay corresponding to ten months' remuneration. If the company would be acquired by a public offer, receives a new main shareholder or conducts a major shift in business idea or changes the scope of operations, the CEO has the right to resign on the same terms as if the notice was given by the company. The Board as a whole, except the CEO, acts as a remuneration committee and deals with matters concerning the CEO's terms of employment and pension terms. The members of the Board received a total remuneration of SEK 1,990 (1,870) thousand, of which

the chairman of the Board received SEK 550 (500) thousand. The AGM in March 2015 decided that the remuneration for the chairman of the Board shall amount to SEK 550 thousand and that the Board members not employed by the company shall receive a remuneration of SEK 225 thousand (Ken Gerhardsen, Gunnel Duveblad, Johanna Fagrell Köhler, Raimo Lind, Erik Hallberg and Ulrika Hagdahl). In addition, the chairman of the audit committee has received a remuneration of SEK 90 thousand. The AGM decided that the Board members could invoice the remuneration from a company. In that case, the remuneration should be set at a level which is cost neutral for the company. In the table above, the basic amount of Board fees is stated. For Board members that have invoiced their Board fee from a company, the Board fee has been increased with social security costs, in order for the Board fee to be cost neutral for HiQ. For the Chairman of the Board compensation for security costs amount to SEK 56 thousand (Board fee is being invoiced). For other Board members social security costs have been SEK 240 thousand and compensation for social security costs amount to SEK 141 thousand (for Board fees invoiced by companies). This in accordance with the decision made by the AGM. In 2014 Board member Johanna Fagrell Köhler, via company, has conducted consultancy services to the subsidiary HiQ Stockholm AB. A total fee of SEK 209 thousand has been paid for the services provided. The 11 (11) other senior execu-

tives received salary and remuneration during 2015 with a total amount of SEK 17,446 (15,828) thousand, of which the variable part amounted to SEK 3,447 (1,787) thousand. The variable part is based on result that are quantitative as well as qualitative. Social security contribution amounted to SEK 5,613 (5,213) as well as taxes on pension payments of SEK 644 (704) thousand. Pension premiums amounted to SEK 2,727 (2,903) thousand. During 2015 other senior executives acquired 25,000 warrants at market price. The market price for these warrants at time of allotment amounted to SEK 73 thousand and thereby also received 25,000 matching warrants with a total value of SEK 73 thousand, conditioned by employment in May and November 2018.

During 2014 other senior executives acquired 21,500 warrants at a fair value of SEK 58 thousand. And thereby were also granted 21,500 matching warrants with a total value of SEK 58 thousand, conditioned by employment in May and November 2017. Other senior executives have a mutual term of notice of 3–6 months and in most cases are entitled to severance pay equivalent to 3–6 months on notice given by the company. The retirement age for all other senior executives is 65 years. Matters relating to salary and remuneration paid to other senior executives were decided by the CEO of HiQ International, in certain cases following consultation with the chairman of the Board. The information above applies to the parent company as well as for the group.

30. Group companies

Specification of the Parent Company's and the Group's shares in Group companies:

Name	Corporate ID	Registered office	Country	Shares	Share of capital	Book value (SEK thousand)
HiQ København A/S	20851147	Kastrup	Denmark	500	100%	3,495
HiQ Finland OY	0648086-9	Espoo	Finland	600	100%	273,921
ZAO MobilEyes INN	7707281246	Moskva	Russia	69,042	100%	2,545
HiQ Accelerated Concept Evaluation AB	556640-3415	Linköping	Sweden	523,600	100%	26,849
HiQ Computer and Audio-Technical Systems AB	556194-0403	Stockholm	Sweden	10,000	100%	1,200
HiQ Göteborg AB	556244-6384	Gothenburg	Sweden	1,020	100%	44,798
HiQ Karlskrona AB	556534-5336	Karlskrona	Sweden	1,000	100%	600
HiQ Linköping AB	556738-3400	Linköping	Sweden	1,000	100%	1,100
HiQ MobilEyes AB	556563-2345	Stockholm	Sweden	1,000	100%	9,767
HiQ Mälardalen AB	556443-8736	Lidingö	Sweden	1,000	100%	215
HiQ Skåne AB	556628-0136	Lund	Sweden	1,000	100%	100
HiQ Stockholm AB	556506-5819	Stockholm	Sweden	1,000	100%	41,532
						406,122

Parent Company (SEK thousand)	2015	2014
ACQUISITION VALUE		
At beginning of year	552,145	543,845
Given Group contributions	9,000	8,300
At end of year	561,145	552,145
ACCUMULATED WRITE-DOWNS		
At beginning of year	- 146,023	- 137,623
Write-downs	- 9,000	- 8,400
At end of year	- 155,023	- 146,023
Book value of shares in Group companies	406,122	406,122

All Group companies provide consultancy services.

31. Cash flow from operating activities

	Group		Parent Company	
	2015	2014	2015	2014
Interests paid and dividends received				
Interest received	297	698	72	467
Interest paid	- 382	- 598	- 191	- 451
Total	- 85	100	- 119	16
	Group		Parent Company	
	2015	2014	2015	2014
Adjustments for items not included in cash flow				
Anticipated dividends from Group companies	—	—	—	- 16,000
Depreciation	9,870	10,289	583	617
Provisions	- 391	388	—	—
Write-down of shares in Group companies	—	—	9,000	8,400
Total	9,479	10,677	9,583	- 6,983
	Group		Parent Company	
	2015	2014	2015	2014
Transactions not leading to payments				
Acquisition of assets by financial leasing	7,479	5,232	0	0
	Group		Parent Company	
	2015	2014	2015	2014
Cash and cash equivalents (SEK thousand)				
The following components are included in the liquid assets:				
Cash and cash equivalents	212,414	180,050	136,565	110,452
Total cash and cash equivalents	212,414	180,050	136,565	110,452

The Parent Company (and thereby the Group) has an unutilised overdraft facility of SEK 50 million.

32. Related-party transactions

Related-party relations:

The parent company has at related-party relation to its subsidiaries (note 30).

Purchases and net sales, Group Internal, Parent Company (SEK thousand)	2015	2014
Net sales to Group companies	33,708	36,255
Purchases from Group companies	3,140	1,095
Interest income from Group companies	22	39
Interest expenses to Group companies	190	451
Results from shares in Group companies, Parent Company (SEK thousand)	2015	2014
Dividends received from Group companies	55,304	32,311
Received Group contributions	105,000	84,000
Write-down of shares in Group companies	- 9,000	- 8,400
Total	151,304	107,911

Transactions with senior executives

Remuneration to Board members have, according to a decision made by the Annual General Meeting, been paid with an amount of SEK 1,990 (1,870) thousand. In addition, SEK 68 (72) thousand have been paid as reimbursement of travel and accommodation expenses in connection with the Board work. In 2014, Johanna Fagrell Köhler, via company, carried out consultancy work for HiQ Stockholm AB for

a fee totaling SEK 209 thousand. No loans have been given to the Board members or any senior executives. For further information regarding benefits for senior executives, please refer to note 29.

Transactions with associated companies

Group companies have paid rents to associates with SEK 517 (502) thousand.

33. Critical accounting estimates and assumptions

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

A. Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 12). In note 12 a sensitivity analysis regarding the value of the Group's goodwill is presented. An impairment of goodwill would effect the Group's profit as well as the equity of the Group. However, the cash flow would not be effected.

B. Revenue recognition

The Group applies the percentage of completion method in recognising revenues in fixed price contracts. The percentage of completion method requires estimates regarding the proportion of services performed (out of the total services required for the fixed price contract) on the balance sheet date. If the proportion between estimated performed services and total services would differ by 10% from the Management's assessment, net sales would increase if the performed proportion would have increased and decreased if the performed proportion would have decreased. The impact at the year-end is marginal due to the current low amount of fixed priced projects.

34. Financial risk management

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

decentralised by the subsidiaries, according to the Group's policies and guidelines.

A. Market risk

Foreign exchange risk

HiQ has operations mainly in Sweden, Finland, Denmark and Russia. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Most of the company's operations are local, i.e. income and expenses are in the same currency, which decreases the exposure to foreign exchange risks. In some cases, sales are made in a different currency from that in which the costs of producing the services were incurred. In cases where revenues and expenses are in different currencies the foreign exchange risk increases. Because of its limited foreign exchange exposure, HiQ does not currently employ any form of currency hedging. The company could be affected by substantial foreign exchange rate fluctuations, but we consider this risk to be small. The currency breakdown of the Group's incoming payments is SEK 82%, Euro 17% and other currencies 1%. For outgoing payments the breakdown is SEK 83%, Euro 16% and other currencies 1%. If the Swedish Crown had strengthened/weakened by 10% against the Euro (with all other variables held constant) the net profit 2015 would have been approximately SEK 5 million lower/higher. Equity would have been approximately SEK 26 million higher/lower, mainly as a result of foreign exchange difference on translation of goodwill. The Group has investments in foreign entities whose net assets are exposed to foreign exchange risks. The foreign exchange exposure arising from this are not hedged. All together HiQ's currency exposure is judged to be very limited.

Cash flow and interest rate risk and fair values

As the Group has no significant interest-bearing assets, except cash at bank accounts, the Group's income and cash flows are substantially independent of changes in market interest rates. Borrowings issued at fixed rates could expose the Group to interest rate risk. Financial leasing agreements as well as the Group's credit facility are at variable interest rates. Therefore no interest rate regarding fair values arise. An increase in the average interest rate on financial leasing with 1 percentage point would effect the Group's profit negatively with approximately SEK 0.3 million. From time to time the Group's surplus

liquidity could be invested in short-term investments exposed to some (low) price risk. The risk is regarded as low, due to the short duration of the investments. By the end of 2015 the Group had SEK 0 (0) million in short-term investments.

B. Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to clients, including outstanding receivables and committed transactions. Most of HiQ's assignments are charged on account, i.e. time spent is invoiced monthly. 97% of net sales is charged on account, with fixed-price assignments, i.e. projects charged according to a fixed schedule, accounting for the remaining 3%. Projects charged on account are invoiced monthly or at the conclusion of the project. Payment is normally due within 30 days, although shorter and longer payment periods occasionally apply. Each week, accounts receivables are followed up to ensure that payment terms are met. Interest is charged on late payments and unpaid invoices are referred to a debt collection agency. Most of HiQ's clients are large

and well-established. The ten largest clients account for about 41% of net sales and include Ericsson, Volvo Group and FMV. New clients are subject to credit checks. Actual bad debts have historically been low. For further information regarding bad debts, please refer to note 17.

C. Liquidity risk

Liquidity risk is managed by maintaining sufficient cash and short-term investments and the availability of funding through an adequate amount of committed credit facilities. The management forecasts the Group liquidity (cash and cash equivalents and credit facilities) based upon forecasted cash flows. HiQ's liquidity is very good. Cash flow before investments in 2015 was SEK 157.1 (104.0) million and on 31 December 2015 cash and cash equivalents amounted to SEK 212.4 (180.1) million.

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

As of 31 December 2015	Less than 3 months	Between 3 months and 1 year	More than 1 year
Financial debt (excluding Financial leasing)	—	—	946
Financial leasing	1,300	3,899	22,907
Accounts payable, trade	58,446	—	—
Other liabilities	86,713	—	—
As of 31 December 2014	Less than 3 months	Between 3 months and 1 year	More than 1 year
Financial debt (excluding Financial leasing)	—	—	1,910
Financial leasing	1,464	4,392	20,276
Accounts payable, trade	49,123	—	—
Other liabilities	82,367	—	—

Management of capital risk

The Group's aims as regards its capital structure are to safeguard the Group's ability to continue its operations, such that it can continue to generate a return for shareholders and benefits for other stakeholders, and to maintain a capital structure that – against this background – keeps capital costs down. To maintain or adjust the capital structure, the Group may change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets in order to reduce debts. A consultancy company such as HiQ has a limited asset-based security base for

borrowing. The Group's strategy in 2015, which as unchanged from 2014, was to maintain positive net funds. As of 31 December 2015 financial net funds amounted to SEK 183.4 million (SEK 152.3 million as of 31 December 2014).

35. Events after the reporting period

No substantial events have occurred after the reporting period.

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

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

Stockholm 29 February 2016

Anders Ljungh
Chairman of the Board

Gunnel Duveblad
Member of the Board

Ulrika Hagdahl
Member of the Board

Erik Hallberg
Member of the Board

Johanna Fagrell Köhler
Member of the Board

Ken Gerhardsen
Member of the Board

Raimo Lind
Member of the Board

Lars Stugemo
Member of the Board and
Chief Executive Officer

Our Auditors' report for this annual report was submitted on 29 February 2016.
PricewaterhouseCoopers AB

Nicklas Kullberg
Authorised Public Accountant

Auditor's report

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

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of HiQ International AB (publ) for the year 2015, except for the corporate governance statement on pages 27-32. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 24-70.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

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

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or

error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 27-32. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors

and the Managing Director of HiQ International AB (publ) for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 27-32 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opini-

ons. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

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

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm 29 February 2016
PricewaterhouseCoopers AB

NICKLAS KULLBERG
Authorized Public Accountant

Definitions of key ratios

Gross margin: Operating profit/loss after reversal of depreciation, as a percentage of net sales.

Operating margin: Operating profit/loss, as a percentage of net sales.

Operating capital: Equity and interest bearing debt, minus liquid assets and other interest bearing assets.

Return on shareholders' equity: Profit/loss after tax in relation to average of opening and closing shareholders' equity.

Return on operating capital: Operating profit/loss in relation to average of opening and closing working capital.

Net sales per employee: Net sales in relation to average number of employees.

Added value: Operating profit/loss plus salary expenses, including social security contributions and pension expenses.

Added value per employee: Added value in relation to average number of employees.

Operating profit per employee: Operating profit/loss in relation to average number of employees.

Average number of employees: Average number of employees during the year, converted into full-time employee equivalents.

Equity/assets ratio: Closing shareholders' equity as a percentage of closing balance sheet total.

Yield: Proposed dividend as a percentage of share price at end of financial year.

Earnings/share: Profit after tax divided by average number of shares, before and after dilution.

Equity/share: Shareholders' equity in relation to total number of outstanding shares.

Cash flow/share before dilution: Cash flow for the year in relation to total number of outstanding shares.

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Board of directors

1. LARS STUGEMO, born 1961. Master of science Electrical Engineering, Royal Institute of Technology. President and CEO of HiQ International since 2000. Employed since March 1995. Managing Director, HiQ Data AB 1998–2000. Other assignments: Chairman of the Board Kambi Group Plc and member of Avd VI The Royal Swedish Academy of Engineering Sciences (IVA). Holdings in HiQ: 256,651 shares, 15,000 warrants, 15,000 matching warrants.

2. ULRIKA HAGDAHL, born 1962, Master of science Engineering Physics, Royal Institute of Technology. Board member since 2012. Founder of Orc Software AB, Head of Development Orc Software 1987-1990, President and CEO Orc Software AB 1990-2000. Other assignments: Member of the board of IFS AB and Beijer Electronics AB.

3. JOHANNA FAGRELL KÖHLER, born 1966. Master's Degree International Economics, French, University of Lund. Board member since 2011. President and CEO Mobiento 2011-2013. CEO ONE Media Hol-

ding 2005–2010. MD Summer Design AB 2002–2005. Business Area Manager IconMedialab 1998–2002. Other assignments: Chairman of the board of Ekelöv Info Security AB, Glimr AB and FSport AB. Member of the boards of Independent Hotel Group AB and Åkesson & Curry AB.

4. RAIMO LIND, born 1953. Master Degree Economics, Helsinki School of Economics. Board member since 2013. CFO of Wärtsilä Oyj 1998-2013, deputy MD since 2005. Worked for Wärtsilä 1976-1989 with positions both in Finland and abroad. CFO and management positions at Tamrock Oy 1992-1998, MD Scantrailer Ajoneuvoteollisuus Oy 1990-1991. Other assignments: Chairman of the board of Elisa Oyj and Evac Group Oy. Member of the board & chairman of the audit committee Nokian Tyres. Holdings in HiQ: 1,300 shares.

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5. ANDERS LJUNGH, born 1942. Ph.D. in Technology, Royal Institute of Technology; M.Sc. Business and Economics, Stockholm School of Economics. Chairman of the board since 2003 and member of the board since 2001. Senior Advisor, Morgan Stanley 1996–2001; CFO, European Bank for Reconstruction and Development 1991–1994; Head of Handelsbanken's Overseas Department 1975–1990; World Bank 1969–1975. Other assignments: Member of the boards of Axiomatics, Living Capital Management, Reformed Spirits Co and Mobilize Systems. Holdings in HiQ: 12,000 shares.

6. KEN GERHARSEN, born 1952. Master of science Engineering Physics, Linköping Institute of Technology. Board member since 1995. President and CEO of HiQ International AB until February 2000. Other assignments: Member of the board of Ymer Technologies and Stockholm Text. Holdings in HiQ: 25,557 shares.

7. ERIK HALLBERG, born 1956. Engineer in Machine Technology. Board member since 2012. Executive Vice President TeliaSonera and board member of TeliaSonera International Carrier AB. Founder and Chairman of the board of Glocalnet 1996-1999,

CEO Diners Club Sweden 1990-1994. Other assignments: Member of the boards for Eurasian countries (Kazakhstan, Uzbekistan, Moldova, Georgia, Tajikistan, Afghanistan, Nepal, Azerbaijan) and Turkey and TeliaSonera International Carrier AB.

8. GUNNEL DUVEBLAD, born 1955. Computer Science, Umeå University. Board member since 2007. Managing Director, EDS North Europe 2002– 2006. Employed within IBM 1977–2002, holding various management positions within IBM at Nordic and European level. Other assignments: Chairman of the boards of i.e. Team Olivia AB, Global Scanning A/S and Stiftelsen Ruter Dam. Member of the boards of i.e. Sweco and PostNord. Holdings in HiQ: 2,000 shares.

Holdings include related party holdings and holdings through companies.

AUDITOR: PRICEWATERHOUSECOOPERS AB

Responsible auditor Nicklas Kullberg, born 1970. Authorised Public Accountant. Auditor of HiQ since 2010.

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Management

1. JERKER LINDSTÉN, born 1971. Managing Director, HiQ Göteborg since 2004. Master of science Automation Engineering, Chalmers University of Technology 1995. Employed since 2004. Previous positions: Regional Manager, Sales Manager, Framfab Region West; Business Area Manager, etc., Telia. Holdings in HiQ: 17,000 shares, 30,000 warrants.

2. LARS STUGEMO, born 1961. Master of science Electrical Engineering, Royal Institute of Technology. President and CEO of HiQ International since 2000. Employed since March 1995. Managing Director, HiQ Data AB 1998–2000. Other assignments: Chairman of the Board Kambi Group Plc and member of Avd VI The Royal Swedish Academy of Engineering Sciences (IVA). Holdings in HiQ: 256,651 shares, 15,000 warrants, 15,000 matching warrants.

3. MIKAEL TENG, born 1964. Business development, HiQ International since 2007. Master of science Engineering, Royal Institute of Technology 1990. Employed since 1998. Previous positions: Global Account Manager

and consultant, HiQ Stockholm; Manager, Accenture; Consultant, Tieto Enator; SW Engineer, Oerlikon Contraves AG, Switzerland.

4. FREDRIK MALM, born 1974. CFO, HiQ International since 2002. M.Sc. Business and Economics, Stockholm School of Economics 1997. Employed since 2002. Previous positions: Corporate Finance, Enskilda Securities; Corporate Finance, Nordea Securities; Holdings in HiQ: 45,000 shares, 19,500 warrants, 12,500 matching warrants.

5. MAGNUS GUDÉHN, born 1962. Managing Director, HiQ Stockholm since 2013. Master of Science Mechatronics, Royal Institute of Technology, 1986. Employed since 1995. Business Area Manager 2008–2013, MD HiQ Cats 2005–2008, consultant manager 1999–2005. Previous positions: project manager and developer at Enator and Logica Sydney. Holdings in HiQ: 6,284 shares, 40,000 warrants, 20,000 matching warrants.



6. PATRIK HOLM, born 1966. Managing Director, HiQ Ace since 2009. Master of Science Industrial Economics, Linköping Institute of Technology 1993. Employed since 2008. Previous positions: Senior Vice President, Enea Nordic Services; Managing Director, Enea Systems AB; Managing Director, Enea Epact AB. Holdings in HiQ: 36,624 shares.

7. JUKKA RAUTIO, born 1974. Managing Director, HiQ Finland since 2010, Managing Director HiQ Quality Services Oy 2008-2010. Master of Science 2001, Oulu University. Employed since 2008. Previous positions: Founder and MD, TSG Test Solutions. Holdings in HiQ: 155,000 shares.

8. JENNY SPERENS, born 1975. Head of Corporate Communications at HiQ since 2015. Master of Science, Royal Institute of Technology 2002, BaSc USA 1998, EMBA Stockholm School of Economics 2007. Employed since 2015. Previous positions: Product Manager Radi Medical Systems AB, Consultant JKL, Marketing and Communications Manager Acreo AB, Director of Communications Swedish ICT AB. Holdings in HiQ: 10,000 warrants, 10,000 matching warrants.

9. ANDERS NILSSON, born 1970. Managing Director, HiQ Mälardalen since 2004. Graduate Engineer 1990. Employed since 2000. Previous positions: Project Manager, Celsius Test Systems; Product Manager, Volvo Aero Support; Licence Engineer, ABB. Holdings in HiQ: 2,840 shares, 4,000 warrants, 4,000 matching warrants.

10. ANNA KLEINE, born 1973. Managing Director, HiQ Skåne since 2012. Bachelor of Science, Information technology, University of Lund 1999. Employed since 2003. Previous positions: consultant, sales and business area manager at HiQ; consultant and project manager, Telia ProSoft AB. Other assignments: Member of the boards of Mobile Heights and Länsförsäkringar Skåne.

11. KLAS NYSTRÖM, born 1955. Managing Director, HiQ Karlskrona since 2007. Naval Officer. Employed since 2007. Previous positions: Various positions at Telenor, Founder and Vice President of Testbolaget Sverige, Ericsson, Lieutenant-Commander in the Swedish Navy.

Holdings include related party holdings and holdings through companies.

**"We deliver the entire chain
from R&D to digital and back"**

www.hiq.se

