

HiQ'S PRELIMINARY YEAR-END REPORT FOR THE 1999 FINANCIAL YEAR

HiQ is an IT and management consultancy company focusing on high-tech solutions in the fields of telecoms, mobility and the Internet. Formed in 1992, the company is now a leader in these fields and the Nordic region is its domestic market. The Group's turnover in 1999 was SEK 223 million and the company employs 300 people in Sweden, Norway and Denmark. HiQ is listed on the Stockholm Stock Exchange's O list. For more information, please visit our web site at www.hiq.se

Preliminary year-end report for the 1999 financial year for HiQ International AB (publ), Swedish company registration number 556529-3205.

HiQ reports 72% increase in profits

- **Turnover increases 47% compared with the same period last year, reaching SEK 223.0 million (SEK 151.5m).**
- **The operating profit is a 72% improvement on 1998 with a figure of SEK 38.0 million (SEK 22.1 m), corresponding to an operating margin of 17.0% (14.6%).**
- **HiQ takes on 102 new employees during the year.**
- **HiQ is listed on the Stockholm Stock Exchange's O list on Monday 12 April.**
- **HiQ signs a general agreement with telecoms provider Ericsson, becoming their "preferred supplier" of consulting services.**
- **HiQ starts a special initiative focusing on the Mobile Internet and joins the WAP Forum and the GPRS Applications Alliance.**
- **HiQ signs a partnership agreement with Nokia.**
- **Carl Bildt joins the Board of HiQ.**
- **The Board proposes the AGM a 10:1 split.**
- **The Board proposes the AGM a dividend payment of SEK 3 per share.**

Market trends

Demand trends in HiQ's market have shown a healthy development in 1999.

HiQ currently employs 300 IT and management consultants who are involved in international assignments in the fields of telecoms, mobility and the Internet. We provide high-tech solutions to companies in tomorrow's industries, which have a rapid and intensive pace of technological development.

The most important driving forces in the company's market are rapid technological development, the increased trend towards mobility in society at large and the increased penetration of the Internet.

People are becoming increasingly aware of Sweden as a world leader in the field of the Mobile Internet, and this has a positive impact on HiQ. Another important factor is the deregulated telecommunications market, since it

provides us with a competitive edge in assignments involving telecoms services, where HiQ has accumulated considerable experience.

The number of Internet and Mobile Internet assignments has shown a substantial increase during the year. HiQ started its Mobile Internet initiative during the spring and is now a member of the WAP Forum and the GPRS Applications Alliance. Approximately 45 of HiQ's consultants are currently involved in Mobile Internet related projects.

The demand for Internet solutions is also increasing as the technology involved becomes more complex, and more business-critical, mobile solutions with high security and performance standards are developed for the Internet.

As a leading telecoms consultant, HiQ has signed general agreements with major telecoms players such as Ericsson, Nokia, Telia Mobile and Swedia Networks.

Demand in the field of telecoms is increasing in all geographic markets. The rapid growth in the telecoms industry is mainly driven by rapid technological development and stiffening competition. Suppliers are developing new products and operators are developing new services at an increasingly rapid pace, just as end users are demanding new solutions. HiQ's client base includes all three groups and the company often plays a central role in the development of advanced products and services.

International demand has resulted in an increase in the number of management consulting assignments that focus on telecoms. During the autumn, HiQ launched a new unit focusing on Business Consulting and international projects. HiQ currently has assignments in the Netherlands, France and Luxembourg, including in projects for international clients such as United Pan-Europe Communications (UPC), Formus Communications and Swedia Networks. The development is thoroughly in keeping with HiQ's ambition to follow its clients abroad and to establish international clients in Sweden.

The number of assignments in the field of Finance has increased. This is due to an increased need for advanced communications solutions that maintain a high level of security and performance. HiQ has acquired several new clients in this segment during the year.

Modern vehicles also contain an increasing number of IT components and vehicles are rapidly becoming clients in the network. In the automobile industry, HiQ focuses on the development of embedded systems for cars, and the number of customers in this field has also grown. During the year,

HiQ has implemented several assignments designed to attune the IT systems of cars to those of the environment.

Ever since 1992, HiQ has worked on advanced high-tech training simulators for the JAS 39 Gripen. In 1999, the company received new orders from the Swedish Defence Material Administration (FMV) valued at approximately SEK 50 million. HiQ is a leader in this field and we have considerable expertise in the fields of simulation and flight training.

Invoicing and results

HiQ's turnover in 1999 rose 47% compared with the previous year, totalling SEK 223.0 million (SEK 151.5 m). Growth has been exclusively organic.

The operating profit was SEK 38.0 million, a 72% improvement compared with 1998 when the figure was SEK 22.1 million. The result is equivalent to an operating margin of 17.0%, compared with 14.6% for the 1998 full year.

The listing on the Stockholm Stock Exchange's O list on 12 April has been charged to the Group's profits in the amount of SEK 4.1 million. Since the costs are of a non-recurring nature and affect comparability, they are booked as a separate item after the operating profit.

There are several reasons for the healthy growth and excellent result reported by HiQ. They include very strong demand for HiQ's services, the successful recruitment of new employees and wise investments in the Group's structure and management that have yielded positive results in 1999.

The Group's net interest income in 1999 was SEK 332.0 thousand (- SEK 317.0 thousand). This difference is due to the fact that the Group's average liquidity was higher in 1999 compared with 1998 and that costs of SEK 434 thousand for the implementation of options programmes were charged to the Group's net interest income/expense in 1998.

The company's effective tax rate in 1999 was 29% (33%).

Accounting principles

This preliminary year-end report has been drawn up pursuant to previous accounting principles. When drawing up the statement of source and application of funds, recommendation number 7 of the Swedish Financial Accounting Standards Council has been followed, and the previous year's figures have thus been recalculated.

Staff

HiQ gained 102 new employees in 1999.

HiQ continues to attract qualified and experienced employees. This is partly the result of increased interest in the company since its Stock Market listing. The number of job applications received by HiQ has increased by 300% since the listing.

Staff turnover in 1999 was 6%, which is a very low figure for the industry.

Stock market listing

HiQ International's shares were listed on the O list of the Stockholm Stock Exchange on 12 April. There was great interest, and demand for the shares was almost four times the issue's size of 2 million shares, which is half the shares in the company.

75% of the shares in the issue were allocated to foreign and Swedish institutional investors, whilst the remaining 25% was allocated to the general public and HiQ staff.

With 4 million shares and 240,000 warrants, of which 58,258 warrants have been exercised, HiQ International's share capital on 31 December 1999 was SEK 4.058 million, each share with a nominal value of SEK 1.

The number of shareholders per 31 December 1999 was 2,400, foreign shareholders are 28 per cent.

Per 31 December 1999, share price was SEK 545, a 414% upturn compared with the price at the time of listing on 12 April, which was SEK 106 - the market value was SEK 2.2 billion.

4.6 million shares were traded from the day of the listing until the end of the period. An average of 24,731 shares were traded daily from 12 April until the end of the period.

On 31 January 2000, HiQ's shares were quoted at SEK 780, a rise of 43% from 1 January 2000.

Investments

The group's net investments for the period were SEK 4.7 million, of which investments in financial leasing accounted for SEK 1.8 million.

Financial status

HiQ's financial status continues to be favourable. At the end of the period, the group's liquid assets were SEK 31.7 million (SEK 19.2 million) and interest-bearing net cash was SEK 26.3 million (SEK 15.3 million).

Shareholders' equity on 31 December 1999 was SEK 57.3 million compared with SEK 35.1 million on 31 December 1998, a rise of 63%. The equity/assets ratio was 54.4% (48.0%).

Other key events since the end of the period

- HiQ renewed its general agreement with Ericsson as preferred supplier of consultancy services for the year 2000.
- HiQ acquires WISE Networks, a Danish IT and telecoms consultancy with just over 20 systems developers and project managers working within telecoms, the Internet and wireless. The company has offices in Århus and Copenhagen.
- HiQ acquires Open Software, IT and telecoms consultancy with 20 systems developers within datakom, telecoms and mobile Internet with office in Gothenburg.
- Lars Stugemo appointed as new CEO of HiQ International.

Annual General Meeting

HiQ's Annual General Meeting will be held on 25 April 2000. The record date is scheduled for 14 April. In addition to the regular AGM business, the Meeting will also address the Board's proposal for a new issue of HiQ shares to the sellers of WISE Network.

In light of the strong performance of HiQ's share, the Board of Directors has decided to propose a 10:1 split to the Meeting, which will take place this Spring.

The Board proposes a dividend payment of SEK 3 per share. The coupon date is scheduled for 4 May.

The annual report will be available at the HiQ main office from the 11th of April 2000.

Outlook

The market for HiQ's services continues to be very strong and demand on the international market is rising.

The company's future looks bright and we are seeing a substantial amount of new business opportunities, both nationally and internationally. We do not see any signs of the market slowing down, but instead anticipate continued rapid growth with high profitability.

HiQ will continue its Mobile Internet and Internet initiatives by working with suppliers, operators and end users. We believe that the development of advanced business-critical and mobile solutions for end users is accelerating, and will be focusing more on this throughout the year.

The company's growth will mainly be organic, bolstered by strategic acquisitions.

Our international expansion will continue.

HiQ's long-term financial goal is to attain growth of at least 30% with an operating margin of at least 15%.

The Parent Company

The Parent Company's net turnover was SEK 15.1 million (SEK 5.3 million). The operating profit before IPO-related cost deductions of -SEK 4.1 million (0) was SEK 0.9 million (-SEK 1.8 million). The net of financial income and expenses was SEK 28.7 million (SEK 24.3 million), which includes profit from participation in group companies - group contributions of SEK 28.1 million (SEK 24.4 million).

After appropriations of -SEK 5.4 million (-SEK 5.1 million) and tax being charged to the year's profit at SEK - 6.1 million (SEK - 5.8 million), the year's net profit was SEK 14.0 million (SEK 11.7 million).

Interest-bearing net cash per 31 December was SEK 30.1 million (SEK 19.3 million), shareholders' equity was SEK 30.7 million (SEK 18.6 million) and equity/asset ratio was SEK 60.3% (51.1%).

The company's net investments for the period were SEK 1,4 million (SEK 3,0 million) the majority of which this year, like the previous year, was accounted for by investments in subsidiaries.

Upcoming financial information:

The interim report for the period January - March will be presented on 25 April 2000.

Stockholm
2 February 2000

The Board of Directors of HiQ International AB.

This report has not been subject to examination by the Auditor.

For further information, please contact:

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The preliminary year-end report will be presented at Operaterrassen in Stockholm, Wednesday 2 February at 12.00. The report is also available at HiQ's web site, www.hiq.se or can be ordered by phoning +46 8 588 90 000.

