

HiQ – PRELIMINARY YEAR-END REPORT FOR THE 2000 FINANCIAL YEAR

HiQ is an IT and management consultancy focusing on high-tech solutions in the fields of telecoms, mobility and simulation technology. The company is a leader in these fields, and the Nordic region is its domestic market. HiQ employs more than 400 people at offices in Sweden, Norway, Denmark and Finland. HiQ is listed on the OM Stockholm Stock Exchange. For more information, please visit our web site at www.hiq.se.

Preliminary year-end report for HiQ International AB (publ.), corporate identity no. 556529 3205, for the 2000 financial year

HiQ's turnover increases by 81% in 2000 with a margin exceeding 18%

- Turnover increased by 81% to SEK 404.9 million (SEK 223.2 m).
- Profit prior to goodwill increased by 88% to SEK 73.1 million (SEK 38.8 m). The profit corresponds to a margin prior to goodwill depreciation of 18.1% (17.4%).
- Operating profit rose by 74%, amounting to SEK 66.1 million (SEK 38.0 m), corresponding to an operating margin of 16.3% (17.0%).
- HiQ appointed 157 (102) employees during the year.
- HiQ acquired WISE Networks in Copenhagen and Open Software in Gothenburg.
- HiQ obtained a new order worth SEK 130 million for the development of flight-training simulators for the JAS 39 Gripen from the FMV.
- HiQ set up a subsidiary in Helsinki.
- HiQ signed a general agreement with Motorola in Denmark.
- HiQ was assigned by the Swedish National Post and Telecom Agency to analyse UMTS license applications.
- HiQ signed a new general agreement with Netcom.
- HiQ signed a new general agreement with Ericsson.
- HiQ signed a new collaboration agreement with Nokia.
- HiQ signed agreements for the development of a new finance system for Aktiesparinvest.
- The Board proposes that the AGM issues a dividend of SEK 0.50 (0.30) per share.

Market trends

HiQ's market has been very strong in 2000. We continue to deliver quality services to our customers, enabling high profitability and continued healthy growth.

HiQ is a streamlined IT and management consultancy focusing on telecoms, mobility and simulation technology. HiQ prioritises quality and profitability before growth, and puts its customers and staff at the fore.

Thanks to this fundamental strategy, HiQ has been able to capitalise on the very strong demand on the market in 2000, develop the company and advance its position.

In the spring, we established our operations in Helsinki. The developments in Finland are progressing according to plan. We are appointing consultants and conducting business.

With offices in several countries, our international customers are able to work with HiQ in several geographic locations. Two such examples are Formus Communications and Tele 1 Europe, with whom HiQ works in both Sweden and Norway.

Progress within telecoms is faster than ever. When technology develops, increased bandwidth follows in both fixed and mobile networks. Increased bandwidth enables new services, which are often launched in fixed and mobile versions. Demand within telecoms and mobility has risen sharply during the year, especially in terms of technical and commercial expertise in third generation mobile telephony systems, 3G.

These developments are providing HiQ with more assignments within technology as well as business and service development. HiQ works with GPRS and UMTS with customers throughout the Nordic region. In July, HiQ was given the assignment of helping the Swedish National Post and Telecom Agency in Sweden with analysing the applications for the four UMTS licenses awarded in December.

We have extensive experience from a competitive telecoms market, with a breadth within telecoms and mobility that is in demand internationally today. In 2000 we had a higher proportion of international assignments and conducted projects in countries such as the UK, Japan, Germany, the Netherlands, Switzerland, France and Israel.

During the year, our customer base has broadened thanks to ongoing developments within the financial sector and our focus on the telematics market within the transport industry.

The financial services industry requires advanced, business-critical real-time solutions, often with round-the-clock availability. HiQ has worked with system development within finance since 1996, developing several securities systems with high demands in terms of performance and security. In December an agreement was signed with Aktiesparinvest regarding the development of financial savings systems.

In September, HiQ commenced a wireless cars initiative. HiQ has been working with the transport industry since 1995 and with telematics for more than three years. We are witnessing an increasingly strong interest among our customers in

assignments involving communication solutions based on the latest technology, e.g. GPRS, Bluetooth and UMTS. In the autumn, HiQ received several new telematics assignments from companies such as SAAB Automobile.

HiQ has been working with flight-training and education simulators for the JAS 39 Gripen since 1992. During 2000, HiQ received new orders worth SEK 130 million, which is the result of one satisfied customer and longstanding experience within simulation technology.

During the year, several important general agreements have been entered into with key customers. HiQ signed a new preferred supplier agreement for 2001 with Ericsson regarding consulting services. A new collaboration agreement for 2001 was signed with Nokia. During the summer, a general agreement was signed with Motorola regarding consulting services within system development of telecommunication and radio communication for the Tetra standard. Other general agreements signed during the year include Teligent, Netcom and Birka Energi.

Acquisitions

During the year, we have acquired HiQ WISE in Denmark, providing us with geographic presence in the Öresund region, and HiQ Open in Gothenburg, bolstering our footing in western Sweden.

Both companies provide us with more expertise within systems development and wireless, not to mention many new customers.

HiQ WISE in Denmark and HiQ Open in Gothenburg are integrated in the group. Both companies contribute to both growth and profitability.

The companies were consolidated on 1 May 2000 and goodwill will be depreciated over 10 years.

Invoicing and profit

HiQ's turnover for 2000 increased by 81% on the previous year, amounting to SEK 404.9 million (SEK 223.2 m). Growth has mainly been organic.

Profit prior to goodwill increased by 88% to SEK 73.1 million (SEK 38.8 m) compared with the same period last year. The profit corresponds to a margin prior to goodwill depreciation of 18.1% (17.4%).

Operating profit rose to SEK 66.1 million, an improvement of 74% compared with 1999, when it amounted to SEK 38.0 m. This result corresponds to an operating margin for 2000 of 16.3% compared with 17.0% for 1999.

The reasons for the strong growth and excellent financial result are strong demand for HiQ's services, long-term relationships with important customers and successful recruitment.

The group's net financial income for 2000 amounted to SEK 1,393 thousand (SEK 332 thousand).

The group's effective tax rate for 2000 amounted to 31% (29%).

Accounting principles

This preliminary year-end report has been drawn up in accordance with previous accounting principles.

Staff

HiQ appointed 157 (102) employees in 2000. 40 employees also joined the company through the acquisitions of HiQ WISE and HiQ Open.

At the end of the year, the number of employees totalled 417; of those, more than 60 work abroad.

HiQ continues to develop the company in order to become the best employer in the industry. During the year, HiQ has successfully appointed skilled employees.

Staff turnover in 2000 was 9%. We consider HiQ's staff turnover low compared with the average for our industry, which has increased dramatically during the year.

Investments

The group's net investments amounted to SEK 115.7 million (SEK 4.7 m) during the period under review. Of this amount, investments in goodwill accounted for SEK 103.4 million (SEK 0 m), investments in new premises SEK 4.6 million (SEK 1.3 m) and investments in financial leasing SEK 4.0 million (SEK 1.8 m).

Financial status

HiQ's financial position continues to be very healthy. At the end of the period, the group's liquid assets amounted to SEK 82.2 million (SEK 31.7 m), and its interest-bearing net cash balance totalled SEK 74.2 million (SEK 26.2 m).

Shareholders' equity amounted to SEK 208.6 million on 31 December 2000 compared with SEK 57.3 million on 31 December 1999 – a rise of SEK 151.4 million. Besides generating profit of its own, the increase in shareholders' equity is due to the acquisitions of Open and WISE by the issuing of new shares and exercising warrants.

At the end of the year, the equity/assets ratio amounted to 67% (54%).

Other significant events following the close of the period

- HiQ signs a general agreement with Tele1 Europe in Norway.
- The Board of Directors is joined by Anders Ljungh.

SPP

During this period, the refund of surplus funds from SPP is reported in the amount of SEK 2.1 million. These funds will be utilised until 2001 inclusive.

In the income statement, the entire amount is reported as an item affecting comparability.

AGM

The AGM of HiQ will take place on 26 April 2001. The record day for participation in the AGM is planned for 12 April.

The Board of Directors suggests a dividend of SEK 0.5 per share. The scheduled day for dividend payment is 7 May.

The annual report will be obtainable from group headquarters two weeks prior to the AGM.

Future outlook

We continue to see strong demand for our services and a continued good workload with new interesting assignments both nationally and internationally.

High quality in performed assignments means content customers, excellent profitability and room for continued growth.

HiQ continues to work on developing the company into a more international one, and Europe's leading consultancy within telecoms and mobility. An important prerequisite is a strong foothold in the Nordic region. Our main strategy is organic growth supplemented by strategic acquisitions. We continue to intensify our efforts and invest in Finland, and we also view the Netherlands, Germany, the UK and Japan as interesting markets.

We continue to develop our focus on the financial services industry and telematics. We believe that both are markets with great needs in terms of communication-intensive solutions, which makes them attractive to HiQ.

We estimate that the proportion of 3G projects will rise during the year, as we are witnessing rising demand for expertise within the technological and commercial aspects of 3G mobile telephony.

We work tirelessly to attract and retain staff by making HiQ the best workplace with the lowest staff turnover in the industry.

HiQ's long-term financial goal is to achieve organic growth of at least 30% and an operating margin prior to goodwill of at least 15%.

The Parent company

The parent company's net turnover, which is entirely within the group, amounted to SEK 28.9 million (SEK 15.1 m). Operating profit/loss amounted to -SEK 382 thousand (SEK 905 thousand).

The net amount of financial income and expenses amounted to SEK 53.8 million (SEK 28.7 m), which includes the results from participations in affiliated companies – group contribution in the amount of SEK 50.0 million (SEK 28.1 m).

After appropriations in the amount of -SEK 10.3 million (-SEK 5.4 million) and tax, which is charged to the profit for the year in the amount of SEK 11.5 million (SEK 6.1 m), net income for 2000 amounted to SEK 31.7 million (SEK 14.0 m).

On 31 December, the interest-bearing net cash balance amounted to SEK 57.1 million (SEK 28.3 m), shareholders' equity SEK 172.6 million (SEK 30.7 m) and the equity/assets ratio 81% (60%). The company's net investments during the period under review amounted to SEK 109.9 million (SEK 1.4 million), the majority of which relates to investments in subsidiaries.

Telephone conference

HiQ will hold a telephone conference in English on 1 February at 4.00 p.m.

CEO Lars Stugemo and CFO Anna Jennehov will be representing HiQ.

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Code: 16 42 42

Presentation material can be retrieved as of 2.00 p.m. from HiQ's English web site www.hiq.se/english.

Upcoming financial information:

The interim report for the period Jan-March will be presented on 26 April 2001.

The interim report for the period Jan-June will be presented on 14 August 2001.

The interim report for the period Jan-Sep will be presented on 23 October 2001.

The preliminary year-end report for 2001 will be presented on 4 February 2002.

Stockholm

1 February 2001

The Board of Directors of HiQ International

This report has been reviewed by the company's auditors.

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HiQ International Group
Company registration number 556529-3205

Income Statement

SEK 000s	Full year 2000	Full year 1999
Operating income	404 920	223 176
Cost of services sold	-49 464	-27 154
Other external expenses	-45 064	-26 487
Staff costs	-232 593	-127 982
Operating profit before depreciation (EBITDA)	77 799	41 553
Depreciation, tangible fixed assets	-4 694	-2 705
Operating profit before intangible depreciation (EBITA)	73 105	38 848
Depreciation, intangible fixed assets	-7 042	-832
Operating profit (EBIT)	66 063	38 016
Items affecting comparability (see Note 1)	2 141	-4 091
Financial items	1 393	332
Pre-tax profit	69 597	34 257
Tax	-21 445	-10 091
Profit after tax	48 152	24 166

Note 1. 4 091 in 1999 refers to costs in connection with the listing of the company on the Stockholm Stock Exchange april 1999. 2 141 in 2000 relates to a refund of pensionsexpenses from SPP.

Balance Sheet

SEK 000s	Full year 2000	Full year 1999
ASSETS		
Intangible fixed assets	98 188	1 871
Tangible fixed assets	18 608	11 050
Financial fixed assets	95	52
Total fixed assets	116 891	12 973
Accounts receivable	62 971	31 056
Other current assets, excl. liquid assets	50 737	29 487
Liquid assets	82 156	31 746
Total current assets	195 864	92 289
Total assets	312 755	105 262
SHAREHOLDERS' EQUITY, RESERVES AND LIABILITIES		
Shareholders' equity	208 637	57 268
Long-term, non-interest bearing allocation	9 502	5 626
Long-term interest-bearing liabilities	6 493	4 333
Short-term, non-interest bearing liabilities	86 569	36 810
Short-term, interest bearing liabilities	1 554	1 225
Total shareholder's equity, reserves and liabilities	312 755	105 262

	Full year 2000	Full year 1999
Key figures		
Operating profit (EBIT)	66 063	38 016
Gross profit (EBITDA)	77 799	41 553
Operating profit before intangible depreciation (EBITA)	73 105	38 848
Gross margin (EBITDA margin)	19,2%	18,6%
Operating margin before intangible depreciation (EBITA margin)	18,1%	17,4%
Operating margin (EBIT margin)	16,3%	17,0%
Profit margin before tax	17,2%	15,3%
Capital employed	216 684	62 826
Operating capital	134 433	31 028
Return on operating capital	79,9%	149,7%
Return on shareholders' equity	36,2%	52,3%
Financial position		
Capitalised investments in computers	2 729	1 530
Liquid assets	82 156	31 746
Interest-bearing net cash	74 204	26 240
Shareholders' equity	208 637	57 268
Equity/assets ratio	66,7%	54,4%
Cash flow analysis		
Cash flow before change in operating capital & investments	69 378	31 092
Change in operating capital	-9 336	-8 517
Cash flow before investments	60 042	22 575
Cash flow from investments	-11 817	-3 979
Cash flow after investments	48 225	18 596
Cash flow from financing activities	2 185	-6 069
Change in liquid assets	50 410	12 527
Employees		
Number of employees at end of period	417	254
Number of employees in duty at end of period	366	221
Number of employees recruited	157	102
Average number of employees	295	178
Value added per employee	945	859
Turnover/employee	1 374	1 252
Operating profit/employee	224	213
Share data		
No. of shares, thousands	43 183	40 580
Average no. of shares, thousand	41 861	40 000
No. of shares after full dilution, thousands	44 531	42 400
Profit per share before items affecting comparability, SEK	1,11	0,68
Profit per share after items affecting comparability, SEK	1,15	0,60
Equity per share before dilution, SEK	4,83	1,41
Profit per share after dilution, SEK	1,08	0,57
Equity per share after dilution	4,69	1,35