

Annual Report 2020



bts

Strategy made personal

Areas we play

Strategy Alignment and Business Acumen



Today's rapidly changing business climate pressures your leaders to better understand your company's business model, faster. BTS works with people at all levels, developing the strong business acumen necessary for successful strategy execution. BTS's programs use highly experiential customized simulations to allow your people to run the business and practice executing the strategy as if it were their own.

Leadership Development



We know that leadership is relentlessly contextual and immensely personal. As such, leadership development should be customized to your strategy, culture, and business environment. Our simulation-based learning programs allow your people to experience leading as if in real life, developing the skills and confidence necessary to drive strategy execution.

Sales and Marketing



Building mastery of business acumen and people dynamics, we equip your salespeople to more effectively engage buyers and prioritize sales activity, inspiring better customer decisions and driving exceptional results. We enable sales managers to optimize sales management, with the skills to lead people, develop people, and execute their plan, leveraging both business acumen and people dynamics. Not only do we focus on the salesperson and sales manager, but also on developing sales and marketing approaches for sales leaders, marketing, specialized sales sources, and channel partners.

Innovation and Digital Transformation



Success in today's world requires constant innovation and an astute use of digital technology. We help leaders at all levels learn how to manage through digital disruption and cultivate the culture and environment necessary for innovation. Through our customized business simulations, your people will bridge the gap from your company's current state to your desired future state, capturing the benefits of technology, speed, innovation, and smart risk-taking.

Assessments



Faced with limited talent pools and a highly competitive market, hiring and promoting the right people can be extremely difficult. BTS Assessment helps your company gain an accurate understanding of your employees' capabilities, and designs talent selection and development initiatives that align with the strategic needs of your business. Working with leaders at all levels, our solutions make identifying, selecting, and developing the right talent more accurate and efficient.

Coaching



For too long, coaching has been seen as a 'black box' focused more on individual needs than strategic business goals, and something affordable for only senior leaders. Over a decade ago, BTS Coach eliminated all of these constraints by turning coaching on its head. We partner with you to create bespoke one-to-one coaching journeys that support your initiatives, and also offer a portfolio of just in-time solutions allowing you to access high quality, globally available, scalable executive or team coaching solutions on demand.

Change and Transformation



Change has changed. At BTS, we help you turn plans to actions because we know that change and transformation can't be planned perfectly. Partnering with your company, we link transformation to your strategy by defining the outcomes and structures necessary for working in new ways. Through transformational experiences, your leaders shift their mindsets, enabling them to embrace and lead change. They execute your new strategy with new actions and behaviors in an environment where change is expected and leveraged as an opportunity.

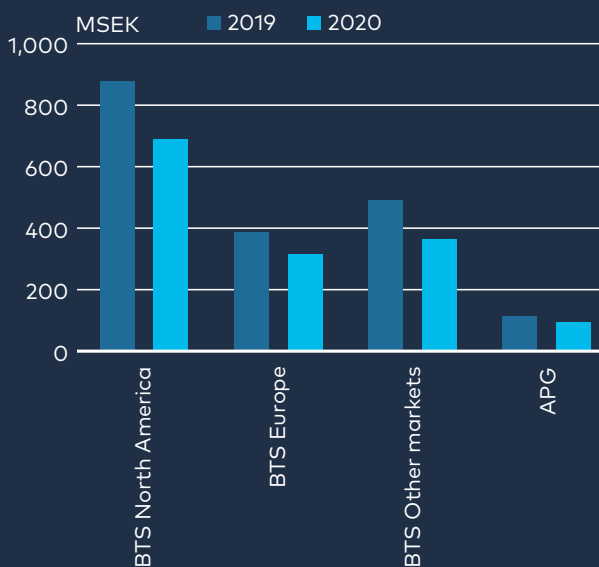
Helping the world's leading companies

BTS is a global professional services firm headquartered in Stockholm, Sweden, with approximately 820 professionals in 33 offices located on six continents.

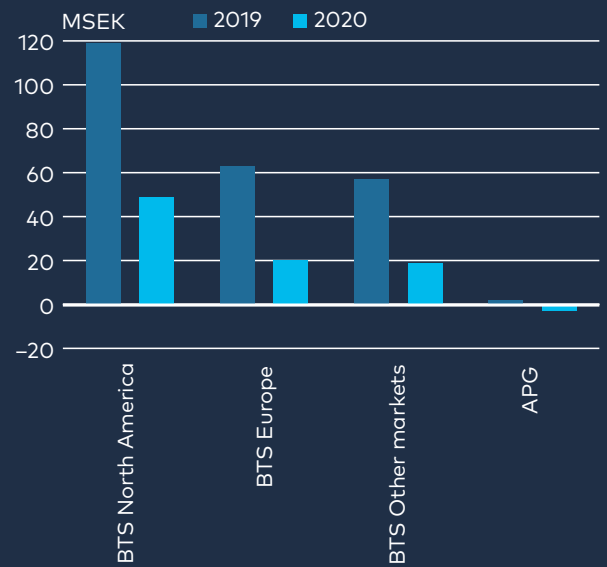
BTS'S OFFICES AROUND THE WORLD



Net sales per operating unit



Operating profit (EBITA) per operating unit



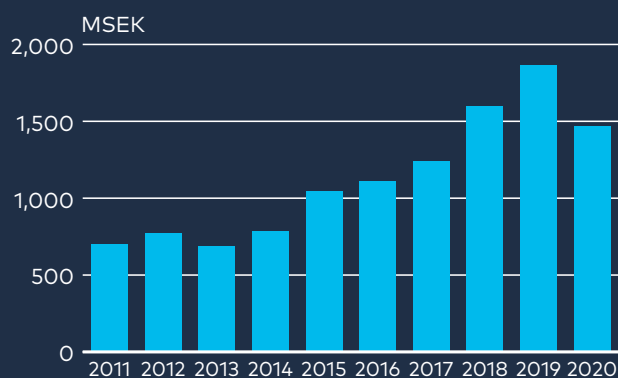
Companies turn strategy into results

We work with our clients to build commitment and capability to accelerate strategy execution and improve business results. Our vision is to be the global leader in turning strategy into action.

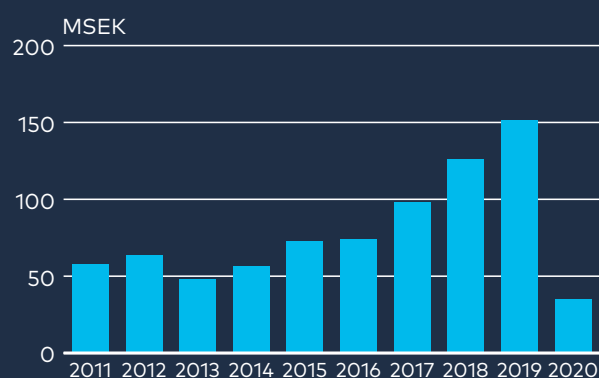
Some of our clients

- ABB
- Atlas Copco
- Bancomer
- Bayer
- BHP
- Cepsa
- Chevron
- Coca-Cola
- EY
- Ericsson
- Mercado Libre
- Microsoft
- Mondelez
- Nike
- Petronas
- Salesforce.com
- SAP
- ServiceNow
- Tencent
- TMobile
- Vale
- Verizon
- Wärtsilä

Net sales



Profit after tax



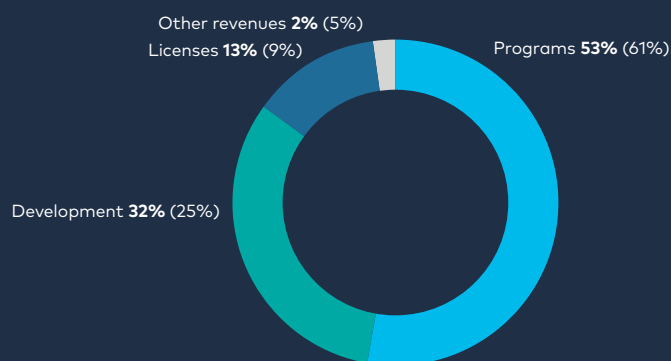
2020 in brief

- Net turnover amounted to SEK 1,464 millions (1,865).
- Sales decreased by 19 percent, adjusted for changes in foreign exchange rates.
- EBITA decreased by 63 percent to SEK 90 millions (245)
- Profit before tax decreased by 76 percent to SEK 51 millions (216).
- Profit after tax decreased by 77 percent to SEK 35 millions (151).
- Earnings per share decreased by 77 percent to SEK 1.82 (7.84).

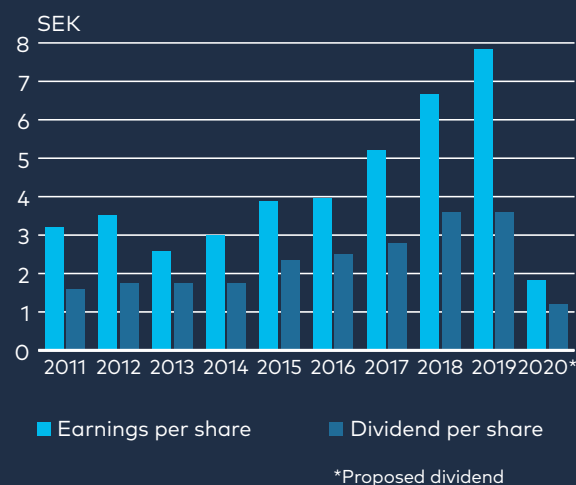
Key ratios	2020	2019
Net sales, SEK millions	1,464	1,865
Operating profit (EBITA), SEK millions	90	245
Operating margin (EBITA margin), %	6	13
Operating profit (EBIT), SEK millions	65	226
Operating margin (EBIT margin), %	4	12
Profit before tax, SEK millions	51	216
Profit after tax, SEK millions	35	151
Profit margin, %	2	8
Operating capital, SEK millions	523	600
Return on operating capital, %	12	39

Key ratios	2020	2019
Return on equity, %	5	20
Equity ratio at the end of the year, %	36	45
Cash flow from operating activities, SEK millions	242	218
Cash flow, SEK millions	307	48
Cash and cash equivalents at the end of the year, SEK millions	591	316
Average number of employees	843	779
Number of employees at the end of the year	821	832
Net turnover per employee, SEK millions	1.7	2.4

Net sales by source of revenue
2020 (2019)



Earnings and dividends per share





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Culture eats strategy for breakfast

"I don't enjoy my work, nor the company, not at all. And I don't have one single friend who does, they all feel the same".

A few people in their 20's recently shared their work experiences with me.

Young and passionate people, full of expectations and ambitions.

Now disappointed and disillusioned from work cultures they do not enjoy.

Was it always like this, I thought, with my mind going back to the days of my own youth, and to my friends from University?

We had other expectations, we had the mindset that our employers were the experienced ones, and if they had set things up in a certain way, this was most certainly right. Work was a duty, and the way we provided for our living.

There are many companies which have great cultures with people who are growing, high performing and happy. But to be honest, these are the minority of organizations.

Now, almost every company, whose website we visit, describes a vision and values which are attractive. Their people must for sure be happy and thriving.

Not really.

This is what the data is telling us.

At Glassdoor, a website where former and current employees rate their employers, the average assessment of company culture is 3.5 – on a scale 1–5. This means that the average company just about achieves a passing grade.

According to a recent Gartner survey, 46 percent of employees are largely dissatisfied with their overall experience at work. Only 13 percent of employees reported being largely satisfied.

Culture determines success or failure

Is there a difference between what companies say they are and who they really are?

Someone described the difference between corporate talk and corporate values in this way: what is written on our website is corporate talk, the corporate values are how we live and behave every day, in real life.

"Culture is just a buzz word, our job is to drive performance". I heard this from a CEO a year ago.

What is culture?

Culture is "the underlying beliefs and values and the common habits and behaviors in an organization". It defines how people think and act day to day, and respond to new opportunities and challenges.

An organization's culture is often deeply engrained and rooted among its people. This is why "Culture eats strategy for breakfast".

My belief is that culture determines success or failure for a company, for a family, and to an extent for a country.

Companies can succeed year after year because of their culture. Companies can fail because they drift away from their original culture, from what made them successful. Companies can fail because they do not adapt their culture to a changing market place and a changing society.

Fear or love

It used to be OK to run a business with a poor, or even toxic, culture, as long as you delivered profits and paid your people well. Those days are over.

In order to find talent and customers and retain them, we need to live the behaviors which create a healthy culture.

It used to be fine to run a business based on fear. Some still do, but they will soon belong to the history books. If you run your business based on love, everyone will win.

In fact, in order to be a successful business going forward; to attract the right talent; to win and keep your customers, to move with the creativity, speed and agility required in today's market place, the right culture will be more important than ever.

Are you a leader who reads this feeling comfortable that your culture is effective and that your employees are thriving?

How sure are you?

Did you check your rating on Glassdoor?

We all know that a culture is built from the top, and through the actions of the top leaders. So, if you want to change or modify your culture, this is where the change needs to start.

Our Culture

How is the culture at BTS, the global consultancy I founded over thirty years ago and still lead today?

We hire many people, who stay with us, who show passion and joy and are themselves. I see this every day, when I see them at work and with clients.

They are happy!

And performing at high standards. Growing with drive and ambition.

The ranking of our culture on Glassdoor is at 4.4; the highest rating I have seen in our industry.

Building and maintaining a healthy culture is not easy. For us it has been an ongoing and long-term commitment of putting our people first in the good times and the bad.

We strive for a culture which combines a high performance drive with a big heart – for employees, clients and all the hundreds of thousands of people we meet every year through our business.

In our work we support leaders of major companies around the world to build cultures where their people can be free to be themselves, grow, perform at their best, realize some of their dreams and be happy.

2020 – the year everything changed

Our entire industry faced a huge challenge early in 2020 – all physical training was canceled, wiping out 70 percent of our revenue.

To address this, we decided on a strategy to make us stronger in the long term, allowing us to continue to serve our customers better and increase revenue and earnings for the years ahead:

- 1) Invest, a lot and quickly, to adapt all services to a virtual format.
- 2) Move our resources to focus on the industries and the companies that continue to invest.
- 3) Increase product development and marketing.
- 4) Keep our people safe and retain them: we have a well-oiled and high-performing organization with great people which have created innovation and growth for many years.
- 5) Strengthen the cash balance and reduce costs selectively.

During 18 years on the stock exchange until 2019, we have achieved a growth of an average of 14 percent per year, and an average results (EBITA) improvement of 18 percent. Our goal for 2020 has not been to maximize profit, but rather to create the conditions for continuous long-term profit in the future.

With our rapid focus in virtual and digital solutions, we have managed to compensate for almost three quarters of the 70 percent revenue loss. The trend in revenue and earnings has gradually improved over the second, third and fourth quarters.

We have also taken an important lead. The changes in the market will be lasting: even when the COVID-19 crisis is behind us, a significant share of demand will center on virtual and digital solutions.

In the middle of 2020 several key events related to racism created shock waves in the United States and globally. At



BTS, we feel an important need to engage. We are looking inward to evaluate and improve inclusivity in our own culture. We have expanded our hiring practices to create a more diverse team. We have formed five partnerships with external experts to learn from and go to market with to best serve our clients' diversity, equity and inclusion initiatives. And we are working to support our local communities with our core services.

Outlook going forward

BTS's ambition is to exit the 2020 pandemic and recession as a stronger company. Our goal is to have a larger and more profitable operation than before the pandemic – based on an expanded customer base, deeper customer relations, a stronger organization and better services and solutions for our customers – digital, virtual and physical.

Overall, we have tackled the potential crisis for our industry brought about by the 2020 pandemic very well. I would like to take this opportunity to thank all our employees for their incredible commitment and hard work during this challenging period – you made this possible.

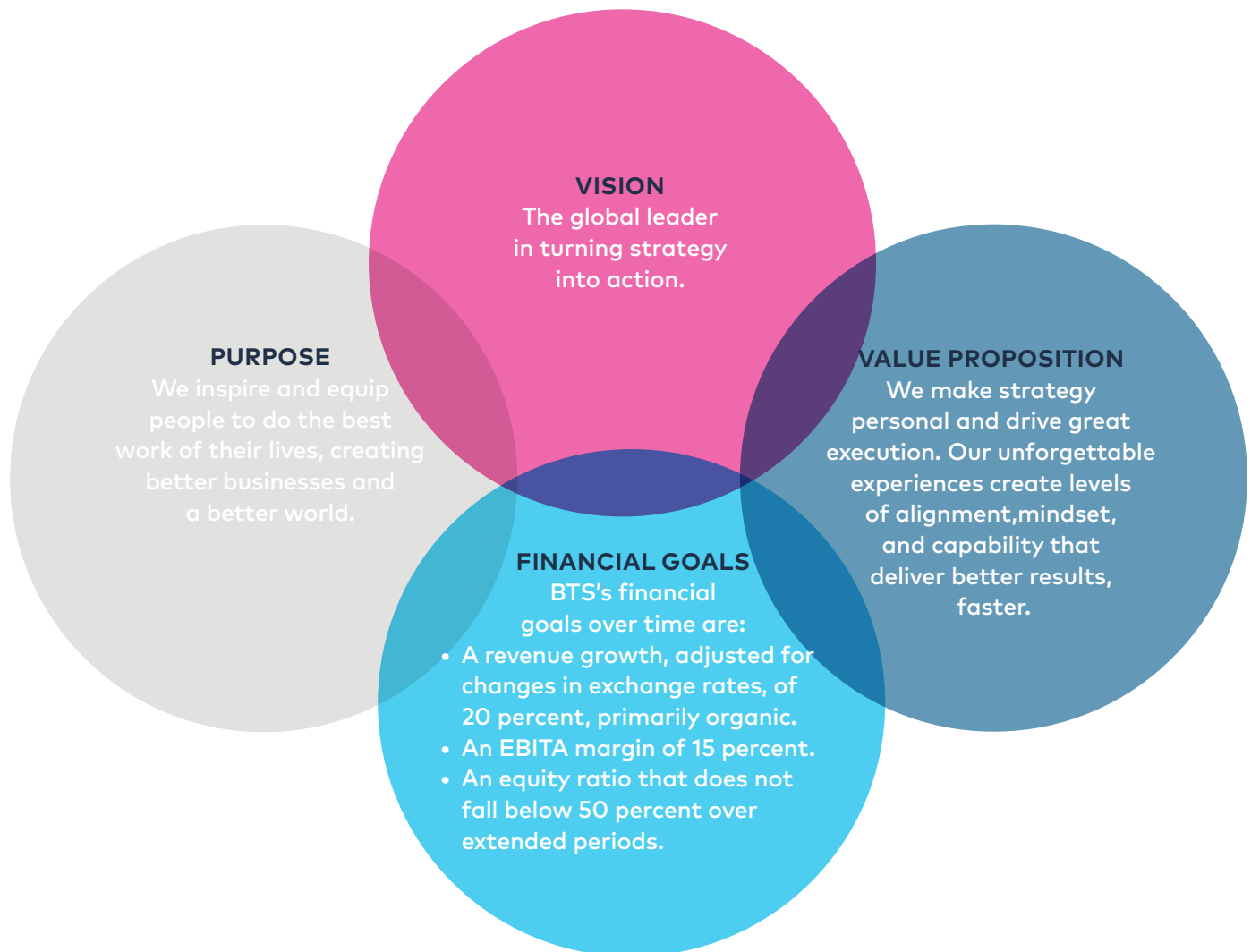
The outlook for 2021 is favorable: we believe that earnings will be significantly higher than in 2020 and in line with earnings in 2019.

Stockholm, April, 2021

Henrik Ekelund
Founder and CEO of BTS Group AB

The global leader in turning strategy into action

BTS focuses on the people side of strategy, working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At our core, we believe people learn best by doing. For more than 30 years, we've been designing fun, powerful experiences that have a profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success. *It's strategy made personal.*



The BTS Group's 11 strategic principles

Focus

We focus on our world-class capability to customize and deliver discovery-based solutions that give our clients superior business results and ROI. Every new solution/service we develop shall build on the core competencies of BTS.

Internationalization

BTS is a global organization, providing services around the world to a client base of mainly international organizations.

Organic growth complemented by acquisitions

BTS grows organically, building on its core competencies and customer base. Acquisitions must provide major synergies and complement new markets, new customer bases, and new areas of expertise/solutions.

BTS enters new geographic markets and new sectors through a customer-driven approach – revenues and customers first, cost second.

Top clients and long-term partnerships

BTS's clients shall be predominantly high-image/large clients – and the most demanding and professional clients.

BTS establishes long-term partnerships with clients, built on delivery of top-quality and highly visible results and strong customer relations.

By leveraging our portfolio of solutions and capabilities, we build suites of solutions used throughout our clients' organizations, resulting in a recurring and growing flow of revenues over a long period of time.

Differentiation – higher value and premium position

BTS's services are differentiated through superior business results and ROI. Some differentiation factors for BTS are:

- Discovery-based learning
- Customization
- Results process
- Customer intimacy and focus
- Great people driven by excellence and quality
- Global coverage
- Broad range of solutions
- Innovation

Offer solutions and IP – not sell time

BTS's prices are generally fixed and are not set per unit of time.

BTS capitalizes on its IP (Intellectual Property), creating recurring revenues while striving to increase the share of total sales attributable to license revenues.

Network-oriented sales and marketing

BTS continuously increases the quantity of, and improves the quality of, resources dedicated to client contacts and sales. These are key drivers of growth for BTS. Our priorities:

- Existing clients and account management
- New targets generated through the network of existing clients
- Qualified new targets that can profit from our competitive advantages

Value chain – focus on strategic assets and high value

BTS owns and sources internally:

- Intellectual Property
- Customization
- Client contacts
- High level/critical delivery

BTS uses independent resources and contractors – to gain access to expertise and for optimal resource planning – in order to maximize quality and productivity.

BTS builds partnerships in order to gain access to customers and to combine capabilities.

One company – one best practice

BTS has detailed processes and best practice exchanges to ensure compatible methods throughout the Group – leveraging the company's knowledge and increasing productivity. We deliver well-coordinated and integrated services across the globe.

Innovate – and develop close to the customer

BTS invests in development to cover the key needs of our clients and to provide the best solutions. BTS adapts existing solutions and develops new solutions in joint projects with clients to secure effective and client-needs-driven innovation.

The people and the company spirit

BTS's professionals are all very visible to the client, and the company spirit is a main driver of client and employee satisfaction. BTS emphasizes a positive and professional company culture expressed in six core values.

Recruitment, development, and motivation of our people – creating business-focused high performers throughout the organization – are key drivers of our growth.



Practices

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Strategic Alignment and Business Acumen

Here are three shocking statistics that reveal common gaps in leadership development efforts, and will make you question your organization's ability to execute strategy effectively.

- 67% of well formulated strategies fail
- 71% of managers cannot pick their own strategy out of a multiple choice selection of six strategies
- 70% of leaders from VP to first level manager cannot define Free Cash Flow

To summarize, more than two-thirds of your people cannot pick your strategy out of a line up, and over two-thirds of your people cannot define the ultimate measure of your strategy's success, free cash flow. So, is it any wonder that over two-thirds of strategies fail?

At BTS we think these statistics are correlated. To do this we innovated a unique approach to experiential learning for business leaders. And we became the world leader in using powerful business simulations to build strategy alignment and business acumen.

BTS plays exclusively on the People Side of Strategy. When it comes to the people side of strategy, our POV is:

Execution = Alignment X Mindset X Capability

Alignment: Do your managers understand the what and the why of the strategy?

Mindset: Do your managers hold the right mindsets to lead a growth business and to generate enterprise value creation?

Capability: Do your managers have the key capabilities needed to make better business choices?

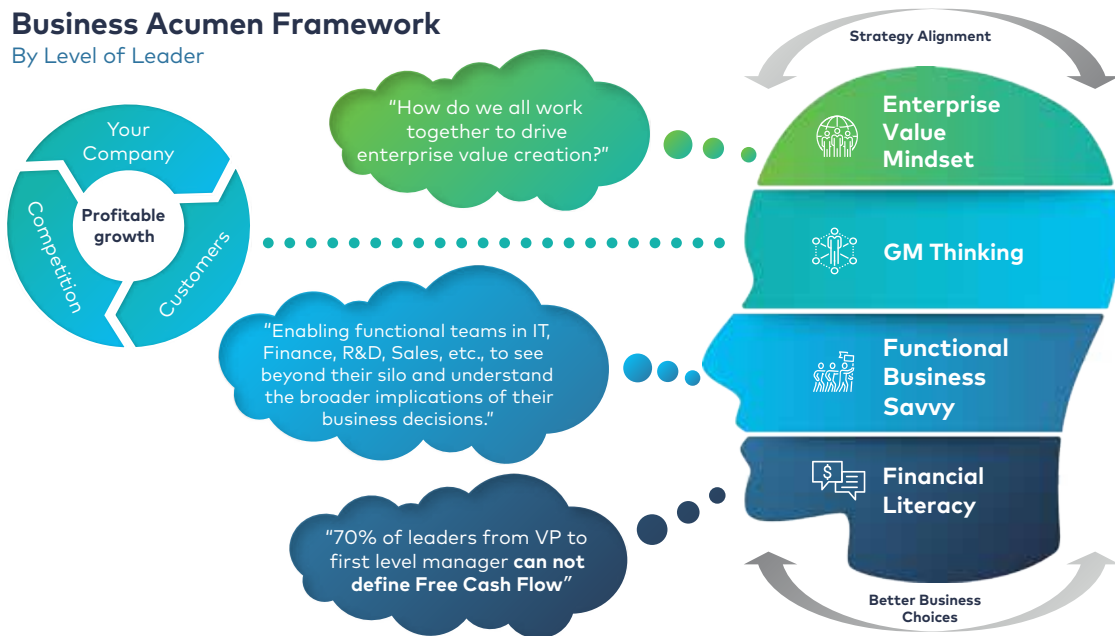
Now, let's dig deeper into the inner architecture of business acumen by introducing you to this four-level business acumen framework. This framework is designed as a continuum from the capability needed at individual contributor to middle manager to the most senior executive level.

Financial literacy

It all begins with financial literacy. When your CFO or CEO shares quarterly results, do people understand what she is saying about the profit and loss statement, earnings and

Business Acumen Framework

By Level of Leader



cash flow? Do your people understand how your company makes money and how they fit into the bigger picture? We believe building this financial literacy, or a level of fluency with financial terminology, is incredibly important for managers. This capability needs to be built all the way out to the front line, so managers understand the strategy, align to the strategy, and execute the strategy.

Functional business savvy

The next level of business acumen is what we call 'functional business savvy.' As managers progress in their careers, they begin to grow within a functional area. They are rewarded and recognized and promoted for functional specialization. As people move up in a function, they often struggle to break out of their silo perspective and see the broader business. To grow as leaders within a function, they must develop what we call 'functional business savvy', meaning they must understand how their function works with other functions to serve the customer, win in the market and generate profitable growth. BTS has innovated many function-specific business simulations which give managers a wider view of the impact their function has on the broader business.

General Manager (GM) thinking

If you have financial literacy basics and you've developed functional business savvy over time, these are necessary components of GM Thinking, but they are not sufficient. As you move up in the organization, you will eventually need to develop a holistic perspective of the business if you want to continue to progress in your career. This is really where more comprehensive business acumen becomes critical. We also call this 'general manager thinking' because the General Manager role is often the first role where a manager owns an entire business, leads all functions and has "full P&L responsibility." To develop GM Thinking, BTS has many proven business simulations and decision-making tools.

Enterprise value mindset

Then finally, as you move up this framework, you get to a level called enterprise value mindset. This is where we address what it takes to have a senior executive level view of the business. At this level, you need to take the broadest perspective on the business and see key interdependencies clearly. This level requires the most sophisticated understanding of how strategy and operations work together to produce business results over time. At this level, we use our powerful enterprise simulation experiences to highlight how all parts of the business need to work together to generate enterprise results.

Whether you are launching a new transformation initiative or launching a new strategy, with this four-level framework we can work with your organization to diagnose where the strategy alignment and business acumen gaps are, and then recommend the highest impact solutions for each level of leader, to help you get your strategy further, faster.



CLIENT STORY

Strategy alignment in preparation for uncertainty

In lieu of a potential downturn, a Fortune 200 manufacturer of scientific instruments, reagents, software and services partnered with BTS to prepare their leaders with the tools, frameworks and playbooks to anticipate, respond and thrive through a recession.

The solution consisted of the following successes: It aligned leaders around the right signals and analytics to proactively monitor their business unit and function; helped prioritize and sequence different "recession plays," which were refined through multiple evaluations and vetted by company executives; helped leaders identify how to mitigate or manage risk by taking a hard look at their value chain, market dynamics, competitors, and customers; and finally, energized leaders to deliberate actions.

Over 300 commitments were shared from participants, ensuring long-term learning and success from the experience—and 100% of participants came up with "recession plays" they had not identified before. Many of the participants had leaders in place who had never run a business in the last recession—leaders learned how to leverage cross-BU strengths and get closer to their customers in various ways.

Leadership Development

What we do

We equip leaders at all levels with the leadership skills critical for success in today's business environment. Leveraging your organization's specific context and business strategy, we cultivate the skills and behaviors your leaders need to be successful. With over 30 years of experience in leadership development, we help people shift mindsets to drive lasting behavior change and enable strategy execution.

Our point of view

- Too often, leadership development is not seen as part of the core business strategy. We start and end with your strategy with a unique mix of deep mindset work and experiences to develop business acumen.
- Rather than focus on skills and behavior that miss the root cause, we develop the critical mindsets that your people need to embrace change.
- We drive adoption through adaptive pathways that allow for personalized and flexible consumption of strategically critical content in the moment of need.
- Traditional development is too generic. We help leaders practice the moments that are critical to their roles given your strategy.

How we can help you

- We build leadership architectures that combine a dynamic curriculum with the appropriate personalized or in the flow of work solutions that drive your learning goals.
- Our unique mix of digital, virtual, face-to-face, and personal experiences make the solutions we create for you so much richer. Your people can access all of our solutions through an integrated consumer-grade interface.
- We work with you to create powerful leadership journeys that use simulation and experiential learning to shift mindsets and create lasting change in support of your strategy.

How we are different

1. Over the past ten years, we've researched and developed a unique point of view on mindsets and the ones that make the most difference. Our powerful content helps shift your people's mindsets to drive change.
2. Our background in business simulations allows us to combine strategic business acumen learning with shifts in leadership behavior and mindsets.
3. We define the critical moments for leaders given your strategy and create powerful simulations to bring them to life.
4. Our uniquely broad set of learning assets enables high-impact experiences that can be digital, virtual, or face-to-face.

Four core principles

1

Leadership begins with a mature business perspective

Because leadership is contextual

2

Leadership happens in moments

And these are the practical opportunities for a leader make a difference

3

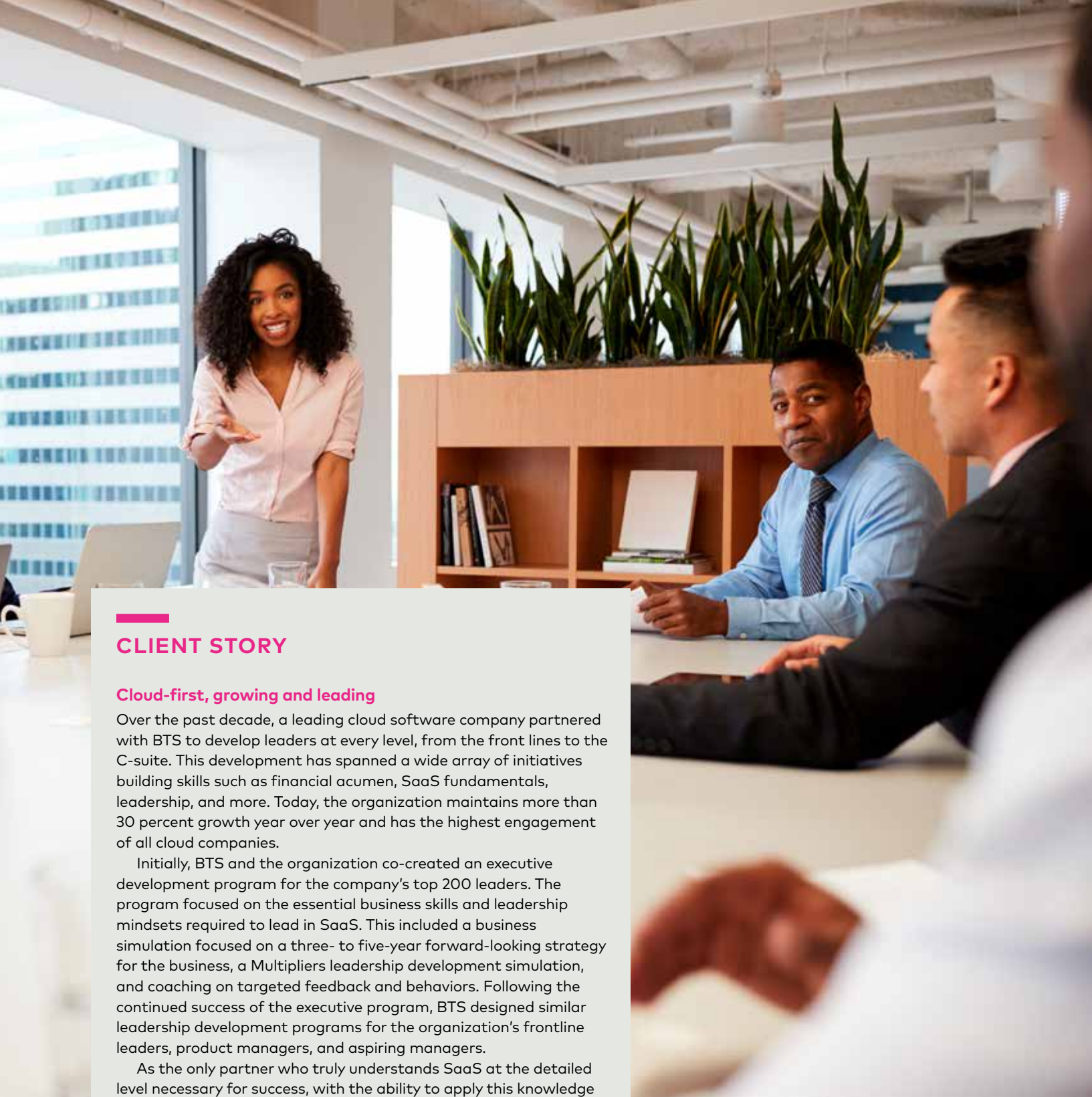
Mindset are universd

And are key to making lasting change

4

People learn best with other people

Which is why adoption of digital and personalized learning is often low



CLIENT STORY

Cloud-first, growing and leading

Over the past decade, a leading cloud software company partnered with BTS to develop leaders at every level, from the front lines to the C-suite. This development has spanned a wide array of initiatives building skills such as financial acumen, SaaS fundamentals, leadership, and more. Today, the organization maintains more than 30 percent growth year over year and has the highest engagement of all cloud companies.

Initially, BTS and the organization co-created an executive development program for the company's top 200 leaders. The program focused on the essential business skills and leadership mindsets required to lead in SaaS. This included a business simulation focused on a three- to five-year forward-looking strategy for the business, a Multipliers leadership development simulation, and coaching on targeted feedback and behaviors. Following the continued success of the executive program, BTS designed similar leadership development programs for the organization's frontline leaders, product managers, and aspiring managers.

As the only partner who truly understands SaaS at the detailed level necessary for success, with the ability to apply this knowledge across business functions and leader levels, BTS has remained the organization's broader people partner for over a decade. To date, BTS continues to develop innovative programs for the organization including security awareness trainings; virtual learning journeys; assessments to determine how effectively teams are communicating across the organization; as well as self-paced learning initiatives, coaching support and more.

Sales and Marketing

What we do

By building a mastery of business acumen and empathy, we help your sales and marketing teams better address their customers' true needs. This means equipping your salespeople with the skills they need to more effectively engage buyers and prioritize sales activities, as well as providing your marketers with the capabilities to leverage deep customer insights, build customer-oriented value propositions, and work in alignment with your sales team. We partner with you to co-create the right mix of sales methods, go-to-market strategies, marketing excellence, engaging and sustainable learning experiences, simulations, and assessments for your sellers and marketers. Through our unique approach, solutions are tailored to fit your strategy and business, inspiring better decision making and driving results.



Our point of view

We know that sales cycles have gotten longer and more unpredictable – but what does this mean for your business? We uncovered that the best salespeople and marketers today sell and market by showing how their offerings help accelerate their customer's ability to reach faster and better results. We refer to these individuals as Accelerator Sellers and Marketers. To make your business successful in today's environment, we begin by codifying what your great performers already do in your organization and what they need to do differently to succeed in your new business context. Then we combine these behaviors with our extensive research and experience with leading sales forces and marketing teams to create "accelerators" that are unique to your company.

How we can help you

Our content ranges from plug-and-play training modules to deeply customized experiences and journeys, which allow your people to optimize how they engage customers and prioritize sales and marketing activities. We also create highly engaging simulations that allow your people to gain the confidence and capabilities they need to change behavior on the job. Whether your need is associated with targeted behavior change, initiative execution or sales and marketing transformation, we equip your people with the skills they need for faster and ongoing success.

How we are different

1. Our cutting-edge POV on what sellers and marketers need today combined with our practical approach helps you achieve your desired outcomes and business results faster.
2. In partnership with you, we identify the right mix of ready-to-go and custom elements to help your sellers and marketers become "accelerators."
3. We provide world-class experiences that have the international reach to support leading organizations like yours.

CLIENT STORY

Implementing the Intelligent Enterprise

A multinational enterprise software corporation was about to embark on its journey to implement an entirely new global business strategy: one they called "The Intelligent Enterprise." To successfully communicate and align its top leaders to this new strategy, the software company partnered with BTS to design and facilitate a critical CEO leadership summit where the top 120 global leaders came together to align and build a plan to execute the strategy. This, in fact, became a virtual sales kickoff.

After the summit, leaders came away with an understanding of what was changing and why, the company's aspirations and apprehensions and meaningful insights that would be reported back to the Board.

The interactive sessions engaged the leaders in the following activities, dubbed "Future Storming," a way for leaders to identify potential roadblocks to successfully executing the new strategy; a "Change Execution Workshop," and a "Competitive Communication Activity." Following each of the sessions, BTS analyzed the data collected and provided an insights report to the organization's Board.

Ultimately, the Board was amazed by how quickly the participants were able to align around the new strategy and direction.



Innovation and Digital Transformation

What we do

We drive business results by helping leaders practice and internalize the shifts needed to make digital transformation and innovation work. We short-cut the time to business impact by working alongside your teams to do both innovation work, and to shape the culture in which innovation and digital transformation can thrive. And we help leaders learn how to think strategically about what technology can and cannot do, and how technology can be used to drive better outcomes.

Our point of view

We define innovation and digital transformation as the **discipline of using technology to discover and solve problems in new ways under conditions of uncertainty**. Because innovation tools and digital technology are readily accessible to everyone, the technology itself affords no distinct advantage. Rather, business success depends on the human element behind technology and innovation management – ideas, strategies and ways of working.

How we can help you

We can build growth and innovation capabilities in your organization from end-to-end. We work with you to design and define your innovation and digital transformation objectives, execute and launch solutions in the field, and everything in between. We don't take a cookie-cutter approach to innovation but begin by identifying and honoring the capabilities that already exist, those that need to be added, and those that can be changed.

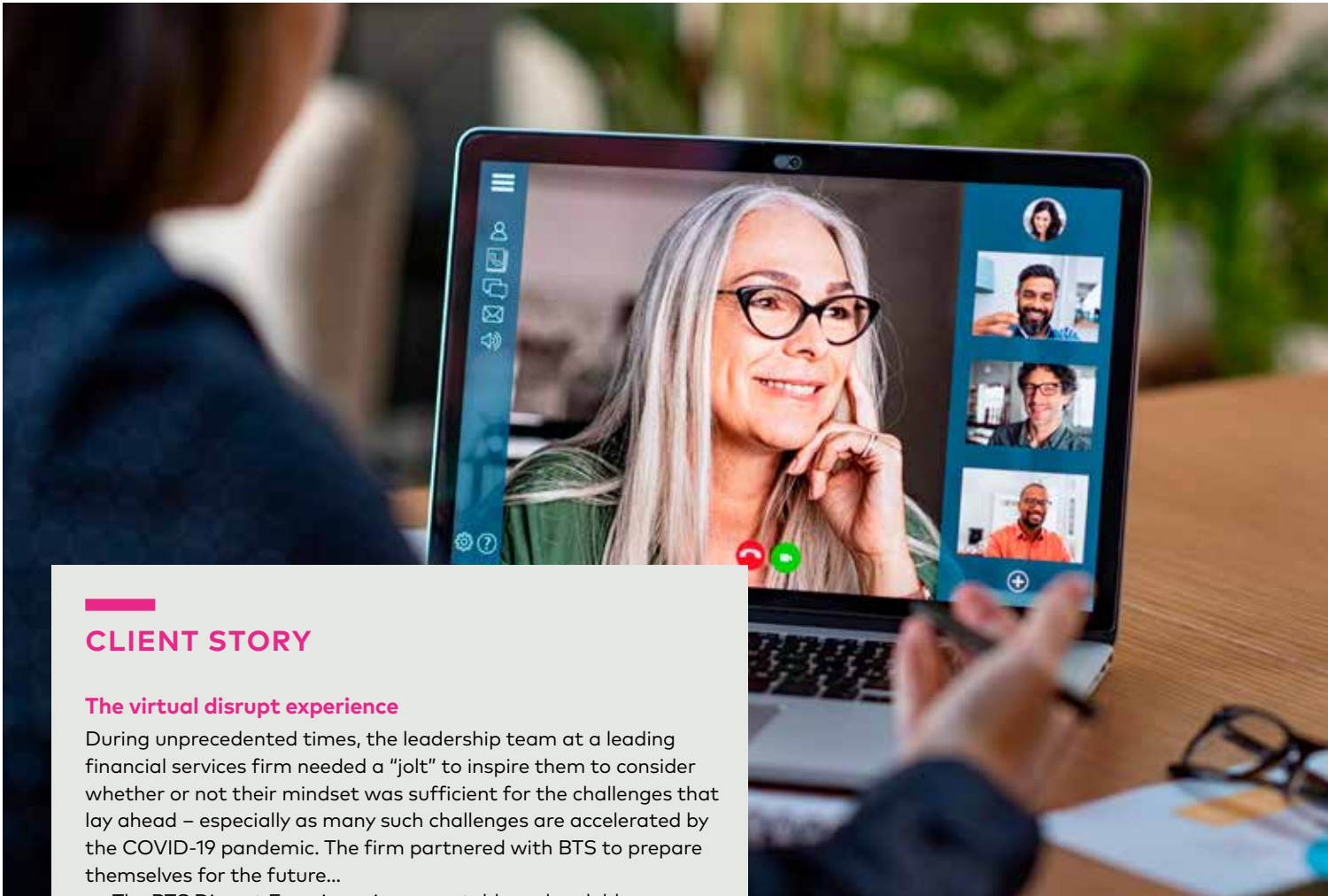
Our capability work is highly experiential and customized to ensure it is relevant to your business, not just any business. When it comes to innovation "training," our customized innovation simulations can compress months and years of high-risk innovation projects into a few hours, giving leaders hindsight in advance—and the confidence they need to face uncertain outcomes before they occur.

To enhance our workshop-based innovation experiences, we also offer a unique immersive experience through our design studio in Milan, where your people can reach beyond their typical workday mindsets and capabilities to explore innovation at a product level, through aesthetic and ergonomic innovations.

How we are different

- 1. Results-focused:** We understand that innovation begins with your user insights and ends with executable concepts that drive business results. We always start with your business outcomes and reverse-engineer our solutions from there, not vice-versa.
- 2. Create a culture of innovation:** Our approach helps your leaders practice and internalize the shifts required to create a culture in which their people feel confident and encouraged to innovate in safe, simulated environments.
- 3. Learn by doing:** Our simulations enable your leaders to recognize the daily work moments that matter for innovation and what great action looks like in each moment.
- 4. Make innovation fun:** We facilitate exciting and competitive experiences where your people explore new innovation behaviors in a risk-free environment— providing a memorable experience for your people that actually shifts mindsets and changes actions on-the-job.





CLIENT STORY

The virtual disrupt experience

During unprecedented times, the leadership team at a leading financial services firm needed a “jolt” to inspire them to consider whether or not their mindset was sufficient for the challenges that lay ahead – especially as many such challenges are accelerated by the COVID-19 pandemic. The firm partnered with BTS to prepare themselves for the future...

The BTS Disrupt Experience is a repeatable and scalable technique organizations can use to craft thought experiments and provocative, but highly structured, discussions to help visualize the future we assume and how we might prepare for it today.

Throughout the experience, participants reflect on the future of their business by transporting themselves to a world of digital disruption. Specifically, they are “recruited and onboarded” to a company which mirrors theirs, and immersed into a deeply customer-centric and innovative culture. Participants begin to think very differently about how to disrupt their industry by exploiting speed, digital technology, deep customer insights, and disciplined rule-breaking to outpace traditional players. The simulation also enables leaders to practice and internalize the “growth mindset” and related tools used by the fastest moving and most innovative companies in the world.

“This program is awesome. I’ve never seen this level of engagement from the executives... this experience is second to none.”

Executive VP and Head of Digital at Citizens Financial Group

Assessment

What we do

Faced with the major financial disruption caused by the pandemic along with other concurrent business transformations happening, a lot of focus has been diverted from hiring, promoting, and developing the right talent. BTS Assessment helps your company gain an accurate understanding of your employees' business and leadership capabilities, designing talent acquisition, promotion, and development initiatives aligned to the strategic needs of your business. Working with leaders at all levels, our solutions make identifying, selecting, and developing the right talent with higher accuracy and efficiency.

Our point of view

We believe in creating assessments to measure the critical capabilities, behaviors, and mindsets required for success. We evaluate individual approaches, behaviors, and mindsets as they make and act on decisions with real or simulated changes. We select great leaders based on what they do, how they think and who they are, not who they know and what they say.

We begin by developing customized success profiles and playbooks that are fully aligned to your business, helping your leaders understand how to be great at their job in language that resonates with them. Then, we take your customized and tailored-to-fit profiles and playbooks and use them as the foundation for your assessments.

We believe that the best assessments are relentlessly contextual and designed around behaviors specific to your talent, not just any talent. These tools will become the basis for your external hiring and internal identification of skills and areas for development that lead to success on the job, in the role, and across the enterprise.

How we can help you

We build assessments that fit your business strategy and people, and then use the resulting data to help you select the very best hires or help your people change how they work. Our team has a deep background in behavioral science, advanced degrees, and decades of practical experience. We apply our understanding of what great looks like in your organization to every assessment solution, ensuring the accuracy of results you want to see.

Our assessments provide selection and development solutions that are tailored to meet the needs of your organization and people, from first-time hires to high potentials, to those being groomed for the C-suite.

How we are different

- 1. Bring the future of your business to life** – Core to our mission of making strategy personal is our commitment to understanding your strategy, culture, and people. Our solutions are relentlessly contextual to your business. We build them using core moments to bring forth the challenges your talent will face tomorrow.
- 2. Experiences built to engage** – Our assessments are designed with real people in mind. We take pride in building imaginative solutions that are meant to be enjoyed and never feel like a chore to complete. We leverage our digital platform to own the end-to-end user experience, further ensuring our ability to create engaging experiences without ever sacrificing assessment accuracy.
- 3. Uphold science and practicality** – While rich and engaging, our solutions are built with the appropriate rigor to yield valid results yet are practical in design. We build solutions that reflect your everyday life in the moments you experience. They are easy to consume and insightful for the end user.
- 4. Strengthening your organization to take on tomorrow's challenges** – From individual contributor to senior leader, our solutions provide the needed insight on how your talent can successfully tackle future challenges. Our solutions cover all levels of your talent to drive value across all stages of their career while simultaneously driving results for the organization.
- 5. Partners, not just clients** – Our goal is to go beyond the traditional client-vendor relationship and be your broader people partner. We are obsessed with helping you enhance the employee experience and drive business results.



CLIENT STORY

Enabling succession planning and development through simulation-based assessment

A multinational pharmaceutical company needed to assess their managers and directors to identify development gaps and inform succession planning for senior leadership roles. They partnered with BTS for our assessment expertise, with a particular focus on our virtual individual assessment capability. In 2020, the BTS team customized eleven different solutions to assess over 300 managers and directors for their potential to move into the next level role. The participants came from across the business – from both the commercial side and operations function – to identify future leaders across multiple levels (e.g., Country Presidents, Business Unit Directors).

In each case, a customized multi-component assessment informed a holistic picture of the leader by identifying insights on performance, strengths, and development opportunities. Each assessment included:

- **A career accomplishment interview:** This structured interview conducted by BTS assessors focused on self-awareness and motivation to succeed at higher levels.
- **A psychometric assessment:** This assessment delved into the potential to inhabit more senior roles based on personality strengths and gaps.

- **A virtual individual assessment:** This half-day experience comprised a business case specific to the role in question and customized role plays with seasoned BTS assessors.

After the assessment, the assessors calibrated their ratings and the lead assessor wrote a detailed feedback report and conducted a feedback meeting with the participant to review the results and plan for further development. Additionally, after each cohort the BTS team put together an aggregate report of strengths and development themes across the group, which was debriefed with the client team to inform ongoing development.

Due to the success of the programs, the client has engaged with BTS to design nine more experiences in 2021 and increased the number of participants in the experiences to 450.

Leadership Coaching

Who we are and what we do

BTS Coach is a global leader in proving coaching across all levels of leadership in an organization, with a powerful transformational coaching approach that is both personal and contextual, integrating personal change within the context of a strategic change of an organization. Through your work with a coach, you will be guided through a deeply personal journey that aligns with your purpose and goals. Assessments, pre-work, and curated follow-up resources enable people to go deeper and learn more about themselves. Our BTS coaches who work with you are among the most experienced in the profession—many have achieved the highest level of ICF certification, written books and worked in executive roles themselves. They work with BTS because our IP is powerful, our engagements are strategic, and they find our community of extraordinary coaches inspiring.

As a global partner for all your coaching needs, we work with leaders at all levels, individuals and teams to support the process of shifting and sustaining mindset and behavior change for lasting impact. We provide scalable coaching to make strategy personal. We work with you in two primary ways: We leverage our expert professional coaches around the world to support the leadership development needs of your leaders, and we provide coaching mindset training at scale when building a coaching culture is a strategic organizational imperative.

Our point of view

We believe that coaching should be for the many, not just the few. As affordability increases for large scale engagements, the quality, consistency and impact remain world-class whether we're coaching a CEO or new manager. Our consultants are committed to ensuring that coaching reinforces existing learning resources, culture goals and business priorities. Continuous impact measurement ensures that behavior change and insights can be quantified and used as a continuous feedback loop for our coaches and clients. To ensure our coaches are using the best conversation models and resources, our Coach Community Leaders provide ongoing supervision, training and feedback based on BTS's proprietary Mindset Map, which ensures that every coaching conversation is impactful.

At BTS, our coaching model is focused on both individual and organizational development needs. We believe that coaching is the important vehicle for shifting mindsets

and behavior that unlocks passion, resilience and capability, and it equips your people to do the best work of their lives. Consistently scalable and affordable across an organization, coaching is simply the best way to turn strategy into action. Our approach provides measurable individual and organizational results to back up the investment—using world-class technology and research to make every minute count.

How we can help you

BTS partners with you to create coaching journeys linked to business strategy and talent priorities. Every personalized coaching journey is supported by multi-modal technology, carefully designed to drive lasting behavior change in the most efficient way possible. Our portfolio of coaching solutions provides development when leaders need it the most. With over 300 mindset certified coaches, we deliver scalable coaching in 28 languages with a seamless true global reach.

How we are different

As the first mover in creating scalable leadership coaching, our coaching services extend from the C-suite to the front line. We know that sustainable behavior change occurs by working with mindset or worldview. Our approach is to work with mindset, and our researched 12 Shifts model, based on insights from hundreds of thousands of coaching conversations, to create impact for both individuals and organizations. This model aligns with adult development theory research at Harvard, also known as vertical development, which explains that as we mature and take on broader accountabilities our worldview shifts to meet the new challenges of each stage of development. We use content based on our insights on the key shifts leaders make to stimulate the coaching and we facilitate change through our mindset transformation methodology. It puts mindset at the center of our coaching approach, focusing on the root cause and offering the right insights that help leaders and organizations make meaningful change.

Traditional coaching focuses only on the individual's agenda. At BTS, we coach to both the personal agenda and the broader business's strategic agenda to drive measurable impact.



CLIENT STORY

Coaching to lead during challenging times

A leading global FMCG snacking company was going through a large transformation, streamlining operations and rapid cost optimization. The company wanted to ensure that its key leaders felt emotionally supported to lead through difficult and challenging times.

The organization partnered with BTS on a multi-faceted intervention in order to support the company during critical times of change. The solution included the following elements: One-to-one virtual coaching for the company's Senior Leadership Team and leaders moving to new roles; BTS's "Leaders at their Best Curriculum (LATB);

and "Creating LATB Ambassadors," where stakeholders were committed to the brand promise and principles. These ambassadors then helped cascade and embed the coaching mindset throughout the organization. Each Senior Leadership team member was supported by one-to-one coaching plus an internal ambassador to remain connected to the wider business.

Results were proved by the extraordinarily high numbers and testimonials. 2000+ leaders received coaching from the director level to the C-suite. 99% of leaders would "recommend the program" and 97% stated that they experienced meaningful change.

Change and Transformation

What we do

Standard "change management" produces standard results – so we take a different approach. We are biased to action because we know that you can never plan change perfectly. We help you define your outcomes and the pivotal shifts you need to implement change, but primarily focus on linking change to your strategy. How? We enable your leaders to embrace and lead change by shifting their mindsets and focus on new actions and behaviors to reach your goals.

Our point of view

We know that change has changed. Today, traditional change management approaches are less relevant because they can't keep up with the pace and intensity of business evolution required within today's new reality. What you need now are clarity on emerging outcomes and transformational future-state experiences that allow your entire organization to internalize the 'why' and 'what' of new strategy, and see

themselves as a capable and necessary part of inventing the 'how' of the future.

How we can help you

Organizations and leaders are constantly in various stages of transformation. We meet you where you are and take you further than you thought you could go.

How we are different

We understand that when you are leading change, you are leading a movement, not a project plan. Our approach is people-centric, mindset driven, and rooted in the execution of your strategy. Our solutions increase your organization's capacity to change by focusing on mindsets, skills and capabilities of your leaders. With us you get a change plan plus. We create the path for change by engaging your people in the real work of defining the future – making them authors and owners rather than spectators and followers.

The BTS culture and strategy pyramid

Culture and strategy are mutually reinforcing or simultaneously defeating.

Change requires addressing culture and strategy simultaneously because culture shapes how people execute and deliver on business strategy.

When culture is aligned with strategy, people are clear about:

- Where the organization is heading
- Why it is changing
- How it will get there
- How they can contribute





CLIENT STORY

The change-ready leader

A high-tech global manufacturing company set a new strategy, revolutionized their go-to-market approach and went through a re-organization. Feeling uncertain about their ability to lead the change in their business units and functions, the organization's leaders needed to become change-ready while not always necessarily being able to be face-to-face with one another.

The organization partnered with BTS to create a customized, digitally-enabled program that helped leaders to: listen to their customers—which heightened their understanding of current and future needs; debate the 'right' actions in a series of critical change leader moments allowing for alignment and identification of remaining areas of improvements; translate strategy and values into BU and function value propositions, priorities and plans; and identify the pivotal shifts—the organization split into teams and identified the smallest possible shifts that would produce the greatest impact to reach their strategic goals and create their future culture.

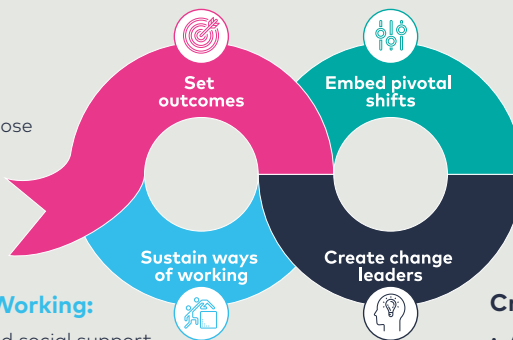
The BTS Change and Transformation POV™

Set Outcomes:

- Assess organization and stakeholder readiness
- Align Vision/Values/Purpose to strategic outcomes
- Set or re-set priorities
- Co-create People Vision and leader expectations

Sustain Ways of Working:

- Design individual and social support for critical roles and difficult shifts
- Create experiments and sprints for leaders to run with their teams
- Analyze data to identify what is working and not; create next set of interventions and support



Embed Pivotal Shifts:

- Identify critical mindsets, interactions, practices, structures, events and norms that are sustaining old ways to working
- Co-create new ways of working for immediate activation

Create Change Leaders:

- Align leaders at all levels to the Vision
- Create readiness and resilience to lead in a dynamic environment
- Begin applying the change to their own organizations – setting priorities, changing expectations



Business model and clients

Business model	26–27
Digital services	28–29
Our clients and industries	30–31
Growth, profitability and acquisitions	32–33

World-leading capabilities are shaped in partnership with our clients

The foundation for growth lies in BTS's ability to create long-lasting customer relationships at different levels in the customer organization. An initial BTS assignment is often designed for, and implemented with, the client's senior executives and managers. This customization process is carried out in close cooperation with the client.

Outstanding results, well over the client's expectations in an initial project, lead to customized solutions for managers and employees at different levels throughout the organization.

Network-based marketing

BTS employs a network-based marketing approach covering a number of selected industries.

The network, composed of both those executives who make strategic decisions about change and learning initiatives and those who actually purchase solutions, helps generate opportunities for new assignments and customers. When BTS

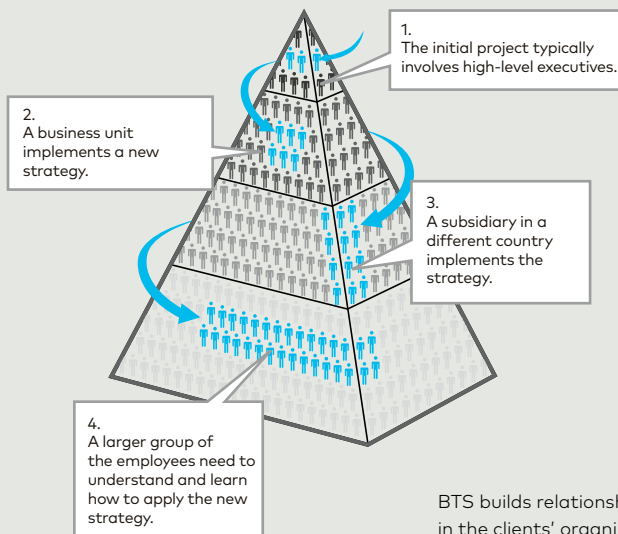
approaches a new industry, it initially focuses on a few leading companies. Once these assignments are completed, they will serve as reputation-building reference projects for new sales to other organizations in the same industry.

Multi-market expansion with limited risk

BTS continuously expands its business operations to new markets around the world. BTS works with multinational clients and implements projects in a large number of countries without necessarily having an established local office in every market.

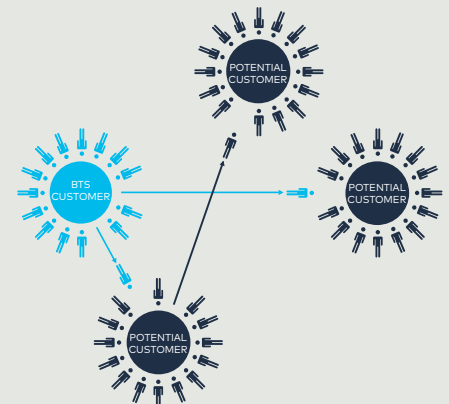
Existing customer relationships make up the base when BTS starts up operations in a new market – a fact that reduces the expansion risk. In addition, BTS works hard to nurture relationships with other large corporations active in the targeted markets.

Once business has grown to sufficient volume in a new market and the future potential appears attractive, BTS can take the logical step and establish a new, local office.



BTS builds relationships at different levels in the clients' organizations. Through these relationships, new projects are continuously generated.

BTS values its customer relations. Participants in the company's business programs are important future customers. New assignments mostly come from former buyers and program participants changing jobs or companies – and calling on BTS from their new positions.



Acquisition strategy

BTS's growth strategy is primarily built on organic growth. Over the past few years, the company has made a number of acquisitions in different countries.

BTS's strategy for acquisitions is built on creating a broader base for future organic growth while at the same time finding complementary acquisitions. The goal is to offer more services to both existing and new customers. All acquisitions have resulted in cross-selling. This is a result of conscious efforts to identify new business opportunities based on needs within the extended customer base. The training of account managers and the needs-focused discussions with individual clients have played an important role in this process.

Developing the revenue mix

BTS's revenues originate from three areas:

- Development
- Programs
- Licenses

BTS works continuously to develop and combine different methods of training delivery to ensure optimal, value-added customer benefits, and at the same time strengthen its own revenue streams and profitability.

Efficient customizations

In collaboration with customers, BTS customizes both the content and the form of its business programs. The company has successfully improved its profitability by increasing the efficiency of the customization process. This improvement is a result of advancements and fine-tuning of development methods as well as increased reuse of previous development work.

When BTS develops solutions for corporations in new industries, the cost of customization is initially high. With the later reuse of experience and skills, however, these costs subsequently fall.

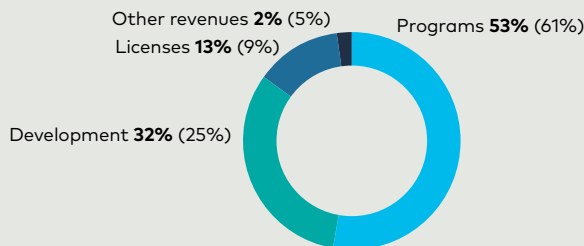
Programs – the majority of revenues

Instructor-led live and virtual seminar programs comprise the greatest source of revenue for BTS, and they are the predominant form of business delivery. BTS consultants are very much involved throughout the whole customization process, and, during delivery, facilitate these solutions in programs.

Increased licensing revenue

BTS also delivers its solutions via e-Learning and CD-ROM formats, and as manual board solutions. The long-term goal is to increase license revenues. License-based business simulations are very efficient learning tools for customers; they make it possible to reach larger groups of employees in organizations, all over the world and at all levels. At the same time, they are a profitable line for BTS.

Net sales by source of revenue
2020 (2019)



Digital services

What we do

BTS Digital is a specialist team and capability that uses modern technology as an enabler to accelerate learning, spark change and improve business results. This group inside BTS creates digital learning journeys, simulations for in-person and virtual workshops, immersive digital events, and online and mobile solutions. BTS Digital supports the design, production and deployment of these digital-enabled offerings, as well as the development of the technology and product platforms on which they run.

Our point of view

Turning strategy into action requires alignment, mindset shifts, learning, reinforcement and follow up. This means it's a journey. We believe that digital-enabled learning journeys achieve far more than workshops alone. In support of these journeys, we provide online resources and everyday tools that can be accessed in the moment of need. In addition, digital tools enable more effective workshops, assessments, coaching and practice. Our digital journey platforms bring together formal, informal and social learning to drive action and results every day.

How we can help you

BTS's digital-enabled journeys, experiences and tools are critical for successful leadership, sales and change efforts for three main reasons:

- **Results:** You want to see business results and you want your people do the best work of their lives. Digital puts learning and application in the flow of work and supports reinforcement and go-dos, so that learning sticks and drives results.
- **Scale and speed:** Talent and change leaders want to reach large audiences to quickly and effectively build alignment, mindset and capability. Digital platforms enable this through virtual learning, client-facilitated experiences and ad hoc team learning in the context of normal work.
- **Data:** Journeys, experiences and tools should get better with usage and generate data to demonstrate impact. Digital tools, including analytics and AI, enable better collection and use of data to personalize experiences, target and adapt learning, and tie behaviors directly to business results.

How we are different

Our digital offerings have expanded significantly in recent years, reflecting the increasingly digital world. Core BTS offerings are now digitized, leveraging an upgraded set of capabilities and platforms compatible across modern devices in iOS, Android and Windows. We currently offer:

- **Digital-enabled learning journeys:** A series of carefully crafted touch points that combine facilitated and self-paced experiences with go-do activities that are completed in people's work cadence.
- **Scalable business simulations:** Immersive and engaging discovery-based solutions that can be self-paced or facilitated – by clients or BTS, and virtually or in-person.
- **Experiences in the flow of work:** On-demand designed experiences for cascading strategy or learning, led by line leaders through ad hoc sessions in the flow of work without the need for formal scheduling.
- **Digital events:** Conference events that become engaging, interactive experiences that are transformational not just informational and that we deliver with high impact virtually or in-person.
- **Digital learning:** As a result of our acquisitions of SwissVBS and Rapid Learning Institute, BTS now offers customized digital learning and a robust library of digital content, both centered on an empathetic storytelling approach and grounded in behavioral research.
- **Coaching, practice and assessments:** Individual- or team-based sessions that shift mindsets, enhance skills and predict performance – scheduled and delivered on BTS's digital platforms
- **Performance support micro-learning:** Easy access interactive tools and resources that enable better decision making and enhance performance in the moment of need.

BTS's digital platforms aggregate tools for learning, reinforcement, action and results measurement. This allows for greater ease of access as well as robust data collection to provide insights on learning and strategy execution outcomes. Our platforms make it possible for thousands of people to interact, engage and learn at the same time, making deployment of strategy highly scalable and efficient. These factors have become increasingly important given how work has changed during this disruptive and formative year.



CLIENT STORIES

The power of digital training and leader-led follow-up

A leading financial services company needed to train 900 branch managers on foundational leadership skills, such as setting goals and holding people accountable, providing corrective feedback and improving morale. The company's goal was to boost productivity and reduce costly employee attrition.

The solution leveraged BTS Rapid Learning modules combining six-minute single-concept micro-videos and leader-led coaching in a "micro-first cycle" approach. Senior leaders devised a group training initiative driven by micro-videos and their belief that learning must be revisited. They engaged in 16 three-week "cycles" over the year. Each cycle focused on a single desired behavior change. Group meetings consisted of discussion, roleplay and performance feedback. Between meetings, learners practiced the behaviors on the job and reported experiences in subsequent meetings. Participants supplemented their journey by accessing related BTS micro-videos in the flow of work.

After one year the managers had achieved meaningful mindset shifts in 16 key performance areas and developed sustainable new habits. The company boosted employee retention by 25% on the teams involved in the training, versus 0% on other teams. The next year, the company repeated the program with 750 additional managers.

Scaling an award-winning, facilitated leadership program with a self-paced journey

Amidst significant change in priorities, a leading media and telecom organization was challenged with how to scale its award-winning facilitated leadership program to reach a geographically dispersed pool of new leaders across the organization... on a significantly reduced budget.

Through a highly collaborative and comprehensive design phase, BTS was able to re-design the entire learning experience by leveraging the following elements: Creating a series of self-paced learning modules, for pre- and post-workshop consumption that would reach large numbers and drive both knowledge acquisition and learning sustainment; leveraging and digitizing existing in-house resources and assets to optimize costs and efficiency; integrating all learning program elements within the organization's learning ecosystem.

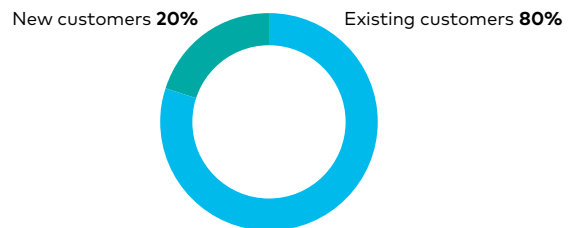
Though facing dramatic cuts in their training budgets, the organization partnered with BTS to deliver a high-impact program – achieved by emphasizing digital learning (e.g., microlearning, virtual learning in groups, performance support). The company was able to stay within a reduced budget and still deliver a best-in-class leadership training program that reached the desired audience in an engaging and effective way.

Delivering better results, faster

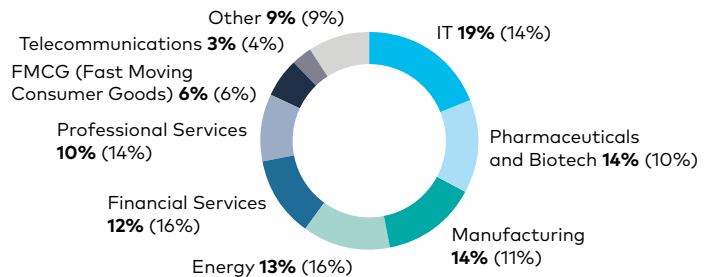
BTS builds long-term customer relationships, on average six to eight years, and has deep expertise in a number of industries.

During the 1990s, BTS grew rapidly in the Manufacturing, Telecom, and Information Technology Industries, with major global companies such as Phillips, Ericsson, and HP as valued customers. During the early 2000s, BTS expanded its positions by entering four new industries: Financial Services, Pharmaceuticals & Healthcare, Retail & Logistics, and Energy. In recent years, BTS has continued to grow across industries, especially within the rapidly expanding areas of Technology and Software.

Revenue generation



Revenue source per sector 2020 (2019)



Where we work – Industries

Financial Services

- Bancomer
- Bank of China
- Citizens Bank

Pharmaceuticals & Biotech

- Abbott
- Astra Zeneca
- Novartis

IT Equipment & Software

- SAP
- IBM
- Microsoft

Telecommunications

- Ericsson
- TMobile
- Verizon

Professional Services

- Accenture
- EY
- KPMG

Manufacturing

- Atlas Copco
- Volvo
- Schindler

Energy

- Chevron
- Iberdrola
- Repsol

FMCG (Fast Moving Consumer Goods)

- Coca-Cola
- Mondelez
- Unilever

Other

- FedEx
- Nike
- Vale

CLIENT STORIES

Creating business ownership

Client need

A global telecommunications organization was undergoing a strategic shift, one which required its sales executives to move from a strict focus on top-line revenue growth to a broader focus on full business ownership. To achieve this goal, the organization partnered with BTS to design an engaging solution that would build leaders' understanding of key financial metrics and how they could impact these metrics.

The solution:

A three-day virtually facilitated workshop using Zoom classroom technology was designed to help leaders:

1. Understand the importance of "quality sales" and how they impact key financial metrics
2. Inspire local sales teams to take ownership of national strategic priorities by executing them on the local level
3. Gain a deeper understanding of the costs associate with running the business
4. Adopt a data-driven approach to improve market execution and drive a better return on invested capital

Results:

During the workshop, participants committed to specific actions they would take back to their day-to-day roles. The actions they committed to were built into each participant's real-world annual strategic plan.

"This was much better than an in-person experience."

"Impressive simulation with amazing life-like examples!"

"Simple enough yet realistically captures the complexity of multiple products, multiple competitors, multiple technologies."

Activating a culture of inclusion and belonging

Client need

A B2B financial services company identified a need to address unconscious bias and establish a foundation of intentional diversity inclusion and belonging efforts within the company's culture. While addressing these needs, the efforts also instilled an appetite for creating a learning culture through innovative experiences; to achieve these goals, BTS partnered with the company to co-create a customized solution to do just that.

The solution:

Coupled with BTS's Diversity and Inclusion best practices of inclusive moments, behaviors, and research, six 90-minute interviews were conducted with the company's employee base to define and understand pivotal moments characteristic of inclusive, diverse behavior that fostered the desired culture. Through an iterative and collaborative process, a Diversity and Inclusion solution playbook was created, coupled with two and four-hour moments-based workshops to share understandings and targeted mindsets.

Results:

12 weeks from discovery to delivery, 360 participants took part in four North American locations, and created a total of 323 unique on-the-job actions to activate an inclusive and diverse culture. Engagement metrics of inclusion and belonging also increased.

"I'm a huge proponent of interdisciplinary thinking and working with counterparts in other departments has made me have a better understanding of the global strategy and how I can work with everyone to contribute to it."

Leader as coach

Client need

Seeking a more agile culture, a CPG company recognized the need to empower its people to become more customer-centric and improve decision-making. To achieve this vision, leaders needed to adopt a way of leading that was rooted in coaching.

The solution:

To bring this transformation to life, the organization partnered with BTS to create a program that:

- Ran virtually, enabling fast deployment across geographies.
- Allowed managers to receive a personalized approach.
- Included four two-hour virtual sessions with practical on-the-job application challenges in between.
- Covered topics which spanned building trust, inclusivity, adapting coaching style, asking powerful questions, to creating a feedback culture.

Results:

- 97% of participants said they changed due to this experience
- 34% increase in efficiency, 24% increase in quality, and a 16% increase in talent retention

"My team is thinking for themselves rather than me telling them."

Growth and profit year after year

BTS has a strong position in a large, growing and fragmented market. The value of the total market is estimated to over USD 30 billion and to grow by 4–5 percent a year. It's a highly fragmented market and BTS's market share is estimated to be under 1 percent. BTS financial goals are 20 percent revenue growth per year, and 15 percent operating margin (EBITA).

Continuous growth and profit

BTS has delivered profit every year, and profit growth almost every year, irrespective of market conditions and despite substantial costs for acquisitions and investments in product development and market establishment around the world.

This development is a result of BTS's growth strategy, dynamic business model, and the entrepreneurial organization.

The strategy to generate growth focuses on growing revenue and share of wallet per customer account; offering innovative digital solutions and content in our programs. Furthermore, BTS aims to expand to new geographies organically or by acquisitions.

In the 1990s, BTS successfully managed to achieve continuous profitable growth. Good market conditions and new product initiatives, as well as new offices in the US, UK, Finland, and South Africa, played a major role in the company's growth during this period. When the market conditions worsened between 2001 and 2003, BTS managed to maintain a healthy level of revenues, despite the unfavorable business climate (particularly in the IT, Telecom, and Manufacturing industries, where BTS was predominantly active) through adhering to its successful long-term strategy.

New initiatives

In the difficult market conditions of 2001–2003, BTS successfully managed to reinforce the business for future growth and profitability by implementing a range of new initiatives, such as expanding into new industries and geographical markets.

Increasing profits

BTS constantly strives to improve profitability. The changes and initiatives implemented during the period of consolidation between 2001 and 2003 have, in combination with a focus on

raising the proportion of revenues from licensing, led to improvements in margins.

BTS will reach its EBITA margin goal of 15 percent by constant improvements of billability, project execution, better systems and processes to reduce overhead, optimized pricing, increased licensing and adding recurring revenue services. The digital investments are expected to decline as share of revenue over time.

Organic growth

BTS's expansion strategy is primarily built on organic growth. During 2002 and 2003, BTS opened businesses in Australia and Spain. These initiatives have grown substantially and served as starting points for our offices in Asia and Latin America.

Acquisitions in 2005 and 2006

BTS's strategy for acquisitions aims to create a broader base for future organic growth by adding new markets, new value-adding products and services, and new talent.

BTS acquired The Strategic Management Group Learning Solutions in 2005 and The Advantage Performance Group and The Real Learning Company in 2006. The new companies have added new technologies and delivery methods, a broader customer base, and a wealth of new talent.

The 2008–2009 recession

The recession during 2008–2009 had a significant negative impact on our industry. Most companies saw their revenues decline 20–40 percent in 2009.

Our recession strategy was based on two key factors: our low market share and our highly competitive offerings. By focusing our resources on highly prioritized accounts, we were able to maintain our revenue and profit levels.

At the same time, BTS made strategic investments and progress during the recession, creating a strong foundation for growth as of 2010 and onward.

Growth 2010–2019

During the years 2010–2019 BTS's revenues grew by an average of 10 percent annually (currency adjusted) with growth in all regions. We grow the average size of our projects by offering global services and more complete solutions delivering increased results for our customers.

During 2013, BTS acquired all the business operations in the Danish company Wizerize A/S. The acquisition created new opportunities to offer digital-enabled solutions that are built on current and future social and mobile IT platforms. These solutions supplement and strengthen BTS's existing offerings very well.

In 2014 BTS acquired all the businesses of the American companies Sandra Hartog Associates, Inc. and Fenestra, Inc., which will strengthen BTS's position in the fast-growing market for services and technology within assessment services.

In 2015 BTS acquired the South African company AVO Vision, which provides BTS and AVO with major opportunities in the fast-growing and important African market with an enormous need for talent development. All the business operations in the Australian company Synergy Group Pty Ltd were also acquired in 2015. This represents a significant strengthening of BTS's operations in Australia and will increase BTS's delivery capacity and create a considerably stronger and broader offering in Australia.

In 2016 BTS acquired all business operations in the Italian companies Cesim Italia and Design Innovation, which significantly strengthen BTS's position in southern Europe, through the addition of several major Italian customers, and also reinforce BTS's Italian operation by supplementing it with further expertise and innovative solutions. Furthermore, the acquisitions also provide a good opportunity to help many of the major Italian companies globally.

In 2017 BTS acquired all the businesses of the English company Coach in a Box Holdings Ltd. and its subsidiaries and the German company MTAC GmbH.

Coach in a Box assists leaders at all levels improve and change using a coaching approach that is virtual, affordable, scalable and fast. BTS and Coach in a Box's combined services strengthen the customer offering and make the companies a stronger partner on the market, thus creating synergies and significant growth opportunities.

MTAC works with some of the largest organizations in the German-speaking part of Europe with innovative education and simulation-based services for strategy implementation, business acumen, leadership and marketing. The acquisition provides BTS with a base in German-speaking countries, which easily makes it the largest market in Europe. It also allows BTS to serve existing global clients better, and it creates significant growth potential. In addition, MTAC adds top knowledge in the area of marketing expertise, which is a potentially new practice area for BTS.

In 2019 BTS acquired all the businesses of the American company Polaris Assessment Systems, the company SwissVBS and its subsidiaries and the Swedish company Samsari.

Polaris offers candidate evaluation and interviewing techniques and services, as well as methods that enable customers to effectively recruit, develop and promote

employees. Through the acquisition of Polaris, BTS gains two business advantages: new industry-leading services that give access to a new market segment worth approximately USD 2 billion globally, and secondly, bringing on board three influential thought leaders in this market segment.

SwissVBS provides high impact digital learning solutions for the modern corporate learner. It operates primarily in the European and North American markets, bringing thought leadership and creative solutions to clients through digital journeys as well as learning reinforcement methods. The SwissVBS team will bring world class expertise in digital learning and performance support. This means that BTS can offer clients a wider range of solutions and become even more competitive as an end-to-end talent partner. SwissVBS will also bring clients with whom the company has developed strong relationships and won awards, making BTS stronger in the Canadian and German-speaking markets.

SwissVBS was established in St. Gallen in 2001 as an offspring of the University of St. Gallen. Since then it has successfully grown into a respected provider of customized digital learning to some of the world's largest corporations.

The acquisition of Samsari brings years of experience to BTS through a strong and dynamic team with skills in change management, transformation projects and communication – skills that will become increasingly important and will thus strengthen the BTS service offering as a whole. The acquisition will also contribute to broadening the BTS customer base in the Nordic market.

The COVID-19 pandemic 2020

Our entire industry faced a huge challenge early in 2020 – all physical training was canceled, wiping out 70 percent of our revenue. In addition, many companies stopped or reduced investments in all forms of training.

To address this challenge, we decided on a strategy to make us stronger in the long term, allowing us to continue to increase revenue and earnings for the years ahead.

With our rapid focus in virtual and digital solutions, we managed to compensate for almost three quarters of the 70 percent revenue loss in 2020. We also took an important lead. The changes in the market will be lasting, even when the COVID-19 crisis is behind us, a significant share of demand will center on virtual and digital solutions.

Overall, we have tackled the potential crisis for our industry brought about by the 2020 pandemic very well.



Organization, culture and APG

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A truly global organization

BTS Group's four operational units

BTS Group's operative activities are run through four units, and the executive management has full business and P&L responsibility for their respective geographical markets.

BTS North America consists of BTS's operations in North America, excluding APG but including SwissVBS with its operations in Canada and Switzerland.

BTS Europe consists of operations in France, Germany, the Netherlands, Sweden and the UK.

BTS Other markets consists of operations in Argentina, Australia, Brazil, China, India, Italy, Japan, Mexico, Singapore, South Africa, South Korea, Spain, Taiwan, Thailand and the United Arab Emirates.

Advantage Performance Group (APG)

APG operates in the US market and delivers performance improvement through sales and leadership training that results in meaningful business impact using its Advantage WaySM implementation process.

Product-specific units

BTS has two product-specific units that work with new concepts and the production of solutions, as well as provide active sales support to the customers of the operational units.

BTS Digital services

BTS Digital Services is responsible for connected learning and online and virtual solutions.

BTS Board Simulations

BTS Board Simulations is responsible for manual board business simulations.

Practices

BTS has seven practices. Specialists and thought leaders have been gathered within each practice and are responsible for developing new concepts and solutions as well as ensuring the use of best practices across the BTS Group:

- Strategic Alignment & Business Acumen
- Leadership Development
- Sales and Marketing
- Innovation and Digital Transformation
- Assessment
- Leadership Coaching
- Change and Transformation

Group-internal functions

Group-internal functions cover Group Finance, Investor Relations, Corporate Communications, and Global Operations Development.

BTS'S OFFICES AROUND THE WORLD



We live and embrace: P E O P L E

P Positive spirit and fun

- We believe that a “can do” attitude and humor enhance a successful business.
- We believe in looking at problems openly and view them as opportunities.
- We strive to maintain a good spirit.

E Honesty and integrity

- We believe in being loyal to those who are not present.
- We believe in giving and receiving feedback constructively.
- We believe in treating people as equals and in respecting others’ differences.

O Opportunities based on merit

- We reward and provide people with opportunities based on results and competencies.
- We make decisions and evaluate ideas based on their facts and merits.
- We achieve success through hard and effective work.

P Putting the team first

- We believe that BTS's success depends on teamwork and if the team needs support we do our very best to provide it.
- We believe in putting the team first in individual decisions and in thinking of the individual in team decisions.

L Lasting value for clients and people

- We strive to build up long-term relationships with our clients to create a legacy for the client and his or her staff.
- We focus on driving results forward – in learning, improved behavior and business performance.
- We encourage the learning, development and rewarding of BTS and its staff.
- We create our growth through our clients’ success and our active business generation.

E Excellence through professionalism

- We strive to deliver top-quality solutions and services, within deadlines, to exceed client expectations.
- We balance clients’ and BTS's competencies, best practices and methods to achieve optimal results.

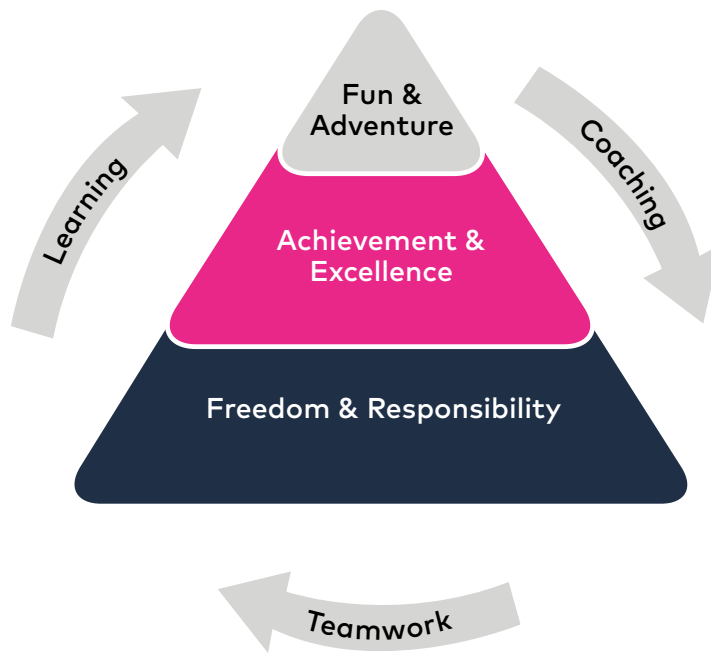


TESTIMONIAL

“BTS is by far the best company I have worked for. Even during this tough year where our world changed on a dime, we innovated and took up the challenges of our time with tenacity, expertise, and a spirit of adventure. Through this time, we grew stronger together in transforming crises into opportunity. As a new parent during the pandemic, BTS has truly been a humane and supportive place of employment, helping me perform at my best to serve our clients and organization.”

Great place to work

During the year, we expanded our employee base to more than 830 professionals. We work hard to develop, engage and retain our employees. Our culture is the key reason why world-leading companies do business with us and it is why our employees consider BTS a great place to work. Our success is built upon teams of highly talented and diverse professionals who develop and deliver innovative solutions to our global client base.



Fun & Adventure

The very nature of our work is fun. We engage in sophisticated, bottom-line-oriented business simulations with some of the smartest people in the business world; our clients are managers and executives of leading companies across the globe. Leading 25 top executives through a two-to-three day simulation experience is an adventure that BTS'ers liken to being a tour guide on an "intellectual white water rafting trip."

Achievement & Excellence

We believe that if you find the right people, and give them freedom and responsibility, they will achieve great things. Our consultants work with the top talent of world-class corporations. Whether we are on stage in front of senior executives, engaged in a client development meeting with a C-level executive or creating an innovation new simulation application, we believe in delivering excellence. With very little direction or mandate, our unique culture nurtures consultants who are highly motivated to pursue high levels of achievement and excellence.

Freedom & Responsibility

BTS gives high levels of autonomy to our consultants. They have the independence to manage their own time when they are on the road, at client sites and in the office. The flip side of this freedom is an enormous amount of client-facing responsibility. Within weeks of beginning at BTS, new consultants lead managers and executives at world-class companies through BTS simulations and experiential learning solutions.

TESTIMONIALS

"Beyond the challenging and interesting work, what keeps me at BTS is the people. I have never worked for an organization with such smart, quick-witted, interesting and big-hearted individuals who both help you raise the bar professionally and who you would want to enjoy a meal with in whatever location you are travelling to that day. Everyone is committed to working hard and producing quality results and at the same time there is a spirit of positive energy and fun throughout the organization that brings levity even in the most stressful moments that is not only appreciated by BTSers but also recognized by our clients as a reason why they like to work with BTS."



"I've never worked in an environment that felt more authentically like home than BTS... from the familial support and relationships I've developed with colleagues to the fact that everyone has a special and powerful role to play in the enmeshed nature of our success. I'm challenged in countless ways, then given the space to succeed and grow and even sometimes stumble along the way, but always get picked back up and supported by my colleagues. It's been powerful to become an even closer community as we've entered each other's homes in this year's work-from-home environment, and I'm continuously inspired by the strength with which BTS, and more importantly its people, have shown up for each other amidst a global pandemic."

Key figures, employees	2020	2019	2018	2017	2016
Number of employees at the end of the year	821	832	701	596	523
Of whom women, % ¹⁾	52	53	51	50	48
Net turnover per employee, SEK thousands	1,783	2,393	2,478	2,268	2,224

¹⁾ Yearly average number

We help organizations develop great people

Advantage Performance Group (APG) partners with organizations to empower their teams with the skills, knowledge and behaviors to be able to do the best work of their lives, largely in the areas of leadership, sales performance and business acumen. We do this through behavioral change and competency development, work-for-hire content development, turn-key assessment programs, and curriculum-based training via standard or tailored solutions, providing a flexible, cost-effective approach to support initiatives. APG is a fully owned, North American-based BTS subsidiary that serves clients in complementary ways to traditional BTS consultants.

Our point of view

APG's Advantage WaySM methodology is used to both define and measure the impact of various solutions. Developed in partnership with Dr. Robert Brinkerhoff, it leverages his groundbreaking work on High Impact Learning and Success Case Methodologies to help organizations achieve documented business results and improved job performance.

How we help you

APG works with leading solution providers, including BTS, who provide assessments, coaching, learning, and development programs. Additionally, APG has a network of facilitators who deliver programs around the US and internationally. 2020 has proven to be a pivotal year for all of us. The challenges we have faced collectively aren't going away any time soon and we will continue to innovate and lead in the following ways:

- Gathering our clients frequently to share best practices, explore challenges and innovate across industries.
- Providing a continuous stream of free resources relevant to individuals dealing with constant change.
- Partnering with emerging thought leaders and digital capabilities on the cutting edge of learning design and knowledge transfer.

How we are different

1. **Insightful:** Our organization serves as a source of world-class thought leadership. We orchestrate expertise and provide integration services to deliver business results.
2. **Creative:** Our approach brings inspired ideas to life through imaginative yet practical solutions.
3. **Accountable:** We are relentless in our pursuit of becoming our clients' most accountable

CLIENT TESTIMONIAL

"Being a non-profit organization, we need to look very carefully at our Return on People development when making investments. APG has proven to be a true partner, providing both flexibility and, most importantly, organizational impact."

CFO, North American Retail Marketing Association





CLIENT TESTIMONIAL

"We consider APG to be a partner, not a vendor. It never feels like they are trying to sell us something. We talk about what we need and their design team works with us to develop it. Even when they work with competing vendors for a project with us, it's always collaborative. There's a huge level of trust in our relationship."

Senior Director, Learning and Organizational Effectiveness, Global Medical Device Firm





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BTS share information

On June 6, 2001, the BTS share was floated on Nasdaq Stockholm in connection with the issue of new stock, raising capital for the Company of SEK 78.1 million after issue expenses.

The share capital totals SEK 6,439,431, distributed among 853,800 Class A shares and 18,464,492 Class B shares, each with a quotient value of SEK 0.33. Each Class A share entitles the holder to ten votes, each Class B share one vote. All shares carry equal rights to participate in the Company's assets and profits.

At December 31, 2020, there were 3,244 (4,044) shareholders in the company, a decrease by 20 percent. In the past few years BTS has increased its investor relations activities including webcasted interim report presentations in Sweden and road shows to financial centres in Europe.

Dividend policy

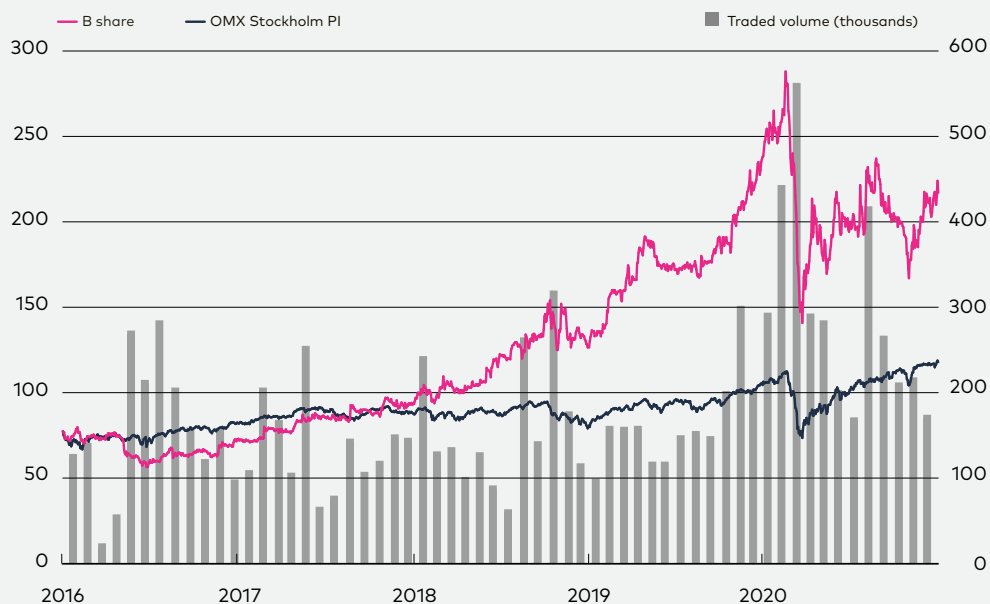
The Company's goal is to distribute 40–65 percent of profit after tax in the long run.

SEK	2020	2019	2018	2017	2016
Share price at December 31	217.00	238.00	127.00	93.50	72.00
Earnings per share	1.82	7.84	6.67	5.20	3.96
Price/earnings ratio, December 31	119.2	30.3	19.0	18.0	18.2
Cash and cash equivalents per share, December 31	30.60	16.38	13.80	10.58	7.26
Equity per share, December 31	36.75	43.47	37.04	30.74	29.13
Dividend per share	1.20 ¹⁾	3.60	3.60	2.80	2.50

¹⁾ Proposed dividend.

BTS Group AB share price 2016–2020

Share price quotes cover opening price first day of trading 2016 to closing price last day of trading 2020.



Sources: Bloomberg and Fidessa

Share capital Change in capital

Year	Transaction	Increase in share capital, SEK	Share capital, SEK	Class A shares	Class B shares	Total no. of shares	Par value per share, SEK
1999	Formation of the Company	100,000	100,000	439,900	560,100	1,000,000	00:10
1999	New issue	8,200	108,200		82,000	1,082,000	00:10
2001	Stock dividend issue	4,219,800	4,328,000			1,082,000	04:00
2001	4:1 split		4,328,000	1,319,700	1,926,300	4,328,000	01:00
2001	Conversion of Class A to Class B shares			-1,475,000	1,475,000	4,328,000	01:00
2001	New issue	1,500,000	5,828,000		1,500,000	5,828,000	01:00
2002	New issue	69,300	5,897,300		69,300	5,897,300	01:00
2006	3:1 split		5,897,300	569,200	11,225,400	17,691,900	00:33
2006	New issue	118,800	6,016,100		356,400	18,048,300	00:33
2012	New issue	5,922	6,022,022		17,765	18,066,065	00:33
2013	New issue	174,601	6,196,623		523,805	18,589,870	00:33
2014	New issue	18,834	6,215,457		56,500	18,646,370	00:33
2017	New issue	80,227	6,295,684		240,681	18,887,051	00:33
2018	New issue	42,288	6,337,972		126,865	19,013,916	00:33
2019	New issue	101,459	6,439,431		304,376	19,318,292	00:33

10 largest shareholders

Name	No. of Class A shares	No. of Class B shares	Holding	Pctg. holding	Pctg. votes
Henrik Ekelund, incl. companies	816,000	2,789,034	3,605,034	18.7	40.5
Stefan af Petersens, incl. companies	37,800	2,292,195	2,329,995	12.1	9.9
Nordea funds		2,279,427	2,279,427	11.8	8.4
Lannebo funds		1,638,453	1,638,453	8.5	6.1
Swedbank Robur funds		1,635,578	1,635,578	8.5	6.1
SEB funds		1,538,574	1,538,574	8.0	5.7
Kayne Anderson Rudnick		956,348	956,348	4.9	3.5
Third Swedish National Pension Fund (AP3)		947,803	947,803	4.9	3.5
AMF Pension & Funds		394,007	394,007	2.0	1.5
Stefan Hellberg, incl. companies		312,797	312,797	1.6	1.2
Total for 10 largest shareholders	853,800	14,784,216	15,638,016	81.0	86.4
Other shareholders		3,680,276	3,680,276	19.0	13.6
Total	853,800	18,464,492	19,318,292	100.0	100.0

Five-year summary

Income statement

Consolidated income statements in summary

SEK millions	2020	2019	2018	2017	2016
Net sales	1,464	1,865	1,598	1,243	1,108
Operating expenses	-1,309	-1,554	-1,384	-1,092	-982
Depreciation of property, plant, and equipment	-65	-66	-12	-10	-8
Amortization of intangible assets	-26	-20	-19	-9	-6
Operating profit (EBIT)	65	226	183	132	112

Net sales per operating unit

SEK millions	2020	2019	2018	2017	2016
BTS North America	689	877	714	574	535
BTS Europe	316	386	316	204	192
BTS Other markets	363	490	460	351	271
APG	95	112	109	114	111
Total	1,464	1,865	1,598	1,243	1,108

Operating profit (EBITA) per operating unit

SEK millions	2020	2019	2018	2017	2016
BTS North America	48.8	118.6	93.4	73.7	58.9
BTS Europe	19.5	63.3	44.9	17.9	25.0
BTS Other markets	19.4	57.2	62.8	47.6	32.9
APG	-2.9	1.5	0.9	1.7	0.7
Total excl IFRS 16	84.8	240.5	202.1	140.9	117.5
Effects of IFRS 16	5.5	4.8	-	-	-
Total incl IFRS 16	90.3	245.3	-	-	-

Operating units

BTS North America consists of BTS's operations in North America, excluding APG but including SwissVBS with its operations in Canada and Switzerland.

BTS Europe consists of operations in France, Germany, the Netherlands, Sweden and the UK.

BTS Other markets consists of operations in Argentina, Australia, Brazil, China, Costa Rica, India, Italy, Japan, Mexico, Singapore, South Africa, South Korea, Spain, Taiwan, Thailand and the United Arab Emirates.

APG consists of operations in Advantage Performance Group in North America.

Balance sheet

Consolidated balance sheets in summary

SEK millions	2020	2019	2018	2017	2016
<i>Assets</i>					
Non-current assets	826	851	581	549	346
Accounts receivable	409	514	512	335	361
Other current assets	134	187	172	141	101
Cash and cash equivalents	591	316	262	200	135
Total assets	1,960	1,869	1,528	1,226	944
<i>Equity and liabilities</i>					
Equity	710	840	704	581	543
Interest-bearing liabilities	404	76	103	126	25
Non-interest-bearing liabilities	846	953	721	519	375
Total equity and liabilities	1,960	1,869	1,528	1,226	944

Cash flow

Consolidated cash flow in summary

SEK millions	2020	2019	2018	2017	2016
Cash flow from operating activities	242	218	158	98	47
Cash flow from investing activities	-148	-38	-37	-80	-26
Cash flow from financing activities	213	-132	-71	55	-36
Cash flow for the year	307	48	50	73	-15
Cash and cash equivalents, start of year	316	262	200	135	140
Translation differences in cash and cash equivalents	-33	6	12	-8	11
Cash and cash equivalents, end of year	591	316	262	200	135

Financial ratios for the Group

SEK millions	2020	2019	2018	2017	2016
Net sales	1,464	1,865	1,598	1,243	1,108
Operating profit (EBITA)	90	245	202	141	118
Operating margin (EBITA margin), %	6.2	13.2	12.6	11.3	10.6
Operating profit (EBIT)	65	226	183	132	112
Operating margin (EBIT margin), %	4.4	12.1	11.5	10.6	10.1
Profit margin, %	2.4	8.1	7.9	7.9	6.7
Earnings per share, SEK	1.82	7.84	6.67	5.20	3.96
Operating capital	523	600	545	506	433
Return on operating capital, %	12	39	35	28	28
Equity	710	840	704	581	543
Return on equity, %	5	20	20	17	14
Equity per share, SEK	36.75	43.47	37.04	30.74	29.13
Equity/assets ratio, %	36	45	46	47	58
Dividend per share, SEK	1.20 ¹⁾	3.60	3.60	2.80	2.50
Cash flow	307	48	50	73	-15
Cash and cash equivalents	591	316	262	200	135
Number of employees at year-end	821	832	701	596	523
Average number of employees	843	779	645	548	498
Annual net sales per employee	1.7	2.4	2.5	2.3	2.2

¹⁾ Proposed dividend.

Definitions**Operating margin (EBITA margin)**

Operating profit before amortization of intangible assets as a percentage of net sales.

Operating margin (EBIT margin)

Operating profit after amortization/depreciation as a percentage of net sales.

Profit margin

Profit for the period as a percentage of net sales.

Earnings per share

Earnings attributable to the Parent Company's shareholders divided by the number of shares before delution.

Operating capital

Balance sheet total less cash and cash equivalents, other interest-bearing assets, and non-interest-bearing liabilities.

Return on operating capital

Operating profit as a percentage of average operating capital.

Return on equity

Profit after tax on an annual basis as a percentage of average equity.

Equity per share

Equity excluding non-controlling interests divided by the number of shares at the end of the year.

Equity/assets ratio

Equity as a percentage of the balance sheet total.

Dividend per share

Dividends proposed or adopted, divided by the number of shares at year-end.

Annual net sales per employee

Net sales for the whole year, divided by the average number of employees.

Price/earnings ratio

Price per share divided by earnings per share.

Net liabilities

Interest-bearing long-term and short-term liabilities excluding lease liabilities decreased with interest-bearing assets and cash and cash equivalents.

Management report

The Board of Directors and CEO of BTS Group AB (publ), corporate identity number 556566-7119, hereby submit their annual accounts and consolidated financial statements for the fiscal year 2020. The consolidated income statement and balance sheet, as well as the Parent Company's income statement and balance sheet, will be submitted to the Annual General Meeting for adoption.

Operations

BTS Group AB is an international consulting and education firm which focuses on the individuals when organizations are executing strategic changes and works with leaders at all levels to help them make better decisions, progress from decision to action and deliver results. For 35 years, BTS has been creating motivational and powerful programs which have made a profound and lasting impact on the participants and their careers by inspiring new ways of thinking and enhancing the critical capabilities that employees and leaders need to achieve improved corporate performance.

BTS has a broad range of services which meet needs within strategy execution and talent development with services that monitor the employee from evaluation for selection and development, to strategic consensus and strategy implementation. This is achieved through programs in business acumen, leadership and sales and include the aid of business simulations and other forms of experiential learning and implementation tools. Most BTS clients are major corporations.

Revenue and profit

The COVID-19 pandemic had a significant impact on the general market climate and global economy during 2020. The pandemic negatively affected the Group's sales and earnings, an effect of severe restrictions regarding free movement in several countries where BTS has its operations. As a result, the demand for the company's services declined since many customers decided to postpone physical deliveries. By comprehensively investing in digital and virtual solutions, BTS has managed to compensate for three quarters of the 70 percent of total lost revenue as a result of the cancellation of physical deliveries beginning in the second quarter.

The decrease in sales and earnings compared to 2019 are deemed to be entirely attributable to the pandemic.

BTS's net sales decreased by 22% during the year, to SEK 1,464 million (1,865). Adjusted for changes in exchange rates, revenues decreased by 19%.

Operating profit (EBITA) decreased by 63% during the year, to SEK 90 million (245).

The operating margin (EBITA margin) was 6.2% (13.2).

Operating profit (EBIT) decreased by 71% to SEK 65 million (226). The operating margin (EBIT margin) was 4.4% (12.1).

Operating profit (EBIT) was charged with SEK 25.7 million (19.7) for amortization of intangible assets attributable to acquisitions.

Consolidated profit before tax for the year decreased by 76%, to SEK 51 million (216).

Net sales for BTS's operations in North America totaled SEK 689 million (877) in 2020. Adjusted for changes in exchange rates, revenues decreased by 19%. Operating profit (EBITA) totaled SEK 49 million (119) for the year. The operating margin (EBITA margin) was 7.1% (13.5).

Net sales for BTS Europe totaled SEK 316 million (386) in 2020. Adjusted for changes in exchange rates, revenues decreased by 17%. Operating profit (EBITA) totaled SEK 19 million (63) for the year. The operating margin (EBITA margin) was 6.2% (16.4).

Net sales for BTS Other markets totaled SEK 363 million (490) in 2020. Adjusted for changes in exchange rates, revenues decreased by 20%. Operating profit (EBITA) totaled SEK 19 million (57) for the year. The operating margin (EBITA margin) was 5.4% (11.7).

Net sales for APG reached SEK 95 million (112) in 2020. Adjusted for changes in exchange rates, revenues decreased by 13%. Operating profit (EBITA) totaled SEK -2.9 million (1.5) for the year. The operating margin (EBITA margin) was -3.1% (1.4).

Financial position

At the end of the period, cash and cash equivalents were SEK 591 million (316). The Group's interest-bearing loans, attributable to previously completed acquisitions, totaled SEK 404 million (76) at the end of the period. Equity totaled SEK 710 million (840) at year-end, and the equity/assets ratio was 36% (45). BTS's cash flow from operating activities for the year was SEK 242 million (218).

Acquisitions

During 2020 BTS acquired Rapid Learning Institute (RLI). With the acquisition of RLI, BTS gained a library of more than 200 proprietary learning modules centered on short research-backed videos, and in addition a collection of more than 2,500 articles on leadership and sales authored by the company's editorial team, which together with the RLI team will significantly strengthen BTS's scalable digital solutions. The company also brought with it a set of clients who subscribe to RLI's programs or license its content.

For a more detailed description, see Note 22 Business acquisitions.

Ratification of acquisition analysis

The preliminary acquisition analysis regarding the year's acquisition of RLI has been ratified. The effect of the

ratification is an increase in goodwill and a provision for deferred tax liability of SEK 4.2 million.

Employees

The number of employees in BTS Group AB at December 31, 2020 was 821 (832). The average number of employees during the year was 843 (779).

Shareholders

The total number of shares outstanding at December 31, 2020 was 19,318,292, consisting of 853,800 Class A and 18,464,492 Class B shares. Each Class A share entitles the holder to 10 votes per share, each Class B one vote per share.

The Company's articles of association contain no restrictions on the transfer of shares. The Company has one shareholder, Henrik Ekelund including companies, whose holdings exceeded 10% of votes at year-end 2020. Some employees own shares in the Company, but the employees as a whole have no investment through any pension fund or the like. The Company is not aware of any agreements between shareholders that would restrict the right to transfer shares. Neither is there any agreement to which the Company is a party that would take effect, be changed, or cease to apply if control of the Company changed as a result of a public takeover bid.

Parent Company

The activities of the Parent Company, BTS Group AB, consist exclusively of tasks internal to the Group. The assets of the Parent Company consist primarily of shares in subsidiaries and cash and cash equivalents. The Company's net sales totaled SEK 3.4 million (2.9), and profit after financial items SEK 52.2 million (41.9). Cash and cash equivalents were SEK 44.0 million (1.9).

Market development

The market has changed dramatically during the year. As a result of the spread of COVID-19 and the subsequent social restrictions, demand for physical deliveries, which typically make up approximately 70 percent of BTS's revenue, has been non-existent. The resulting recession, with cost savings implemented by many companies, has also had a negative impact on demand. However, in certain industries and companies there is still a strong demand for our services.

The market situation has gradually improved during the second half-year and this situation has remained in place thus far.

Sustainability report and corporate governance report

In accordance with the Annual Accounts Act (Chapter 6, paragraph 11) BTS has chosen to establish the statutory Sustainability report and the statutory Corporate governance report (Chapter 6, paragraph 8) as two reports separate from the Annual Report.

The Sustainability report and the Corporate governance report were submitted to the auditor at the same time as the Annual Report for 2020, and can be found on the pages 84–94.

Information about risk and uncertainty

Market risks

Sensitivity to economic conditions

Demand for training is sensitive to economic fluctuations. Slower growth and cost cutting programs affect corporate training budgets negatively. Similarly, economic recovery increases willingness to invest in training.

Dependence on individual customers

BTS's ten largest customers accounted for 29% (25) of its sales in 2020. By striving for a broad customer base, BTS limits its dependence on individual customers.

No sector dominates

BTS customers are mainly active in nine business sectors: IT Equipment & Software, Financial Services, Manufacturing, Pharmaceuticals & Biotech, Fast-Moving Consumer Goods (FMCG), Energy, Telecommunications, Professional Services, and Retail. The global distribution of its customers' operations helps reduce BTS's exposure to cyclical fluctuations in specific industries.

Geographical spread

47% (47) of BTS's sales in 2020 were in the operating unit BTS North America, BTS Other markets represented 25% (26), BTS Europe accounted for 22% (21) and APG 6% (6).

Fragmented competitive situation

The market for corporate training and management is fragmented. BTS encounters different competitors in different markets and has no global competitor.

Operational risks

Quality and brands

BTS builds its marketing on network-based sales developed over the years by good customer relationships, which are brought about by high demands on the quality of BTS deliveries. BTS minimizes the risk of dissatisfied customers by recruiting and cultivating qualified coworkers and by ensuring that all development and all deliveries adhere to established processes. BTS also follows up on quality in every project.

Intellectual property

BTS owns all rights to the business simulations it develops for clients, thus retaining the right to reuse general intellectual property, such as software and adaptations, when developing new simulations. For license-based products and solutions,

the client purchases the number of licenses needed for the employees participating.

Securing human resources

Rapid growth requires intense recruitment and training of employees. At the same time, it is essential to retain competent personnel. To meet these requirements, BTS follows an established model for recruiting and skills development.

Dependence on key personnel

To reduce dependence on individual employees and to ensure the long-term quality of BTS training courses, methods, technologies and business simulations are well documented.

Financial risks

Effective and systematic assessments of financial and commercial risks are vital to BTS. The Group's financial policy specifies guidelines and objectives for managing financial risks within the Group. Financing and risk management have been gathered under the Group finance function. The subsidiaries manage all foreign exchange dealings and credit to clients within the framework of the policy. For details, see Note 2, Significant accounting policies, and Note 18, Financial instruments and financial risk management.

Foreign exchange risks

The currencies with the greatest impact on BTS's earnings are the U.S. dollar (USD), the euro (EUR) and the pound Sterling (GBP). The day-to-day exposure to fluctuations in exchange rates is limited as revenues and expenses are primarily in the same currency in each market. BTS does not normally hedge its foreign exchange exposure. The sensitivity analysis below shows the effects on operating profits of changes in the value of USD, EUR and GBP in relation to the Swedish krona (SEK).

	Percentage change	Change ¹⁾ SEK thousands
SEK/USD	+/-10%	7,667
SEK/EUR	+/-10%	3,070
SEK/GBP	+/-10%	584

¹⁾ Based on 2020 figures

Credit risks

BTS only accepts creditworthy counterparties. BTS's accounts receivable are distributed among a large number of companies operating in different sectors. The maximum credit risk at year-end was SEK 20,960 thousand (20,273), which corresponds to the largest credit exposure to any single group.

Liquidity risk and interest rate risk

BTS manages liquidity risk by maintaining sufficient cash and cash equivalents and a reserve in the form of an approved overdraft facility. BTS may borrow funds only with the approval of the Board of Directors. Any excess liquidity in subsidiaries is initially to be used to repay loans. Interest rates on the Group's financial assets and liabilities are usually fixed for short periods. Interest rate risk refers to changes in market rates that could adversely affect BTS, either through increased costs of borrowing for the Company or through fluctuations in returns on the funds invested at variable interest rates.

Impact of the COVID-19 pandemic

The COVID-19 pandemic had a significant impact on the general market climate and global economy during 2020. The pandemic negatively affected the Group's sales and earnings, an effect of severe restrictions regarding free movement in several countries where BTS has its operations. As a result, the demand for the company's services declined since many customers decided to postpone physical deliveries. The lower sales and the lower earnings compared to last year are deemed to be entirely attributable to the pandemic.

A number of strategic measures have been adopted to evolve operations to handle the effects of the pandemic on market development. BTS is following the recommendations of the authorities. However, the health and well-being of our employees and customers is of the highest priority for us, which is why in some cases we follow stricter rules than what the authorities recommend. The continued progression of the pandemic is difficult to predict, but the restrictions that have been implemented have had a significant effect on BTS's operations and demand for some of the company's services.

To minimize the risks of long-term negative consequences for BTS, Group Management and the Board are continuously analyzing and evaluating underlying trends and changes in the market. Action plans are drawn up based on these analyses with various measures to manage or mitigate risks.

Support measures

During the year, the Group has to a limited extent benefited from local support measures. These have reduced personnel costs by a total of SEK 14.0 millions. Included in this sum are different types of stimulus packages totaling SEK 9.2 millions and short-time working support totaling SEK 4.8 millions. 33 individuals, equivalent to 20 full-time positions have been affected by short-time working measures in the last nine months of the year. Swedish operations have only been affected by the overall reduction of social security contributions of SEK 0.6 millions, and has not taken part in targeted local support measures that may lead to a restriction on the possibility of dividends.

Significant events after the close of the fiscal year

To further strengthen its digital customer offerings, BTS signed an agreement in January 2021 regarding the acquisition of Bates Communications in the US. Details regarding the acquisition were communicated in a press release on January 4, 2021.

Research and development

The development that BTS has gone through during the year is essentially related to customer-specific product development, which has been expensed directly. No research has taken place.

For a more detailed description, see Note 2, Accounting principles.

Proposed appropriation of earnings

Parent Company

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

	SEK
Profit brought forward	79,304,277
Profit for the year	48,975,468
Total	128,279,745

The Board of Directors proposes that earnings be appropriated as follows:

To be distributed to shareholders: SEK 1.20 per share totaling ¹⁾	23,181,950
To be carried forward	105,097,795
Total	128,279,745

¹⁾ The total amount of the proposed dividend is based on the number of outstanding shares as of April 27, 2021.

Multiple-year review

Performance for the past five fiscal years is presented below.

SEK thousands	2020	2019	2018	2017	2016
Sales	1,464,155	1,865,499	1,598,399	1,242,591	1,107,644
Operating expenses	-1,308,726	-1,554,314	-1,384,450	-1,091,837	-982,121
Depreciation of property, plant, and equipment	-65,123	-65,855	-11,835	-9,887	-8,016
Amortization of intangible assets	-25,700	-19,670	-18,713	-8,574	-5,808
Operating profit (EBIT)	64,607	225,660	183,401	132,292	111,699
Operating margin (EBIT margin) %	4.4	12.1	11.5	10.6	10.1
Number of employees at year-end	821	832	701	596	523
Average number of employees	843	779	645	548	498
Net sales per employee	1,736	2,393	2,478	2,268	2,224

The Board proposes a dividend of SEK 1.20 per share, to be paid in an amount of SEK 0.60 on two occasions. The dividend is proposed to be paid on May 26, 2021 and November 17, 2021 respectively.

Statement from the Board of Directors on the proposed dividend

The proposed dividend to shareholders will reduce the Parent Company's equity/assets ratio to 24%, and the Group's equity/assets ratio to 35%. The equity/assets ratio, as well as the cash situation, is considered satisfactory.

The Board of Directors is of the opinion that the proposed dividend will not prevent the Company from fulfilling its obligations in the short or long run nor from making the requisite investments. Thus the proposed dividend is justifiable in terms of the provisions of Chapter 17, section 3, paragraphs 2–3 of the Swedish Companies Act (prudence rule).

Regarding the operations of the Group and the Parent Company in other respects, please see the following income statements and balance sheets as well as the cash flow statements and accompanying notes.

Consolidated income statement

SEK thousands	NOTE	2020	2019
Net sales	9	1,464,155	1,865,499
Operating expenses			
Other external expenses	3, 4, 5	-433,041	-604,667
Employee benefit expenses	6	-875,686	-949,648
Depreciation of property, plant, and equipment and amortization of intangible assets	5, 7, 8	-90,822	-85,525
Total operating expenses		-1,399,549	-1,639,840
OPERATING PROFIT	9	64,607	225,660
Financial items			
Financial income	10	1,264	1,111
Financial expenses		-15,171	-10,881
Total gain/loss on financial items		-13,907	-9,771
Affiliated companies, profit after tax		353	585
PROFIT BEFORE TAX		51,053	216,475
Tax on profit for the year	11	-15,826	-65,726
PROFIT FOR THE YEAR			
Profit for the year attributable to: Parent Company's shareholders		35,226	150,748
Earnings per share (profit for the year attributable to Parent Company shareholders)	12		
Earnings per share, before dilution, SEK		1.82	7.84
No. of shares at year-end		19,318,292	19,318,292
Dividend per share, SEK	13	1.20 ¹⁾	3.60

¹⁾ Proposed dividend

Consolidated statement of comprehensive income

SEK thousands	NOTE	2020	2019
PROFIT FOR THE YEAR		35,226	150,748
Other comprehensive income			
<i>Items that later could be reclassified to profit or loss</i>			
Translation differences in equity	17	-95,397	26,111
Other comprehensive income for the year, net after tax		-95,397	26,111
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-60,171	176,859
Portion attributable to Parent Company shareholders		-60,171	176,859

Consolidated balance sheet

SEK thousands	NOTE	12-31-20	12-31-19
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill	7	548,759	535,916
Other intangible assets	7	75,219	82,467
Total intangible assets		623,978	618,383
<i>Property, plant and equipment</i>			
Equipment	8	37,868	42,471
Right-of-use assets	5	147,514	177,308
Total property, plant and equipment		185,382	219,778
<i>Financial assets</i>			
Deferred tax assets	15	7,441	4,143
Other non-current receivables	18	9,342	9,004
Total financial assets		16,782	13,147
Total non-current assets		826,143	851,308
Current assets			
<i>Current receivables</i>			
Accounts receivable	18	408,549	514,132
Other receivables	18	37,613	21,113
Prepaid expenses and accrued income	16	96,611	165,870
Total current receivables		542,772	701,115
Cash and cash equivalents		591,171	316,388
Total current assets		1,133,943	1,017,503
TOTAL ASSETS		1,960,087	1,868,812

SEK thousands	NOTE	12-31-20	12-31-19
EQUITY AND LIABILITIES			
Equity	17		
Share capital		6,439	6,439
Other paid-in capital		4,621	5,063
Reserves		-36,319	58,637
Retained earnings, including profit for the year		735,115	769,539
Total equity		709,857	839,678
Provisions			
Other provisions	18	27,841	134,052
Total provisions		27,841	134,052
Non-current liabilities			
Other non-current liabilities	18, 19	239,360	44,601
Deferred non-current tax liability	15	56,449	55,420
Non-current lease liabilities	5	106,939	130,224
Total non-current liabilities		402,749	230,245
Current liabilities			
Accounts payable	18	34,509	42,220
Tax liabilities		-	2,914
Deferred current tax liability	15	5,270	5,308
Other current liabilities	18, 20	343,426	176,061
Accrued expenses and prepaid income	21	392,348	390,226
Current lease liabilities	5	44,086	48,109
Total current liabilities		819,639	664,838
TOTAL EQUITY AND LIABILITIES		1,960,087	1,868,812
Pledged assets	23	10,000	10,000
Contingent liabilities	24	-	-

Information on pledged assets and contingent liabilities in Notes 23 and 24.

Changes in consolidated equity

Attributable to Parent Company

SEK thousands	NOTE 17	Share capital	Other paid-in capital	Reserves	Retained earnings including profit for the year	Total equity
Opening balance at January 1, 2019		6,338	4,908	32,681	660,276	704,203
Comprehensive income						
Profit for the year					150,748	150,748
Other comprehensive income						
Translation differences			155	25,956		26,111
Total comprehensive income		0	155	25,956	150,748	176,859
Transactions with shareholders						
New issue		101			26,555	26,657
Share-based payment according to IFRS 2					128	128
Dividends to shareholders					-69,231	-69,231
Other					1,063	1,063
Total transactions with shareholders		101	0	0	-41,486	-41,384
Closing balance at December 31, 2019		6,439	5,063	58,637	769,539	839,678
Opening balance at January 1, 2020		6,439	5,063	58,637	769,539	839,678
Comprehensive income						
Profit for the year					35,226	35,226
Other comprehensive income						
Translation differences			-441	-94,956		-95,397
Total comprehensive income		0	-441	-94,956	35,226	-60,171
Transactions with shareholders						
Share-based payment according to IFRS 2					128	128
Dividends to shareholders					-69,564	-69,546
Other					-232	-232
Total transactions with shareholders		0	0	0	-69,650	-69,650
Closing balance at December 31, 2020		6,439	4,621	-36,319	735,115	709,857

Consolidated cash flow statement

SEK thousands	NOTE	2020	2019
Operating activities			
Operating profit		64,607	230,460
Adjustments for non-cash items			
Depreciation and amortization	5	90,822	85,525
Financial items	10	-13,554	-9,186
Tax paid for the year		-41,946	-70,991
<i>Cash flow from operating activities before changes in working capital</i>		99,929	235,808
<i>Cash flow from changes in working capital</i>			
Change in accounts receivable		58,803	19,873
Change in other operating receivables		26,072	-10,476
Change in accounts payables and other operating liabilities		57,301	-27,493
<i>Cash flow from changes in working capital</i>		142,177	-18,096
Cash flow from operating activities		242,106	217,712
Investing activities			
Acquisition of property, plant and equipment	8	-12,378	-16,238
Acquisition of intangible assets	7	-8,048	-9,545
Acquisitions of companies after deduction of cash and cash equivalents	18, 22	-125,718	-14,260
Change in other financial assets		-1,506	2,377
Cash flow from investing activities		-147,649	-37,665
Financing activities			
Repayment of loan		-20,000	-32,297
Borrowings		347,904	-5,884
Dividends to shareholders	13	-69,546	-69,231
Amortization lease liabilities	5	-45,332	-47,561
New issue		-	22,899
Cash flow from financing activities		213,026	-132,074
Cash flow for the year		307,484	47,973
Cash and cash equivalents, start of year		316,388	262,357
Translation differences in cash and cash equivalents		-32,701	6,058
Cash and cash equivalents, end of year		591,171	316,388

Parent Company's income statement

SEK thousands	NOTE	2020	2019
Net turnover	3	3,360	2,930
<i>Operating expenses</i>			
Other external expenses	3, 4	-4,423	569
Employee benefit expenses	6	-1,648	-1,715
Total operating expenses		-6,071	-1,146
OPERATING PROFIT		-2,711	1,784
<i>Financial items</i>			
Gains/losses from participations in Group companies	10	61,315	51,898
Interest income and similar profit/loss items		614	553
Interest expenses and similar profit/loss items		-7,033	-12,374
Total gain/loss on financial items		54,896	40,077
PROFIT BEFORE TAX		52,184	41,861
Tax on profit for the year	11	-3,209	-878
PROFIT FOR THE YEAR		48,975	40,983

Parent Company's statement of comprehensive income

SEK thousands	NOTE	2020	2019
PROFIT FOR THE YEAR		48,975	40,983
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		48,975	40,983
Attributable to Parent Company shareholders		48,975	40,983

Parent Company's balance sheet

SEK thousands	NOTE	12-31-20	12-31-19
ASSETS			
Non-current assets			
<i>Financial assets</i>			
Participations in Group companies	14	279,378	279,378
Receivables from Group companies		22,083	22,954
Total non-current assets		301,460	302,332
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		142,965	21,314
Prepaid expenses and accrued income		105	591
Total current receivables		143,070	21,905
Cash and cash equivalents		44,041	1,883
Total current assets		187,111	23,788
TOTAL ASSETS		488,571	326,120
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		6,439	6,439
Total restricted equity		6,439	6,439
<i>Non-restricted equity</i>			
Retained earnings		79,304	107,867
Profit for the year		48,975	40,983
Total non-restricted equity		128,280	148,850
Total equity		134,719	155,290
Non-current liabilities			
	18, 19	187,247	40,000
Current liabilities			
Accounts payable		131	150
Tax liabilities		2,888	54
Other current liabilities	18, 20	163,289	130,197
Accrued expenses and prepaid income	21	296	430
Total current liabilities		166,605	130,830
TOTAL EQUITY AND LIABILITIES		488,571	326,120

Information on pledged assets and contingent liabilities in Notes 23 and 24.

Parent Company's cash flow statement

SEK thousands	NOTE	2020	2019
Operating activities			
Operating profit		-2,711	1,784
Financial income and expenses	10	-6,419	-1,907
Tax paid for the year		-321	-898
<i>Cash flow from operating activities before changes in working capital</i>		-9,451	-1,021
Cash flow from changes in working capital			
Change in operating receivables		-120,294	17,357
Change in accounts payables and other operating liabilities		-4,654	6,224
<i>Cash flow from changes in working capital</i>		-124,948	23,581
Cash flow from operating activities		-134,399	22,560
Investing activities			
Dividends received from subsidiaries		37,190	47,673
Acquisition of companies after deduction of cash and cash equivalents		-93,272	-
Cash flow from investing activities		-56,083	47,673
Financing activities			
Group contributions		24,125	4,225
Repayment of loan		-20,000	-24,869
Borrowings		298,060	-5,884
Dividends to shareholders	13	-69,546	-69,231
New issue		-	22,899
Cash flow from financing activities		232,639	-72,859
Cash flow for the year		42,158	-2,626
Cash and cash equivalents, start of year		1,883	4,509
Cash and cash equivalents, end of year		44,041	1,883

Changes in Parent Company's equity

SEK thousands	NOTE 17	Share capital	Statutory reserve	Retained earnings	Profit for the year	Total equity
Opening balance at January 1, 2019		6,338	-	82,431	68,112	156,881
By AGM proposed appropriation						-
Transfer to retained earnings				68,112	-68,112	-
Comprehensive income for the period					40,983	40,983
Transactions with shareholders						-
Dividends to shareholders				-69,231		-69,231
New issue		101		26,555		26,657
Closing balance at December 31, 2019		6,439	-	107,867	40,983	155,290
Opening balance at January 1, 2020		6,439	-	107,867	40,983	155,290
By AGM proposed appropriation						-
Transfer to retained earnings				40,983	-40,983	-
Comprehensive income for the period					48,975	48,975
Transactions with shareholders						-
Dividends to shareholders				-69,546		-69,546
Closing balance at December 31, 2020		6,439	-	79,304	48,975	134,719

Notes to the Annual Report

NOTE 1 | General information

The Parent Company is a public limited liability company registered and headquartered in Stockholm, Sweden at Grevgatan 34, SE-114 53 Stockholm. The Parent Company is listed on Nasdaq Stockholm. BTS is an international consulting and education firm that focuses on individuals when organizations are executing strategic changes and works with leaders at all levels to help them make better decisions, progress from decision to action and deliver results. BTS has a broad range of services that meet the needs within both strategy execution and talent development with services that monitor the employee from evaluation for selection and development to strategic consensus and strategy implementation. This is achieved through programs in business acumen, leadership and sales, with the aid of business simulations and other forms of experiential learning and implementation tools. Most BTS clients are major corporations.

The Annual Report and consolidated financial statements were approved for publication by the Board of Directors on April 27, 2021.

NOTE 2 | Significant accounting policies

Amounts are stated in SEK thousands unless otherwise stated.

BTS prepares its consolidated financial statements in compliance with the *Annual Accounts Act (ÅRL)*, the Swedish Financial Reporting Board's recommendation *RFR 1, Supplementary Accounting Regulations for Groups*, the International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Union. Unless otherwise stated, these principles were also applied for the multiple year reviews presented.

The Parent Company has followed the provisions of *the Annual Accounts Act (ÅRL)* and *RFR 2, Accounting for Legal Entities*. The Parent Company's shareholdings in subsidiaries are reported using the cost method.

The Parent Company recognizes group contributions in the income statement which deviates from the accounting policies applied in the Group.

The most important accounting principles applied in the preparation of the consolidated financial statements are described below. These policies were applied consistently for all years presented, unless otherwise stated.

Changes in accounting principles

There are no new IFRS standards or IFRIC statements that have had a significant impact on the Group's earnings and position during the financial year 2020. No new IFRS standards or interpretations have been applied prematurely.

There are also no accounting principles that will have a significant impact on the Group's earnings and position during the financial year beginning January 1, 2021.

Consolidated financial statements

Subsidiaries are all companies (including structured entities) over which the Group has control. The Group controls a company when it is exposed to, or entitled to, variable returns from its holding in the company and is able to influence returns through its influence in the company. Subsidiaries are included in the consolidated

financial statements from, and including, the date on which control was transferred to the Group. They are excluded from the consolidated financial statements from, and including, the date on which control ceases.

The Group's annual accounts have been prepared according to the acquisition method. A subsidiary's purchase price consists of the fair value of the transferred assets, liabilities and the shares issued by the Group. The purchase price also includes the fair value of all the assets or liabilities that result from a contingent purchase price agreement. Acquisition-related costs are expensed as they occur. Identifiable acquired assets and assumed liabilities in a business combination are initially valued at fair value on the acquisition date, based on a market evaluation performed at the time of the acquisition. The acquired subsidiaries' equity is completely eliminated, which means that only the portion of the subsidiary's equity that was gained after the acquisition is included in Group equity.

If the consolidated acquisition value of the subsidiary's shares exceed the net value of identified acquired assets and assumed liabilities recorded in an acquisition analysis, the difference is recognized as goodwill.

Companies acquired during the fiscal year are included in the consolidated financial statements beginning on the date the Group began to exercise control over the company, with the amounts referring to the period after this date.

When the Group no longer has control, each remaining holding is measured at fair value on the date control no longer applies. Change in carrying amount is recognized in profit or loss. Fair value is used as the initial recognized value and provides the basis for continued recognition of the remaining holding as an associate, joint venture or financial asset. All amounts relating to the disposed unit previously recognized in other comprehensive income are recognized as if the Group had directly disposed of the attributable assets or liabilities. This can result in amounts previously recognized in other comprehensive income being reclassified to profit or loss.

Intra-group transactions and balance sheet items, as well as intra-group profits or intra-group losses, are eliminated in full.

All transactions with non-controlling interests are recognized in equity as long as they do not cause any change in control. These transactions do not create goodwill or gains or losses.

The accounting principles for subsidiaries have been amended where appropriate in order to guarantee the consistent application of the Group's principles.

Exchange rates for currencies most relevant to the Group:

	Average 2020	12-31-20	Average 2019	12-31-19
USD	9.21	8.19	9.46	9.32
EUR	10.49	10.04	10.59	10.43
GBP	11.81	11.09	12.07	12.21
AUD	6.34	6.26	6.57	6.51
SGD	6.67	6.18	6.93	6.90
ZAR	0.56	0.56	0.65	0.67
MXN	0.43	0.41	0.49	0.50

Other currencies have not had a material impact on the consolidated balance sheets or income statements.

Revenue/Assignments in progress

Revenue is recognized on delivery of services to clients, based on agreements signed.

Income from completed customization/development assignments, and the expenses attributable to the assignment, are recognized as revenue and expenses, respectively, in proportion to the degree of completion of the assignment at the end of the reporting period (percentage of completion method). The degree of completion of an assignment is determined by comparing the expenses paid up to the end of the reporting period with estimated total expenditure for the assignment. If the outcome of a service assignment cannot be reliably calculated, the revenue from that assignment is recognized only to the extent corresponding to the assignment expenses incurred that are likely to be covered by the client. Anticipated losses on assignments are recognized directly as expenses.

When educational services, "programs", are delivered to a client, they are recognized as revenue immediately after the implementation.

Revenues for licenses, i.e. the customer's right to independently use the materials and solutions for a certain period and/or a certain number of occasions, are recognized when a binding agreement has been reached and BTS has fulfilled its obligations to the client, and the amount of the revenue is known.

Research and development

Expenditure for customer-specific product development is expensed directly. Expenditure related to development projects (attributable to the development and testing of new or improved products) is capitalized as an intangible asset to the extent such expenditure can be expected to generate future economic benefits.

The company has not conducted any research. The development normally conducted by BTS is customer-specific.

Employee benefits**Pensions**

The Group has different pension plans in different countries. All are defined-contribution plans, and the assets are managed by external parties. The Company pays fixed fees and has thereby fulfilled its obligations. The costs are charged to consolidated earnings as pension rights are vested.

Share-based payments

During the first quarter of 2017, some of the major shareholders of BTS issued a total of 50,000 call options on market terms to Jessica Parisi, CEO of BTS North America. Utilization of the options requires employment and may occur after the options have become usable in the first quarter of 2020 at an exercise price of SEK 80.00 per share. The accounting fair value of these is reported over the term up to the first quarter of 2023 according to IFRS2 and has been calculated using the Black-Scholes model, taking into account the conditions prevailing at the time of the issue. The accounting cost according to IFRS2 has amounted to SEK 128 thousand in 2020.

Borrowing

Borrowing expenses are charged to earnings for the period to which they refer.

Borrowings are recognized initially at the amount received less transaction costs. After the date of acquisition, the loan is measured at amortized cost as per the effective interest method. The effective interest method distributes interest income and expenses over the relevant period. The effective interest is the interest rate that exactly discounts the estimated future disbursements to the financial liability's net carrying amount.

Non-current liabilities are liabilities with an anticipated duration longer than 12 months. All others are current liabilities.

Income taxes

Income taxes recognized comprise taxes for the current year that are to be paid or received as well as changes in deferred tax. All tax liabilities and claims are measured at their nominal amounts according to the tax rules and tax rates that have been decided or announced and that most probably will be adopted. Tax effects associated with items recognized in the income statement are also recognized in the income statement. Tax effects associated with items recognized in equity are also recognized in equity.

Current tax is the tax to be paid or received for the current year. This includes adjustments of current tax attributable to prior periods.

According to the balance sheet method, deferred tax is calculated on all temporary differences between the carrying amount and tax base of assets and liabilities. Deferred tax assets relating to loss carryforwards or other future tax-effective deductions are recognized to the extent that it is likely they can be used to offset profits for future taxation.

Segment reporting

Operating segments are reported in a manner that agrees with internal reporting that is provided to the chief operating decision maker. The chief operating decision maker is the function responsible for allocation of resources and assessment of operating segments' earnings. In the Group it is the Parent Company's CEO who makes strategic decisions. BTS's operating segments consist of the Group's operating units BTS North America, BTS Europe, BTS Other markets and APG. Each subsidiary's share of consolidated sales is used as a weight for allocation of Group wide overhead.

Leases and rental agreements

The Group reports a right of use in the balance sheet as well as a lease liability. The leased asset is amortized on a straight-line basis over the lease term. Leasing costs are reported as depreciation in operating profit and interest expense in net financial items.

Leases with a leasing period of twelve months or less, and leases for which the underlying asset has a low value, less than USD 5,000, have not been included in the liability and the right-of-use asset. The cost of exempt leases has been expensed on a straight-line basis over the lease period.

The effects on the consolidated financial statements are presented in Note 5.

Property, plant and equipment

Property, plant and equipment are recognized at acquisition cost less accumulated depreciation and impairment losses,

if any. The acquisition cost includes expenses directly attributable to the acquisition of the asset. Planned depreciation is charged on a straight-line basis based on the acquisition cost and the estimated useful life. The following depreciation periods apply for existing assets:

- Equipment and installations (3–6 years)

The residual value and useful life are tested annually and adjusted as necessary.

Intangible assets

Goodwill

Goodwill is initially valued as the amount by which a total purchase price of the acquired net assets exceed the fair value of the identifiable acquired assets and assumed liabilities. If the purchase price is lower than the fair value of acquired net assets, the difference is recorded directly in the income statement. Impairment tests are conducted annually or more frequently if there are indications of a decline in value.

Franchise contracts

Acquired franchise contracts have a limited useful life and are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated period of use (15 years).

Products, technology and software

Acquired products, technology and software have a limited useful life and are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated useful life (2–9 years).

Customer contracts

Acquired customer contracts have a limited useful life and are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated useful life (2–15 years).

Brands

Acquired brands with an indefinite useful life are recognized at acquisition cost less accumulated impairment losses as required. Impairment tests are performed annually or more frequently if impairment is indicated.

Acquired brands with a limited useful life are recognized at acquisition cost less accumulated amortization and any impairment losses. Amortization is charged on a straight-line basis during the estimated useful life (10 years).

Impairment

When there are indications that the carrying amount of any property, plant, equipment, or intangible asset, exceeds its recoverable amount, an impairment test is performed. The recoverable amount is the higher of an asset's net realizable value and value in use. If it cannot be determined for an individual asset, the recoverable amount of the smallest cash-generating unit to which the asset belongs is calculated.

Each year the Group performs impairment tests on goodwill according to the following principle:

The recoverable amounts are based on value in use, calculated as the present value of future growth and earnings forecasts during multiple years, taking into account extrapolated cash flows beyond this multiyear period. Impairment tests are carried out on the operating segment level, which is the lowest level in the company at which goodwill is monitored.

Any impairment is recognized immediately as an expense and not reversed.

Critical estimates and judgments

To prepare the financial statements in accordance with IFRS, executive management must make judgments, estimates, and assumptions that affect the application of the accounting policies and the amounts recognized as assets, liabilities, income, and expenses. The estimates and assumptions are based on historical experience and various other factors that appear reasonable under the prevailing circumstances. The results of these estimates and assumptions are then used to judge the carrying amounts of assets and liabilities that would not be evident from other sources.

Actual outcomes may deviate from these estimates and judgments. Estimates and judgments are periodically reviewed. Changes in estimates are recognized in the period in which the change is made if the change affected only that period.

Impairment tests on goodwill and intangible assets with indefinite useful life

Each year the Group performs impairment tests on goodwill and intangible assets with indefinite useful life in accordance with the principle described above. Recoverable amounts for cash-generating units have been determined by calculating the value in use. Certain estimates must be made for these calculations; please see Note 7.

Determination of additional consideration

To determine anticipated additional consideration, the Group makes realistic estimates of future growth and earnings for multiple years, separately for each subsidiary acquired.

Financial instruments

Classification

The Group classifies its financial assets and liabilities in the following categories: financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, financial liabilities at fair value through profit or loss and financial liabilities valued at amortized cost. The classification is dependent on for what purpose and under which business model the financial asset or liability was acquired.

BTS has no financial assets that are valued at fair value through profit or loss as of the closing date.

Financial assets valued at amortized cost

Financial assets valued at amortized cost are financial instruments that are held within the framework of a business model whose purpose is to collect contractual cash flows. The contractual cash flows consist solely of principal amounts and interest and are valued at amortized cost in accordance with the effective interest method.

An example of BTS financial assets that are valued at amortized cost are accounts receivable.

Financial liabilities at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are limited to additional purchase prices attributable to company acquisitions.

Financial liabilities valued at amortized cost

Financial liabilities valued at amortized cost are all other financial instruments, such as liabilities to credit institutions and accounts payable.

Accounting and valuation

Financial assets are initially recognized at fair value plus transaction costs for all financial assets that are not reported at fair value through profit or loss. Financial assets recognized at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement. Financial assets are recognized in the balance sheet when the Group becomes a party to the contractual terms of the instrument. Usual purchases and sales of financial assets are reported on the settlement date. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and benefits associated with ownership. Financial liabilities are recognized when the Group becomes bound by the contractual obligations attributable to the instrument. Financial liabilities are removed from the balance sheet when the obligation in the agreement has been fulfilled or otherwise extinguished. Loan receivables and accounts receivable, as well as other financial liabilities, are reported after the acquisition date at amortized cost using the effective interest method.

Offset of financial instruments

Financial assets and liabilities are offset and reported with a net amount in the balance sheet, only when there is a legal right to offset the reported amounts and an intention to settle them with a net amount or to simultaneously realize the asset and settle the debt.

Impairment of financial instruments

At each financial year-end, the financial assets valued at impairment tests are valued at amortized cost according to the model for expected loan losses. Expected credit losses represent the difference between all contractual cash flows that fall due in accordance with the contract and all cash flows that the Group expects to receive are valued at present value using the original effective interest rate. Write-downs of accounts receivable are always the same as the expected credit loss for the entire term.

Translation of foreign currency

Functional currency and presentation currency

Items in the financial statements for the various units in the Group are measured in the currency used in the economic environment in which the company conducts its main business activities (functional currency). Swedish krona (SEK), which is the Group's presentation currency, is used in the consolidated financial statements.

Transactions and balance sheet items

Transactions in foreign currency are translated into the functional currency at the exchange rate prevailing on the transaction date or the date the items are remeasured. Currency gains and currency losses that arise from payment of such transactions, and translation of assets and liabilities in foreign currency at the exchange rate at the end of the reporting period, are recognized in profit or loss.

Group companies

Profit or loss and financial position for all Group companies whose functional currency is different from the presentation currency are translated to the Group's presentation currency as follows:

- assets and liabilities for each of the balance sheets are translated at the exchange rate at the end of the reporting period
- income and expenses for each of the income statements are translated at the average exchange rate for the year
- all exchange differences that arise are recognized in other comprehensive income.

Goodwill and fair value adjustments arising at acquisition of foreign operations are treated as assets and liabilities of those operations and translated at the exchange rate at the end of the reporting period. Exchange differences are recognized in other comprehensive income.

Cash flow statement

The cash flow statement is prepared according to the indirect method. The reported cash flow comprises only of transactions that entail incoming and outgoing payments. Cash flow is reported divided into continuing operations, investing activities and financing activities.

Cash and cash equivalents are cash and demand deposits at banks and similar institutions, plus current liquid investments with a duration of less than three months from the date of acquisition.

NOTE 3 | Transactions with related parties

The Parent Company has a close relationship with its subsidiaries, see Note 14. Except for transactions between Group companies, related-party (the Board, the CEO and other senior executives) transactions took place as shown in Note 6. The subsidiary in the UK has also acquired services from a related party with a value of SEK 17.3 (22.8) million on market terms and conditions.

Purchases and sales between Group companies

Group

Market terms and conditions apply to the supply of services between subsidiaries. The value of these are shown in Note 9.

Receivables and liabilities between Group companies are attributable exclusively to selling and purchasing transactions between the companies. The value of these is specified in Note 9. The liabilities are interest-free.

Parent Company

Of the Parent Company's total purchasing expenses and sales income, 0% (0) of purchases and 100% (100) of sales refer to other Group companies.

NOTE 4 | Information about auditors' fees**Fees and remuneration**

SEK thousands	Group		Parent Company	
	2020	2019	2020	2019
PwC				
Audit assignments	1,323	772	990	712
Other assignments	290	666	–	–
Other auditors				
Audit assignments	1,061	1,534	–	–
Other assignments	53	249	–	–
	2,727	3,221	990	712

Of audit assignments, 1,323 refers to PwC Sweden. Of the fees relating to other assignments in 2020, 290 refers to PwC Sweden for assistance with Due Diligence services in connection to acquisitions during the year.

NOTE 5 | Leases**Reported items in the balance sheet****Right-of-use assets**

The majority (96%) of BTS's operating leases relate to premises. The following table presents the right-of-use assets per lease category.

Right-of-use assets SEK thousands	12-31-20	12-31-19
Premises	142,259	170,881
Other leased assets	5,255	6,427
Total	147,514	177,308

Change in right-of-use assets

SEK thousands	12-31-20	12-31-19
Right-of-use assets		
Opening acquisition value	218,745	163,562
Additional right-of-use assets	34,991	55,607
Disposals concluded contracts	–9,535	–9,287
Translation differences	–22,374	8,863
At December 31	221,826	218,745
Depreciation of right-of-use assets		
Opening acquisition value	41,437	–
Depreciations for the year	51,109	51,218
Disposals concluded contracts	–9,991	–9,287
Translation differences	–8,242	–494
At December 31	74,313	41,437
Right-of-use assets at December 31	147,514	177,308

Lease liabilities

SEK thousands	12-31-20	12-31-19
Non-current lease liabilities	106,939	130,224
Current lease liabilities	44,086	48,109
Total	151,025	178,333

Maturity structure for future expected cash flows for lease liabilities

SEK thousands	2020	2019
Within 1 year	44,086	43,124
1–2 years	31,589	37,845
2–3 years	20,285	27,747
3–4 years	14,781	17,469
4–5 years	13,315	13,404
Later than 5 years	26,970	38,745
Total	151,025	178,333

The average borrowing rate for the Group is 3.5 percent.

Recognized items in the income statement**Depreciation for the year per type**

of right-of-use asset SEK thousands	2020	2019
Premises	47,631	47,944
Other leased assets	3,478	3,274
Total	51,109	51,218

Interest expenses related to leases are included in the item financial expenses with SEK 7,486 (7,995) thousand.

NOTE 6 | Average number of employees, salaries, other compensation, social security contributions, etc.**Average number of employees**

Group	2020			2019		
	Number of employees	Of which women	Of which men	Number of employees	Of which women	Of which men
Subsidiaries						
Argentina	6	3	3	4	2	2
Australia	30	20	10	31	19	12
Brazil	11	6	5	12	7	5
Canada	27	13	14	9	3	7
China	14	7	7	16	8	8
Costa Rica	5	5	-	4	4	-
France	11	8	3	7	5	2
Germany	30	17	13	26	14	11
India	90	49	41	79	41	37
Italy	37	18	19	38	17	21
Japan	8	3	5	9	4	5
Mexico	12	6	6	14	7	7
Singapore	28	17	12	33	17	17
South Africa	24	15	9	23	15	8
South Korea	9	4	5	8	4	4
Spain	44	20	23	50	25	25
Sweden	29	14	15	26	12	14
Switzerland	5	-	5	3	-	3
Taiwan	4	2	2	4	2	2
Thailand	3	1	2	2	1	1
The Netherlands	7	4	3	6	3	3
United Arab Emirates	10	5	5	8	2	5
United Kingdom	102	50	52	97	50	47
United States	297	152	145	269	146	123
Total for the Group	843	440	403	779	412	368

Distribution of senior executives by gender, %

	2020		2019	
	Women	Men	Women	Men
CEO and other senior executives (excl. the Board)	20	80	20	80
Board Parent Company	33	67	33	67
Board Group	10	90	10	90

In this context, "other senior executives" refers to the person who, together with the CEO, have constituted the Group management team.

Parent Company

The Parent Company had no employees in 2020.

Salaries, other compensation, and social security contributions

Group	2020		2019	
	Salaries and compensation	Social security contributions of which pension expenses	Salaries and compensation	Social security contributions of which pension expenses
SEK thousands				
Subsidiaries	735,937	120,943	784,190	121,519
		28,211		26,028

Pension expenses for employees who are president or a member of the board of a Group company totaled 3,579 (3,668). All pension plans are defined-contribution plans.

Parent Company

The CEO is a member of the Board but receives no Board fee. Other members of the Board in the Parent Company have received compensation only in the form of Board fees and, where applicable, fees for committee work.

SEK thousands		2020	2019
Reinhold Geijer	Chairman of the Board	450	450
Mariana Burenstam Linder	Member	200	200
Stefan Gardefjord	Member	260 ¹⁾	260 ¹⁾
Dag Sehlin	Member	200	200
Anna Söderblom	Member	260 ¹⁾	260 ¹⁾
Total		1,370	1,370

¹⁾ of which committee fee 60 (60)

For the CEO, see the figures for compensation to senior executives below.

Salaries and other compensation by country and divided between Board members/CEO and others

Group	2020		2019	
	Board and CEO	Other employees	Board and CEO	Other employees
SEK thousands				
In Sweden				
Parent Company	1,370	–	1,370	–
Subsidiaries	2,344	26,986	3,157	23,605
Total Sweden	3,714	26,986	4,527	23,605
Outside Sweden				
United States	12,644	395,787	14,649	413,326
Europe	13,858	103,188	22,343	106,429
Other	17,558	162,202	19,222	180,089
Total outside Sweden	44,061	661,176	56,215	699,843
Total for the Group	47,775	688,162	60,742	723,448

Terms of employment and compensation for senior executives

Guidelines for compensation and other terms of employment for senior executives

These guidelines include the CEO and other senior executives. The guidelines do not cover remuneration decided by the Annual General Meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Information about the company's business strategy and long-term interests, including its sustainability, can be found on the company's website: www.bts.com.

A successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability, presupposes that the company can recruit and retain qualified employees. This requires that the company can offer competitive remuneration. These guidelines enable senior executives to be offered a competitive total remuneration.

Types of remuneration, etc.

Remuneration to senior executives must be market-based and may consist of basic salary/fixed remuneration, variable remuneration, pension and other benefits. The Annual General Meeting may in addition – and independently of these guidelines – decide on, for example, share and share price-related remuneration.

Basic salary/fixed remuneration must be individual for each individual executive. The basic salary must be reviewed regularly (usually annually) and based on the executive's position, responsibilities, competence, experience and performance.

Variable remuneration shall be based on predetermined and measurable criteria, designed for the purpose of promoting long-term value creation. The variable remuneration may not exceed 100 percent of the annual fixed salary. The variable remuneration shall not be pensionable, to the extent that nothing else follows from mandatory collective agreement provisions.

Pension benefits shall be defined-contribution to the extent that the executive is not covered by another defined-benefit pension in accordance with mandatory collective agreement provisions. Premiums are paid for as long as the employment lasts. The ordinary retirement age follows the retirement age set by law.

For the CEO, pension benefits shall amount to no more than 35 percent of the annual basic salary. For other senior executives, pension benefits shall amount to no more than 30 percent of the annual basic salary.

Other benefits may include car benefits, occupational health care, life and health insurance and other similar benefits. Other benefits shall constitute a smaller proportion of the total remuneration and may correspond to no more than 10 percent of the senior executive's annual fixed salary.

Adaptations to foreign regulations. For terms of employment that are subject to rules other than Swedish, with regard to pension benefits and other benefits, appropriate adjustments may be made to comply with such mandatory rules or established local practice, whereby the overall purpose of these guidelines shall be met as far as possible. Deviations from these guidelines must be stated in the Board's Annual Report on paid and outstanding compensation covered by the guidelines.

Criteria for payment of variable compensation

The criteria on which the payment of variable compensation is based shall be determined annually by the Board in order to ensure that the criteria are in line with the company's current business strategies and performance targets. The criteria can be individual or common, financial or non-financial and must be designed in such a way that they promote the company's business strategy, sustainability strategy and long-term interests.

Financial criteria that form the basis for any variable compensation shall be based on relevant key figures and its composition may vary depending on the phase in which the Board deems that the Company is in.

Non-financial criteria that form the basis for any variable compensation must be linked to clear and measurable business-related goals, such as the conclusion of agreements essential to the

company, activities carried out according to the company's business plan, expansion/establishment and achieved objectives within the company's sustainability work.

The period on which the assessment of whether the criteria have been met or not must amount to at least three months. The assessment of the extent to which the criteria have been met shall be made when the measurement period has ended. Regarding the CEO, the Board is responsible for the assessment. For other senior executives, the CEO is responsible for the assessment. The assessment of whether financial criteria have been met shall be based on the accounting, and the most recently published financial information, from the company.

Salary and terms of employment for the company's employees

In the preparation of the Board's proposal for these remuneration guidelines, salary and terms of employment for the employees of the company have been taken into account by including information on the employees' total compensation, remuneration components and the increase and growth rate of compensation over time formed part of the Board's basis of decision when evaluating whether the guidelines, and the restrictions that follow from them, are reasonable. The development of the distance between the remuneration of senior executives and the remuneration of other employees will be reported in the compensation report.

Termination of employment and severance pay

For senior executives, the notice period in the event of termination by the company shall not exceed twelve months, while the notice period in the event of termination by the senior executive shall not exceed six months. Severance pay is paid only to the CEO and then for a maximum of 12 months.

Decision-making process to determine, review and implement the guidelines

The Board as a whole prepares decisions on proposed guidelines for remuneration to senior executives. The Board shall also, during each financial year, monitor and evaluate ongoing programs, as well as programs completed throughout the year, for variable remuneration for company management, the application of guidelines for remuneration to senior executives and current remuneration structures and compensation levels in the company.

The Board shall annually prepare proposals for new guidelines and present the proposal for resolution at the Annual General Meeting. The guidelines shall apply until new guidelines have been adopted by the Annual General Meeting.

The CEO, and other members of the executive management, do not participate in the Board of Directors' processing of, and resolutions regarding, remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may decide to temporarily derogate from the guidelines (in whole or in part) if, in an individual case, there are special reasons for this and a derogation is necessary to meet the company's long-term interests and sustainability, or to ensure the Group's financial viability.

Remuneration and benefits for the senior executives

Remuneration includes basic salary, other benefits, variable remuneration and pension expenses.

Other benefits consist exclusively of company cars. The total sum of remuneration paid to senior executives was 9,848 (12,685), of which pension expenses were 2,382 (2,339). All pension plans are defined-contribution plans.

The CEO Henrik Ekelund was paid salary and other benefits totaling 5,028 (7,109), including 0 (2,227) in variable remuneration. Variable remuneration is calculated using a model that triggers payment when Group earnings exceed predefined profitability targets. The CEO has a defined-contribution pension entitlement equal to 35% (35) of his fixed salary, paid in the form of pension insurance entitling the CEO to a pension from the age of 65.

The CEO's employment contract states a mutual period of notice of six months. In addition, if the Company terminates the CEO's employment contract, the CEO is entitled to a severance package corresponding to 12 months' salary. None of the other senior executives is entitled to a severance package.

Other senior executives have been paid salaries and other benefits totaling 2,438 (3,228), of which variable remuneration was 300 (1,113). Variable remuneration is based on targets achieved by the Company and the individual. Provisions to pensions are made with 30% (30) of the fixed salary and paid in the form of pension insurance entitling the executive to a pension from the age of 65.

NOTE 7 | Intangible assets

Group	12-31-20	12-31-19
SEK thousands		
Goodwill		
Accumulated acquisition cost, opening balance	539,642	458,994
Acquisitions	51,284	58,318
Established acquisition analyses	4,246 ¹⁾	3,393 ¹⁾
Translation difference	-42,687	18,938
Accumulated acquisition cost, closing balance	552,485	539,642
Accumulated impairments, opening balance	-3,726	-3,726
Accumulated impairments, closing balance	-3,726	-3,726
Carrying amount, closing balance	548,759	535,916

¹⁾ Effect of established acquisition analyses.

Other intangible assets

SEK thousands	12-31-20	12-31-19
Franchise contracts		
Accumulated acquisition cost, opening balance	11,520	11,092
Translation difference	-1,395	428
Accumulated acquisition cost, closing balance	10,125	11,520
Accumulated amortization, opening balance	10,193	9,073
Amortization for the year	759	780
Translation difference	-1,319	340
Accumulated amortization, closing balance	9,633	10,193
Carrying amount, closing balance	493	1,329

SEK thousands	12-31-20	12-31-19
Technology, products & software		
Accumulated acquisition cost, opening balance	114,586	93,082
Purchases	15,823	19,052
Translation difference	-7,930	2,451
Accumulated acquisition cost, closing balance	122,479	114,586
Accumulated amortization, opening balance	66,360	56,733
Amortization for the year	13,930	9,433
Translation difference	-7,672	194
Accumulated amortization, closing balance	72,618	66,360
Carrying amount, closing balance	49,861	48,226
Customer contracts		
Accumulated acquisition cost, opening balance	40,747	35,060
Purchases	3,229	4,576
Translation difference	-2,507	1,111
Accumulated acquisition cost, closing balance	41,469	40,747
Accumulated amortization, opening balance	21,014	14,455
Amortization for the year	7,402	6,471
Translation difference	-2,083	87
Accumulated amortization, closing balance	26,333	21,014
Carrying amount, closing balance	15,136	19,733
Brands		
Accumulated acquisition cost, opening balance	32,885	29,707
Purchases	1,937	2,457
Translation difference	-3,982	721
Accumulated acquisition cost, closing balance	30,840	32,885
Accumulated amortization, opening balance	19,706	16,654
Amortization for the year	3,609	2,987
Translation difference	-2,203	66
Accumulated amortization, closing balance	21,112	19,706
Carrying amount, closing balance	9,728	13,179
Total closing balance, carrying amount of other intangible assets	75,219	82,467

Impairment tests

The value of goodwill is tested annually through an impairment test and more often if there are indications of impairment. Goodwill is distributed among the cash-generating units that are expected to benefit from the synergies in acquisitions and are consistent with the Group's operating units / operating segments, which is the lowest level in the company on which goodwill is monitored. Impairment tests therefore occur for each operating entity and are BTS North America, BTS Europe, BTS Other markets and APG.

Recovery values for the units are determined by calculating the value in use. These calculations are based on estimated future cash flows based on the present values of future growth and profit forecasts over a four-year period and extrapolated cash flows beyond the four-year period. Significant assumptions used to calculate values in use:

- Forecast of operating margin
- Growth rate for periods beyond the budget period
- Selected discount rate before tax

The forecast operating margin has been determined based on past performance and expectations of future market developments in each unit. In order to extrapolate cash flows beyond the budget period, a growth rate of 1.5–3 (1.5–3) percent has been used, which is considered a conservative estimate. In addition, a discount rate in local currency before tax has been used in the calculations for each operating unit. The discount rate – the weighted average capital cost (WACC) – consists of risk-free interest, the market risk premium and a company-specific risk premium, as well as for each unit, a market capital structure. The discount rates used are for BTS North America 10.0 (10.0) percent, BTS Europe 10.8 (10.8) percent and BTS Other markets 10.5 (10.5) percent.

After impairment tests, it has been established that no impairment loss exists on 12-31-20.

At the impairment tests, sensitivity analyzes have also been made for each operating unit:

- Where the estimated operating margin was 10 percent lower than the basic assumption
- If the estimated growth rate to extrapolate cash flows beyond the budget period would have been 10 percent lower than the basic assumption
- If the estimated weighted capital cost applied to discounted cash flows had been 10 percent higher than the basic assumption.

Reduction of the value in use as a percentage of each sensitivity analysis

	BTS North America	BTS Europe	BTS Other markets
10% lower operating margin	-10.8 (-10.7)	-10.9 (-8.5)	-10.6 (-9.4)
10% lower long term growth	-2.8 (-2.9)	-2.4 (-1.7)	-1.1 (-1.3)
10% higher discount rate	-10.7 (-13.0)	-10.6 (-10.9)	-9.2 (-11.2)

None of the cases above should lead to an impairment in a single operational unit. The calculations are hypothetical and should not be seen as an indication that these factors are more or less likely to change. The sensitivity analysis should therefore be interpreted with caution.

Distribution of goodwill and other intangible assets by segment**Group**

12-31-20 SEK thousands	BTS North America	BTS Europe	BTS Other markets	APG	Total	12-31-19 SEK thousands	BTS North America	BTS Europe	BTS Other markets	APG	Total
Goodwill	358,499	109,714	80,546	-	548,759	Goodwill	292,800	196,970	46,146	-	535,916
Franchise contracts	-	-	-	493	493	Franchise contracts	-	-	-	1,329	1,329
Technology, Products & Software	33,173	14,281	2,407	-	49,861	Technology, Products & Software	24,281	20,711	3,234	-	48,226
Customer contracts	6,911	7,592	633	-	15,136	Customer contracts	5,150	12,506	2,077	-	19,733
Brands	4,984	3,563	1,181	-	9,728	Brands	5,604	5,980	1,596	-	13,179
Total	403,567	135,150	84,767	493	623,978	Total	327,835	236,167	53,052	1,329	618,383

NOTE 8 | Property, plant and equipment**Group**

SEK thousands	12-31-20	12-31-19
Equipment		
Accumulated acquisition cost, opening balance	101,600	82,326
Purchases	12,378	16,238
Disposals	-1,643	-1,843
Translation difference	-10,671	4,880
Accumulated acquisition cost, closing balance	101,664	101,600
Accumulated depreciation, opening balance	59,130	43,523
Depreciation for the year	14,014	14,637
Disposals	-1,941	-825
Translation difference	-7,406	1,795
Accumulated depreciation, closing balance	63,796	59,130
Carrying amount, closing balance	37,868	42,471

NOTE 9 | Segment reporting**Group**

The Group's operations are managed and reported by the operating units BTS North America, BTS Europe, BTS Other markets, and APG, who are the Group's segments.

BTS North America consists of BTS's operations in North America, excluding APG but including SwissVBS with its operations in Canada and Switzerland. BTS Europe consists of operations in France, Germany, the Netherlands, Sweden and the UK.

BTS Other markets consists of operations in Argentina, Australia, Brazil, China, Costa Rica, India, Italy, Japan, Mexico, Singapore, South Africa, South Korea, Spain, Taiwan, Thailand, and United Arab Emirates. APG has operations in North America.

Operating units invoice one another for services based on time expended and on market terms.

Group-wide costs are invoiced and amortization of intangible assets is allocated to the operating units.

SEK thousands	BTS North America		BTS Europe		BTS Other markets		APG		Eliminations & unallocated		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Income												
External sales	689,486	876,865	316,023	386,477	363,307	489,782	95,339	112,375			1,464,155	1,865,499
Internal sales	68,632	85,955	52,376	69,109	27,175	62,862	276	1,277	-148,458	-219,203	-	-
Total income	758,118	962,821	368,399	455,586	390,482	552,644	95,615	113,652	-148,458	-219,203	1,464,155	1,865,499
Operating profit	37,197	111,771	10,701	55,776	14,912	52,560	-3,700	753	5,497	4,800	64,607	225,660
Financial income									1,264	1,111	1,264	1,111
Financial expenses									-15,171	-10,881	-15,171	-10,881
Affiliated companies, profit after tax									353	585	353	585
Tax on profit for the year									-15,826	-65,726	-15,826	-65,726
Profit for the year											35,226	150,748
Other information												
Assets	902,556	832,860	607,328	569,904	467,738	457,895	42,496	32,828	-60,032	-24,675	1,960,087	1,868,812
Liabilities	452,017	370,175	625,834	447,327	201,577	210,032	30,832	26,275	-60,032	-24,675	1,250,229	1,029,134
Investments	41,509	26,242	99,231	5,678	6,909	6,142	-	41			147,649	38,104
Depreciation of property, plant, and equipment	-8,748	-8,222	-1,917	-2,513	-3,323	-3,862	-25	-41	-51,109	-51,218	-65,123	-65,855
Amortization of intangible assets	-8,996	-4,115	-13,432	-12,230	-2,513	-2,546	-759	-780			-25,700	-19,670

Total sales according to business model

	2020					2019				
	BTS North America	BTS Europe	BTS Other markets	APG	TOTAL	BTS North America	BTS Europe	BTS Other markets	APG	TOTAL
Programs	290	171	245	77	783	453	230	357	89	1,129
Development	267	114	92	-	473	279	106	79	-	464
Licenses	122	25	20	18	185	88	27	32	23	170
Other revenues	10	5	7	-	23	57	24	22	-	103
TOTAL	689	316	363	95	1,464	877	386	490	112	1,865

The BTS business model is divided into four categories of revenue; *Development*, *Programs*, *Licenses* and *Other revenue*.

For performed *Development*, the income and expenses attributable to the assignment are reported as revenue or cost in relation to the degree of completion of the assignment on the balance sheet date (progressive profit calculation). The degree of completion of an assignment is determined by comparing expenses incurred on the balance sheet date with estimated total expenses for the assignment. Normally invoicing takes place as the work proceeds in accordance with agreed terms.

Upon delivery of *Programs*, training services, these are recognized and invoiced directly after implementation.

Revenue for *Licenses*, that is, the customer's right to use BTS's material and solutions for a certain time and/or number of occasions, is reported when binding agreement has been reached and BTS has fulfilled its obligations towards the customer and when the revenue size is known. Invoicing takes place in accordance with agreed terms.

Other income mainly relates to invoiced expenses in connection with *Development* and *Programs*. These are invoiced and recognized as revenue simultaneously with each project.

The majority of the individual customer contracts do not exceed 12 months. The payment terms are usually between 45 and 90 days and do not exceed one year in any case. The compensation is

usually set at a fixed price. In the rare case of a complaint, individual compensation can be agreed.

Of the Group's total revenue, 56,932 (39,663) refers to the country of residence Sweden. The value of the Group's fixed assets in Sweden amounted to 513 (769).

The Group's reported contract assets and contract liabilities are shown in Notes 16 and 21.

NOTE 10 | Financial items

Group's financial items

SEK thousands	2020	2019
Interest income	1,264	1,111
Total financial income	1,264	1,111
Foreign exchange losses	-	-3
Interest expenses	-7,685	-2,884
Interest expenses leases	-7,486	-7,995
Total financial expenses	-15,171	-10,881
Total gain/loss on financial items	-13,907	-9,771

Group's financial items cash flow statement

SEK thousands	12-31-20	12-31-19
Total gain/loss on financial items	-13,907	-9,771
Affiliated companies, profit after tax	353	585
Total	-13,554	-9,186

Parent Company's financial items

SEK thousands	2020	2019
Gains/losses on other securities and receivables held as non-current assets		
Dividends from subsidiaries	37,190	47,673
Group contributions	24,125	4,225
Currency losses	-	-9,914 ¹⁾
Total	61,315	41,984
Interest income	614	553
Interest expenses	-7,033	-2,460
Total gain/loss on financial items	54,896	40,077

¹⁾ Effect of revaluation of current liabilities relating to previously completed acquisitions.

NOTE 11 | Tax on profit for the year

Group

SEK thousands	2020	2019
Income tax as recognized in the income statement	-15,826	-65,726
Current tax expense	-15,091	-60,815
Current tax attributable to previous years	-693	-3,666
Postponed tax income/expense (+/-)	-42	-1,245
Tax for the year	-15,826	-65,726

Parent Company

SEK thousands	2020	2019
Current tax for the year	-3,209	-878

Reconciliation of effective tax

Group

SEK thousands	2020	2019
Profit before tax	51,053	216,475
Tax expense based on Swedish income tax rates, 21.4%	-10,925	-46,326
Effects of different tax rates	-1,219	-5,137
Non-deductible expenses	-7,649	-11,321
Non-taxable income	4,659	723
Tax attributable to previous years	-693	-3,666
Effective tax recognized	-15,826	-65,726
<i>Effective tax rate</i>	<i>31.0%</i>	<i>30.4%</i>

Parent Company

SEK thousands	2020	2019
Profit before tax	52,184	41,861
Tax expense based on Swedish income tax rates, 21.4%	-11,167	-8,958
Dividends from subsidiaries	7,959	10,202
Non-deductible expenses	-	-2,122
Effective tax recognized	-3,209	-878
<i>Effective tax rate</i>	<i>6.1%</i>	<i>2.1%</i>

NOTE 12 | Earnings per share

Group

Earnings per share are calculated by dividing the profit attributable to Parent Company shareholders with the weighted average number of common stock on issue during the period.

	2020	2019
Profit for the year attributable to Parent Company shareholders, SEK thousands	35,226	150,748
Earnings per share, before dilution, SEK (thousands)	1.82	7.84
Total no. of shares, before dilution, (thousands)	19,318	19,221
Earnings per share, after dilution, SEK	1.82	7.84
Total no. of shares, after dilution, (thousands)	19,318	19,221

NOTE 13 | Dividend per share

Dividends paid in 2020 totaled SEK 69,546 thousand (SEK 3.60 per share). Dividends paid 2019 totaled SEK 69,231 thousand (SEK 3.60 per share).

At the AGM on May 19, 2021, a dividend for the fiscal year 2020 of SEK 1.20 per share, to be paid on two occasions in the amount of SEK 0.60 per payment, totaling SEK 23,182 thousand, will be proposed. The total amount of the proposed dividend is based on the number of outstanding shares as of April 27, 2021, and is not recognized as a liability in these financial statements.

NOTE 14 | Financial assets**Parent Company
Participations in Group companies**

SEK thousands	No. of shares	Pctg. equity	Carrying amount 12-31-20	Carrying amount 12-31-19
Parent Company holdings				
BTS Sverige AB Corp. id. no. 556566-7127 Domicile: Stockholm	5,000	100	7,456	7,456
BTS USA, Inc. Corp. id. no. 06-1356708 Domicile: Connecticut	1,000	100	148,389	77,430
BTS in London Ltd. Corp. id. no. 577 1376 13 Domicile: London	5,000	100	60,052	6,833
Business Training Systems AS Corp. id. no. 957 694 187 Domicile: Oslo	100	100	94	94
Catalysts for profitability and growth Ltd Corp. id. no. 1998/010779/07 Domicile: Centurion	1,000	100	1	1
BTS Finland AB Corp. id. no. 556583-1673 Domicile: Stockholm	1,000	100	100	100
BTS Asia Pacific PTE Ltd Corp. id. no. 200811464Z Domicile: Singapore	50,000	100	40,153	237
Business Training Solutions S.L. Corp. id. no. B95138160 Domicile: Bilbao	1,031	100	21,216	7,911
BTS Management SA Corp. id. no. 01 73.802 11 Domicile: Geneva	1,000	100	673	673
Business Game Factory Oy Corp. id. no. 1807788-2 Domicile: Helsinki	90,750	100	654	654
BTS Brussels NV Corp. id. no. 878.155.648 Domicile: Brussels	620,000	100	587	587
BTS Coach in a box Holdings Ltd Corp. id. no. 5379864 Domicile: Portsmouth	56,000	100	3	177,402
Total shares in subsidiaries			279,378	279,378

NOTE 15 | Deferred tax**Deferred tax assets****Group**

SEK thousands	12-31-20	12-31-19
Opening balance, net	4,143	4,496
Recognized change for the year	4,298	-527
Translation differences	-1,001	173
Closing balance, net	7,441	4,143

The amount concerns unused loss carry-forwards in subsidiaries which are expected to be utilized during upcoming years.

Deferred tax liabilities**Group**

SEK thousands	12-31-20	12-31-19
Opening balance, net	60,727	47,945
Recognized change for the year	8,586	10,827
Translation differences	-7,595	1,955
Closing balance, net	61,719	60,727

Group

SEK thousands	12-31-20	12-31-19
Non-current part	56,449	55,420
Current part	5,270	5,308
Total	61,719	60,727

The preliminary acquisition analysis for the acquisition of RLI has been adopted. The effect was an increase in goodwill and a provision for deferred tax liabilities of SEK 4.2 millions.

NOTE 16 | Prepaid expenses and accrued income**Group**

SEK thousands	12-31-20	12-31-19
Accrued income (current contract assets attributable to consulting services)	51,626	107,198
Other items	44,985	58,672
Total	96,611	165,870

NOTE 17 | Equity and appropriation of earnings**Group**

As of December 31, 2020, the share capital consists of 853,800 Class A shares and 18,464,492 Class B shares, totaling 19,318,292 shares with a total value of SEK 6,439,431. Each share has a quotient value of SEK 0.33. Each Class A share entitles the holder to ten votes per share, each Class B one vote per share.

The equity in all Group companies that have a functional currency different from the reporting currency is translated into the reporting currency (SEK). Translation differences arise if the SEK exchange rate for a functional currency at the end of the period is different from its rate at the start of the period. These translation differences have no effect on taxes. Closing accumulated translation differences recognized directly in equity totaled -36,846. Opening accumulated differences totaled 58,551.

Proposed appropriation of earnings

The Board of Directors proposes that earnings be appropriated as follows:

To be distributed to shareholders: SEK 1.20 per share totaling ¹⁾	23,181,950
To be carried forward	105,097,795
Total	128,279,745

¹⁾The total amount of the proposed dividend is based on the number of Outstanding shares as of April 27, 2021.

The Board proposes a dividend of SEK 1.20 per share, to be paid on two occasions in the amount of SEK 0.60 per payment. The dividend is proposed to be paid on May 26, 2021 and November 17, 2021 respectively.

NOTE 18 | Financial instruments and financial risk management**Policies for financing and financial risk management**

The Board directs and monitors BTS's financing activities and financial risks. Financing and risk management are gathered under the Group finance function and conducted in compliance with a financial policy adopted by the Board of Directors that stresses low risk. The aim of the Company's risk management is to optimize the Group's cost of capital and, in a deliberate manner, to manage and control the Group's financial risks. Hedging instruments may be used within given parameters. Future payments are not normally hedged. Cash and cash equivalents may be invested in interest-bearing accounts or in interest-bearing securities carrying low credit risk. The duration of the investment portfolio must not exceed twelve months.

During the year, BTS's holdings of financial instruments were limited to primary instruments such as accounts receivable, trade payables and the like. Customer contracts contain no currency clauses or anything that could be considered embedded derivatives. No hedging instruments are held or have been purchased or sold during the year, the same applies for the previous year.

Fair value of financial assets and liabilities**Group**

SEK thousands	12-31-20	12-31-19
Total financial assets	1,025,687	860,638
Other non-current receivables	9,342	9,004
Accounts receivable	408,549	514,132
Other current receivables	16,625	21,113
Cash and cash equivalents	591,171	316,388
Total financial liabilities	796,162	575,267
Provisions	27,841	134,052
Other non-current liabilities	239,360	44,601
Lease liabilities	151,025	178,333
Accounts payable	34,509	42,220
Other current liabilities	343,426	176,061

Parent Company

SEK thousands	12-31-20	12-31-19
Cash and cash equivalents	44,041	1,883
Total financial assets	44,041	1,883
Other non-current liabilities	187,247	40,000
Accounts payable	131	150
Other current liabilities	163,289	130,197
Total financial liabilities	350,668	170,347

Financial assets**Financial assets valued at amortized cost**

Other non-current receivables chiefly consist of rental deposits and interest-bearing financial claims on various counterparts.

Rental deposits have a maturity corresponding to their respective leases.

Reported value is deemed equivalent to the fair value.

Accounts receivable denominated in foreign currencies are measured at the closing rate. Accounts receivable in the BTS North America operating unit constitute 45% (40) of the Group's total accounts receivable. The table below shows the distribution of accounts receivable by currency.

Group

SEK thousands	12-31-20	12-31-19
SEK	38,691	22,902
USD	201,510	229,147
GBP	45,456	105,771
EUR	63,156	69,524
Other currencies	59,735	86,788
Total accounts receivable	408,549	514,132

Historically the Group has had very low credit losses on accounts receivable. The spread of risk is good among companies, sectors and geographic markets. Fair value agrees with carrying amount and no significant impairment of accounts receivable has been recognized during the year, same principle as in the previous year.

The Group applies the simplified method for calculating expected loan losses. The method means that expected losses during the entire term of the loan are used as a basis for accounts receivable and contract assets. Expected credit loss is based on the customers' payment and loss history.

At December 31, 2020, accounts receivable totaling 48,988 (72,041) were more than 30 days past due. The maturity structure is shown in the table below.

Group

SEK thousands	12-31-20	12-31-19
Total accounts receivable	408,549	514,132
1-30 days overdue	63,390	87,844
more than 30 days overdue	18,299	29,619
more than 60 days overdue	30,689	42,422

Cash and cash equivalents

On the balance sheet date, there were mainly bank balances, in addition short-term investments in accordance with the decided financial policy.

Financial liabilities**Financial liabilities valued at amortized cost**

Financial liabilities held during the year are measured at the amortized cost using the effective interest method. At year-end 2020 the financial liabilities consisted of accounts payable and non-current liabilities.

Accounts payable are deemed reasonably approximate to their fair value. All accounts payable fall due within 12 months, of which most are due within a month, which is why they are not discounted to present value.

Financial liabilities at fair value through profit or loss

BTS only has contingent purchase consideration attributable to business combinations that are measured at fair value through profit or loss.

Calculation of fair value

When the fair value of an asset or liability is to be determined, the Group uses observable data to the greatest extent possible. Real values are categorized at different levels in a real value hierarchy based on input data used in the valuation technique as follows:

Level 1: according to prices quoted in an active market for identical instruments.

Level 2: based on directly or indirectly observable market data that is not included in level 1.

Level 3: based on input data that are not observable on the market.

The fair value corresponds to the carrying amount, with the exception of the bond loan. The following summarizes the methods and assumptions that were mainly used to determine fair value of the Group's financial instruments.

Conditional additional purchase prices

Contingent consideration is valued at market value according to level 3, i.e. fair value based on input data that is not observable on the market. The calculation of contingent consideration depends on the parameters in each agreement. These parameters are mainly linked to expected results for the acquired companies over the next three years. An increase in the expected results means a higher liability for contingent consideration. However, usually there is a ceiling for each conditional purchase price that limits how large the debt can be. The maximum payment for contingent consideration was SEK 201.4 (287.6) million at the balance sheet date.

Reported items regarding conditional additional purchases (level 3) is as follows:

SEK thousands	12-31-20	12-31-19
Opening balance	232,546	172,663
Paid price	-98,660	-4,743
Translation differences	-12,985	8,898
Additional consideration	27,841	55,728
Closing balance	148,742	232,546

Foreign exchange risk

The Group is exposed to foreign exchange risks associated with the translation of foreign subsidiaries, thus influencing profit and equity in the Group. The currencies that have the greatest influence are USD, EUR, and GBP. Transaction exposure is limited, because revenues and expenses are primarily denominated in the same currency in each market. BTS does not normally hedge its foreign exchange exposure. The sensitivity analysis below shows the effects on operating profits based on BTS's 2020 income statement and should only be seen as an indication of the significance of the different currencies.

SEK thousands	Percentage change	Change in profit		Change in equity	
		2020	2019	2020	2019
SEK/USD	+/-10%	7,667	15,225	38,758	44,797
SEK/EUR	+/-10%	3,070	3,499	6,292	7,834
SEK/GBP	+/-10%	584	5,001	8,174	10,402

Credit risk

Credit risk refers to companies not getting paid, fully or partly, for their accounts receivable from customers. BTS only accepts credit-worthy counterparties in financial transactions, and the limit is determined individually for each customer. Creditworthy refers to companies that have undergone customary credit checks with satisfactory results. The intention is for credit limits to reflect the solvency of each customer. BTS has sufficiently diversified risk. BTS's accounts receivable and sales are spread among a large number of companies operating in a variety of sectors.

The maximum credit risk exposure on accounts receivable at year end was 408,549 (514,132). Fair value agrees with book value.

Liquidity risk and interest rate risk

BTS manages liquidity risk by maintaining sufficient cash and cash equivalents including unutilized parts of approved overdraft facility. Interest rates on the Group's financial assets and liabilities are usually fixed for short periods. Interest rate risk refers to changes in the market interest rate that affect BTS's results negatively.

	Percentage change in market interest rate	Change in interest expense, SEK thousands, 2020
Interest bearing liabilities	+/-10%	769

BTS's policy is to allow borrowing with the Board's approval. Any surplus cash in subsidiaries should first of all be used to repay loans. Interest risk for interest income is limited to the fluctuating return on cash and cash equivalents invested at variable rates.

Group

SEK thousands	12-31-20	12-31-19
Cash and cash equivalents	591,171	316,388
Unutilized portion of bank overdraft facility	17,605	44,517
Cash and cash equivalents available	608,776	360,905

Capital risk

BTS's goal for its capital structure is to safeguard the Group's ability to continue to expand its operations, so that they continue to generate a return for shareholders and benefit other stakeholders, while at the same time keeping the cost of capital at a reasonable level.

To maintain or change the capital structure, the dividends can be raised or lowered, shares can be issued or repurchased, and assets can be bought or sold.

BTS's financial objective – and a measure of its capital risk – is that its equity/assets ratio never remains less than 50% over extended periods. At year-end, the Group's equity/assets ratio was 36 (45).

Reconciliation net liabilities (net cash)

SEK thousands	12-31-20	12-31-19
Cash and cash equivalents	591,171	316,388
Non-current loans	-235,220	-40,000
Current loans	-169,082	-36,398
Net cash	186,870	239,991

Change net liabilities (net cash)

SEK thousands	Cash and cash equivalents	Current loans	Non-current loans	Total
Net cash 01-01-20	316,388	36,398	40,000	239,991
Translation differences	-32,701	-	-	-32,701
Cash flow	307,484	112,684	215,220	-20,421
Non cash flow impact	-	20,000	-20,000	-
Net cash 12-31-20	591,171	169,082	235,220	186,870

SEK thousands	Cash and cash equivalents	Current loans	Non-current loans	Total
Net cash 01-01-19	262,357	42,840	60,000	159,517
Through acquisitions	1,217	7,429	-	-6,212
Translation differences	6,058	383	-	5,674
Cash flow	46,756	-38,181	-	84,937
Non cash flow impact	-	23,926	-20,000	-3,926
Net cash 12-31-19	316,388	36,398	40,000	239,991

Leases are not included in the Group's definition of net debt. Total leases as of December 31, 2020 amounted to SEK 151,025 (178,333) thousand.

NOTE 19 | Non-current liabilities

Non-current liabilities refer to interest-bearing loans from credit institutions which will be repaid as follows. The amounts include the agreed interest rate.

Group

SEK thousands	
2022	118,885
2023	48,489
2024	47,114
2025	33,998
Total	248,486

Parent Company

SEK thousands	
2022	70,433
2023	48,489
2024	47,114
2025	33,998
Total	200,034

NOTE 20 | Bank overdraft facility

Group

SEK thousands	12-31-20	12-31-19
Approved credit limit	116,141	56,988
Unutilized portion	-17,605	-44,517
Credit utilized	98,536	12,471

Parent Company

SEK thousands	12-31-20	12-31-19
Approved credit limit	100,000	40,000
Unutilized portion	-1,464	-27,529
Credit utilized	98,536	12,471

NOTE 21 | Accrued expenses and prepaid income

Group		
SEK thousands	12-31-20	12-31-19
Accrued salaries incl. social security contributions	115,496	164,466
Accrued income (current contract assets attributable to consulting services)	218,468	174,821
Other items	58,384	50,939
Total	392,348	390,226

Parent Company

SEK thousands	12-31-20	12-31-19
Other items	296	430

NOTE 22 | Business acquisitions**Acquisition**

BTS acquired Rapid Learning Institute (RLI) on January 6, 2020, as previously communicated in a press release on the same date. The acquisition encompasses all operations including talent, technology, intellectual property, customer relations, brands and equipment.

The acquisition consisted of an initial cash consideration and an additional payment that will be paid out in 2023, provided the business meets specific targets 2020–2022 based on the entire measurement period.

With the acquisition of Rapid Learning, BTS gained a library of more than 200 proprietary learning modules centered on short research-backed videos, and in addition a collection of more than 2,500 articles on leadership and sales authored by the company's editorial team. These, together with the RLI team, will significantly strengthen BTS's scalable digital solutions. RLI also brought with it a set of clients who subscribe to programs and licenses.

Ratification of acquisition analysis

The preliminary acquisition analysis regarding the year's acquisition of RLI has been ratified. The effect of the ratification is an increase in goodwill and a provision for deferred tax liability of SEK 4.2 millions. The acquisition calculation ratified on the date of the acquisition translated at the exchange rate on the balance sheet date at December 31, 2020:

SEK thousands	Total
Tangible assets	0.9
Intangible assets	12.9
Receivables	1.8
Current liabilities	-13.2
Non-current liabilities	-3.6
Identifiable assets	-1.2
Goodwill	55.5
Total purchase price	54.3
Provision for conditional purchase price	-27.8
Purchase price paid in cash	26.4

Goodwill consists of expected future synergy effects in the form of an expanded product range and more services. Alongside synergy effects, the addition of qualified employees and future profitability components are included in the goodwill item.

The provision for conditional purchase price is included in the balance sheet under Provisions in the amount of SEK 27.8 millions. The purchase price can amount to anywhere between SEK 0.0 millions and a maximum of SEK 27.8 millions.

No acquisition costs were capitalized, but were instead expensed in their entirety. Expenses for completing the acquisitions, including issue costs, are included in the Group's operating expenses for 2019 in the amount of SEK 1.8 millions. The acquisition in 2020 contributed SEK 23.7 millions to the Group's net sales and SEK 0.2 millions to the Group's profit after tax.

NOTE 23 | Pledged assets**Group**

SEK thousands	12-31-20	12-31-19
Assets pledged for debts to credit institutions		
Company mortgages	10,000	10,000

NOTE 24 | Contingent liabilities on behalf of Group companies**Parent Company**

SEK thousands	12-31-20	12-31-19
Guarantee commitments on behalf of subsidiaries	4,606	5,241

NOTE 25 | Events after the close of the fiscal year

To further strengthen its digital customer offerings, BTS signed an agreement in January 2021 regarding the acquisition of Bates Communications in the US. Details regarding the acquisition were communicated in a press release on January 4, 2021.

The Board of Directors and Chief Executive Officer affirm that the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and that the Annual Report was prepared in accordance with generally accepted accounting principles in Sweden. The Annual Report and consolidated financial statements, respectively, provide a true and fair view of the Parent Company's and the Group's financial positions and earnings.

The management report for the Parent Company and the Group provides a fair review of developments in the Parent Company's and the Group's operations, financial position, and earnings and describes the material risks and uncertainties facing the Parent Company and the companies that are part of the Group.

The consolidated income statement and balance sheet, as well as the Parent Company's income statement and balance sheet, will be submitted for adoption to the Annual General Meeting of May 19, 2021.

Stockholm, Sweden, April 27, 2021

Reinhold Geijer
Chairman of the Board

Mariana Burenstam Linder
Member of the Board

Stefan Gardefjord
Member of the Board

Dag Sehlin
Member of the Board

Anna Söderblom
Member of the Board

Henrik Ekelund
Chief Executive Officer
and Member of the Board

Our audit report was submitted on April 28, 2021.
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant

Auditor's report

Unofficial translation

To the general meeting of the shareholders of BTS Group AB,
corporate identity number 556566-7119

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of BTS Group AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 49–79 in this document.

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 parent company and the group as of 31 December 2020 and its financial performance and cash flow 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 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where

applicable, its parent company or its controlled companies within the EU.

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

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

The BTS group comprises approximately 45 units whereof a large number are limited in size. All of the units in Sweden and both of the units in the US, two of the units in England, and all of the units in Australia and Singapore have been audited as a part of our group audit and represents 74% of the total group revenue. The audit of the units in Sweden and in the US has been performed by the central team. Where work has been executed by unit auditors, the central team in Sweden has determined the level of our required involvement in their audit work. We have done this to be able to conclude as to whether sufficient and appropriate audit evidence has been obtained in order to provide an opinion on the group's financial reports in their entirety. As a part of our work, we have obtained written reports from the subsidiaries' auditors. During the year, we also discussed significant accounting issues and observations from the audit with company management and with the local auditors.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance

whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including

the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters..

Key audit matter

How our audit addressed the Key audit matter

Revenues and work in progress

See also note 2 (Accounting principles), note 9 and note 16, respective note 21.

We decided to focus on revenues as the group's revenues are primarily generated through various projects based on client agreements and these agreements can have either short or longer tenors. In order to secure a correct view of the group's results for the year, the reporting of work in progress must be reliable. Revenue recognition is also dependent on management's assessments as to the progress of the respective projects at point of reporting, that is, in conjunction with book closing. The group's balance sheet includes accrued revenue of TSEK 51,626 and deferred income of TSEK 218,468.

In our audit, we have performed a number of audit measures to assess the reporting of revenue in the income statement and of work in progress in the balance sheet. Our audit has included a review of the routines and processes for revenue recognition, of selected controls, of selected projects against agreements, of internal delivery evidence supporting the reported degree of completion, and of invoices and payments received.

We examined a selection of items in the bookkeeping against client invoices in order to verify that these items were reported in the correct year. With the aim of verifying the reasonability of the company's model for calculating degree of completion and in order to ensure that shorter assignments have been invoiced at the right time, we executed a trend analysis of the allocation of revenue over the year to identify any possible unexplained peaks and dips in the revenue flow during the year. Finally, we assessed the completeness and accuracy of the disclosures in the Annual report.

Key audit matter*Impairment testing of goodwill*

See also Note 2 (Accounting principles) and Note 7.

The group's balance sheet includes goodwill totaling TSEK 548,759.

We focused our audit on goodwill related to the North American operations, TSEK 358,499, as this amount comprises a significant portion of total goodwill and of the group's balance sheet total. Goodwill is not amortized but is subject to an annual impairment test. The valuation of goodwill is based on company management's subjective assessments regarding future cash flows and on assumptions regarding the yield requirement, etc. which implies that the valuation is in its nature characterized by uncertainty, since it might be affected by unexpected future events.

The company's impairment testing has not resulted in a write-down.

How our audit addressed the Key audit matter

Our audit of goodwill related to the American operations has taken place through our examination of company management's impairment testing and we verified that that the testing is documented and executed in accordance with the applicable accounting principles and generally accepted valuation models.

We have examined the manner in which the valuation model has been determined and have studied the budgets and forecasts for future cash flows. We have verified that these agree with company management's plans and intentions.

We studied company management's significant assumptions in determining, for example, sales growth in the forecasts and the yield requirement applied in discounting the cash flows (WACC). We also examined the prepared sensitivity analyses.

We compared the values produced according to the above with the operating capital for the segment.

Finally, we assessed the completeness and accuracy of the disclosures in the Annual report.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–48 and 84–104. Additional other information can be found on page 1–6 and 42–62 in "Annual Report 2020-Swedish" which can be found on the company web page. A report presented to the Annual General Meeting at the same time as the Annual report, the "Management remuneration report" also comprises other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with

ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of BTS Group AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general 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.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

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. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB, Stockholm, was appointed auditor of BTS Group AB (publ) by the general meeting of the shareholders on May 14, 2020 and has been the company's auditor since the February 22, 1999.

Stockholm April 28, 2021
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant

Sustainability report 2020

The Sustainability Report has been prepared in accordance with the provisions of Chapters 6 and 7 of the Swedish Annual Accounts Act and encompasses the BTS Group in its entirety. BTS Board of Directors is responsible for this Sustainability report.

General information about BTS

BTS is a global professional services company founded 1986 and headquartered in Stockholm, Sweden, with approximately 820 professionals located on six continents. BTS is listed on Nasdaq Stockholm.

BTS focuses on the people side of strategy, working during strategy implementation with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At its core, BTS believes people learn best by doing.

For 35 years, that has meant designing fun, powerful experiences that have a profound and lasting impact on customer employees and their careers. BTS inspires to new ways of thinking, to building critical capabilities and unleashing business success. *It's strategy made personal.*

In addition to helping clients and employees achieve success, BTS aims to contribute to a better society. The BTS sustainability work comprises efforts to enhance environmental, economic and social responsibility in line with UN's Agenda 30.

Sustainability of efforts extend beyond social impact to include employees, clients, owners, members of the Board, suppliers and other stakeholders. "Employees" in this context includes cooperating partners and subcontractors.

BTS's Sustainability Policy, Vision and Values form the basis for BTS's sustainability work and positive social impact.

BTS builds a sustainable business in line with UN's Agenda 30 in the following five areas



1 Strong business ethics and responsible entrepreneurship

Strong business ethics

BTS employees are characterized by strong business ethics, adhering to generally accepted business customs and practices. Every assignment that BTS undertakes aligns with these standards. If BTS believes that BTS cannot implement an assignment or fulfill a customer requirement, the assignment will not be accepted.

Employees cannot accept payments or other benefits from third parties who might influence, or be perceived to influence, the objectivity of their work. Potential risks include partnerships that require the purchase of material or services from specific vendors, or clients' possible expectation to be compensated for attending BTS client events, as well as benefits the BTS sales organization offers when clients are evaluating suppliers. The processes to be followed by local leadership and management ensure that these risks are reduced to a minimum. BTS has not had any reported cases of corruption during the year.

Societal impact from BTS engagements

Linking decisions to outcomes is a prerequisite for long-term, sustainable success for BTS clients. BTS's customized programs expose clients' employees to situations where they explore the trade-offs between short- and long-term gains, including business, environmental and safety impact. BTS's engaging and effective programs create a lasting impact by inspiring to new ways of thinking and strengthening critical capabilities. Leaders and employees also gain a better understanding of the importance of developing sustainable business practices for long-term success.

BTS has also been engaged in supporting the implementation of clients' sustainability strategies, including an innovation project replacing plastics with more sustainable (recyclable) material.

2 A sustainable workplace with equal treatment

A sustainable workplace

People make the difference: Within all enterprises, people create value. Attracting talent, as well as developing and retaining skilled employees is critical for BTS to deliver favorable results and achieve long-term success. This is especially important in the professional services industry where the quality of employees has a direct and positive correlation with customer satisfaction and profitability. As a result, BTS offers many benefits and maintains a sound company culture to ensure that BTS remains an attractive employer.

Today's labor market is significantly more mobile than ever before. Employees are more focused on individual development, demanding better support, training, and a good work environment. As a result, employers must make strong efforts to attract and retain the right people. BTS global recruitment process helps match BTS business expectations with employee expectations so that potential new hires understand how BTS works as a company and how the company supports its clients.

One great risk in business today is employees overworking, pushing themselves over the limit. Through BTS global planning teams and local leadership, BTS mitigates this risk by acting early when BTS notices developing patterns of excess working hours.

The nature of BTS work can influence the work-life balance as many assignments require travel, sometimes to other regions. This was not, however, the situation during 2020 due to the pandemic as travels were limited both locally and globally. This in turn presented new challenges as employees could not travel to an office and meet colleagues. To avoid isolation with possible negative psychological impact and stress, virtual meetings were organized locally, regionally and globally to connect people, build engagement, and align around best practices to plan and work remotely while staying safe and in balance.

Under a more "normal" year, and to allow for a better work-life balance, BTS plans projects so that more resources can be used locally, rather than flying people from one continent to another. BTS will also schedule projects even more carefully in response to the needs of individuals.

To remain an attractive employer, BTS leaders listen closely to employees. Management conducts an employee survey every year to analyze the current attitudes of employees, the culture, the workplace, as well as available development opportunities. From this information, local leaders formulate action plans in collaboration with employees to ensure that BTS maintains engaged employees.

For 2020 BTS received the recognition "Great Place to Work" by the company Great Place to Work.





Gender balance

Gender balance is important to BTS in the long-term and BTS takes this into consideration in the recruitment and employment processes. The share of female employees was 52.2 percent for 2020:

Average number of employees during 2020

Men	Women	Total
403	440	843
47.8%	52.2%	100%

Over the last several years BTS has analyzed the gender mix among its consultants. The gender balance was just about equal at the lower and mid-levels. In the upper levels there were fewer women. BTS has addressed this issue by offering more flexible working solutions.

Equal treatment

BTS believes it is fundamental that all employees, without discrimination, are given the same opportunities for personal development and job satisfaction, enjoyment at work and understanding of their role in the organization. BTS offers a workplace that is a safe and healthy environment characterized by equality, pluralism and respect for the individual. BTS aims for continuous improvement and compliance with relevant legislation based on the following principles:

- Everyone has the right to be treated with dignity and respect
- BTS does not tolerate discrimination or harassment on the grounds of race, gender, disability, nationality, religion or philosophical belief, political belief, age, sexual orientation, family status, trade union activity or any other factor

- BTS adopts fair and inclusive practices throughout its operations and seeks to eliminate all prejudice, discrimination, bullying and harassment

All employees have a personal responsibility for the practical application of these principles in their day-to-day activities and must report if they have experience of contradiction to these principles. Non-compliance with policy is not tolerated and will be acted on by senior local management. BTS has not had any reported cases of violation during the year. All employees have signed the BTS Code of Business Conduct.

A Diversity, Equity, and Inclusion program during 2020

In 2020, BTS adopted a more intentional and comprehensive approach to addressing issues of Diversity, Equity, and Inclusion (DEI) internally and with clients. Social unrest has arisen, triggered by racialized acts of violence in the United States and elsewhere. It has been exacerbated by perceptions of inequity in the context of the global pandemic. This has sparked important conversations within many organizations, including BTS and its clients, to identify possible inequities and to act on them.

BTS developed a multi-pronged strategy to sharpen the US region’s approach to the DEI work, starting with a focus on internal culture. A working group was established in BTS North America to align on and provide leadership for the identified target areas. Outcomes of these efforts included the following new or revised initiatives to support the region’s DEI goals:

- Weekly working group meetings to review and discuss strategic approaches to DEI

BTS core values

BTS core values are designed to maintain BTS unique culture of respect and trust. They play a critical role in employee development, evaluating the yearly performance of leaders and employees, as well as in appraisal discussions at the end of the year.

Positive spirit and fun

- We believe that a "can do" attitude and a sense of humor enable successful business
- We believe in looking at problems openly and view them as opportunities
- We strive to be in good spirits at all times

Honesty and integrity

- We believe in loyalty
- We believe in giving and receiving constructive feedback

- We believe in treating people as equals respecting differences

Opportunities based on merits

- We provide opportunities and rewards based on results
- We make decisions and evaluate ideas based on facts and merit
- We achieve success through effective hard work

Putting the team first

- We believe that BTS success depends on teamwork
- We believe in putting the team first when making individual decisions, yet thinking of the individual when making team decisions

Creating lasting value for clients and employees:

- We strive to build long-term

relationships with BTS clients, and create a positive legacy for BTS clients and their people

- We focus on driving results through learning, improved behavior, and business performance
- We encourage all BTS:ers to learn, develop, and thus be rewarded for their hard work
- We grow through BTS clients' successes and actively generating business

Excellence through professionalism:

- We strive to deliver top quality solutions and services, within deadlines, exceeding client expectations
- We balance client and BTS competencies using best practices and methods to achieve results

- Large group cross-office discussions and small-group "coaching pods" facilitated by professional coaches to discuss, process, and unpack long-seated racial injustices being brought to the forefront of society in North America
- Review of policy, processes and benefit systems, initiated by an equity audit led by the partner organization Beloved Communities in December 2020
- Multiple learning sessions led by members of the BTS team to enhance understanding of issues regarding diversity, equity, and inclusion, including:
 - Inclusive Leadership and Powerful Listening
 - Understanding Diversity and Inclusion
 - Eight sessions of Leading with DEI across all regions, offered during the BTS virtual global conference for all employees in January 2021
- Launch of a comprehensive learning journey for BTS North America employees, including development support for the region's Leadership team
- Development of two new Employee Resource Groups (now four for BTS North America)
- Renewed focus on community outreach initiatives to provide financial literacy support to underserved communities, organizations and schools
- Increased focus on diversity across hiring strategies and internship opportunities

Racial injustice and issues of diversity, equity and inclusion also gained increased attention in other regions. In Europe, three different learning sessions on DEI were conducted with the region's employees; colleagues in South Africa as an office aligned to experience the Unconscious Bias program.

Through cross-regional collaboration, BTS employees from North America, EU and South Africa, with additional participation from the Asia Pacific and Latin America regions, formed a project team. The aim was to develop a thoughtful client-facing approach to DEI, building on the foundational work established by the South African team in recent years. This group has made conscious efforts to ensure BTS's values of diversity, equity and inclusion are consistently upheld across client engagements as much as through internal culture. Actions taken in 2020 include:

- Sharing best-in-class resources across regions to develop a suite of DEI material, including an Unconscious Bias program developed out of South Africa and a Diversity and Inclusion program developed out of Europe
- Revamping BTS's Inclusive Leadership model, including developing a new Inclusive Leadership workshop
- Engaging with at least eight client partnerships focusing on issues of diversity, equity and inclusion. This included the highly successful partnership with Bowmans, a large African law firm, for which the BTS South Africa team developed and delivered an Unconscious Bias program
- Leveraging partnerships with minority-lead organizations to provide insight and expertise in client engagements and internal employee training. BTS North America formed partnerships with seven such partner organizations. They aim at uplifting and aligning their experiences of inequities with BTS broader DEI goals and provide revenue-enhancing opportunities in such cases

Personal development

During 2020 BTS offered consultants an average of 8 hours of organized training and development in the following areas:

- BTS direction and priorities for 2020
- Driving client results and easier ways to do great work
- Delivering powerful experiences virtually

Due to the COVID-19 pandemic BTS had to transform its face-to-face seminars and events to virtual experiences. A transformation that included 80 hours of virtual sessions around technology and presentation techniques to master the new formats. Programs were directed to consultants but also to operations employees, some of whom moved into new virtual delivery supporting roles. Total number of days invested was 5,333 days.

Additional training for specific job roles has been delivered where needed.

For employees at pivotal levels of leadership, BTS runs mandatory programs for personal development and company culture knowledge. These programs have been designed to ensure that leaders lead according to BTS values and ensure that BTS culture evolves sustainably.

During BTS two-week onboarding program, new employees are introduced to BTS vision, mission, and ways of working within BTS's seven practice areas. They gain a better understanding of BTS responsibility to its clients, fellow employees, and the environment. Senior leaders deliver these onboarding programs, allowing them to connect with the new hires by listening and discussing.

At the director level, consultants' responsibilities increase, and they are tasked with leading and managing individuals

and teams. A new Leader's Playbook was developed during the year that summarizes key elements in what great leadership means at BTS.

BTS care about what is going on from many dimensions

When the pandemic hit the world BTS offered a suite of virtual workshops of themes around how to lead and coach teams in the new challenging environment and situations. These workshops were very appreciated as they gave an opportunity for participants to share and discuss the plans ahead to keep employees connected and engaged around the new ways of working.

One area that has been growing over the years is clients' programs focused on safety. BTS has customized programs addressing their specific safety regulations and principles, leading to a safety culture. One client had 2,800 Leaders across 16 countries going through the program with the following impact:

- 95% of leaders report improved safety commitments and management
- 29% reduction of the number of fatalities and injuries
- The negative safety trend of previous years reversed

Key performance indicators

At BTS a number of shifts and trends are analyzed, such as the number of consultants and support functions growing in their career as well as monitoring the attrition rate among employees at different levels. The number of employees promoted to the next level in their career during 2020 was 157 (18% of all employees).

3 Human rights

BTS follows the United Nation's declaration of human rights and does not see any risks in its operations to violate those.



4 Reducing negative climate impact

BTS supports the environment in two ways: by considering how the company operations may impact the environment and how BTS can support organizations working to improve the environment.

Reduce and recycle

As a professional services organization without physical production or manufacturing functions, BTS environmental impact is mainly limited to keeping offices and business travelling. Nevertheless, BTS works to actively minimize its environmental impact and to contribute to a more sustainable society by optimizing energy consumption and using environmentally friendly products and services among other things.

In service of this BTS uses video-conferencing and other technology to connect virtually rather than physically travelling, and by helping BTS clients conduct more digital conferencing.

BTS also focuses on recycling consumable supplies used in the business. In addition, operations at BTS complies with the principles of efficient resource usage (optimized use of non-renewable resources) and aligns with an eco-cycle approach (recycling of resources).

Due to the nature of BTS business, the company has decided not to set specific environmental targets for areas such as energy consumption, water consumption, hazardous waste and non-hazardous waste since these are not material factors of sustainability in the operations of the business.

Reducing global carbon emissions

In BTS's ambition to become carbon negative BTS has, since 2010, invested in protecting the planet's most endangered species and threatened forests by supporting Rainforest Trust¹⁾, which helps protect endangered rainforest areas in South America, Asia and Africa. BTS provides funding both to acquire acres of rainforest and digital engagement and to support fundraising and generate awareness.

Since March 2020 a virtual way of working became the norm for us as well as for our clients which reduced BTS and clients' carbon footprint considerably. Our flight footprint was approximately reduced by 70% to an estimated total of 6,300 metric ton carbon dioxide being emitted into the atmosphere.

To support the need to reduce carbon dioxide emissions BTS is driving a number of different initiatives:

Within BTS:

- Using virtual meeting platforms to reduce travelling
- Investing in activities together with Rainforest Trust to preserve rain forests and endangered species

For BTS clients:

- Offering digital and virtual learning and communication platforms to reduce the need to travel, with strong impact as cross regional meetings can be conducted online
- Offering offices digital platforms which reduce the need for printed material



BTS investments together with Rainforest Trust¹⁾

In 2020 BTS continued to support Rainforest Trust and pledged a donation of \$10,000 to Save West Africa's Last Intact Forests in Liberia, preserving 2,786 acres of rainforest.

Our total investments with Rainforest Trust since 2010 have helped preserve 30,000 acres of rainforest, yearly absorbing 22,8 million metric tons of carbon dioxide (not being emitted).

Below is a breakdown of BTS contributions and the acres preserved:

- 2010 and 2011 – Donation of \$20,000 to Las Tangaras, Colombia → 200 acres
- 2014 and 2015 – Donation of \$12,000 to El Jaguar, Colombia → 300 acres
- 2015 – Donation of \$10,000 to Sumatra, Indonesia → 2,933 acres
- 2016 – Donation of \$431 to Balanga, Congo → 560 acres
- 2016 – Donation of \$10,000 to Airo Pai, Peru → 9,009 acres
- 2017 and 2018 – Donation of \$20,000 to Borneo, Indonesia → 10,000 acres
- 2019 – Donation of \$10,000 to the Community Empowerment Project, Liberia → 4,310 acres
- 2020 – Donation of \$10,000 to Save West Africa's Last Intact Forests, Liberia → Will result in 2,786 acres

¹⁾ Rainforest Trust purchases and preserves the most threatened tropical forests, saving endangered species. One acre corresponds to 4.047 square meters.

5 Social responsibility

BTS contributes to entrepreneurship and leadership for a sustainable world

Social responsibility is at the core of the BTS identity. By investing in people and societies across the globe to improve lives, BTS is working to create a better world. This is why BTS has branded its corporate social responsibility work "BTS Social Impact".

Through stronger focus on creating impact, BTS provides skills training for entrepreneurs, underserved populations, students and teachers. The company equips education and non-profit leaders to drive bigger impact in their work and thus invest in our planet for a sustainable future. BTS Social Impact has since its inception helped an accumulated number of 590,000 persons.

BTS partners with a number of important stakeholders to help them reach their target audiences. These include:

BTS clients: BTS partners to support BTS clients' selected Corporate Social Responsibility (CSR) efforts.

Educational institutions: Together, BTS develops school leaders and administrators.

CSR institutes: BTS joins forces to develop female and male entrepreneurs in developing countries.

Non-profit organizations: BTS offers education programs that improve leadership.

Communities: BTS offers development to selected populations and increases citizens' quality of life.

Non-profit divisions of banks: BTS offers development to small business owners who receive micro-finance loans.

Our social impact domains

Equipping education and non-profit leaders to drive bigger impact

BTS Spark:

Leadership development and mindset coaching, workshops, webinars delivered by BTS's network of facilitators

Multipliers for non-profits:

Traditional (client-specific) and open enrollment leadership development sessions delivered by BTS

Providing skills training for entrepreneurs, underserved populations, communities, families and students

BTS One-for-One:

Business simulations to promote micro-entrepreneurship and financial literacy, delivered by BTS partners

BTS Communities:

Supporting development of local communities' sustainability through education programs for communities, entrepreneurs, families and students

BTS Spark

BTS Spark leverages BTS strong coaching capabilities within BTS Coach to offer personalized leadership development for education leaders. Knowing that school leaders change lives, BTS Spark provides professional coaching support to school leaders and teachers in leadership, as well as capabilities aiming to build resilience and well-being to all, and to give their students the best start in life.

BTS Spark offers flexible learning opportunities at low cost, including one-to-one coaching, group coaching, webinars, online learning and workshops.

During 2020, some key projects included:

- Offering pro-bono coaching to support principals in the UK and the US as they needed to provide virtual education

- Coaching school principals in Australia where schools were ravaged by bushfires
- Supporting principals and superintendents in Canada to build their personal resilience and well-being to cope with the demands of a challenging school year
- Coaching micro-entrepreneurs in South Africa to develop their communication and influencing skills

BTS Spark has supported 13,041 leaders in educational institutions to date, with an increase of 2,442 leaders in 2020.

Leadership program for non-profit

In New York a leadership program was delivered to pro-bono support organizations.

BTS One-for-One

The ambition with BTS One-for-One initiative is to offer a participant in an underserved environment a free or highly subsidized learning for every paid client participant in a BTS program. Thereby supporting training for entrepreneurs, students and families in developing countries and underserved populations in developed countries.

Solutions include customized business simulations for entrepreneurs starting a business, managing a small agriculture business and business simulations for families and students around household economy.

During 2020 an initiative was taken in the US to develop our One-for-One business model together with selected clients in America.

Our main partner for One-for-One is the Sparkassenstiftung für Internationale Kooperation in Germany. In 2020 Sparkassenstiftung faced the COVID-19 pandemic in most of their projects and had to stop training implementations due to the lock-down, social distancing and other difficulties.

During the year 320 programs were implemented for 6,413 participants

- Household savings game – 181 sessions
- Micro business simulation “Get to know the numbers” – 95 sessions
- Farmers simulation – 44 sessions

Since 2010 the BTS programs with Sparkassenstiftung have reached 127,495 participants.

BTS Communities – Avocado Vision

Avocado Vision is a joint-venture, 49% owned by BTS. Through it, BTS provides subsidized training for local communities offering education programs for entrepreneurs, families, students, immigrants or other disadvantaged groups, primarily in South Africa. BTS programs are addressing various development initiatives such as housing, financial literacy, water sourcing and energy: to make better decisions for “bigger lives”.

In 2020 Avocado Vision reached an accumulated audience of 450,000 participants, with an increase of 36,000 participants during the year.



Examples of activities in BTS Social Impact domains

BTS Spark:

Pro bono coaching initiative in the United Kingdom to cope with the pandemic

The BTS Spark coach team in the UK supported UK leaders in the National Health Service (NHS) and in schools during the challenging times for front-line workers fighting the pandemic. The UK's biggest trade union, the National Education Union, funded teachers to participate in BTS Spark's coaching programs. The program was made possible through the generosity of BTS Spark's external coaches who, together, pledged over 150 hours per week. 186 persons enrolled from NHS and schools.

Feedback from participants

School leader:

"It has enabled me to more confident, focused and courageous in the difficult leadership situation I currently face."

Doctor:

"I have gained increased awareness at work and personally. Growth in confidence and finding my own voice and trusting my intentions."



BTS Spark:

Program for school leaders in Canada

In July and August 2020, amidst the pandemic, BTS Spark offered a summer program for school leaders in one of the largest school districts in British Columbia, focusing on personal resilience and well-being.

School leaders were facing higher levels of stress not only from the challenges caused by the disruption of school closures and hybrid learning, but also due to the uncertainty of what the upcoming school year would look like. The summer program offered was a combination of four group coaching sessions covering the mindsets of what holds you back, achieving balance, finding my spark and managing relationships, and two individual coaching sessions on the mindset of being at my best, and vision and values.

It was very rewarding when 85 school leaders signed up in the course of two months. The feedback was overwhelmingly positive:

"I appreciated the opportunity to connect with my colleagues and to sort through the areas of my personal and professional life that are diminishing my spark. I feel I have tools to go forward this year with more positivity and resilience."

"I am looking forward to putting the strategies in place when I get back to work. I know that certain issues that I had at the end of the last school year are now put in a better perspective for me. If I didn't have this program, I believe I would have opened this new school year with these issues holding me back."

Principals/VPs participating were asked to self-rate	Before	After
I have strategies to stay resilient and effective in stressful situations	64%	100%
I am able to create a balance in my life	44%	90%
I have a clear vision for the new school year	43%	100%
I feel that I have the tools to manage energy-sapping relationships	30%	100%
I feel confident having difficult conversations	39%	90%

Multipliers for non-profits:

Leaders in New York

In March BTS delivered a session in the BTS New York office navigating a challenging audience of sixteen very experienced, passionate and diverse individuals representing an even more diverse set of non-profit global organizations, focusing on education, children, animal protection, the environment and disaster recovery.

Said a CEO after the session:

"Thanks again for inviting me to this excellent and informative event. I really enjoyed it and came away with quite a few management takeaways. Looking forward to start applying them!"



BTS Communities:

Creating a campaign about COVID-19 to change the way people behave

With the pandemic looming, BTS and Avocado Vision in South Africa realized it could use its large network of trainers in many communities in the country. It is an incredible platform from which to disseminate relevant information to people who may not understand what to do, and why, during this time – and that such understanding could save lives.

The Avocado Vision team changed direction to using mobile communication to get the message out about the reason for staying at home. Our trainers had access to almost a quarter of a million people through WhatsApp. They used pictures to train because of the great impact it had and together with 3 Stickmen, a company which specializes in using pictures to train, we created a campaign about COVID-19 to change the way people behaved.



BTS Communities:**Helping entrepreneurs in their coaching roles**

The year 2020, more than any other, underscored the importance of the work Avocado Vision does in supporting the small and micro-businesses that solve South Africa's key challenges and enable people to improve their lives through training and insights that allow for better decisions. In 2020 over 36,000 people benefited from the COVID-19 customized financial literacy education program offered face-to-face and in digital deliveries.

Avocado Vision supported the survival and growth of over 293 businesses in training and business incubation initiatives. One of the highlights was the BTS-sponsored coaching skills experience being equipped to twelve training partners who coach micro-businesses within the Avocado Vision enterprise development programs.

87% worked together with other small businesses

83% found new clients

80% applied new tools to improve their business

88% found new business opportunities

84% assessed new business opportunities and determined if they were viable

93% improved financial systems and practices

78% created more employment opportunities

**Supporting clients' sustainability strategies**

In October and November of 2020 BTS organized and facilitated a number of collaborative enquiry sessions with sustainability professionals from a diverse range of sectors. The purpose of the sessions was to create an opportunity for sustainability leaders to:

- share challenges and successes in trying to embed and execute sustainability within their organizations

- discuss solutions and ideas to current leader challenges
- create a network of sustainability professionals.

Into 2021 BTS is continuing work on how to 'make sustainability personal' and bring our services to more clients as they build purpose-driven organizations that align their strategies to frameworks like the UN Sustainable Development Goals.

Auditor's report on the statutory Sustainability Report

To the annual meeting of the shareholders of BTS Group AB, Corp. Reg. No.: 556566-7119

Engagement and responsibilities

The board of directors is responsible for the Sustainability Report for 2020 on pages 84–94 and that it has been prepared in accordance with the Swedish Annual Accounts Act.

The scope and extent of review

BTS examination of the statutory Sustainability Report has been conducted in accordance with FAR's auditing standard RevR 12 – Auditor's report on statutory Sustainability Report. This means that BTS examination of the statutory Sustainability Report is different and substantially less in scope than

an audit conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing in Sweden. BTS believe that the examination provides us with a sufficient basis for BTS opinion.

Opinion

A Sustainability Report has been prepared.

Stockholm, April 28, 2021
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant

Corporate governance report 2020

BTS Group AB is a public limited liability company based in Stockholm, Sweden, and listed on NASDAQ Stockholm AB. Consequently the BTS Group's corporate governance is based on Swedish legislation and regulations such as the Companies Act, the set of rules for issuers on NASDAQ Stockholm, the Swedish Code of Corporate Governance (the Code) and the Company's own articles of association.

Since 2008, BTS Group follows the Code in all essential parts with few deviations. In 2020, the Code was applied with one deviation, regarding the company's auditors have not reviewed BTS's half-year or nine-month report.

Corporate governance structure

The corporate bodies of BTS Group AB comprise the following:

Annual General Meeting (AGM)	– highest decision-making body
Board of Directors	– has ultimate responsibility for the Company's organization and management
Chief Executive Officer (CEO)	– has responsibility for day-to-day management
Auditors	– audit the Board of Directors' and CEO's management at the request of the shareholders/ Annual General Meeting.

Shareholders

The total number of shares outstanding is 19,318,292, consisting of 853,800 Class A and 18,464,492 Class B shares. Each Class A share entitles the holder to ten votes per share, each Class B one vote per share.

At December 31, 2020, BTS Group AB had 3,244 shareholders. The ten largest shareholders had total shareholdings corresponding to 81.0 percent of shares and 86.4 percent of votes. A list of the largest shareholders is found on page 45 in the Annual Report.

Annual General Meeting

BTS's highest decision-making body is the Annual General Meeting (AGM). Notice of the AGM shall be published no earlier than six weeks and no later than four weeks before the AGM and shall appear in Post- och Inrikestidningar and Svenska Dagbladet. All shareholders entered in the share register on the record date who have notified the Company in time of their intention to participate in the AGM may do so. Shareholders unable to attend can be represented by proxy.

The AGM elects the Company's Board and the Chairman of the Board. The business of the AGM includes

- Adopting the income statement and balance sheet,

- Determining the appropriation of the Company's earnings,
- Determining whether to discharge the members of the Board and the CEO from liability to the Company,
- Electing auditors,
- Determining fees to be paid to the Board and auditors,
- Adopting guidelines for remuneration to senior executives, and
- Decision on changes in the number of shares and their structure.

2020 Annual General Meeting

The 2020 AGM was held on Wednesday, May 14, at the Company's offices in Stockholm. 40 shareholders attended, representing 67.8 percent of the number of shares outstanding and 77.0 percent of the votes. Decisions made included the following.

- The income statement and balance sheet and the consolidated income statement and balance sheet for the fiscal year 2019 were adopted.
- That no dividend would be paid for the fiscal year 2019. However, the Board's intention was, as soon as greater clarity was brought in the Group's occupancy and earnings for 2020, to return to the issue and if so agreed to convene an Extraordinary General Meeting in autumn 2020 for a dividend decision for the fiscal year 2019.
- The Board of Directors and CEO were discharged from liability for management during the fiscal year as recommended by the auditors.
- A total of SEK 1,370,000 in fees was approved to be paid to members of the Board who receive no salary from the Company or any subsidiary, of which SEK 450,000 shall be paid to the Chairman and SEK 200,000 each to other members. For work on Board committees, fees totaling SEK 120,000 shall be paid.
- Auditors' fees were approved to be paid based on approved invoices.
- Mariana Burenstam Linder, Henrik Ekelund, Stefan Gardefjord, Reinhold Geijer, Dag Sehlin and Anna Söderblom were re-elected to the Board for the period until the next AGM. Reinhold Geijer was appointed Chairman of the Board.
- For the period until the next Annual General Meeting the accounting firm Öhrlings PricewaterhouseCoopers was re-elected as auditor with Magnus Thorling as chief auditor for the audit.
- Guidelines for remuneration and other terms of employment for senior executives were determined.
- Authorize the Board to make a decision on the issue of shares or convertibles (maximum 1,200,000 Series B shares) in connection with company acquisitions no later than the next Annual General Meeting.

- The Board of Directors was authorized to decide, during the period until the next AGM, whether to issue shares or convertible instruments in connection with company acquisitions. The Board was also authorized to decide on the issue of shares or convertibles (maximum 1,200,000 Series B shares) until the next Annual General Meeting in order to obtain financial readiness to act. If both authorizations are exercised, a maximum of 1,930,000 shares may be issued.

Extraordinary General Meeting 2020

The Extraordinary General Meeting 2020 took place on Friday, December 11 and was conducted by postal ballot. The number of votes cast representing 56.2 percent of the number of outstanding shares and 68.6 percent of the votes. The AGM resolved that a dividend of SEK 3.60 per share for the 2019 fiscal year would be paid.

Nominating committee

The nominating committee has the task of preparing and submitting proposals to the AGM concerning the following, when relevant.

- Election of a president for the AGM
- Election of the Chairman of the Board and other members of the Board
- Board fees: in total and divided among the Chairman and other members of the Board as well as compensation for work on committees
- Audit fees
- Election of auditor and deputy auditor
- Adoption of a policy for appointing the nominating committee.

A nominating committee for BTS Group AB was appointed on October 26, 2020. BTS's three largest shareholders in consultation with Reinhold Geijer, Chairman of the Board, appointed Anders Dahl (representing Henrik Ekelund), Erik Durhan (appointed by Nordea Funds), Stefan af Petersens (own holdings) and Reinhold Geijer to the committee. Anders Dahl was appointed chairman of the nominating committee.

Shareholders in BTS Group AB have been able to contact the nominating committee to propose candidates to the Board.

All of the nominating committee's candidates based on the above will be announced in the notice for the 2021 AGM. The nominating committee's statement supporting its proposal for the Board of Directors of BTS Group AB as well as the information about the candidates recruited by the committee will be published on BTS's web site when the proposal is announced.

Board of Directors

The Board of Directors has ultimate responsibility for the Company's organization and management and is appointed by the shareholders at each AGM for the period from that AGM until the end of the next. BTS's Board decides on issues such as strategic direction, acquisitions, investments, financing, and Group-wide policies. BTS's Board shall also insure proper disclosure to BTS's various stakeholders.

The articles of association specify that BTS's Board shall consist of no fewer than three and no more than eight members. The AGM held on May 14, 2020, decided that for the period until the next AGM the Board would consist of six members and no deputy members.

Once each fiscal year, the work of the Board is assessed, either by the Board alone or with external assistance, providing a basis for the Board's procedures in the future.

The Board is deemed to comply with the NASDAQ Stockholm marketplace rules and the Swedish Code of Corporate Governance regarding requirements on independence of members of the Board in relation to the Company, Company management and large shareholders.

Information about the Board of Directors is to be found on pages 100–101 in the Annual Report.

The work of the Board of Directors

In addition to legislation and recommendations, a written set of procedures adopted annually governs the work of the Board. The Board's set of procedures is intended to clarify and regulate the Board's tasks and how it works as well as the

Composition and independence of the 2020 Board

Member	Position	Elected	Committee work	Independent	Board meeting attendance
Reinhold Geijer	Chairman of the Board	2016		Yes	9/9
Mariana Burenstam Linder	Member	2004		Yes	9/9
Henrik Ekelund	Member	1986		No ¹⁾	9/9
Stefan Gardefjord	Member	2003	Audit committee	Yes	9/9
Dag Sehlin	Member	2003		Yes	9/9
Anna Söderblom	Member	2017	Audit committee	Yes	9/9

¹⁾ Henrik Ekelund is the largest shareholder and is President and CEO of BTS Group.

division of responsibilities among the Chairman, other Board members, and the CEO. According to these procedures, the Board shall normally hold a minimum of four ordinary meetings. At each of these meetings, the Board deals with issues of material significance to the Company. In addition, the Board receives reports from senior management about current business conditions in the Group's market segments.

Board meetings are held periodically in connection with the Company's financial reports, and otherwise as required. The Board deals with the year-end report and proposed appropriation of earnings in February, interim reports in April, August, and October–November, and the budget for the coming year in December. Occasionally, an issue is delegated to the Chairman of the Board and the CEO for joint deliberation. The Company's CFO serves as Board secretary. During the past year, nine meetings were held.

Evaluation of the Board and the CEO

Every year the Board makes an evaluation of the work of the Board. The purpose of the evaluation is to get an opinion on the Board members' views on how the board work is conducted, and what measures can be taken to streamline the board work. The Nomination Committee has been informed of the content of the 2020 evaluation.

The Board continuously evaluates the CEO's work by following the development of the business towards set goals as well as through an annual CEO's evaluation.

Compensation to the Board

The AGM held on May 14, 2020, approved a total of SEK 1,370,000 in fees to be paid to those Board members who receive no salary from the Company or any of its subsidiaries, such that SEK 450,000 be paid to the Chairman and SEK 200,000 each to the members. The AGM also approved a fee for committee work shall be paid in a total of SEK 120,000 in fees for committee work, to be distributed among the members of the company's committees.

The AGM also determined that auditors' fees will be paid based on approved invoices.

Members of the Board in the Parent Company have received compensation only in the form of Board fees and Committee fees, with the exception of the CEO who is not remunerated for the Board work. The Members of the Board are not included in any incentive programs for Group employees that are based on shares or share prices.

Compensation committee

The compensation committee has the task of reviewing and recommending to the Board policies for compensation for the Company's senior executives, including performance-based payments and pension benefits. Issues concerning the CEO's terms of employment, compensation, and benefits are pre-

pared by the compensation committee and decided by the Board. The duties of the compensation committee were performed during the year by the Board as a whole excluding the CEO.

Audit committee

The Board has appointed an audit committee. The purpose of the committee is to facilitate and streamline the Board's work, strengthen internal control and facilitate communication between the Board and the auditors. The committee's tasks include, among other things, preparation of the Board's work on quality assurance of financial and operational reporting, monitoring the effectiveness of BTS's internal control and risk management and evaluation of the ongoing audit efforts. Furthermore, the audit committee shall establish guidelines for which services other than auditing the Company may purchase from the Company's auditors. The committee also has the task of giving its evaluation of the audit work to the nomination committee and to assist the nomination committee in preparing the nomination committee's proposal for the Annual General Meeting regarding the election of auditors and the size of the audit fees. The audit committee has two members and consists of Stefan Gardefjord (Chairman of the Committee) and Anna Söderblom. The company's CFO participates in all committee meetings and prepares questions. The audit committee held four meetings in 2020.

Auditors

The auditors examine the management of the Company by the Board and CEO and the quality of the Company's accounts and they report the results of their audit to the shareholders through the audit report, which is submitted at the AGM. In addition, the auditor participates in the Board meeting when the financial accounts are presented and submits a report on the audit of the Company's earnings, financial position, and internal control. The Company's auditor may also submit a statement of his findings directly to the Chairman of the Board, if deemed necessary. The Board shall at least once a year, without the presence of the CEO or other members of management, meet the Company's auditor. During the year, the auditor participated in one board meeting, and on this occasion also reported the audit in writing.

The auditor is elected by the AGM for a period of one year. The 2020 AGM re-elected the registered public accounting firm Öhrlings PricewaterhouseCoopers with Magnus Thorling as managing auditor for the period until the end of 2021 AGM.

More information about compensation to auditors is found in Note 4 of the Annual Report.

For 2020, the Company's auditors did not review BTS's semiannual report or the nine-month interim report, which deviates from the Code. The Board has so far determined that the company does not need further review, as the financial

reporting is considered to be of high quality and that the internal control is deemed to be good and therefore the additional cost for such an audit cannot be justified. The Board continuously monitors the issue and, if it feels justified, will reconsider its decision.

Senior executives

BTS's senior executives include: Henrik Ekelund, President & CEO of BTS Group AB, and Stefan Brown, CFO and Vice President of BTS Group AB. Information about senior executives is found on page 102 in this Annual Report.

Guidelines for compensation and other terms of employment for senior executives

The AGM held on May 14, 2020, adopted guidelines for remuneration and other terms of employment for senior executives.

A successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability, presupposes that the company can recruit and retain qualified employees. This requires that the company can offer competitive remuneration. The decided guidelines contribute to BTS's business strategy, long-term interests and sustainability by providing an opportunity to offer senior executives a competitive total remuneration. Remuneration to senior executives must be market-based and may consist of basic salary/fixed remuneration, variable remuneration, pension and other benefits. The Annual General Meeting may in addition – and independently of these guidelines – decide on, for example, share and share price-related remuneration.

The guidelines are found on pages 68–69 in the Annual Report.

Information and communication

The overall goal of BTS's communication is to provide shareholders and employees, actors in the market, and other stakeholders with an up-to-date, true, and fair view of the Company and its business operations. Communication shall be correct, credible, characterized by good relevance to the Company's stakeholders, and based on on-going contacts, clarity, and good ethics. BTS believes that high-quality communication efforts actively help bolster confidence in the Company and the management, making it easier to achieve business objectives.

BTS publishes up-to-date information about the Company on its web site. Interim reports and Annual Reports are published in Swedish and English. Events that could be expected to affect the share price are announced in press releases.

In addition, the Company communicates with mass media, capital markets, and shareholders when interim reports are published and also participates in other activities on an ongoing basis.

The Board of Directors' description of internal control concerning financial reports

Good corporate governance is about organization and routine in a good control environment, the proper handling of financial information, and minimizing risk. A good control environment is also based on an organizational structure with explicit and documented delegation of decision-making authority, straightforward policies and guidelines, and a corporate culture with good common values.

Control environment

Internal control at BTS is based on a control environment embracing the organization, lines of decision-making, authority, and responsibility. The Board of Directors has a written set of procedures that clarifies the Board's responsibility and regulates how Board tasks are delegated. The set of procedures also specifies which issues are submitted to the Board for a decision. How roles are divided between the Board and the CEO is established in the Board's set of procedures and its instructions to the CEO. The Board and the CEO also manage the business with reference to the Companies Act, other laws and regulations, rules and regulations for stock market companies, and the Code, etc.

The Company has established policies in areas such as financial reporting, IT and IT security, human resources (compensation to senior executives), sustainability etc. The Board's instructions to the CEO specify financial responsibilities and authority, as do procedures adopted for signing off. To limit and control financial risk, the Board has adopted a financial policy.

The Company's operating organization is adopted and communicated through an organization chart augmented by the assignment of roles and responsibilities.

The Board of Directors follows up to insure that policies adopted for financial reporting and internal control are adhered to and maintains appropriate relationships with the Company's auditors. Company management is responsible for the system of internal controls required for managing significant risks in operating activities.

Risk assessment and control activities

The Board of Directors has ultimate responsibility for risk management. A well-defined organization and decision-making procedure are intended to foster prudent risk taking and good awareness of risk among employees. To insure that

internal routines and controls have worked adequately and uniformly, the most important processes have procedural descriptions. Built-in checkpoints also minimize the risk of errors in accounting. Likewise, procedures for the Company's accounting and consolidation systems have been documented. Ongoing activities aim at maintaining good internal control, thus avoiding and detecting risks.

Information and communication

Significant guidelines, manuals, and such that govern financial reporting are updated and communicated on an ongoing basis to personnel affected in the Group. Formal as well as informal channels to Company management and the Board exist to transmit significant information from employees. For external communication, the Company follows the governing regulations discussed above.

Follow-up

The Board of Directors continuously evaluates the information provided by Company management. The work of the Board includes insuring that actions are taken concerning any deficiencies or proposals for corrective action arising from external audits.

BTS has no internal audit unit of its own, based on the assessment that there are no special circumstances in operating activities according to Group size, organization and reporting structure or other conditions to justify such a unit. The follow-up performed by the Board and management is considered to meet the need.

Auditor's report on the corporate governance statement

To the general meeting of shareholders in BTS Group AB (publ), corporate identity number 556566-7119

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the financial year 2020 found on pages 95–99 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 *The auditor's examination of the corporate governance statement*. This means that our 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. We believe that the examination has provided us with a sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6, section 6, second paragraph, points 2–6 of the Annual Accounts Act and chapter 7, section 31, second paragraph of the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, April 28, 2021
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant

The Board of Directors and auditor



REINHOLD GEIJER

Reinhold Geijer

Born 1953.

Chairman of the Board of directors of BTS Group AB since 2016.

Other assignments: Board member of Skandia, The Swedish Export Credit Corporation, Eterna Invest and Zacco A/S.

Shareholdings in BTS Group AB: 10,000 class B shares.

Reinhold Geijer was CEO of The Royal Bank of Scotland's Nordic branch 2003–2015, and also CEO of Nordisk Renting AB 2001–2015. He has also served as CFO of Telia, CEO of Foreningssparbanken (now Swedbank), worked within Ericsson, SSAB Swedish Steel and Weyerhaeuser Company in the United States. Reinhold Geijer graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.



MARIANA BURENSTAM LINDER

Mariana Burenstam Linder

Born 1957.

Member of the Board of BTS Group AB since 2004.

Other assignments: Member of the board of Latour AB, CEO of ProactiveMedicine AB. Shareholdings in BTS Group AB: 22,100 Class B shares.

Mariana Burenstam Linder has extensive experience from management positions in several Swedish companies. Former positions include founder and CEO of Burenstam & Partners, CEO of Ainax, Head of Enskilda Banken with global responsibility for Private Banking, deputy CEO of SEB, CIO of Trygg-Hansa and later the SEB group, CEO of ABB Financial Consulting and CEO of Nordic Management AB. Mariana Burenstam Linder graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.



STEFAN GARDEFJORD

Stefan Gardefjord

Born 1958.

Member of the Board of BTS Group AB since 2003.

President and CEO of Swedish Space Corporation.

Other assignments: Member of the board of Knowit AB.

Shareholdings in BTS Group AB: 20,000 Class B shares.

Stefan Gardefjord has been CEO of Logica Sverige AB and member of the executive management of Logica. He has since 1987 held several senior positions in the WM-data group, including CEO of different subsidiaries, business area head, and group director of marketing, sales, and information. Stefan Gardefjord graduated upper secondary school in business.

Independent of the Company and its major shareholders.



DAG SEHLIN

Dag Sehlin

Born 1945.

Member of the Board of BTS Group AB since 2003, Chairman of the Board 2003–2008.

Shareholdings in BTS Group AB: 16,000 Class B shares.

Dag Sehlin has long-term experience in senior positions in the Swedish financial sector. Previous positions include CFO and deputy CEO of Posten AB, deputy CEO of the OM Group, and prior to that various positions in accounting and finance at several Swedish companies. He also has long-term experience from work as an independent consultant and member of the board of various listed companies and other enterprises. Dag Sehlin graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.



ANNA SÖDERBLOM

Anna Söderblom

Born 1963.

Member of the Board of BTS Group AB since 2017. Teacher and researcher at the Stockholm School of Economics.

Other assignments: Member of the board of directors of Länsförsäkringar Liv AB, Cabonline Group Holding AB, Midway Holding AB, Almi Företagspartner AB, Poolia AB and B3 Consulting Group AB.

Shareholdings in BTS Group AB: 500 class B shares

Anna Söderblom has earlier among other things been operational as the head of technical support and marketing director at Microsoft Nordic, marketing director at Sweden Post, Letter Division, and investment manager at Industrifonden. Anna Söderblom has a university degree in mathematics from Lund University and a PhD in business administration from Stockholm School of Economics.

Independent of the Company and its major shareholders.



HENRIK EKELUND

Henrik Ekelund

Born 1955.

President and CEO of BTS Group AB.

Shareholdings in BTS Group AB (including companies): 816,000 Class A shares, 2,789,034 Class B shares, totally 3,605,034 shares.

Henrik Ekelund is the founder of BTS and has been its CEO since its inception in 1986. Henrik Ekelund has comprehensive experience as a board member and owner of high-growth enterprises. Henrik Ekelund graduated in business administration at the Stockholm School of Economics.

Not independent of the Company or its major shareholders.

AUDITOR

Öhrlings PricewaterhouseCoopers AB.
Managing Auditor: Magnus Thorling,
Authorized Public Accountant.

The above information on shareholdings was correct at December 31, 2020.

Senior executives and global partners



Henrik Ekelund
Born 1955. Global Partner.
Founder, President and CEO of
BTS Group AB. See Board of
Directors on the preceding
page for more information.



Stefan Brown
Born 1963. CFO and Executive
Vice President of BTS Group AB.
Employee of BTS since 1990.



Jessica Parisi
Born 1977. Global Partner.
Executive Vice President,
President and CEO of BTS
North America. Employee
of BTS since 1999.



Joel Sigrist
Born 1972. Global Partner.
Executive Vice President,
President and CEO of
BTS Europe. Employee
of BTS since 2003.



Philios Andreou
Born 1967. Global Partner.
Executive Vice President,
President and CEO
of BTS Other markets.
Employee of BTS
since 2003.



David Ackley
Born 1969. Global Partner.
Executive Vice President,
Global Head of BTS Digital
Services.
Employee of BTS since 1996.



Rommin Adl
Born 1964. Global Partner.
Executive Vice President.
Employee of BTS since 1994.



Kathryn Clubb
Born 1957. Global Partner.
Executive Vice President.
Employee of BTS since 2019.



Todd Ehrlich
Born 1968. Global Partner.
Executive Vice President, Global
Head of Development Process
and COO BTS North America.
Employee of BTS since 1995.



Patrick Fei
Born 1974. Global Partner.
Executive Vice President.
Employee of BTS since 2000.



Stefan Hellberg
Born 1957. Global Partner.
Executive Vice President.
Employee of BTS since 1986.



Peter Mulford
Born 1968. Global Partner.
Executive Vice President,
Head of Innovation
Practice. Employee
of BTS since 1997.



Dan Parisi
Born 1968. Global Partner.
Executive Vice President.
Employee of BTS since 1995.



Fredrik Schuller
Born 1978. Global Partner.
Executive Vice President.
Employee of BTS since 2004.

Advantage
Performance Group Inc.



Steve Toomey
Born 1963. Global Partner.
Executive Vice President
Employee of BTS since 1995.



Marta Zaragoza
Born 1971. Global Partner.
Executive Vice President.
Employee of BTS since 2006.



Jonathan Hodge
Born 1972. President and CEO
of APG.
Employee of BTS since 2006.

Shareholder information

Annual General Meeting 2021

Shareholders in BTS Group AB (publ) are invited to the AGM on Wednesday, May 19, 2021.

In light of the ongoing pandemic and the risk of spreading covid-19 and taking into account the authorities' regulations/ advice on avoiding meetings, the Board has decided that the Annual General Meeting shall be conducted without physical presence. Shareholders exercise their voting rights only by postal ballot. Information on the decisions made by the Annual General Meeting will be published on May 19, 2021, as soon as the outcome of the postal vote is finally compiled.

Shareholders who wish to participate in the Annual General Meeting by postal vote must be entered in the share register kept by Euroclear Sweden AB on Monday May 10, 2021, and register with the Company by casting their postal vote so that it is received by the Company no later than Tuesday, May 18, 2021.

To participate in the AGM, shareholders who have registered their shares under the name of a trustee must temporarily register them with Euroclear Sweden AB under their own name. Any such re-registration request should be made well in advance of Friday May 10, 2021.

Dividend

The Board of Directors proposes a dividend of SEK 1.20 per share, to be paid in an amount of SEK 0.60 on two occasions.

2021 reporting dates and financial information

Interim reports:

January–March	May 19, 2021
April–June	August 18, 2021
July–September	November 10, 2021
Year-end report	February 2022

The above reports can be ordered from BTS Group AB, Grevgatan 34, SE-114 53 Stockholm, phone +46 8 58 70 70 00 or e-mail ir@bts.com. Financial information from BTS Group AB is also published on www.bts.com.

Definitions

BTS Group AB, BTS Group AB (publ), BTS, the Company BTS Group AB with or without the Group's subsidiaries (unless otherwise indicated by the context).

Every care has been taken in the translation of this Annual Report. In the event of discrepancies, however, the Swedish original will supersede the English translation.



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Strategy made personal

We create powerful experiences that help
leaders build the future of their business

