



BTS Annual report

2023



Strategy made personal

Helping the world's leading companies turn strategy into results

BTS is a global professional services firm headquartered in Stockholm, Sweden, with about 1,100 professionals in 38 offices located on six continents.

BTS's offices around the world



BTS Group's four operational units

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

BTS North America consists of BTS's operations in the U.S., excluding APG, but including VBS 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, Indonesia, India, Italy, Japan, Malaysia, Mexico, Singapore, South Africa, South Korea, Spain, Taiwan, Thailand, and the United Arab Emirates.

Advantage Performance Group (APG) operates in the U.S. market and delivers performance improvement through sales and leadership training that results in meaningful business impact using its Advantage WaySM implementation process.

BTS's services

BTS is a consultancy firm specializing in the people side of strategy. For over three decades we have been designing powerful experiences that have a profound and lasting impact on businesses and their people. Our next-generation approach combines deep business knowledge with transformational development to help companies and their people to evolve together and turn strategy into results. Our services include:

- Strategy execution & business transformation
- Leadership readiness & development
- Go to market
- Talent acquisition & succession

Areas of expertise

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

- Strategy execution
- Leadership development
- Sales & marketing
- Assessment
- Innovation
- BTS Spark – developing educational leadership
- Business acumen
- Change & transformation
- Leadership coaching
- Executive & team performance
- Digital services
- Diversity, equity, and inclusion

Group-internal functions

Group-internal functions cover Group finance, Investor relations, Corporate communications, and Global operations development.

Vision, purpose, value proposition, and financial goals

BTS competes in both talent and HR consulting as well as the traditional consulting markets. BTS's services support a broad range of client challenges including top-to-bottom and on-demand leadership development, talent selection and readiness, strategy creation and strategy implementation, as well as culture and broad-scale change. For over 35 years, BTS has been focused on the people-side of change and on powering better performance using proprietary simulation, learning, coaching, and assessment methodologies. We partner with nearly 1,200 organizations, including over 40 of the world's 100 largest global corporations.

Vision

The global leader in turning strategy into action.



Purpose

We inspire and equip people to do the best work of their lives, creating better businesses and a better world.



Value proposition

We make strategy personal and drive great execution. Our unforgettable experiences create levels of alignment, mindset, and capability that deliver better results, faster.



Financial goals

BTS's financial goals over time are:

- A revenue growth, adjusted for changes in exchange rates, of 20 percent, primarily organic.
- An EBITA margin of 17 percent.
- An equity ratio that does not fall below 50 percent over extended periods.



2023 in brief

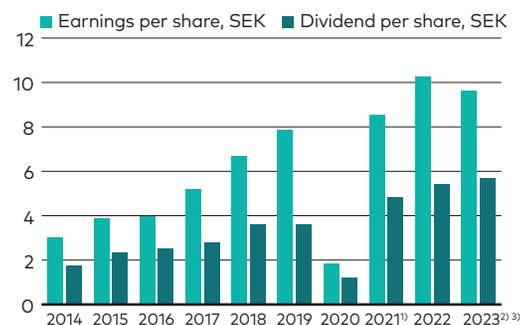
- Net sales amounted to SEK 2,683 million (2,530). Adjusted for changes in foreign exchange rates, net sales increased 2 percent.
- EBITA decreased by 1 percent to SEK 346 million (348).
- Profit before tax amounted to SEK 295 million (290). Excluding the reversed provision of earn-out, the profit before tax decreased 8 percent to SEK 267 million (290).¹⁾
- Profit after tax amounted to SEK 215 million (198). Excluding the reversed provision of earn-out, the profit after tax decreased 6 percent to SEK 186 million (198).¹⁾
- Earnings per share amounted to SEK 11.08 (10.24). Excluding the reversed provision of earn-out, earnings per share decreased 6 percent to SEK 9.62 (10.24).¹⁾

Key ratios

SEK millions	2023	2022
Net sales	2,683	2,530
EBITA	346	348
EBITA margin, %	12.9	13.8
EBIT	288	303
EBIT margin, %	10.7	12.0
EBT	295	290
Net profit	215	198
Net profit margin, %	8.0	7.8
Operating capital	1,071	858

SEK millions	2023	2022
Return on operating capital, %	27	36
Return on equity, %	17	18
Equity ratio, %	44	44
Cash flow from operating activities	166	199
Cash flow	-24	-85
Cash and cash equivalents	532	577
Number of employees at year-end	1,111	1,180
Average number of employees	1,152	1,129
Net sales per employee	2,329	2,241

Earnings and dividends per share

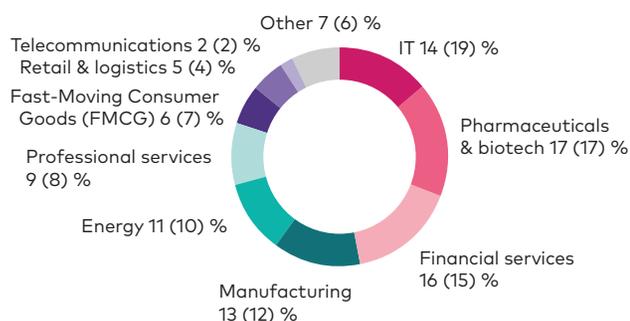


¹⁾ Earnings per share; Excluding forgiven PPP loan.

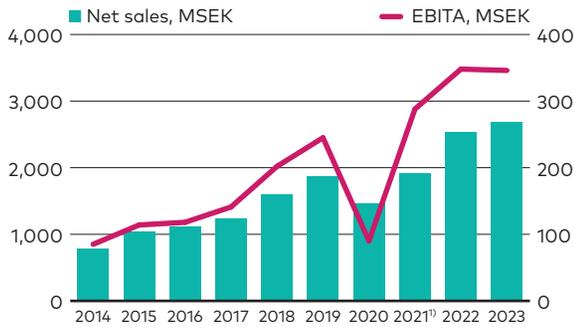
²⁾ Excluding the reversed provision of earn-out.

³⁾ Dividend per share; Proposed dividend.

Revenue source per sector 2023 (2022)

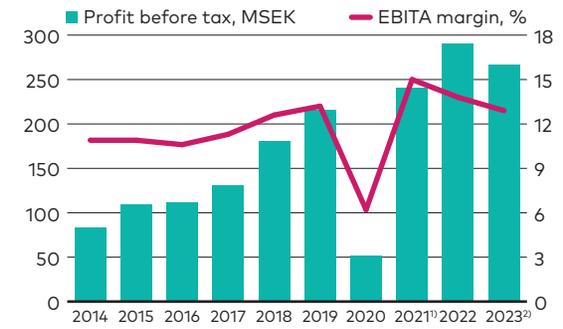


Net sales and EBITA



¹⁾ Excluding forgiven PPP loan.

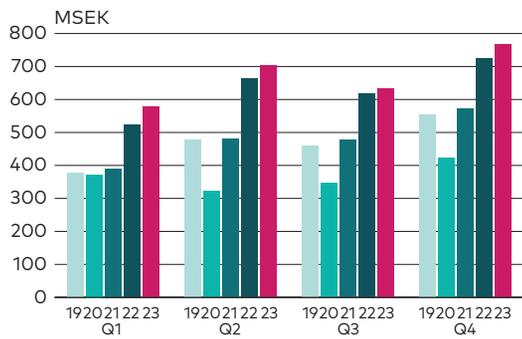
Profit before tax and EBITA margin



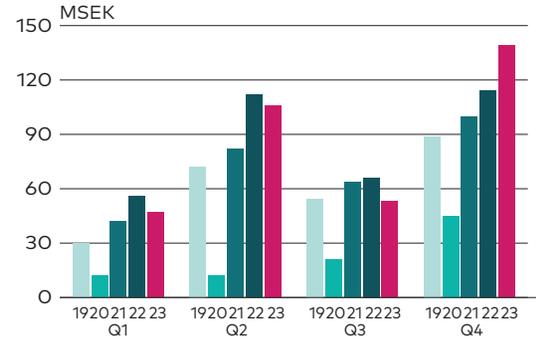
¹⁾ Excluding forgiven PPP loan.

²⁾ Excluding the reversed provision of earn-out.

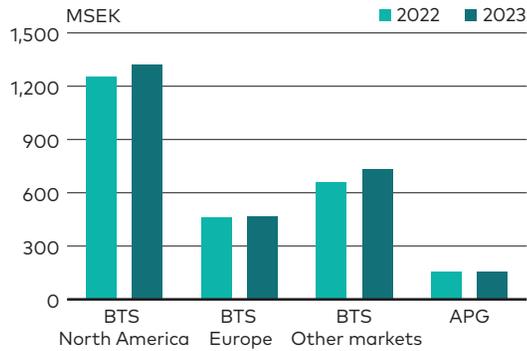
Revenue by quarter



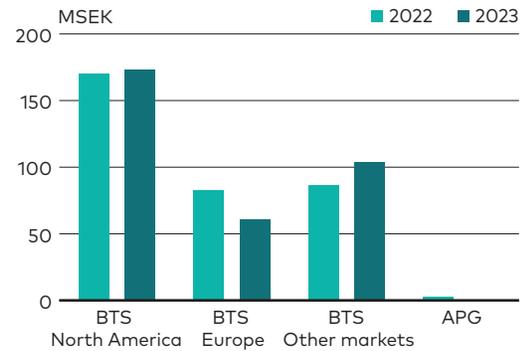
EBITA by quarter



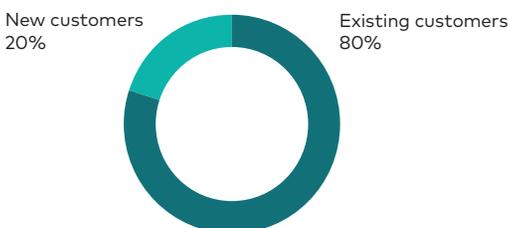
Net sales per operating unit



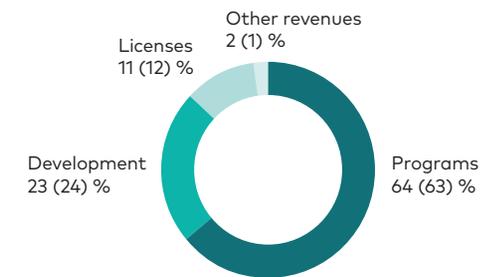
EBITA per operating unit



Revenue generation



Net sales by source of revenue 2023 (2022)



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A more detailed description of the operations is presented on the company's website, www.bts.com.

Stable earnings performance and upping-our-game, BTS never wastes a challenging economic year

BTS Group revenue remained just about flat for 2023 compared to 2022, despite our biggest industry, tech and software, dropping double digits, and the average deal cycle time taking longer given the more conservative attitude of some clients. Despite starting the year with more people and historic salary raises due to the 2021 high demand for talent and high inflation, we delivered on our forecast and ended 2023 with earnings in line with the previous year.

2023 was a tough year, no doubt about it, but we finished the last quarter of the year on a much more positive note. Despite three tough quarters, the fourth quarter was the best quarter in our company's history, with EBITA growing 21 percent. Thereby we met our outlook and delivered EBITA in line with previous year.

As BTS has proven throughout our history, we never waste a tough economic year. The team tends to move faster and be more creative, and 2023 was no exception. I am truly proud of the team's accomplishments. Together, we:

- **Focused** on the industries, companies and CEOs that would be more likely to grow and invest in the people-side of change.
- **Innovated** new client partnering models to launch easy-to-use at scale micro-simulations and content, and new services such as GAI training and ways of working.
- **Up-skilled** our talent across all markets.
- **Increased** cross-country collaboration to smooth out resource utilization.

We are glad that the measures we took in BTS North America and BTS Other markets early in 2023 played out so well. Not only did they help us make the fourth quarter of 2023 a record quarter, but they also set us up for better operational scale in the long-term.

Market developments

In general, the focus seems to be shifting in some client segments, away from budget-freezing towards prioritizing selected initiatives. This gives us some optimism, although there still seems to be a cautious bias and slower movement on some corporate initiatives.

In summary, BTS North America and BTS Other markets showed improved growth sequentially in the fourth quarter and delivered on their efficiency plans. BTS Europe continued to experience a conservative market, resulting in a decrease in revenues for the full year.



BTS Other markets' revenue grew double digits in the quarter with traction coming from Southern Europe, Africa, the Middle East, and Southeast Asia.

Outlook

The actions taken during 2023 have set us up to scale. We will continue to drive further improvement in our internal ways of working. With the cost structure in place, we are energized and ready for growth in 2024 by building on the momentum we had in the fourth quarter. Given this, the outlook for 2024 is favorable; we believe that earnings will be better than 2023.

Stockholm, April, 2024

Jessica Skon
CEO of BTS Group AB (publ)

Growth and profit year after year

BTS has a strong position in a large, growing, and highly fragmented market. The value of the total market is estimated to over USD 30 billion and is expected to grow by 4–5 percent a year. BTS's market share is estimated to be less than 1 percent.

The early years

In 1986, BTS's Chairman of the Board and former CEO, Henrik Ekelund took a look at the management consulting space and had a vision of the future. While many firms were able to help their clients find the right strategy, their clients often still struggled to execute. And Henrik knew why. The best strategy in the world will fail if it doesn't consider the business's most valuable asset: Its people.

Henrik founded BTS to do things differently, to create a human-centered consulting firm. Unlike other consultancies, BTS doesn't believe in cookie-cutter solutions to business problems. With a relentless focus on quality, we create deeply customized, fun, and powerful experiences that provide clients with the tools they need to deliver results in the real world.

More than 35 years later, BTS has grown from its modest start in Stockholm, Sweden, to become a global player and now serves 40 of the world's 100 largest companies and 60 of the Fortune 100. Below we present selected parts of this exciting journey – and we're only just getting started.

Continuous growth and profit during the 1990s

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

This development is a result of BTS's growth strategy, dynamic business model, and its entrepreneurial organizational culture. The strategy to generate growth focuses on growing revenue and share of wallet per customer account by offering innovative digital solutions and content in BTS's programs. Furthermore, BTS aims to expand to new geographies organically as well as through acquisitions.

In the 1990s, BTS successfully managed to achieve continuous profitable growth. Favorable market conditions and new product initiatives, as well as new offices in the U.S., the UK, Finland, and South Africa, played a major role in the company's growth during this period.

New initiatives and increased profits during the early 2000s

When the market conditions worsened between 2001 and 2003, BTS managed to maintain a healthy level of revenue, despite the unfavorable business climate (particularly in the IT, telecom, and manufacturing industries, where BTS was predominantly active) by adhering to its successful long-term strategy. BTS successfully reinforced the business for future growth and profitability by implementing a range of new

initiatives, such as expanding into new industries and geographical markets.

BTS constantly strives to improve profitability, therefore the main focus during these years was to continuously improve billability, project execution, systems, and processes to reduce overhead; and by optimizing pricing, increasing licensing, and adding recurring revenue services. 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.

During 2002 and 2003, BTS opened businesses in Australia and Spain. These new offices grew substantially and served as starting points for several new 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 Inc.* in 2005 and *The Advantage Performance Group Inc.* and *The Real Learning Company Inc.* in 2006. The acquisitions have added new technologies and delivery methods, a broader customer base, and a wealth of new talent to BTS.

The 2008–2009 recession

The recession during 2008 and 2009 had a significant negative impact on the industry. Most companies saw their revenues decline by 20 to 40 percent in 2009.

BTS's recession strategy was based on two key factors: the company's low market share and highly competitive offerings.

Average growth per year, 2001–2023 (CAGR)

12%

Net sales growth per year¹⁾

15%

EBITA growth per year

¹⁾ Currency adjusted.



By focusing its resources on highly prioritized accounts, BTS was able to maintain its revenue and profit levels.

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

Growth from 2010 to 2019

During the years 2010 to 2019, BTS's revenue grew by an average of 10 percent annually (currency adjusted) with growth in all regions. BTS grew the average size of its projects by offering global services and more complete solutions, thereby delivering improved results for customers.

In 2013, BTS acquired all the business operations of the Danish company *Wizerize A/S*. The acquisition created new opportunities to offer digitally enabled solutions that were built on current and future social and mobile IT platforms. These solutions supplemented and strengthened 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 strengthened BTS's position in the fast-growing market for services and technology within assessment services.

In 2015, BTS acquired the South African company *Avocado Vision Pty Ltd.*, which provided BTS and *Avo Vision* with major opportunities in the fast-growing and important African market, which had an enormous need for talent development. All the business operations in the Australian company *Synergy Group Pty Ltd.* were also acquired in 2015. This represented a significant strengthening of BTS's operations in Australia, increased BTS's delivery capacity, and created a considerably stronger and broader offering in Australia.

In 2016, BTS acquired all business operations of the Italian companies *Cesim Italia Srl.* and *Design Innovation Srl.*,

which significantly strengthened BTS's position in southern Europe through the addition of several major Italian customers, and also reinforced BTS's Italian operations by supplementing them with further expertise and innovative solutions. Furthermore, the acquisitions also provided 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, as well as the German company *MTAC GmbH*.

Coach in a Box helps leaders at all levels to improve and change using a coaching approach that is virtual, affordable, scalable, and fast. BTS and *Coach in a Box*'s combined services strengthened the customer offering and made the companies stronger partners in 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 provided BTS with a base in German-speaking countries, which easily now makes it the largest market in Europe. It also allowed BTS to serve existing global clients better, and creates significant growth potential. In addition, *MTAC* added top knowledge in the area of marketing expertise, which is now a new area of expertise for BTS.

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

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 gained



two business advantages: new industry-leading services that gave access to a new market segment worth approximately USD 2 billion globally, and secondly, we brought 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 brings 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* also brought over clients with whom the company had 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 off-spring of the University of St. Gallen. Since then it has successfully grown into a respected provider of customized digital learning for some of the world's largest corporations.

The acquisition of *Samsari* brought 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 thus strengthen the BTS service offering as a whole. The acquisition also contributed to broadening the BTS customer base in the Nordic market.

The COVID-19 pandemic 2020

The entire industry faced an enormous challenge early in 2020 when all physical training was canceled – wiping out 70 percent of BTS's revenue. In addition, many companies stopped or reduced investments in all forms of training.

To address this challenge, BTS decided on a strategy to become stronger in the long-term, allowing BTS to continue to increase revenue and earnings for the years ahead. With BTS's rapid re-focus on virtual and digital solutions, BTS managed to compensate for almost three quarters of the 70 percent revenue loss in 2020. BTS also took an important lead. The changes in the market will be lasting, even now when the COVID-19 crisis is over, and a significant share of demand will center on virtual and digital solutions.

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

2021 – Post pandemic, coming out strong

The pandemic initiated significant changes to strategies and organizations in major companies around the world, creating an increased demand for BTS's services and making BTS an even more attractive partner for customers today.

In 2021, BTS acquired the American company *Bates Communications Inc.* and all the businesses of the Spanish company *Netmind SL*.

Bates helps some of the top companies in the world to execute their strategies, primarily in the U.S., and the client portfolio has only a limited overlap with that of BTS. *Bates'* senior talent and consultants have brought complementary and sought-after capabilities to BTS. Their team members have backgrounds and significant experience in business, strategy, corporate communication, and management psychology. The acquisition created the preconditions for the original operations in both companies to develop major synergies in their service offerings and customer bases.

The acquisition of *Netmind* enabled BTS to considerably strengthen its position in the Spanish-speaking markets. With its focus on digital and agile change solutions, *Netmind's* offering complements BTS, which thus strengthens its position



for continued growth in Spain and in other markets. *Netmind* partners with some of the world's leading companies to succeed in the digital field using *Netmind*'s innovative solutions, proprietary concepts and methods, in-house models for agile change, and an extensive library of courses and training. *Netmind*'s customer base has only a limited overlap with BTS, which offers significant potential for synergies.

BTS is coming out of the pandemic as a stronger organization with an expanded customer base, a stronger offering of services, and increased revenue from virtual and digital solutions. Overall, a new level was reached during 2021, and BTS is well positioned for continued long-term sustainable and profitable growth.

2022 – A turbulent year

During turbulent years, such as 2022, BTS tends to be the most creative, with breakthrough client engagement models, and improvements of the business and operations at a higher speed. BTS made strategic investments and progress during the year, creating a solid foundation for growth for the coming years.

Despite the challenging market, BTS continued its growth story in 2022 with all units growing by double-digits. The interim report for the fourth quarter of 2022 presented the 22nd record quarter (not including 2020) where revenues, as well as operating profit, exceeded the outcome for the same period the previous year. The revenue increased by 17 percent during 2022 compared to the previous year, of which 15 percent was organic.

BTS closed the year ready for even more volatility and a more conservative market. There was no doubt that 2023 would be more challenging due to market uncertainty, and BTS continued to prepare, with all units focusing on the CEOs, industries, and companies that were believed to be more recession-resilient. BTS ended the year of 2022 with a strong

deal pipeline across the units, and the demand for BTS's services was strong.

2023 – A year of innovation and successful transformations in challenging market conditions

As anticipated, 2023 was another challenging year. BTS ended the year by having the best fourth quarter in the history and thereby met the outlook and delivered EBITA in line with previous year.

As BTS has proven throughout our history, the company never wastes a tough economic year. When the market slows, it gives BTS the chance to see things more clearly and drive shifts that set the company up for longer-term, profitable growth. The measures implemented and actions taken during 2023 have set BTS up to scale. The measures span from operational efficiency and development, overall competitiveness and pipeline discipline, to innovation and talent growth. BTS will continue to drive further improvements in our internal ways of working. With the cost structure in place, we are energized and ready for continued growth in 2024.

In May 2023, BTS acquired *The Boda Group* (Boda) and through this acquisition BTS gained Executive coaching, which is a large and growing market. *Boda* ensures BTS will be able to help leaders, from CEOs to Vice Presidents, grow and develop to become better equipped to support their organizations' strategy and culture. *Boda* brings an impressive client portfolio, which includes global leaders in technology, life science, and financial and professional services. *Boda* also serves premier companies within the private equity and venture capital sectors, and its client portfolio has limited overlap with BTS. *Boda* contributed with SEK 65.7 million to the Group's net sales and SEK 12.9 million to the Group's profit after tax 2023.

BTS share information

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

The share capital totals SEK 6,465,606, distributed among 853,800 Class A shares and 18,543,019 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 is entitled to one vote. All shares carry equal rights to participate in the company's assets and profits.

At December 31, 2023, there were 4,038 (4,145) shareholders in the company, a decrease of 3 percent. In the past few years, BTS has increased its investor relation activities, including webcasted interim report presentations in Sweden, and road-shows to financial centers in Europe.

Dividend policy

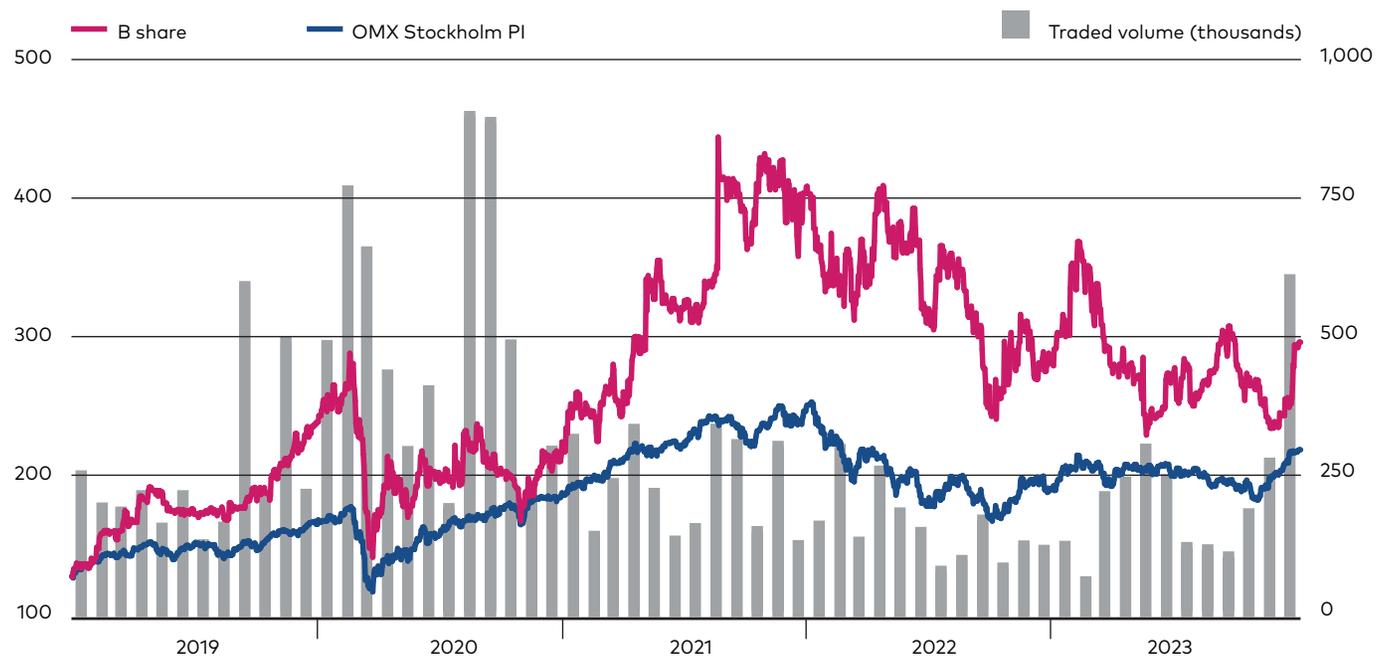
The company's goal is to distribute 40 to 65 percent of profit after tax in the long run.

SEK	2023	2022	2021	2020	2019
Share price, December 31	296.00	291.00	403.00	217.00	238.00
Earnings per share	11.08	10.24	11.11	1.82	7.84
Price/earnings ratio, December 31	26.71	28.42	36.28	119.23	30.35
Cash and cash equivalents per share, December 31	27.44	29.78	30.68	30.60	16.38
Equity per share, December 31	67.05	62.66	50.75	36.75	43.47
Dividend per share	5.70 ¹⁾	5.40	4.80	1.20	3.60

¹⁾ Proposed dividend.

BTS Group AB share price 2019–2023

Share price quotes cover opening price first day of trading 2019 to closing price last day of trading 2023.



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 number 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
2021	New issue	18,685	6,458,116		56,055	19,374,347	00:33
2023	New issue	7,490	6,465,606		22,472	19,396,819	00:33

Ten largest shareholders

Name	Number of Class A shares	Number of Class B shares	Holding	Holding %	Votes %
Henrik Ekelund, incl. companies	816,000	2,855,034	3,671,034	18.9	40.7
Stefan af Petersens, incl. companies	37,800	2,222,195	2,259,995	11.7	9.6
Lannebo Funds		2,137,102	2,137,102	11.0	7.9
Nordea Funds		1,810,011	1,810,011	9.3	6.7
Swedbank Robur Funds		1,713,959	1,713,959	8.8	6.3
SEB		1,562,504	1,562,504	8.1	5.8
Third Swedish National Pension Fund (AP3)		553,346	553,346	2.9	2.0
AMF Pension & Funds		464,007	464,007	2.4	1.7
The Bank of New York Mellon		416,849	416,849	2.2	1.5
Enter Fonder		382,765	382,765	2.0	1.4
Total for 10 largest shareholders	853,800	14,117,772	14,971,572	77.2	83.7
Other shareholders		4,425,247	4,425,247	22.8	16.3
Total all shareholders	853,800	18,543,019	19,396,819	100.0	100.0

Five-year summary

Income statement

Consolidated income statements in summary

SEK millions	2023	2022	2021	2020	2019
Net sales	2,683	2,530	1,917	1,464	1,865
Operating expenses	-2,261	-2,110	-1,557	-1,309	-1,554
Forgiven PPP loan	-	-	50	-	-
Depreciation of property, plant, and equipment	-76	-72	-71	-65	-66
Amortization of intangible assets	-58	-45	-33	-26	-20
EBIT	288	303	305	65	226

Net sales per operating unit

SEK millions	2023	2022	2021	2020	2019
BTS North America	1,324	1,254	949	689	877
BTS Europe	469	459	353	316	386
BTS Other markets	732	661	493	363	490
APG	158	156	121	95	112
Total	2,683	2,530	1,917	1,464	1,865

EBITA per operating unit

SEK millions	2023	2022	2021	2020	2019
BTS North America	172.8	170.2	152.8	48.8	118.6
BTS Europe	61.0	82.4	51.0	19.5	63.3
BTS Other markets	103.6	86.7	75.2	19.4	57.2
APG	0.2	2.3	2.9	-2.9	1.5
EBITA per operating unit	337.6	341.5	282.0	84.8	240.5
Effects of IFRS 16	8.1	6.8	6.3	5.5	4.8
Forgiven PPP loan	-	-	49.7	-	-
EBITA	345.7	348.3	338.0	90.3	245.3

Operating units

BTS North America consists of BTS's operations in the U.S., excluding APG, but including VBS 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, Indonesia, Italy, Japan, Malaysia, Mexico, Singapore, South Africa, South Korea, Spain, Taiwan, Thailand and the United Arab Emirates.

APG consists of operations in Advantage Performance Group in the U.S.

Balance sheet

Consolidated balance sheets in summary

SEK millions	2023	2022	2021	2020	2019
<i>Assets</i>					
Non-current assets	1,466	1,244	1,147	826	851
Accounts receivable	714	723	557	409	514
Other current assets	243	215	194	134	187
Cash and cash equivalents	532	577	594	591	316
Total assets	2,956	2,759	2,492	1,960	1,869
<i>Equity and liabilities</i>					
Equity	1,301	1,214	983	710	840
Interest-bearing liabilities	302	221	281	404	76
Non-interest-bearing liabilities	1,353	1,324	1,228	846	953
Total equity and liabilities	2,956	2,759	2,492	1,960	1,869

Cash flow

Consolidated cash flow in summary

SEK millions	2023	2022	2021	2020	2019
Cash flow from operating activities	166	199	312	242	218
Cash flow from investing activities	-105	-76	-182	-148	-38
Cash flow from financing activities	-84	-208	-161	213	-132
Cash flow for the year	-24	-85	-30	307	48
Cash and cash equivalents, start of year	577	594	591	316	262
Translation differences in cash and cash equivalents	-21	68	34	-33	6
Cash and cash equivalents, end of year	532	577	594	591	316

Financial ratios for the Group

SEK millions	2023	2022	2021	2020	2019
Net sales	2,683	2,530	1,917	1,464	1,865
EBITA	346	348	338	90	245
EBITA margin, %	12.9	13.8	17.6	6.2	13.2
EBIT	288	303	305	65	226
EBIT margin, %	10.7	12.0	15.9	4.4	12.1
Profit margin, %	8.0	7.8	11.2	2.4	8.1
Earnings per share, SEK	11.08	10.24	11.11	1.82	7.84
Operating capital	1,071	858	670	523	600
Return on operating capital, %	27	36	42	12	36
Equity	1,301	1,214	983	710	840
Return on equity, %	17	18	25	5	20
Equity per share, SEK	67.05	62.66	50.75	36.75	43.47
Equity ratio, %	44	44	39	36	45
Dividend per share, SEK	5.70 ¹⁾	5.40	4.80	1.20	3.60
Cash flow	-24	-85	-30	307	48
Cash and cash equivalents	532	577	594	591	316
Number of employees at year-end	1,111	1,180	1,071	821	832
Average number of employees	1,152	1,129	936	843	779
Net sales per employee	2.3	2.2	2.0	1.7	2.4

¹⁾ Proposed dividend.

Definitions

EBITA margin

Operating profit before amortization of intangible assets, financial items, and tax as a percentage of net sales.

EBIT margin

Operating profit before financial items and tax 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 dilution.

Operating capital

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

Return on operating capital

Operating profit (EBIT) 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 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.

Net sales per employee

Net sales 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 the CEO of BTS Group AB (publ), corporate identity number 556566-7119, hereby submit their annual accounts and consolidated financial statements for the fiscal year 2023. 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 is a global professional services firm headquartered in Stockholm, Sweden, with 38 offices located on six continents. BTS's clients are often leading multinational companies. BTS is an expert in behavior change and cares deeply about both delivering results for its clients and ensuring that their people do the best work of their lives. The company's engagements range from embedded multi-year transformation projects to brief, targeted capability development.

For over 35 years, BTS has been focused on the people-side of change and on powering better performance using proprietary simulation, learning, coaching, and assessment methodologies. BTS's primary services include *Strategy execution & business transformation*, *Leader readiness & development*, *Go to market*, and *Talent acquisition & succession*. In support of these services, BTS has several areas of expertise responsible for developing new concepts and solutions as well as ensuring the use of best practices across the Group within each service. More information regarding BTS's areas of expertise can be found on the company's website, www.bts.com.

Revenue and profit

BTS's net sales increased by 6 percent during the year to SEK 2,683 million (2,530). Adjusted for changes in exchange rates, revenues increased by 2 percent.

EBITA increased during the year, to SEK 346 million (348). EBITA margin was 12.9 percent (13.8).

EBIT decreased to SEK 288 million (303). EBIT margin was 10.7 percent (12.0). EBIT was charged with SEK –57.7 million (–45.1) for amortization of intangible assets attributable to acquisitions and digital investments.

Consolidated profit before tax for the year increased to SEK 295 million (290). During the fourth quarter, a provision of earn-out related to the acquisition of *MTAC* was reversed, impacting the net financial items positively by SEK 28.3 million. Excluding the provision of earn-out, the profit before tax decreased 8 percent to SEK 267 million (290).

Net sales for BTS North America totaled SEK 1,324 million (1,254). Adjusted for changes in exchange rates, revenue increased by 1 percent. EBITA totaled SEK 173 million (170) and the EBITA margin was 13.0 percent (13.6).

Net sales for BTS Europe totaled SEK 469 million (459). Adjusted for changes in exchange rates, revenues decreased by 2 percent. EBITA totaled SEK 61 million (82) and the EBITA margin was 13.0 percent (17.9).

Net sales for BTS Other markets totaled SEK 732 million (661). Adjusted for changes in exchange rates, revenues increased by

8 percent. EBITA totaled SEK 104 million (87) and the EBITA margin was 14.2 percent (13.1).

Net sales for APG reached SEK 158 million (156). Adjusted for changes in exchange rates, revenue decreased by 3 percent. EBITA totaled SEK 0 million (2) and the EBITA margin was 0.1 percent (1.5).

Financial position

The cash flow from operating activities amounted to SEK 166 million (199). The cash flow before changes in working capital amounted to SEK 329 million (351). The cash flow from changes in working capital amounted to SEK –164 million (–152).

At the end of the period, cash and cash equivalents were SEK 532 million (577). The Group's interest-bearing loans, attributable to previously completed acquisitions, totaled SEK 302 million (221) at the end of the period. Equity totaled SEK 1,301 million (1,214) at year-end, and the equity ratio was 44 percent (44).

Business acquisitions

BTS acquired *The Boda Group* (Boda) in 2023. With the acquisition of *Boda*, BTS gained Executive coaching, which has a large and growing market. *Boda* ensures BTS will be able to help leaders, from CEOs to Vice Presidents, grow and develop to be better equipped to support their organizations' strategy and culture. *Boda* brings an impressive client portfolio, which includes global leaders in technology, life science, and financial and professional services. *Boda* also serves premier companies within the private equity and venture capital sectors, and its client portfolio has limited overlap with BTS.

For a more detailed description, see Note 23 *Business acquisitions*.

Ratification of acquisition analysis

The preliminary acquisition analysis regarding the acquisition of *Boda* has been ratified. The effect of the ratification is an increase in goodwill and a provision for deferred tax liability of SEK 16 million.

Employees

The number of employees in BTS Group AB at December 31, 2023 was 1,111 (1,180).

The average number of employees during the year was 1,152 (1,129).

Shareholders

The total number of shares outstanding at December 31, 2023 was 19,396,819, consisting of 853,800 Class A and 18,543,019 Class B shares. Each Class A share entitles the holder to 10 votes per share, each Class B is entitled to 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 percent of votes at year-end 2023. 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 3.8 million (4.3), and profit after financial items SEK 106.1 million (115.1). Cash and cash equivalents were SEK 1.0 million (0.7).

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 (*Annual Accounts Act*, 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 2023, and can be found on pages 51–77.

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 and might negatively affect corporate training budgets for some clients. Similarly, economic recovery increases willingness to invest in training.

Dependence on individual customers

BTS's ten largest customers accounted for 19 percent (21) of its sales in 2023. By striving for a broad customer base, BTS limits its dependence on individual customers.

No sectors dominate

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

49 percent (50) of BTS's sales in 2023 came from the operating unit BTS North America, BTS Other markets represented 27 percent (26), BTS Europe accounted for 18 percent (18) and APG 6 percent (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 demand for the quality of BTS deliveries. BTS minimizes the risk of having dissatisfied customers by recruiting and cultivating qualified coworkers and by ensuring that all development and all deliveries adhere to established, and continuously updated 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 financial 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 19, *Financial instruments and financial risk management*.

Foreign exchange risks

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%	25,218
SEK/EUR	+/-10%	8,741
SEK/GBP	+/-10%	1,640

¹⁾ Based on 2023 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 31,298 (33,176), which corresponds to the largest total credit exposure towards 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 the increased cost of borrowing for the company or through fluctuations in returns on the funds invested at variable interest rates.

Significant events after the close of the fiscal year

No material events has occurred after the close of the fiscal year.

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, *Significant accounting policies*.

Multiple-year review

Performance for the past five fiscal years is presented below.

SEK thousands	2023	2022	2021	2020	2019
Net sales	2,682,892	2,529,634	1,916,762	1,464,155	1,865,499
Operating expenses	-2,260,975	-2,109,688	-1,557,303	-1,308,726	-1,554,314
Forgiven PPP loan	-	-	49,694	-	-
Depreciation of property, plant, and equipment	-76,211	-71,630	-71,189	-65,123	-65,855
Amortization of intangible assets	-57,656	-45,065	-32,764	-25,700	-19,670
EBIT	288,050	303,251	305,200	64,607	225,660
EBIT margin, %	10.7	12.0	15.9	4.4	12.1
Number of employees at year-end	1,111	1,180	1,071	821	832
Average number of employees	1,152	1,129	936	843	779
Net sales per employee	2,329	2,241	2,048	1,736	2,393

Proposed appropriation of earnings

Parent company

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

	SEK
Retained earnings	99,892,859
Profit for the year	99,807,984
Total	199,700,843

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

	SEK
To be distributed to shareholders: SEK 5.70 per share totaling ¹⁾	110,561,868
To be carried forward	89,138,975
Total	199,700,843

¹⁾ The total amount of the proposed dividend is based on the number of outstanding shares as of April 11, 2024.

The Board proposes a dividend of SEK 5.70 per share, amounting to SEK 110,562 thousand (104,682), to be paid on two occasions in the amount of SEK 2.85 per payment. The dividend is proposed to be paid on May 13, 2024 and November 18, 2024 respectively.

Statement from the Board of Directors on the proposed dividend

The proposed dividend to shareholders will reduce the Parent company's equity ratio to 21 percent, and the Group's equity ratio to 42 percent. The equity 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, Paragraph 3, Sections 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	2023	2022
Net sales	10	2,682,892	2,529,634
Operating expenses			
Other external expenses	3, 4, 5, 6, 19	-761,759	-713,896
Employee benefit expenses	6, 7	-1,499,216	-1,395,792
Depreciation of property, plant, and equipment and amortization of intangible assets	5, 8, 9	-133,867	-116,695
Total operating expenses		-2,394,842	-2,226,383
OPERATING PROFIT (EBIT)	10	288,050	303,251
Financial items			
Financial income	11	5,576	2,793
Financial expenses	11	-26,794	-16,672
Reversed provision of earn-out	11, 23	28,342	-
Total gain/loss on financial items		7,123	-13,879
Associated companies, profit after tax		-39	295
PROFIT BEFORE TAX		295,134	289,667
Tax on profit for the year	12	-80,320	-91,261
PROFIT FOR THE YEAR		214,815	198,405
Profit for the year attributable to the Parent company's shareholders		214,815	198,405
Earnings per share (profit for the year attributable to the Parent company's shareholders)	13		
Earnings per share, before dilution, SEK		11.08	10.24
Average number of shares during the year		19,384,610	19,374,347
Dividend per share, SEK	14	5.70 ¹⁾	5.40

¹⁾ Proposed dividend.

Consolidated statement of comprehensive income

SEK thousands	NOTE	2023	2022
PROFIT FOR THE YEAR		214,815	198,405
Other comprehensive income			
<i>Items that later could be reclassified to profit or loss</i>			
Translation differences in equity	18	-33,142	124,576
Other comprehensive income for the year, net after tax		-33,142	124,576
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		181,673	322,981
Portion attributable to the Parent company's shareholders		181,673	322,981

Consolidated balance sheet

SEK thousands	NOTE	12-31-23	12-31-22
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill	8	1,103,993	908,882
Other intangible assets	8	153,592	120,564
Total intangible assets		1,257,584	1,029,447
<i>Property, plant and equipment</i>			
Equipment	9	38,002	49,103
Right-of-use assets	5	142,408	137,301
Total property, plant and equipment		180,410	186,405
<i>Financial assets</i>			
Deferred tax assets	16	9,886	14,332
Investments in associated companies		1,430	–
Other non-current receivables	19	17,158	13,350
Total financial assets		28,474	27,682
Total non-current assets		1,466,468	1,243,533
Current assets			
<i>Current receivables</i>			
Accounts receivable	19	714,315	723,145
Other current receivables	19	25,868	19,491
Prepaid expenses and accrued income	17	217,456	195,289
Total current receivables		957,638	937,925
Cash and cash equivalents	19, 21	532,315	577,061
Total current assets		1,489,953	1,514,986
TOTAL ASSETS		2,956,421	2,758,519

SEK thousands	NOTE	12-31-23	12-31-22
EQUITY AND LIABILITIES			
EQUITY			
	18		
Share capital		6,466	6,458
Other paid-in capital		144,840	138,533
Retained earnings, including profit for the year and translation reserve		1,149,348	1,068,939
Total equity		1,300,653	1,213,930
LIABILITIES			
Non-current liabilities			
Lease liabilities	5, 19	105,176	94,340
Deferred tax liability	16	95,886	83,932
Acquisition-related liabilities	19	324,823	245,404
Interest-bearing liabilities to credit institutions	19, 20	57,753	77,753
Other non-current liabilities	19	8,076	6,768
Total non-current liabilities		591,714	508,196
Current liabilities			
Accounts payable	19	58,383	49,201
Tax liabilities		14,176	5,332
Lease liabilities	5, 19	42,004	46,002
Acquisition-related liabilities	19	94,835	46,205
Interest-bearing liabilities to credit institutions	19, 21	244,577	142,906
Other current liabilities	19	59,112	69,578
Accrued expenses and prepaid income	22	550,966	677,169
Total current liabilities		1,064,053	1,036,393
TOTAL EQUITY AND LIABILITIES		2,956,421	2,758,519

Information on pledged assets and contingent liabilities in Notes 24 and 25.

Changes in consolidated equity

Attributable to the Parent company's shareholders

SEK thousands	NOTE 18	Share capital	Other paid-in capital	Translation reserve	Retained earnings including profit for the year	Total equity
Opening balance at January 1, 2022		6,458	138,533	28,151	810,108	983,250
Comprehensive income						
Profit for the year					198,405	198,405
Other comprehensive income						
Translation differences				124,576		124,576
Total comprehensive income		0	0	124,576	198,405	322,981
Transactions with shareholders						
Share-based payment according to IFRS 2					990	990
Dividends to shareholders					-92,997	-92,997
Other					-295	-295
Total transactions with shareholders		0	0	0	-92,302	-92,302
Closing balance at December 31, 2022		6,458	138,533	152,728	916,212	1,213,930
Opening balance at January 1, 2023		6,458	138,533	152,728	916,212	1,213,930
Comprehensive income						
Profit for the year					214,815	214,815
Other comprehensive income						
Translation differences				-33,142		-33,142
Total comprehensive income		0	0	-33,142	214,815	181,673
Transactions with shareholders						
New issue		7	6,307			6,315
Share-based payment according to IFRS 2					3,380	3,380
Dividends to shareholders					-104,682	-104,682
Other					39	39
Total transactions with shareholders		7	6,307	0	-101,264	-94,949
Closing balance at December 31, 2023		6,466	144,840	119,586	1,029,763	1,300,653

Consolidated cash flow statement

SEK thousands	NOTE	2023	2022
Operating activities			
Operating profit (EBIT)		288,050	303,251
Adjustments for non-cash items			
Depreciation and amortization	5, 8, 9	133,867	116,695
Financial items	11	-21,257	-13,584
Tax paid for the year		-71,242	-55,790
<i>Cash flow from operating activities before changes in working capital</i>		329,417	350,572
<i>Cash flow from changes in working capital</i>			
Change in accounts receivable		-12,621	-101,871
Change in other operating receivables		-54,611	-9,856
Change in accounts payables and other operating liabilities		-96,535	-39,832
<i>Cash flow from changes in working capital</i>		-163,767	-151,558
Cash flow from operating activities		165,650	199,014
Investing activities			
Investment in property, plant and equipment	9	-9,171	-21,017
Investment in intangible assets	8	-31,074	-39,172
Acquisitions of companies after deduction of cash and cash equivalents	19	-65,334	-14,968
Change in other financial assets		210	-757
Cash flow from investing activities		-105,368	-75,914
Financing activities			
Repayment of loan		-20,000	-68,417
Borrowings		94,140	8,213
Dividends to shareholders	14	-104,682	-92,997
Amortization lease liabilities	5	-53,863	-55,080
Cash flow from financing activities		-84,405	-208,280
Cash flow for the year		-24,123	-85,181
Cash and cash equivalents, start of year		577,061	594,435
Translation differences in cash and cash equivalents		-20,623	67,807
Cash and cash equivalents, end of year		532,315	577,061

Parent company's income statement

SEK thousands	NOTE	2023	2022
Net turnover	3	3,790	4,260
<i>Operating expenses</i>			
Other external expenses	3, 4	-2,867	-841
Employee benefit expenses	7	-2,039	-1,914
Total operating expenses		-4,906	-2,755
OPERATING PROFIT (EBIT)		-1,116	1,505
<i>Financial items</i>			
Gains/losses from participation in Group companies	11	75,662	97,554
Interest income and similar profit/loss items		3,561	1,517
Interest expenses and similar profit/loss items		-16,496	-8,934
Total gain/loss on financial items		62,726	90,137
Profit after financial items		61,610	91,642
Appropriations ¹⁾		44,500	23,500
PROFIT BEFORE TAX		106,110	115,142
Tax on profit for the year	12	-6,302	-3,631
PROFIT FOR THE YEAR		99,808	111,512

¹⁾ Entirely attributable to group contributions received.

Parent company's statement of comprehensive income

SEK thousands	2023	2022
PROFIT FOR THE YEAR	99,808	111,512
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	99,808	111,512

Parent company's balance sheet

SEK thousands	NOTE	12-31-23	12-31-22
ASSETS			
Non-current assets			
<i>Financial assets</i>			
Participations in Group companies	15	367,227	367,227
Receivables from Group companies		76,974	68,995
Total non-current assets		444,200	436,222
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		114,128	83,738
Other current receivables		0	1
Prepaid expenses and accrued income		277	257
Total current receivables		114,406	83,996
Cash and cash equivalents	19	985	685
Total current assets		115,391	84,681
TOTAL ASSETS		559,591	520,904
EQUITY AND LIABILITIES			
EQUITY			
<i>Restricted equity</i>			
Share capital		6,466	6,458
Total restricted equity		6,466	6,458
<i>Non-restricted equity</i>			
Retained earnings		99,893	86,756
Profit for the year		99,808	111,512
Total non-restricted equity		199,701	198,268
Total equity		206,166	204,726
LIABILITIES			
Non-current liabilities			
Acquisition-related liabilities	19	55,023	55,023
Interest-bearing liabilities to credit institutions	19, 20	57,753	77,753
Total non-current liabilities		112,776	132,776
Current liabilities			
Accounts payable	19	236	241
Tax liabilities		2,130	4,324
Debt to Group companies	19	666	35,643
Interest-bearing liabilities to credit institutions	19	237,045	142,906
Other current liabilities	19	9	9
Accrued expenses and prepaid income	22	562	280
Total current liabilities		240,649	183,402
TOTAL EQUITY AND LIABILITIES		559,591	520,904

Information on pledged assets and contingent liabilities in Notes 24 and 25.

Changes in Parent company's equity

SEK thousands	NOTE 18	Share capital	Retained earnings	Profit for the year	Total equity
Opening balance at January 1, 2022		6,458	121,929	57,824	186,211
By AGM proposed appropriation					
Transfer to retained earnings			57,824	-57,824	-
Comprehensive income for the period				111,512	111,512
Transactions with shareholders					
Dividends to shareholders			-92,997		-92,997
Closing balance at December 31, 2022		6,458	86,756	111,512	204,726
Opening balance at January 1, 2023		6,458	86,756	111,512	204,726
By AGM proposed appropriation					
Transfer to retained earnings			111,512	-111,512	-
Comprehensive income for the period				99,808	99,808
Transactions with shareholders					
Dividends to shareholders			-104,682		-104,682
New issue		7	6,307		6,315
Closing balance at December 31, 2023		6,466	99,893	99,808	206,166

Parent company's cash flow statement

SEK thousands	NOTE	2023	2022
Operating activities			
Operating profit (EBIT)		-1,116	1,505
Financial income and expenses	11	-12,936	-7,417
Tax paid for the year		-8,495	-6,149
<i>Cash flow from operating activities before changes in working capital</i>		-22,547	-12,061
Cash flow from changes in working capital			
Change in operating receivables		-32,074	35,698
Change in accounts payables and other operating liabilities		-34,698	4,867
<i>Cash flow from changes in working capital</i>		-66,772	40,565
Cash flow from operating activities		-89,319	28,504
Investing activities			
Dividends received from subsidiaries		75,662	97,554
Cash flow from investing activities		75,662	97,554
Financing activities			
Group contributions		44,500	23,500
Repayment of loan	19	-20,000	-64,747
Borrowings	19	94,140	8,213
Dividends to shareholders	14	-104,682	-92,997
Cash flow from financing activities		13,957	-126,031
Cash flow for the year		300	27
Cash and cash equivalents, start of year		685	658
Cash and cash equivalents, end of year		985	685

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 favorable results. BTS offers a broad range of services that meet the needs within both strategy execution and talent development with services that follow the employee from evaluation for selection and development to strategic consensus and strategy implementation. This is achieved through programs that enable strategy execution and business transformation, leader readiness and development, go to market preparedness, as well as talent acquisition and succession. BTS's programs are enabled by business simulations and other forms of experiential learning and implementation tools. The majority of BTS's clients are leading large enterprises.

The Annual report and consolidated financial statements were approved for publication by the Board of Directors on April 11, 2024.

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*, 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 to the multiple year reviews presented.

The Parent company has followed the provisions of the *Annual Accounts Act* 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 2023. No new IFRS standards or interpretations have been applied prematurely.

The *International Accounting Standards Board* (IASB) has published a number of standards and amendments to standards that are to be applied from 2023 and onwards. None of these new or amended standards are expected to have a material impact on BTS's financial statements.

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 exceeds the net value of identified acquired assets and assumed liabilities recorded in an acquisition analysis, the difference is recognized as goodwill.

Acquired companies 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 of 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 2023	December 31, 2023	Average 2022	December 31, 2022
USD	10.60	10.04	10.11	10.44
EUR	11.47	11.10	10.63	11.13
GBP	13.19	12.77	12.47	12.58
AUD	7.05	6.82	7.01	7.09
SGD	7.90	7.60	7.33	7.77
ZAR	0.58	0.55	0.62	0.61

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 the 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.

BTS's business model with the four categories of revenue, is further presented in Note 10 *Segment reporting*.

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 that 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 Skon, CEO of BTS Group AB since 2022, 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 2024 according to IFRS2 and has been calculated using the Black & Scholes model, taking into account the conditions prevailing at the time of the issue. No provisions related to the options are accounted for in the consolidated balance sheets.

In 2022 BTS Group AB issued employee stock options to senior executives. The program makes it possible for these employees to acquire shares in the company. The fair value of the granted options is recognized under staff costs, with a corresponding increase in equity. The fair value was calculated on the grant date and is distributed over the vesting period using the Black & Scholes model, taking into account the conditions prevailing at the grant date. The recognized cost is equivalent to the fair value of an estimate of the number of options and shares expected to be earned. The accounting cost according to IFRS 2 amounted to SEK 3,380 thousand (845) during 2023. No provisions related to the options are recorded in the Group's balance sheets. In cases where social security contributions relating to share-based payments to

employees arise, these are considered part of remuneration for employee work, and are expensed in distribution over the periods in which the services are rendered. Provision for social security contributions is based on the fair value of the options at each reporting date, and the fair value is calculated using the same valuation model and parameter values as used when the options were issued.

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 of 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 carry-forwards 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 the 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 the allocation of Group-wide overhead.

Leases and rental agreements

The Group recognizes a right-of-use asset and a lease liability in the balance sheet on the date the leased asset became available for use by the Group. Terms and conditions are negotiated separately for each lease and contain a large number of different terms and conditions. The Group's leases are mainly office premises.

The right-of-use asset comprises the initial measurement of the lease liability plus any lease payments paid on or before the commencement date and any initial directly related costs. The leased asset is amortized straight-line over the lease term, and the useful life begins on the commencement date of the lease. The leased asset is subsequently measured at cost less accumulated depreciation and impairment and is adjusted for any remeasurement.

Options to extend or terminate leases are included in the majority of the Group's leases for office premises. The terms are used to maximize flexibility in managing the leases. Options for extending or terminating leases are included in the asset and the liability where it is reasonably certain that they will be exercised. However, the majority of the extension options that pertain to existing leases have not been included in the lease liability because the Group can replace the assets without significant costs or disruptions in operations.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. If that rate cannot be readily determined, the incremental borrowing rate is used. The lease term is the non-cancellable period for which a lessee has the right to use an underlying asset, plus additional periods when it is reasonably certain that the extension option will be exercised. Lease payments included in the measurement comprise of fixed payments, and variable lease payments that depend on an index or a rate. When adjustments of lease payments that depend on an index or a rate come into effect, the lease liability is remeasured and adjusted against the right-of-use asset. The lease liability is subsequently measured at amortized cost adjusted for any remeasurement.

Each lease payment is allocated between repayment of the liability and financial expense. The financial expense is distributed over the lease term so that each reporting period is charged with an amount equivalent to a fixed interest rate for the liability recognized for each period.

No right-of-use asset or lease liability is recognized for leases with a term of 12 months or less or when the value of the underlying asset is less than USD 5,000. Lease payments for these leases are recognized as a cost straight-line over the lease term. The Group's low-value assets include IT equipment and office machinery.

The Right-of-use asset is recognized under *Property, plant, and equipment* in the consolidated balance sheet. The lease liability is recognized in the category of *Non-current liabilities*, and also in *Current liabilities* for the portion of the lease liability that falls due for payment within the next 12 months. Depreciation of the right-of-use asset is recognized in operating profit and interest expenses and on the lease liability under net financial items. The accounting effects of the Group's leases are presented in Note 5 *Leases*.

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. For existing assets, the depreciation period of 3–6 years is applied for *Equipment and installations*.

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 exceeds 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).

Technology, products, and software

Acquired technology, products, 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 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).

Government grants

Government grants and support from governments are recognized as receivables in the balance sheet when there is reasonable assurance that the grant will be received and that BTS will comply with the conditions associated with the grant. Grants received to compensate for expenses incurred are recognized as a reduction of the relevant expense in the same period as the expenses they are intended for are reported.

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 the 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 multi-year 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 is not reversed.

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 when there is 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 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 prevailing 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.

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; see Note 8 *Intangible assets*.

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.

NOTE 3 | Transactions with related parties

The Parent company has a close relationship with its subsidiaries, see Note 15 *Financial assets*. Except for transactions between Group companies, related-party (the Board, the CEO, and other senior executives) transactions took place as shown in Note 7 *Average number of employees, salaries, other compensation, and social security contributions*. The subsidiary in the UK has also acquired services from a related party with a value of SEK 4.7 million (16.8) 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 10 *Segment reporting*.

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 10. The liabilities are interest-free.

Parent company

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

NOTE 4 | Information about auditors' fees

Fees and remuneration

SEK thousands	Group		Parent company	
	2023	2022	2023	2022
PwC				
Audit assignments	1,655	1,300	822	812
Other assignments	931	1,441	–	–
Other auditors				
Audit assignments	1,322	816	–	–
Other assignments	171	207	–	–
	4,079	3,764	822	812

In 2023, 1,655 relate to PwC Sweden for auditing services and includes 65 related to PwC Sweden for statutory certificates on issue. Of the fees for other assignments in 2023, 931 relate to PwC Sweden for assistance with acquisition-related Due Diligence services over the course of the year.

NOTE 5 | Leases

Reported items in the balance sheet

Right-of-use assets

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

Right-of-use assets

SEK thousands	12-31-23	12-31-22
Premises	136,813	131,674
Other leased assets	5,595	5,628
Total	142,408	137,301

Change in right-of-use assets

SEK thousands	12-31-23	12-31-22
Right-of-use assets		
Accumulated acquisition value, opening balance	280,231	247,214
Additional right-of-use assets	63,431	39,770
Disposals concluded contracts	–62,615	–32,426
Translation differences	–6,950	25,671
Accumulated acquisition value, closing balance	274,098	280,231
Depreciation of right-of-use assets		
Accumulated depreciations, opening balance	142,929	108,997
Depreciations for the year	57,409	54,077
Disposals concluded contracts	–62,615	–32,426
Translation differences	–6,032	12,280
Accumulated depreciations, closing balance	131,690	142,929
Right-of-use assets at December 31	142,408	137,301

Lease liabilities

SEK thousands	12-31-23	12-31-22
Non-current lease liabilities	105,176	94,340
Current lease liabilities	42,004	46,002
Total	147,181	140,342

Maturity structure for future expected cash flows for lease liabilities

SEK thousands	2023	2022
Within 1 year	46,530	47,339
1–2 years	43,373	31,566
2–3 years	38,002	26,468
3–4 years	23,413	22,558
4–5 years	13,761	13,612
Later than 5 years	6,742	14,636
Total	171,822	156,179

The Group's cash outflow for lease liabilities amounted to 53,863 (55,080).

The average borrowing rate for the Group is 4.3 percent.

Recognized items in the income statement

Depreciation for the year per type of right-of-use asset

SEK thousands	2023	2022
Premises	55,153	51,861
Other leased assets	2,256	2,216
Total	57,409	54,077

Interest expenses related to leases are included in the item financial expenses with 9,364 (7,179).

Lease payments for low-value leases and short-term leases amounted to 1,487 (1,040) and are included in *Other external expenses*.

NOTE 6 | Government grants

Government grants are not recognized in the income statement until there is reasonable assurance that the unit will comply with the conditions associated with the grant and that the grant will be received.

Otherwise, in 2023, the Group has only benefited from local support measures to a very limited extent. These have reduced personnel costs by 111 (798) and other external expenses by 0 (317).

Government grants

SEK thousands	2023	2022
Other external expenses	–	317
Personnel costs	111	798
Total	111	1,115

NOTE 7 | Average number of employees, salaries, other compensation, and social security contributions**Average number of employees, per country**
Group

Country	2023			2022		
	Number of employees	Of which women	Of which men	Number of employees	Of which women	Of which men
Argentina	10	6	4	14	9	5
Australia	33	23	9	31	22	9
Brazil	15	10	5	14	8	6
Canada	50	25	25	50	26	24
China	8	6	2	14	9	5
Costa Rica	1	1	–	3	3	–
France	17	9	8	13	8	5
Germany	27	13	15	22	10	12
India	154	58	97	148	58	91
Indonesia	5	1	4	–	–	–
Italy	43	24	19	47	27	20
Japan	10	5	5	9	5	4
Malaysia	7	4	3	5	3	2
Mexico	19	11	8	16	10	6
Netherlands	12	5	7	10	4	7
Singapore	28	17	12	33	16	17
South Africa	30	20	10	28	19	9
South Korea	10	7	3	8	5	3
Spain	109	62	47	119	69	51
Sweden	35	19	16	35	17	18
Switzerland	6	2	4	5	1	4
Taiwan	5	3	2	5	3	2
Thailand	6	4	2	5	3	2
United Arab Emirates	17	10	7	16	9	6
United Kingdom	102	57	46	101	51	50
United States	391	227	165	378	213	165
Total for the Group	1,152	627	524	1,129	606	522

Distribution of senior executives by gender, %

	2023		2022	
	Women	Men	Women	Men
CEO and other senior executives (excl. the Board)	22	78	22	78
Board Parent company	40	60	40	60
Board Group	10	90	10	90

Parent company

The Parent company had no employees in 2023.

Salaries, other compensation, and social security contributions

Group	2023		2022	
	Salaries and compensation	Social security contributions of which pension expenses	Salaries and compensation	Social security contributions of which pension expenses
Subsidiaries	1,254,365	202,137	1,170,117	179,595
		42,447		39,837

Pension expenses for employees who are president, or a member of the Board of a Group company, totaled 2,219 (2,902). All pension plans are defined-contribution plans.

SEK thousands		2023	2022
Henrik Ekelund	Chairman of the Board ¹⁾	500	312
Reinhold Geijer	Member ¹⁾	225	321
Mariana Burenstam Linder	Member	225	221
Stefan Gardefjord	Member	325 ²⁾	321 ²⁾
Anna Söderblom	Member	325 ²⁾	321 ²⁾
Olivia Ekelund	Deputy member	55	53
Total		1,655	1,550

¹⁾ Henrik Ekelund Chairman of the Board from the Annual General Meeting 2022. Reinhold Geijer Chairman of the Board until the same Annual General Meeting.

²⁾ Of which committee work 100 (100).

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

Group	2023		2022	
	Board and CEO	Other employees	Board and CEO	Other employees
SEK thousands				
In Sweden				
Parent company	1,655	–	1,550	–
Subsidiaries	3,842	32,979	4,133	38,159
Total Sweden	5,497	32,979	5,683	38,159
Outside Sweden				
BTS North America and APG	30,924	701,862	19,801	681,319
BTS Europe	17,450	141,483	18,990	122,749
BTS Other markets	37,783	286,387	31,529	251,888
Total outside Sweden	86,158	1,129,732	70,320	1,055,956
Total for the Group	91,654	1,162,711	76,003	1,094,115

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, and in the Sustainability report on pages 51–77.

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

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 300 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 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 32,480 (24,708), of which pension expenses were 1,390 (1,850). All pension plans are defined-contribution plans. CEO salary and other benefits amounted to 14,054 (11,055) in total, of which variable remuneration was 8,844 (5,868). Jessica Skon succeeded BTS founder Henrik Ekelund as CEO in May 2022. The salary and other benefits for the CEO in 2022 includes Henrik Ekelund up to May, and thereafter Jessica Skon. The basis for variable remuneration is a model that provides remuneration based on consolidated results that exceed set profitability targets. The CEO has a contribution-based pension entitlement amounting to 13 percent (13) of the fixed remuneration paid in the form of pension insurance with a pension entitlement from age 65.

The CEO's employment contract is subject to a mutual notice period of six months. In addition, the CEO is entitled to severance pay corresponding to 12 months' salary if the company terminates their employment. No other senior executive is entitled to severance pay.

Other senior executives have been paid salaries and other benefits totaling 17,036 (11,804), of which variable remuneration

was 9,823 (6,556). Variable remuneration is based on targets achieved by the company and the individual. Provisions to pensions are made with 0–30 percent (30) of the fixed salary and paid in the form of pension insurance entitling the executive to a pension from the age of 65.

The increase in total remuneration to senior executives between the years is primarily explained by the fact that the succeeding CEO received a higher remuneration compared to the former CEO, and that the number of senior executives was increased by one person in conjunction with to the change of CEO on 15 May 2022.

Share-based payment

Employee option program 2022/2027

A resolution was adopted at the extraordinary General Meeting held in July 2022 regarding the employee stock option program 2022/2027, comprising 495,000 employee stock options, as well as hedging measures for this purpose. There are two series of employee stock options with vesting periods of three years (series 2022/2025) and five years (series 2022/2027) respectively, which require retained employment within the Group. Only thereafter can the options be exercised.

An employee stock option, regardless of series, entitles the employee to the acquisition of one Class B share in BTS. The exercise price for each employee stock option of the 2022/2025 series shall correspond to 120 percent of the volume-weighted average price for Class B shares in BTS on Nasdaq Stockholm, and 140 percent for employee stock options of the 2022/2027 series, in both cases calculated on the volume-weighted average price of BTS shares on Nasdaq Stockholm for a period of 30 trading days prior to the grant date of September 30, 2022. The exercise price for each employee stock option of the 2022/2025 series was calculated to be SEK 336.50, and the exercise price of the 2022/2027 series was calculated to be SEK 392.60.

The value of the employee stock options has been calculated using *Black & Scholes* valuation model based on share price and other market conditions prevailing at September 30, 2022, without taking into account restrictions on the rights related to disposal, whereby the accounting cost was calculated to be a total of SEK 12.6 million, which in accordance with IFRS 2 was accrued annually during vesting periods. The cost for the financial year amounted to SEK 3,380 thousand (845). Other important inputs in the model were the volume-weighted average price that preceded the allocation of SEK 280.40, the above strike price, a volatility of 35 percent, an anticipated present value of dividends of SEK 22.20 and SEK 38.00 respectively, and a risk-free interest rate of 2.44 and 2.36 percent respectively, at maturities of 3.25 and 5.25 years.

Where necessary, social security contributions are recognized as an expense during the vesting period, and during that period then a provision for these will be built up. The value of this provision, and thus the reported cost, was revalued on an ongoing basis based on the value of the employee stock options.

The employee stock option program has been secured with warrants issued free of charge to the wholly owned subsidiary BTS Sverige AB. The terms of the employee stock options correspond in all material respects to the terms of the warrants securing them.

The option program entails a dilution of no more than about 2.6 percent of the share capital and about 1.8 percent of the voting rights for all shares.

NOTE 8 | Intangible assets**Group**

SEK thousands	12-31-23	12-31-22
Goodwill		
Accumulated acquisition cost, opening balance	912,608	833,820
Investments for the year	59,829	–
Established acquisition analyses	151,137 ¹⁾	–
Translation difference	–15,856	78,788
Accumulated acquisition cost, closing balance	1,107,719	912,608
Accumulated impairments, opening balance	–3,726	–3,726
Accumulated impairments, closing balance	–3,726	–3,726
Carrying amount, closing balance	1,103,993	908,882

¹⁾ Effect of established acquisition analyses.

Other intangible assets

SEK thousands	12-31-23	12-31-22
Franchise contracts		
Accumulated acquisition cost, opening balance	12,500	11,182
Translation difference	–84	1,318
Accumulated acquisition cost, closing balance	12,416	12,500
Accumulated amortization, opening balance	12,500	11,182
Translation difference	–84	1,318
Accumulated amortization, closing balance	12,416	12,500
Carrying amount, closing balance	0	0

SEK thousands	12-31-23	12-31-22
Technology, products & software		
Accumulated acquisition cost, opening balance	227,384	168,081
Investments for the year	54,916	39,172
Disposals	–600	–
Translation difference	–4,831	20,131
Accumulated acquisition cost, closing balance	276,870	227,384
Accumulated amortization, opening balance	140,313	99,041
Amortization for the year	40,930	28,691
Disposals	–600	–
Translation difference	–4,299	12,582
Accumulated amortization, closing balance	176,344	140,313
Carrying amount, closing balance	100,526	87,071

SEK thousands	12-31-23	12-31-22
Customer contracts		
Accumulated acquisition cost, opening balance	64,221	58,434
Investments for the year	17,882	–
Disposals	–3,667	–
Translation difference	–678	5,787
Accumulated acquisition cost, closing balance	77,758	64,221
Accumulated amortization, opening balance	49,525	36,604
Amortization for the year	8,386	9,002
Disposals	–3,667	–
Translation difference	–1,094	3,920
Accumulated amortization, closing balance	53,151	49,525
Carrying amount, closing balance	24,608	14,696

SEK thousands	12-31-23	12-31-22
Brands		
Accumulated acquisition cost, opening balance	57,783	52,078
Investments for the year	17,882	–
Disposals	–376	–
Translation difference	–861	5,705
Accumulated acquisition cost, closing balance	74,429	57,783
Accumulated amortization, opening balance	38,986	28,053
Amortization for the year	8,340	7,373
Disposals	–376	–
Translation difference	–980	3,560
Accumulated amortization, closing balance	45,970	38,986
Carrying amount, closing balance	28,458	18,797
Total closing balance, carrying amount of other intangible assets	153,592	120,564

Impairment tests

The value of goodwill is tested annually through an impairment test or 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, and BTS Other markets.

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 after tax.

The forecasted 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 1.5–2.0 percent (1.5–2.0) 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.

Financial information

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 a market capital structure for each unit. The discount rates used are for BTS North America 12.6 percent (11.3), BTS Europe 11.6 percent (10.2), and BTS Other markets 13.8 percent (12.8).

After impairment tests, it has been established that no impairment loss exists on 12-31-23.

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 assumptions.
- 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	
	2023	2022	2023	2022	2023	2022
10% lower operating margin	-10.4	-10.4	-10.4	-10.3	-10.3	-10.3
10% lower long-term growth	-1.2	-1.4	-1.3	-1.7	-0.7	-0.8
10% higher discount rate	-9.2	-8.6	-9.3	-9.0	-9.0	-8.4

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 12-31-23

SEK thousands	BTS North America	BTS Europe	BTS Other markets	APG	Total
Goodwill	713,637	117,723	272,632	–	1,103,993
Technology, products & software	80,206	7,325	12,995	–	100,526
Customer contracts	22,952	84	1,572	–	24,608
Brands	19,093	12	9,354	–	28,458
Total	835,888	125,145	296,552	–	1,257,584

12-31-22

SEK thousands	BTS North America	BTS Europe	BTS Other markets	APG	Total
Goodwill	517,710	117,806	273,366	–	908,882
Technology, products & software	58,900	10,032	18,138	–	87,071
Customer contracts	11,603	210	2,883	–	14,696
Brands	5,889	30	12,878	–	18,797
Total	594,102	128,078	307,266	–	1,029,447

NOTE 9 | Property, plant, and equipment

Group

SEK thousands	12-31-23	12-31-22
Equipment		
Accumulated acquisition cost, opening balance	162,072	122,539
Investments for the year	9,171	21,017
Disposals	-5,009	-2,768
Translation difference	-3,367	21,283
Accumulated acquisition cost, closing balance	162,867	162,072
Accumulated depreciation, opening balance	112,969	80,685
Depreciation for the year	18,803	17,553
Disposals	-3,589	-2,625
Translation difference	-3,317	17,356
Accumulated depreciation, closing balance	124,865	112,969
Carrying amount, closing balance	38,002	49,103

NOTE 10 | 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 the U.S. excluding APG but including VBS 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, Indonesia, Italy, Japan, Malaysia, Mexico, Singapore, South Africa, South Korea, Spain, Taiwan, Thailand, and the United Arab Emirates.

APG has operations in the U.S.

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Income												
External sales	1,324,300	1,253,630	468,517	459,301	731,964	660,613	158,110	156,090	–	–	2,682,892	2,529,634
Internal sales	123,879	97,119	118,873	112,344	54,986	60,367	507	242	–298,246	–270,072	–	–
Total income	1,448,179	1,350,749	587,390	571,645	786,951	720,979	158,618	156,333	–298,246	–270,072	2,682,892	2,529,634
Operating profit (EBIT)	129,335	136,829	27,456	55,162	122,879	100,642	8,307	9,089	72	1,530	288,050	303,251
Financial income									5,576	2,793	5,576	2,793
Financial expenses									–26,794	–16,672	–26,794	–16,672
Reversed provision of earn-out											28,342	–
Associated companies, profit after tax									–39	295	–39	295
Tax on profit for the year									–80,320	–91,261	–80,320	–91,261
Profit for the year											214,815	198,405
Other information												
Assets	1,527,726	1,323,293	729,891	651,789	972,089	945,115	54,857	53,926	–328,143	–215,604	2,956,421	2,758,519
Liabilities	778,788	631,713	612,292	551,769	554,657	545,861	38,344	30,851	–328,314	–215,605	1,655,767	1,544,589
Investments	96,881	43,982	1,530	11,538	6,956	20,378	–	16	–	–	105,368	75,914
Depreciation of property, plant, and equipment	–7,940	–8,543	–3,889	–2,154	–6,959	–6,839	–14	–16	–57,409	–54,077	–76,211	–71,630
Amortization of intangible assets	–44,347	–26,352	–3,094	–6,530	–10,214	–12,184	–	–	–	–	–57,656	–45,065

Total sales according to business model

SEK thousands	2023					2022				
	BTS North America	BTS Europe	BTS Other markets	APG	TOTAL	BTS North America	BTS Europe	BTS Other markets	APG	TOTAL
Programs	769	314	516	124	1,723	699	303	475	119	1,595
Development	329	105	177	–	611	324	109	161	–	594
Licenses	196	40	17	34	287	216	41	14	38	308
Other revenue	31	9	21	–	61	14	7	11	–	32
TOTAL	1,324	469	732	158	2,683	1,254	459	661	156	2,530

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

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

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.

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 a 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 revenue 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 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 upon. Of the Group's total revenue, 100,150 (87,411) refers to the country of residence Sweden. The value of the Group's fixed assets in Sweden amounted to 433 (0).

Total revenue for the subsidiaries in the U.S. exceeded 10 percent of the total revenues for the Group and amounted to 1,473,902 (1,406,516) and the non-current assets for the subsidiaries in the U.S. totaled 815,771 (614,323).

None of the customer's individual revenue during 2023 exceeds 10 percent of the Group's total revenue. The Group's reported contract assets and contract liabilities are shown in Notes 17 *Prepaid expenses and accrued income* and 22 *Accrued expenses and prepaid income*.

NOTE 11 | Financial items**Group's financial items**

SEK thousands	2023	2022
Interest income	5,576	2,793
Total financial income	5,576	2,793
Interest expenses	-17,430	-9,494
Interest expenses leases	-9,364	-7,179
Total financial expenses	-26,794	-16,672
Reversed provision of earn-out	28,342	-
Total gain/loss on financial items	7,123	-13,879

Group's financial items cash flow statement

SEK thousands	2023	2022
Total gain/loss on financial items	-21,218	-13,879
Affiliated companies, profit after tax	-39	295
Total	-21,257	-13,584

Parent company's financial items

SEK thousands	2023	2022
Gains/losses on other securities and receivables held as non-current assets		
Dividends from subsidiaries	75,662	97,554
Total	75,662	97,554
Interest income	3,561	1,517
Interest expenses	-16,496	-8,934
Total gain/loss on financial items	62,726	90,137

NOTE 12 | Tax on profit for the year**Group**

SEK thousands	2023	2022
Income tax as recognized in the income statement	-80,320	-91,261
Current tax expense	-82,048	-102,337
Current tax attributable to previous years	-	-468
Postponed tax income/expense (+/-)	1,728	11,543
Tax for the year	-80,320	-91,261

Parent company

SEK thousands	2023	2022
Current tax for the year	-6,302	-3,631

Reconciliation of effective tax**Group**

SEK thousands	2023	2022
Profit before tax	295,134	289,667
Tax expense based on Swedish income tax rates, 20.6% (20.6%)	-60,798	-59,671
Effects of different tax rates:		
Difference in tax rate for foreign subsidiaries	-18,194	-33,801
Non-deductible expenses	-7,559	-8,258
Non-taxable income	4,503	1,314
Tax attributable to previous years	-	-468
Previously unrecognized deficit deduction	1,728	9,623
Effective tax recognized	-80,320	-91,261
<i>Effective tax rate</i>	<i>27.2%</i>	<i>31.5%</i>

Parent company

SEK thousands	2023	2022
Profit before tax	106,110	115,142
Tax expense based on Swedish income tax rates, 20.6% (20.6%)	-21,859	-23,719
Tax effects of:		
Dividends from subsidiaries	15,586	20,096
Non-deductible expenses	-29	-8
Effective tax recognized	-6,302	-3,631
<i>Effective tax rate</i>	<i>5.9%</i>	<i>3.2%</i>

NOTE 13 | Earnings per share**Group**

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

	2023	2022
Profit for the year attributable to the Parent company's shareholders, SEK thousands	214,815	198,405
Earnings per share, before and after dilution, SEK	11.08	10.24
Total number of shares, before and after dilution, thousands	19,397	19,374

NOTE 14 | Dividend per share

Dividends paid in 2023 totaled SEK 104,682 thousand (SEK 5.40 per share). Dividends paid 2022 totaled SEK 92,997 thousand (SEK 4.80 per share).

At the Annual General Meeting on May 3, 2024, the Board proposes a dividend of SEK 5.70 per share, amounting to SEK 110,562 thousands (104,682), to be paid on two occasions in the amount of SEK 2.85 per payment. The total amount of the proposed dividend is based on the number of outstanding shares as of April 11, 2024, and is not recognized as a liability in these financial statements.

NOTE 15 | Financial assets**Participations in Group companies****Parent company**

SEK thousands	Number of shares	Equity % ¹⁾	Carrying amount 12-31-23	Carrying amount 12-31-22
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: Delaware	1,000	100	148,389	148,389
BTS in London Ltd. Corp. id. no. 577 1376 13 Domicile: London	5,000	100	60,052	60,052
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	40,153
Business Training Solutions Headquarters S.L. Corp. id. no. B13781083 Domicile: Bilbao	1,031	100	21,216	21,216
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	3
Bates Communications Inc. Corp. id. no. 04-3549253 Domicile: Boston	201,000	100	87,849	87,849
Total shares in subsidiaries			367,227	367,227

¹⁾ The voting share equals the capital share for the Parent company's shareholdings in all participations in Group companies.

NOTE 16 | Deferred tax**Deferred tax assets**

Group	12-31-23	12-31-22
SEK thousands		
Opening balance, net	14,332	10,293
Adjustment opening balance – reclassification IFRS leasing	–	1,801
Recognized change for the year	–1,928	2,035
Translation differences	–2,518	203
Closing balance, net	9,886	14,332

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

Deferred tax liabilities

Group	12-31-23	12-31-22
SEK thousands		
Opening balance, net	83,932	81,933
Recognized change for the year	14,823	–7,588
Translation differences	–2,869	9,587
Closing balance, net	95,886	83,932

NOTE 18 | Equity and appropriation of earnings**Group & Parent company**

As of December 31, 2023, the share capital consists of 853,800 Class A shares and 18,543,019 Class B shares, totaling 19,396,819 shares with a total value of SEK 6,465,606. 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.

Number of shares	2023			2022		
	Number of Class A shares	Number of Class B shares	Total	Number of Class A shares	Number of Class B shares	Total
Opening balance	853,800	18,520,547	19,374,347	853,800	18,520,547	19,374,347
New issue	–	22,472	22,472	–	–	–
Closing balance	853,800	18,543,019	19,396,819	853,800	18,520,547	19,374,347

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 119,586. Opening accumulated differences totaled 152,728.

Proposed appropriation of earnings

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

	SEK
To be distributed to shareholders: SEK 5.70 per share totaling ¹⁾	110,561,868
To be carried forward	89,138,975
Total	199,700,843

¹⁾ The total amount of the proposed dividend is based on the number of Outstanding shares as of April 11, 2024.

The Board proposes a dividend of SEK 5.70 per share, amounting to SEK 110,562 thousand (104,682), to be paid on two occasions in the amount of SEK 2.85 per payment. The dividend is proposed to be paid on May 13, 2024 and November 18, 2024 respectively.

Group

SEK thousands	12-31-23	12-31-22
Non-current part	80,739	72,147
Current part	15,147	11,785
Total	95,886	83,932

Deferred tax liability is attributable to temporary differences regarding intangible assets.

The preliminary acquisition analysis regarding the acquisition of *The Boda Group* has been ratified. The effect of the ratification is an increase in goodwill and a provision for deferred tax liability of 16,014.

NOTE 17 | Prepaid expenses and accrued income

Group	12-31-23	12-31-22
SEK thousands		
Accrued income (current contract assets attributable to consulting services)	127,728	128,451
Other items	89,728	66,837
Total	217,456	195,289

NOTE 19 | 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 to the previous year.

Fair value of financial assets and liabilities

Group	12-31-23	12-31-22
SEK thousands		
Financial assets		
Other non-current receivables	17,158	13,350
Accounts receivable	714,315	723,145
Other current receivables	25,868	19,491
Cash and cash equivalents	532,315	577,061
Total financial assets	1,289,655	1,333,047
Non-current liabilities		
Lease liabilities	105,176	94,340
Acquisition-related liabilities	324,823	245,404
Interest-bearing liabilities to credit institutions	57,753	77,753
Other non-current liabilities	8,076	6,768
Total non-current financial liabilities	495,828	424,264
Current liabilities		
Accounts receivable	58,383	49,201
Lease liabilities	42,004	46,002
Acquisition-related liabilities	94,835	46,205
Interest-bearing liabilities to credit institutions	244,577	142,906
Other current liabilities	59,112	69,578
Total current financial liabilities	498,911	353,892
Total financial liabilities	994,739	778,156
Parent company		
SEK thousands	12-31-23	12-31-22
Financial assets		
Cash and cash equivalents	985	685
Total financial assets	985	685
Non-current financial liabilities		
Acquisition-related liabilities	55,023	55,023
Interest-bearing liabilities to credit institutions	57,753	77,753
Total non-current financial liabilities	112,776	132,776
Current financial liabilities		
Accounts payable	236	241
Interest-bearing liabilities to credit institutions	237,045	142,906
Other current liabilities	675	35,651
Total current financial liabilities	237,956	178,798
Total financial liabilities	350,732	311,574

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 49 percent (46) of the Group's total accounts receivable.

The table below shows the distribution of accounts receivable by currency.

Group	12-31-23	12-31-22
SEK thousands		
USD	378,054	363,966
EUR	139,669	136,334
GBP	73,759	74,000
SEK	27,966	45,033
Other currencies	94,867	103,813
Total accounts receivable	714,315	723,145

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 the 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, 2023, accounts receivable totaling 93,119 (104,306) were more than 30 days past due. The maturity structure is shown in the table below.

Group	12-31-23	12-31-22
SEK thousands		
Total accounts receivable	714,315	723,145
whereof 1–30 days overdue	115,453	117,064
whereof 31–60 days overdue	33,012	43,144
whereof more than 60 days overdue	60,106	61,162

**Group
Loss allowance**

SEK thousands	12-31-23	12-31-22
Opening balance	2,689	1,600
Translation differences	-29	163
Loss allowance for the year	3,656	1,895
Reversal of previous loss allowance	-526	-197
Confirmed losses	-211	-771
Closing balance	5,579	2,689

Cash and cash equivalents

Cash and cash equivalents consist of 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 2023 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 in 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 in 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, there is usually a ceiling for each conditional purchase price that limits how large the debt can be. The maximum payment for contingent consideration was 581,447 (349,958) at the balance sheet date. The Group's reported acquisition-related liabilities only include provisions for conditional additional purchases. Reported items regarding conditional additional purchases (Level 3) are reported as Non-current and Current acquisition-related liabilities in the Consolidated balance sheet and are presented below. This year's reversed provision of earn-out relates to the 2017 acquisition of the German company *MTAC*. The reversal has been reported in the Group income statement and has impacted the net financial items positively by 28,342. The reversal has no further impact on the 2023 Group income statement or the Group balance sheet per December 31, 2023.

SEK thousands	12-31-23	12-31-22
Opening balance	291,609	276,555
Paid price	-18,935	-14,968
Translation differences	-3,273	30,022
Additional consideration	178,598	-
Reversed provision of earn-out	-28,342	-
Closing balance	419,658	291,609

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 2023 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	
		2023	2022	2023	2022
SEK/USD	+/-10%	25,218	24,191	67,090	59,202
SEK/EUR	+/-10%	8,741	8,157	12,878	8,541
SEK/GBP	+/-10%	1,640	1,896	11,728	6,688

Credit risk

Credit risk refers to companies not getting paid, fully or partially, for their accounts receivable from customers. BTS only accepts creditworthy 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 714,315 (723,145). Fair value agrees with book value.

Liquidity risk and interest rate risk

Cash and cash equivalents exclusively consists of bank balances. 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, 2023
Interest bearing liabilities	+/-10%	-1,740

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	12-31-23	12-31-22
Cash and cash equivalents	532,315	577,061
Unutilized portion of bank overdraft facility	50,233	19,670
Cash and cash equivalents available	582,548	596,731

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 ratio never remains less than 50 percent over extended periods. At year-end, the Group's equity ratio was 44 percent (44).

Reconciliation net liabilities (net cash)

SEK thousands	12-31-23	12-31-22
Cash and cash equivalents	532,315	577,061
Non-current loans	-57,753	-77,753
Current loans	-244,577	-142,906
Net cash	229,986	356,403

Change in net liabilities (net cash)

SEK thousands	Cash and cash equivalents	Current loans	Non-current loans	Net
Opening balance 01-01-23	577,061	142,906	77,753	356,403
Translation differences	-20,623	-	-	-20,623
Cash flow	-24,123	94,140	-20,000	-98,263
Not affecting cash flow	-	7,531	-	-7,531
Closing balance 12-31-23	532,315	244,577	57,753	229,986

SEK thousands	Cash and cash equivalents	Current loans	Non-current loans	Net
Opening balance 01-01-22	594,435	156,357	124,505	313,574
Translation differences	67,807	-	-	67,807
Cash flow	-85,181	-13,451	-46,752	-24,978
Closing balance 12-31-22	577,061	142,906	77,753	356,403

Leases are not included in the Group's definition of net debt. Total leases as of December 31, 2023 amounted to 147,180 (140,342).

Change lease liabilities

SEK thousands	2023	2022
Opening balance	140,342	141,263
Not affecting cash flow	63,431	39,770
Cash flow	-53,863	-55,080
Translation differences	-2,729	14,389
Closing balance	147,180	140,342

Liabilities to credit institutions

SEK thousands	12-31-23	12-31-22
Non-current liabilities	57,753	77,753
Current liabilities	244,577	142,906
Total	302,329	220,658

Maturity analyses for liabilities to credit institutions

SEK thousands	12-31-23
2024	244,577
2025	44,748
2026	13,004
Total	302,329

NOTE 20 | 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	12-31-23
2025	47,801
2026	15,846
Total	63,648

Parent company

SEK thousands	12-31-23
2025	47,801
2026	15,846
Total	63,648

NOTE 21 | Bank overdraft facility**Group**

SEK thousands	12-31-23	12-31-22
Approved credit limit	242,531	117,828
Unutilized portion	-50,233	-19,670
Credit utilized	192,298	98,158

Parent company

SEK thousands	12-31-23	12-31-22
Approved credit limit	225,000	100,000
Unutilized portion	-32,702	-1,842
Credit utilized	192,298	98,158

NOTE 22 | Accrued expenses and prepaid income**Group**

SEK thousands	12-31-23	12-31-22
Accrued salaries incl. social security contributions	252,015	315,807
Accrued income (current contract assets attributable to consulting services)	249,432	281,035
Other items	49,519	80,326
Total	550,966	677,169

Parent company

SEK thousands	12-31-23	12-31-22
Other items	562	280

NOT 23 | Business acquisitions

BTS acquired *The Boda Group* (Boda), on May 2, 2023, as previously communicated in a press release on the same date. The acquisition encompasses all operations including employees, technology, intellectual property, customer relations, brands and equipment.

With the acquisition of *Boda*, BTS gained Executive coaching, which has a large and growing market. *Boda* ensures BTS will be able to help leaders, from CEOs to Vice Presidents, grow and develop to be better equipped to support their organizations' strategy and culture. *Boda* brings an impressive client portfolio, which includes global leaders in technology, life science, and financial and professional services. *Boda* also serves premier companies within the private equity and venture capital sectors, and its client portfolio has limited overlap with BTS.

Ratification of acquisition analysis

The preliminary acquisition analysis regarding the acquisition of *Boda* has been ratified. The effect of the ratification is an increase in goodwill and a provision for deferred tax liability of 16,014. The acquisition calculation ratified at the date of the acquisition translated at the exchange rate on the balance sheet date at December 31, 2023:

Group	12-31-23
SEK thousands	
Intangible assets	59,607
Receivables	18,424
Current liabilities	-28,292
Non-current liabilities	-13,548
Goodwill	194,831
Total purchase price	231,022
Fair value of future share issue	-6,025
Provision for conditional purchase price	-178,598
Purchase price paid in cash	46,399

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 *Acquisition-related liabilities* in the amount of 178,598. The additional purchase price can amount to anywhere between

15,062 and a maximum of 248,889. No acquisition costs were capitalized but were instead expensed in their entirety. Expenses for completing the acquisition including issue costs are included in the Group's operating expenses for 2023 in the amount of 4,653. *Boda* contributed with 65,686 to the Group's net sales and 12,891 to the Group's profit after tax 2023. If the acquisition had been completed on January 1, 2023, *Boda* would have contributed approximately SEK 99 million to the Group's net sales and approximately SEK 19 million to the Group's profit after tax.

BTS's total earn-out for acquisitions are recognized at fair value and is included in the long- and short-term liabilities in the Group balance sheet. The provisions of earn-out from previous acquisitions are related to performance and amounted to 419,658 per December 31. This year's impact, amounting to 28,342, is reported in the Group income statement, and relates to the 2017 acquisition of the German company *MTAC*.

Cashflow from business acquisitions

SEK thousands	2023	2022
Acquisitions of companies after deduction of cash and cash equivalents	-46,399	-
Additional consideration	-18,935	-14,968
Cash flow	-65,334	-14,968

NOTE 24 | Pledged assets

Group	12-31-23	12-31-22
SEK thousands		
Assets pledged for debts to credit institutions		
Company mortgages	10,000	10,000

NOTE 25 | Contingent liabilities on behalf of Group companies

Parent company	12-31-23	12-31-22
SEK thousands		
Guarantee commitments on behalf of subsidiaries	5,648	5,871

NOTE 26 | Events after the close of the fiscal year

No material events have occurred after the close of the fiscal year.

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 undersigned hereby also submit the BTS Group's Sustainability and Corporate governance report regarding 2023.

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 3, 2024.

Stockholm, Sweden, April 11, 2024

Henrik Ekelund
Chairman of the Board

Jessica Skon
Chief Executive Officer

Reinhold Geijer
Member of the Board

Mariana Burenstam Linder
Member of the Board

Anna Söderblom
Member of the Board

Stefan Gardefjord
Member of the Board

Our audit report was submitted on April 12, 2024
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant

Auditor's report

Unofficial translation

To the General Meeting of the shareholders of BTS Group AB (publ),
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 2023. The annual accounts and consolidated accounts of the company are included on pages 15–45 in this Annual report.

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 2023 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 2023 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.

Our audit approach

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 judgments; 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 the three largest units in the U.S., one unit in the UK, one unit in Spain, one in Italy and all of the units in Australia and Singapore have been audited as a part of our Group audit and represents 76 percent of the total Group revenue. The audit of the units in Sweden, Spain and in the U.S. 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 judgment, 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 *Significant accounting policies*, Note 10 *Segment reporting* and Note 17 *Prepaid expenses and accrued income*, respective Note 22 *Accrued expenses and prepaid income*.

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 SEK 127,728 thousand and deferred income of SEK 249,432 thousand.

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
How our audit addressed the Key audit matter

Impairment testing of goodwill

See also Note 2 *Significant accounting principles* and Note 8 *Intangible assets*.

The Group's balance sheet includes goodwill totaling SEK 1,103,993 thousand, equal to 37 percent of the balance sheet total as of December 31, 2023.

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.

Our audit of goodwill has taken place through our examination of company management's impairment testing and we verified 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 (*Weighted Average Cost of Capital – 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.

Accounting of business combinations

See also Note 23, *Business acquisition*. As seen in the Administration report, during the second quarter the company acquired *The Boda Group* for SEK 231 million. The fair value of the transferred compensation, which includes cash payments, payments based on issued shares and the fair value of the conditional supplementary purchase price as at point of acquisition, as well as the identification of assets and assumed liabilities acquired which are to be reported is an area requiring judgments on behalf of company management, including the fact that these judgements could have material effects on the values accounted for this area has been a Key audit area in our audit.

We have examined management's analysis of the transaction and relevant documents, such as purchase agreements.

We have studied management's allocation of the compensation to identifiable assets and assumed liabilities. We studied management's judgments and documentation for calculating the fair value of the conditional supplementary purchase price as at point of acquisition and we challenged management in their judgments in this context.

Finally, we checked the completeness and correctness of the disclosures provided in the annual financial statements.

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 1–14 and 51–76. The "*Management remuneration report 2023*" 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

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of BTS Group AB (publ) for the year 2023 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 Director's 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 a 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 the *Revisorsinspektionen's* website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the *Swedish Securities Market Act (2007:528)* for BTS Group AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with *FAR's* recommendation *RevR 18 Examination of the Esef report*. Our

responsibility under this recommendation is described in more detail in the *Auditors' responsibility section*. We are independent of BTS Group AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the *Swedish Securities Market Act (2007:528)*, and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the *Swedish Securities Market Act (2007:528)*, based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to *RevR 18* 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies *International Standard on Quality Management 1*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors (and the Managing Director), but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of BTS Group AB (publ) by the General Meeting of the shareholders on May 12, 2023 and has been the company's auditor since the February 22, 1999.

Stockholm, April 12, 2024
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant

Sustainability report

Background, strategy, and responsibilities

Basis for preparation and reporting principles

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

BTS's perspective on sustainability is holistic, taking the *UN's Agenda 2030* as a starting point, and includes social, business, and environmental perspectives. The company has, from these perspectives, developed a sustainable focus with relevant goals and activities where the company can make an impact as well as contribute to a better environment.

BTS Sustainability report is divided into four sections:

- *Background, strategy, and responsibilities*, presenting the background, business model, strategy, goals, and governance & responsibilities.
- *Environment*, where regulations, measurements, and environmental impact are presented.
- *Social responsibility*, both within the company and on projects in collaboration with external parties, for positive social impact and reduced environmental impact.
- *Corporate governance*, clarifying which regulations have been established to ensure sustainability goals are met, along with related key performance indicators.

Business model and strategy

Our business model

BTS is a global professional service company specializing in strategy implementation and culture shifts. BTS focuses on the employees when organizations are changing their strategy and culture. BTS develops leaders at all levels to improve their leadership and decision-making skills, as well as how to convert those decisions into actions and to deliver results through alignment, changed mindsets, and developed capabilities.

BTS has been designing engaging and powerful experiences for over 35 years that have had a profound and lasting impact on clients' participants and their careers. BTS inspires new ways of thinking – building critical capabilities and behaviors that employees and leaders need to improve business outcomes.

BTS organization and clients

BTS was founded in 1986, is headquartered in Stockholm, Sweden, and is listed on Nasdaq Stockholm. BTS has about 1,100 professionals in 38 offices located on six continents (see Appendix 2, *Average number of employees per country* and Appendix 3, *Carbon impact per office*).





BTS's clients mainly operate within nine industries: IT, financial services, manufacturing, professional services, pharmaceuticals & biotech, *Fast-Moving Consumer Goods* (FMCG), energy, telecommunications, and retail & distribution. The diversity of industries requires consultants delivering the training programs to have, or quickly acquire, an understanding of the industry and the client's culture.

When clients wish to conduct global programs BTS, together with the client, decides how the programs should be delivered, virtually or physically, and which BTS consultants should deliver the programs. The decision-making process takes two perspectives into account; the quality of the programs (BTS's ability to meet client expectations) and sustainability (minimal negative environmental impact).

Collaboration with stakeholders

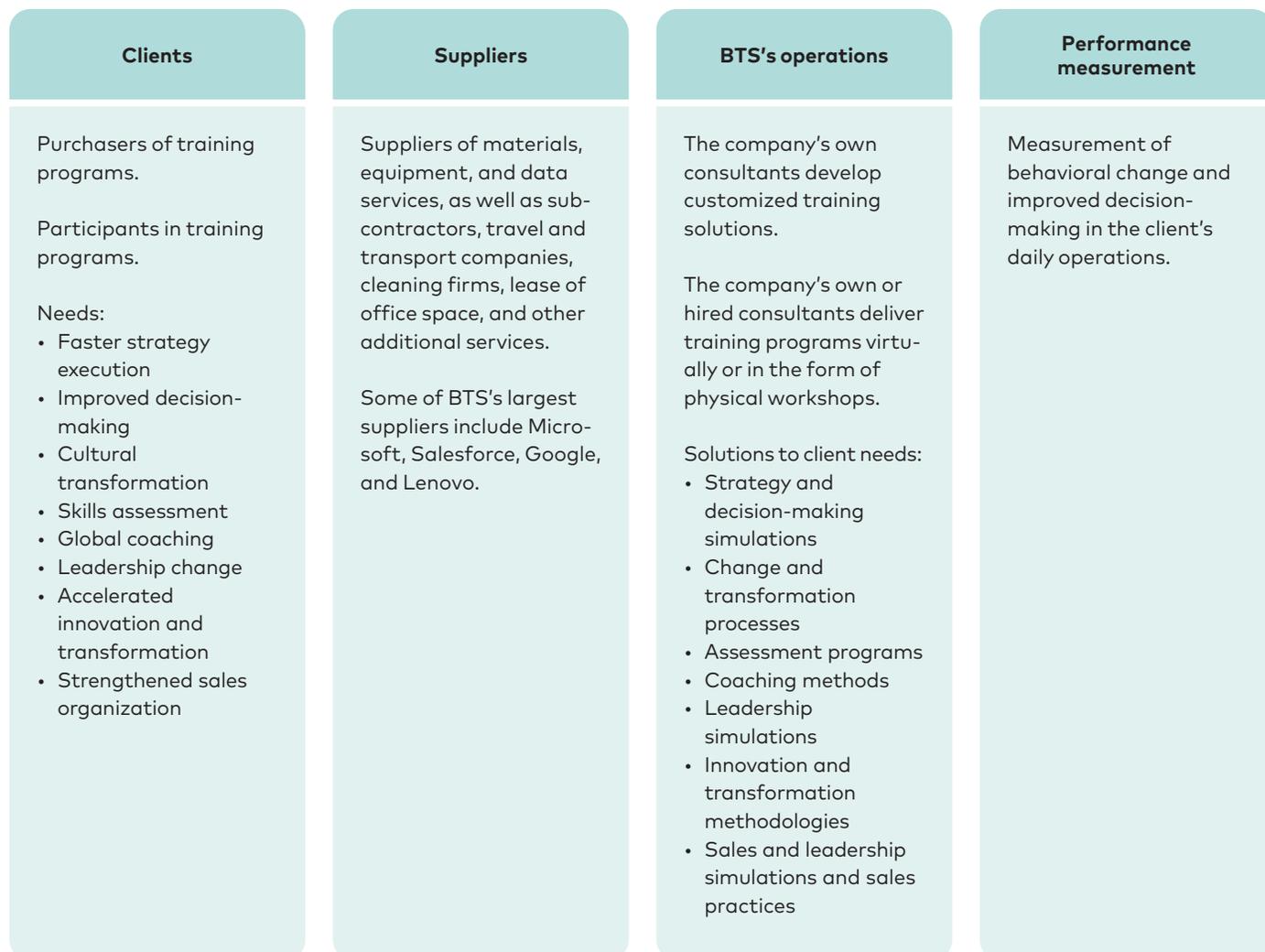
BTS's stakeholders have various demands on the operation, and the company continuously works to ensure that the stakeholders' expectations are met. Examples of the company's stakeholders:

- Employees
- Clients
- Shareholders and investors
- Suppliers
- Financial institutions providing financial services to BTS
- Media companies that monitor and report on the company's development
- Non-profit organizations that play an important role in society
- Competitors that drive BTS to become a more sustainable company

Value chain

BTS develops leadership and assists companies in change and transformation processes with various training programs. Below, BTS's overarching value chain is presented, starting from the company's clients and their unique needs, and

including the type of materials and services BTS purchases, along with its main suppliers. The value chain also presents BTS's main operations and solutions to our clients' needs and the measurement of related behavioral change in clients' daily operations.



Sustainability goals

BTS's overarching and strategic goal for sustainability summarizes the company's view on sustainability:

BTS shall in an active way contribute to *UN's Agenda 2030* with a special focus on high business ethics, an equal and developing workplace, a positive climate impact, and a strong sense of social responsibility.

Based on the *UN's Agenda 2030*, BTS has designed its sustainable business strategy to consist of:

- Strong business ethics and responsible corporate behavior for a sustainable business culture that inspires change among our clients and suppliers.

- A sustainable and equal workplace, with the best conditions for personal development.
- Processes for high-quality program deliveries, in which BTS simultaneously takes the environment and climate into account.
- Support for clients in implementing and measuring the results of strategic shifts and cultural changes where sustainability is given increasing importance.
- Social responsibility for a stronger society.

EcoVadis is a global entity that provides sustainability ratings and assessments. A measurable sub-goal, to externally verify that the company is moving towards this overarching and strategic goal, is to achieve a score of at least 50 out of 100 in the *EcoVadis* scorecard in 2024. In 2023, BTS scored 49 points.

The strategy linked to sustainability

BTS's business strategy is closely linked to sustainability. Below table presents the risks involved in the operations, identified opportunities to counter these risks, how the

company has incorporated sustainable practices in its daily operations and in its business model, as well as the outcome of the company's priorities.



Input

Employees

- BTS's own research on leadership behaviors.
- Business meetings with clients.
- Interviews with clients.

Suppliers

- Purchase of technical equipment.
- Purchase of system services.
- Purchase of paper and office supplies.
- Usage of various modes of transportation for meetings with clients.

Risks

- Flights as transport to internal and external meetings.
- Quality deficiencies with suppliers of software systems.

Possibilities for impact

- Virtual meetings rather than physical, as much as possible.
- Only hire certified suppliers of software with high security services.



Business model

BTS's operations

- Customize and develop training solutions with clients, lectures and educational business and leadership simulations, as well as training materials.
- Conduct workshops and conferences with clients virtually or physically.
- Follow up and measure the results of delivered programs.

Risks

- Flights as transport to geographical locations where clients wish to conduct physical programs.
- Physical meetings require rented computers.
- Energy-intensive data storage for digital programs.
- Continued usage of training materials in paper format.

Possibilities for impact

- Together with the client, strive to increase the proportion of virtual meetings over physical ones, as far as possible.
- Use global providers of cloud services with better conditions for more energy-efficient data storage.
- Avoid materials in paper format in favor of digital material.



Outcome

Outcome of BTS priorities

- Reduced air travel for employees.
- Fewer air transports of rented equipment.
- More efficient energy usage (CO₂ per m²) through reduced data storage on own servers.
- Decreased environmental impact through waste sorting
- Lower paper consumption.

Material sustainability

The materiality process

A significant part of BTS's sustainability work is the evaluation of various factors within the three areas: environment, social responsibility, and corporate governance, where the company has an impact. Through this evaluation, BTS can understand which areas are essential for the company and our partners and how the company can prioritize and manage different types of risks. The following six areas have been identified as priorities to deliver on the company's goals regarding profitability and sustainability:

- Manage the company's emissions
- Minimize the company's energy consumption
- Be and act as a responsible employer
- Ensure high data security
- Make conscious and responsible purchases
- Reduce clients' climate impact through our leadership programs where sustainability is relevant

Materiality impact, risk, and opportunities

BTS's commitment spans the entire value chain with various aspects and impacts at different stages of the chain where BTS believes the company can contribute and make a difference. The company is aware that human rights violations could potentially exist among the company's suppliers. Due to limited transparency and thereby the ability to directly influence suppliers on this important issue, BTS has chosen to focus on other factors where the company has greater possibilities to make an impact, for the time being.

Sustainability governance

The role and responsibility of the Board and management regarding sustainability

The Board supervises the sustainability work and acts as a strategic advisor, while the management team is responsible for the daily operations and the implementation of the Board's decisions.

Roles and responsibilities

The Board:

BTS's Board consists of five members, three men and two women. The Board is responsible for establishing the organization's long-term sustainability strategy and goals. The Board must ensure that the organization follows the vision and mission and that issues around material impact, risk, and opportunities are managed in accordance with the strategy.

The Board supervises the management team's work on sustainability and is responsible for ensuring that the organization follows applicable laws, regulations, and guidelines concerning sustainability. It is the Board's responsibility to identify and manage potential risks that could affect the organization. For more information regarding internal controls can be found under the heading *Audit committee* in the Corporate governance report, page 80.

Management team:

BTS's global management team consists of five people, three men and two women: CEO, deputy CEO, and three global

partners. The management team is responsible for implementing the sustainability strategies and goals set by the Board. The management team regularly reports sustainability related challenges and opportunities that arise to the Board and the audit committee.

Clarification of due diligence

The Board's audit committee evaluates the company's risk management. This includes supervision to ensure that the guidelines and policies developed ensure a sustainable organization and are implemented.

Risk management and internal control

The audit committee meets four times a year and consists of two Board members. The committee's role includes ensuring that the company's risks are evaluated and managed. See also the Corporate governance report page 78, for a more detailed description of the audit committee's role.

The audit committee ensures that the Board has the necessary expertise regarding new laws and regulations within the *Corporate Sustainability Reporting Directive (CSRD)*.

Not all sustainability aspects are implemented yet in all BTS processes, but it is highly prioritized and ongoing work.



Environment

Taxonomy

BTS reports the Taxonomy in table form in Appendix 1. *Taxonomy.*

Climate change

Governance

The company is aware of the environmental impact of its business operations and acts to reduce it. BTS continuously works to reduce the negative impact by reducing the company's emissions (electricity consumption at offices and air travel), reusing and recycling as much as possible, and improving energy efficiency wherever possible.

BTS also has a significant impact on other companies' sustainability work, as the company supports clients in various industries in their environmental transition through educational programs to implement sustainable strategies and cultures.

Environmental strategy

BTS's strategy is to optimize its energy consumption and to use environmentally friendly products and services. Not only does this result in a more energy-efficient organization, but it is also in line with the expectations that clients and other stakeholders have of the company.

Operations at BTS comply with the principles of efficient resource usage (optimized use of non-renewable resources) and adopt an eco-cycle approach, i.e., recycling of resources. The prerequisites for recycling vary significantly between the countries where BTS operates due to differences in laws, regulations, and infrastructure. BTS's goal is to always utilize the recycling opportunities that exist locally and thereby contribute to positive development.

Internally, BTS uses video-meetings and other technology to connect virtually, rather than travelling. Clients are also recommended to hold conferences digitally as much as possible. Around March 2020 virtual ways of working, due to the Covid pandemic, became the norm for BTS as well as for many of the company's clients. This significantly reduced the carbon foot-

print of both BTS and the concerned clients for a time. The norm is now moving more towards a mix of virtual work and travel.

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

Within BTS:

- Continuing to use virtual meeting platforms to reduce travelling.
- Investing in activities, together with the *Rainforest Trust*, to preserve rainforests and endangered animal species.

For BTS's clients:

- Offering digital, and virtual, learning and communication platforms to reduce the need to travel.
- Providing self-paced, virtual studies through digital learning solutions.
- Providing digital communication platforms in physical programs and workshops, thereby reducing the need for printed materials.

Metrics and goals

To measure, calculate, and report greenhouse gas emissions, BTS uses the *Greenhouse Gas Protocol* (GHG) method to estimate the potential climate impact. BTS's approach is operational control, and in the company's data compilation, emissions are reported in tons of carbon dioxide equivalents (tCO_{2e}, including various gases such as CH₄, N₂O, CO₂, HFC, PFC₅, NF₃, and SF₅). The *GHG* reporting is divided into three different scopes:

- *Scope 1* covers *direct* emissions from sources controlled by the company, mainly emissions from owned and leased cars. As BTS has a limited number of company cars, the impact attributable to these is considered immaterial and is therefore not specified in this report.
- *Scope 2* covers *indirect* emissions from purchased electricity, steam, and heating and cooling. For BTS, this includes purchased electricity, heating, and cooling of the company's office premises. These emissions have increased during the year. The reason being that the company has a higher number of employees, and many employees, after working from home during the pandemic, are now working from BTS's offices, which has increased the company's electricity consumption. Scope 2 was approximately 1,746 t CO_{2e} in 2023, which corresponded to 20 percent of the total emissions.
- *Scope 3* covers *other indirect* emissions that the organization does not control, such as the purchase of materials (paper and plastic) and services, fuel, energy-related activities, waste management, business travel by air, and travel to and from work. BTS measures energy usage and air travel, where BTS's operations have the greatest environmental impact, to control the company's emission levels and identify opportunities to lower them. BTS's footprint from air travel



in 2023 was an estimated emission of 7,003 tons, which corresponds to 80 percent of total emissions. Compared to 2019, when the estimated emission was 22,500 tons, this was approximately 69 percent lower. This is despite a roughly 30 percent increase in the number of employees since 2019.

Intensity

Another dimension in the *GHG* method is to calculate the intensity. The purpose of the calculation is to evaluate the relationship between total emissions and the number of employees. As the company grows, total emissions may increase in line with the number of employees, both in electricity usage and greenhouse gas emissions. BTS measures intensity per full-time equivalent. Total emissions in 2023 were 7.6 tCO₂e per employee.

Science-based target

During the year, BTS analyzed which goal to set for environmental impact and decided that the company's goal would

focus on a smaller footprint through reduced air travel. A *Science-based target* (SBT) will be established by the board at the beginning of 2024.

BTS supports clients in implementing sustainable strategies

A part of BTS's service offering is customized programs that support clients in their sustainability work. During the year, programs were carried out regarding the implementation of sustainability strategies and innovation processes, as well as culture change for diversity and inclusion.

The programs expose clients' employees to different situations where they learn to do trade-offs between short- and long-term results with regards to environmental and safety impact. Thereby, leaders and employees get a better understanding of long-term success in developing sustainable business processes.

BTS contributes to global sustainability by protecting rainforests from deforestation and endangered species from extinction

The main reason BTS invests in rainforests is to develop our social responsibility outside the company. These investments have become an important factor for BTS's employees and clients; a clear commitment to a better world, with visible and measurable results – work that the company hopes will inspire other parties.

Since 2010, BTS has invested in protecting the planet's most endangered rainforests and animal species, by donating to the organization *Rainforest Trust*. The work of *Rainforest Trust* focuses on protecting the most threatened tropical rainforests in South America, Asia, and Africa, and thereby also saving endangered animal species. BTS provides both funding – to acquire acres of rainforest – and digital engagement, to the trust to support

fundraising and generate awareness around the subject. The company chose to contribute to rainforests as the effect of every invested penny is extensive.

Also in 2023, BTS donated to the *Rainforest Trust Conservation Action Fund*. The donation of \$10,000 protects 20 square kilometers with 1.5 million trees from deforestation, a forest that absorbs about 737,500 tons of carbon dioxide from being released into the atmosphere.

Since 2010 BTS's total investments, including matching investments, have helped protect approximately 184 square kilometers of rainforest, which annually absorbs over 16 million tons of carbon dioxide from being released into the atmosphere, and at the same time also protecting endangered animal species.

Below are listed the donations that BTS has made and how many acres¹⁾ are thereby protected from deforestation:

- 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 → 2,786 acres
- 2021 – Donation of \$10,000 to *Create a Wildlife Corridor*, Thailand → 1,016 acres
- 2022 – Donation of \$10,000 to *Save the Brazilian Amazon* → 9,346 acres
- 2023 – Donation of \$10,000 to *Conservation Action Fund* → 5 000 acres

¹⁾ One acre corresponds to 4,047 square meters.



Social responsibility

BTS's organization

Diversity, equity, and inclusion

Within all enterprises, it is the people who create lasting value. Attracting talent, as well as developing and retaining skilled employees, is critical for BTS to be able to deliver favorable results and achieve long-term success. This is especially important in the professional services industry, where the quality of employees' work has a direct positive correlation with client satisfaction and profitability. As a result, BTS offers many benefits, and maintains a sound company culture, to ensure that BTS remains an attractive employer and a great partner to its clients.

Equity

For BTS's long-term sustainability, gender balance is important, and taken into consideration in the recruitment and selection process. The share of female employees was 54 percent for 2023, which is an unchanged level compared to 2022 (the company goal is 50 percent).

Average number of employees during 2023:

	Women	Men	Total
Number of employees	627	524	1,152
Share of employees, %	54	46	100

The gender balance in the company is equal. With the pandemic, opportunities were created to offer more flexible working conditions where less travelling longways helps to create a more even gender balance in the organization.

In general, within the organization, 2023 showed a positive trend with more women in leadership positions. In leadership levels, 40 percent were women, both in the board and in group management.

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 safe and healthy working environment, characterized by equality, pluralism and respect for the individual 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 gender, ethnicity, disability, nationality, religion, philosophical belief, political belief, age, sexual orientation, family status, trade union activity, or any other factors.
- BTS adopts fair and inclusive practices throughout BTS operations and seeks to eliminate all prejudice, discrimination, bullying, and harassment.

In 2023, BTS continued to implement a more direct and collective approach to questions that concern diversity, equity, and inclusion, with workshops conducted globally. The company has made conscious and global efforts to ensure that BTS's core values regarding diversity, equity, and inclusion are consequently maintained in client engagements as well as in the



internal culture. Internally, BTS has been working with this through a cross-regional program, based on a program that BTS South Africa has established over the past few years.

Annual employee survey

BTS leaders continuously listen to their employees to remain an attractive employer. Management conducts an employee survey (*Business Practice Survey*) every year to analyze the current perceptions of its employees and the opinions regarding the culture, and the workplace, as well as to ask for feedback on improvement opportunities and operational improvements. From this information, local leader teams formulate action plans, together with the employees, to ensure that BTS continues to have highly motivated and engaged personnel. On the question of whether employees enjoy working at the company, 89 percent were positive, 10 percent neutral, and 1 percent negative.

Member of the UN Global Compact

BTS follows the *United Nation's* (UN) declaration of human rights and does not see any risks that violate human rights in BTS's operations. BTS follows the labor laws that are applicable in the countries and states where the company operates. BTS is a member of the *Global Compact* and adheres to its principles regarding working conditions and business ethics.

The company has clarified the employees' rights in a Health and Security Policy that aims to make sure that all employees

get the support and backup they need in different situations within, and outside of, their workplace. The policy is a guide for management teams in different countries and shall connect to the laws and regulations that are applicable in the countries and states where BTS operates. Areas included are terms of employment, norms of behaviors, code of conduct, and how deviations are reported, employees' development, support for better health, and norms for work at the office or from home.

Health and safety

One of the greatest risks in business today is employees pushing themselves to the limit, which may lead to stress and fatigue. Through BTS's global and regional planning teams and local leadership, BTS mitigates this risk by acting early when BTS sees patterns of excess working hours beginning to develop. The nature of work at BTS can influence the work-life balance as assignments may require travel, sometimes to other regions. The new way of working, with an increase in virtual meetings and deliveries, has presented new opportunities for employees to be more flexible in where they work, which in general has created a better work-life balance, and therefore reduced the level of stress.

During 2023, BTS continued their efforts to create a safe and secure workplace, as well as started various initiatives and offers to support employees' health in the areas of stress management, physical activity, and various forms of counseling. During the year, BTS invested 1,301 working days (10,440 hours)

in virtual, personal health support via the organization *TaskHuman*, which offers coaching in mental balance, physical health, finance, home and family, diet, and personal development.

Personal development plans

The company has clear, personal development plans for all employees with several concrete competence steps; one plan for consultants, and one for operational and administrative personnel. In 2023, 244 employees, corresponding to 20 percent of all employees, took a career step to the next level.

During 2023, BTS offered all employed consultants continuous training and development, to successfully be able to develop and deliver BTS programs and participation experiences to our clients. A total of 22,922 hours were allocated for this program, offered at local, regional, and global levels, and equivalent to about 21 hours per employee. In addition to this, employees took part in various training related to their functions, estimated at about 20 hours per employee.

During the year, an internal, global conference for senior consultants and operational leaders with 300 participants was held. The conference included 2,100 training hours over three days. The focus of the conference was:

- BTS's strategic direction and priorities in executing on the company's strategy 2025.
- BTS clients' specific needs in 2024, and how BTS can support them.
- BTS internal culture drivers and key success factors.

In addition to this conference, three similar conferences were held at the regional level for all employees.

For employees at pivotal levels of leadership, BTS has mandatory development programs to support personal development, and to keep the company culture intact. These programs have been designed to make sure that leaders lead according to BTS's values, and to ensure that the culture evolves sustainably. In addition, training for specific job roles has been delivered where needed.

During BTS's two-week onboarding program, new employees are introduced to BTS's vision, mission, and ways of working within BTS's ten areas of expertise. This ensures that they gain a better understanding of BTS's 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. For employees at a higher level, a similar milestone program is offered to strengthen their network and leadership. In addition, a Leader's Playbook summarizes key elements of what great leadership means at BTS.

BTS's core values

BTS's core values are designed to maintain BTS's 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.

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 to 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.

Social impact

Social responsibility for a developing and sustainable world

Since BTS was founded in 1986, the management has aimed to contribute to positive societal development. To achieve this, BTS invests in people and societies around the world to improve their conditions for a better life. These investments mean that the company, free of charge or at a greatly reduced price, allows various underserved populations to be educated using BTS's solutions delivered by BTS's own employees or partner networks.

BTS offers programs for micro-entrepreneurs, underserved populations, students, and teachers. Through these programs, educators and leaders in non-profit organizations are equipped to drive a bigger impact in their organization's work. Through these discounted programs, BTS thus invests in a more sustainable future for our world. Since the start, the company has had more than 700,000 participants.

Within this framework, BTS partners with several important key stakeholders:

- Educational institutions: BTS develops school leaders and administrators.
- Non-profit organizations: BTS offers educational programs that improve leadership.
- Communities: BTS develops selected populations and increases citizens' quality of life.
- BTS clients: BTS partners to support their clients selected Corporate Social Responsibility (CSR) efforts – strategy, innovation processes, diversity, and inclusion.
- Non-profit divisions of banks: BTS supports small business owners who receive micro-finance loans.
- CSR institutes: BTS joins forces to develop both female and male entrepreneurs in developing countries.

Create conditions for leaders within education and non-profit organizations to achieve better results

BTS Spark:

Leadership development and mental coaching as well as physical and digital training programs conducted by BTS's network of facilitators

Multipliers for Non-Profit Organizations:

Both traditional (client-specific) and open leadership programs, conducted by BTS

Education and support activities for entrepreneurs, underserved groups, communities, families, and students

BTS One for One for Entrepreneurship:

Business simulations for entrepreneurship and financial literacy, conducted by BTS's partners

BTS Sustainable Communities:

Supports the development of local communities' sustainability through educational programs delivered by BTS and *Avo Vision*

Leaders in education and non-profit organizations

BTS Spark (btsspark.org) is a non-profit operation within BTS, dedicated to conducting world-class education and leadership coaching for non-profit school leaders and non-profit organizations. *BTS Spark* leverages the best of BTS – an extensive leadership curriculum and professional leadership coaches – and makes this available to leaders of schools and NGOs (non-governmental organizations) at a subsidized price. During 2022, *BTS Spark's* coaches supported education and not-for-profit leaders in the UK, the U.S., Canada, Australia, Singapore, China, Indonesia, Kenya, and South Africa. Clients included school districts, departments of education, school networks, individual schools, universities, professional associations, and global NGOs.

Through *BTS Spark*, with the assistance of other BTS consultants, BTS offers a leadership training, *Multipliers*, aimed at non-profit organizations. The training consists of both client-specific and general leadership programs conducted by *BTS Spark* and BTS consultants.

In 2023, 3,488 leaders in schools, colleges, and universities were coached through *BTS Spark's* programs. Since the start, the corresponding number is 21,502. Altogether, these leaders are responsible for approximately 800,000 teachers and 12 million students.

Development of micro-entrepreneurs, students, and teachers

BTS's *One for One* initiative supports the development of entrepreneurs, students, and families in developing countries. The ambition is that for every participant a client pays for in a BTS program, BTS offers a participant from an underserved area free or heavily subsidized education in one of our programs.

In collaboration with BTS, *Deutsche Sparkassenstiftung für Internationale Kooperation* (DSIK) is currently implementing three business simulations (*Savings Game*, *Micro Business Simulation*, *Farmers Business Simulation*) worldwide to promote financial literacy and entrepreneurial competence. Participants experience significant learning success, as they not only listen and memorize but can actively apply their



learning in simulations and continue to apply the knowledge after the training.

In 2023, the development and launch of a new business simulation for farmers continued. In this simulation, participants gain a better understanding of climate changes in their region. They get to simulate a reality-based scenario where they learn to see opportunities to adapt their agricultural business to regional climate changes, as well as risk assessment and management techniques. In 2023, 965 farmers in Africa participated in the *Managing Climate Resilience program*.

In total, during the year, 12,900 participated in *Micro Business Game*, 9,675 students in *Savings Game*, and 4,675 in *Farmers Business Game*.

Since the collaboration started with BTS, *DSIK* has reached more than 192,788 participants globally with our business simulations.

BTS's support for sustainable communities

BTS's main partner in this area is *Avo Vision* in South Africa, of which 49 percent is owned by BTS. Through *Avo Vision*, BTS offers subsidized education for local communities and institutions, primarily in South Africa, with programs for entrepreneurs, families, students, immigrants, and other underserved populations. The programs mainly address various development initiatives such as housing, financial literacy, and tree felling, in combination with entrepreneurship, water and energy supply; learning to make better decisions for quality of life and to create a more sustainable society. In 2023, a project was started in Lesotho to address and prevent environmental degradation and poverty in landscapes and residential areas.

In 2023, *Avo Vision* reached an accumulated audience of 521,250 participants, with an increase of 36,321 participants.

Corporate governance

Business ethics

Ethics and morality

Sustainability is, and has always been, a prerequisite for BTS's growth and ability to attract new employees and clients. The culture is recognized by a strong work ethic and good business ethics internally, and on all assignments BTS is engaged in.

Employees cannot accept payments or other benefits from third parties who might influence, or be perceived to influence, objectivity when making business decisions.

Potential risks include partnerships that require the purchase of material or services from specific vendors, clients' expectation to be compensated for attending BTS client events, and the benefits the BTS sales organization offers when a client is evaluating suppliers. The processes followed by local leadership and management ensure that these risks are reduced to a minimum.

BTS has not had any reported incidents of corruption or violations of rules during the year.

BTS Code of Business Conduct

All employees have signed the *BTS Code of Business Conduct* and have a personal responsibility for the practical application of these principles in their day-to-day activities and must report if they have an experience that contradicts these principles. Noncompliance with policy will not be tolerated and is acted on accordingly by senior local management. BTS reported one incident of violation against rules during the year and it was resolved successfully.

Control of the risk of bribes and corruption

BTS's operations are largely driven locally with continuous follow-up by regional management teams. BTS complies with the laws in the regions where the company operates.

The *BTS Anti-corruption and bribery policy* aims to ensure that all business relations are conducted in an honest and ethical spirit. BTS has zero tolerance for bribes and corruption. BTS will act fairly, and with integrity, in all our business dealings and transactions, regardless of where the company is located.

The BTS's policy applies to all individuals working for BTS, regardless of level and employment relationship. It also applies to non-employees who act on behalf of BTS.

In the first half of 2024, all employees will undergo virtual training on bribery and corruption organized by *KnowBe4*.

Whistleblower function

In 2023, a whistleblower policy and a reporting function with anonymity were implemented. Any potential incidents are reported to *Whitepaper Advisors (WA)*, an external and neutral party. The reporter's name is protected by encrypting the communication, and then *WA* reports to a committee at BTS.

The incident can be followed anonymously by the person who reported it. The whistleblower function gives the company a better opportunity to detect if someone at BTS should act in an ethically inappropriate business manner.

Important policies for IT-security

IT security is a prioritized area as BTS's operations are built on different data and educational platforms, and as different levels of confidential documentation are handled in client engagements. In addition, BTS's own immaterial assets and systems need to be protected from breaches. The company has nine different IT and security policies that regulate the use of equipment, behavior, systems, and applications. New employees are informed about the company's policies as a part of the onboarding program, and compliance is tested continuously among all employees through random controls.

Contracted consultants and suppliers are certified

In addition to BTS's own employees, the company uses contracted consultants in leadership, sales training, and coaching. These consultants follow the same quality demands as the company's employees, and they must also follow the same *BTS Code of Business Conduct*, customized to their external role.

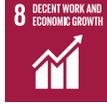
To ensure the quality and development of contracted consultants, they are certified to deliver BTS solutions.

Work began in 2023 to develop a *BTS Code of Business Conduct* for suppliers. This will be finalized and communicated during 2024.

BTS's suppliers are data security certified to ensure they have the systems and procedures in place to protect data privacy.



Goals and Key Performance Indicators (KPI)

Focus area	KPIs	Goals 2027	Outcome 2023	Outcome 2022	UN's SDG-goals (Sustainable Development Goals)
Environment Actions for a positive environmental and climate impact	CO ₂ impact from flying	<15,000 tons	7,003 tons	6,000 tons	 
	CO ₂ impact per office area (sqm)		123	n/a	
	Number of data centers		0	0	
	Number of racks connected to external data centers (6,000 kWh per month)		2	2	
	Absorption of CO ₂ through preserved rainforest			16.4 million of tons	15.7 million of tons
Social responsibility Equal and developmental business culture and responsible entrepreneurship	Share of women in the company	45–55%	54%	54%	 
	Share of women in the management team	50%	40%	40%	
	Share of employees promoted	>15%	20%	20%	
	Share of employees with access to health and stress support	100%	95%	99%	 
	Number of micro-entrepreneurs and leaders who have participated in BTS-sponsored programs, cumulatively	1,000,000	735,538	682,831	
	Employee survey: share of employees who enjoy working at BTS	>85%	89%	91%	
Corporate governance Strong business ethics and responsible entrepreneurship for a sustainable culture Ensured quality of subcontractors	Share of employees who have signed <i>BTS Code of Business Conduct</i>	100%	100%	100%	 
	Share of subcontractors who have signed <i>BTS Code of Business Conduct</i>	100%	80%	75%	
	Number of reported incidents of corruption or other violations of the rules against <i>BTS Code of Business Conduct</i>	0	1	0	
	Share of employees who have completed data and IT security training	100%	100%	100%	
	Share of IT suppliers that have been certified by BTS	100%	100%	100%	

Appendix to Sustainability report

- APPENDIX 1** | Taxonomy
- APPENDIX 2** | Average number of employees per country
- APPENDIX 3** | Carbon impact per office
- APPENDIX 4** | BTS Environment Social Governance (ESG) matrix
- APPENDIX 5** | Examples of BTS Corporate Social Responsibility (CSR) programs

APPENDIX 1 | Taxonomy

Since the year 2021, BTS has been subject to the EU Taxonomy regulation, aimed to show the extent to which the company's operations are environmentally sustainable and meet the EU's six environmental objectives:

1. Climate change mitigation (code *CCM*).
2. Climate change adaptation (code *CCA*).
3. Sustainable use and protection of water and marine resources (code *WTR*).
4. Transition to a circular economy (code *CE*).
5. Pollution prevention and control (code *PPC*).
6. Protection and restoration of biodiversity and ecosystems (code *BIO*).

BTS falls under the taxonomy as the company are classified as a large group, have shares listed on a regulated market, and have more than 500 average number of employees.

The EU Taxonomy facts

The EU Taxonomy regulation is a common classification system within *EU*, to define environmentally sustainable

investments and economic activities, and it includes environmental goals and rules. It is an important part of EU's action plan for more sustainable growth, and a prerequisite for investors and companies to be able to direct capital towards sustainable alternatives. 2022 is the base year for taxonomy alignment reporting, which means that no changes can be reported.

To meet the criteria of the taxonomy, the business:

1. Must substantially contribute to at least one of the six environmental objectives as defined in the regulation.
2. *Does not significantly harm* (DNSH) any of the other five environmental objectives, as defined in the regulation.
3. Must comply with minimum safeguards.

BTS's Taxonomy results 2023

The BTS share of the taxonomy eligible activities is identified based on materiality. For 2023 BTS reports according to the *Regulation (EU) 2020/852*, the percentage of turnover, capital expenditures (CapEx) and operating expenditures (OpEx) that are eligible for and aligned with the taxonomy.

1. Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Economic activities (1)	Code(s) ¹⁾ (2)	2023		Substantial contribution criteria					
		Absolute turnover (3) TSEK	Proportion of turnover (4) %	Climate change mitigation (5) Y;N; N/EL ²⁾	Climate change adaptation (6) Y;N; N/EL ²⁾	Water (7) Y;N; N/EL ²⁾	Pollution (8) Y;N; N/EL ²⁾	Circular economy (9) Y;N; N/EL ²⁾	Biodiversity (10) Y;N; N/EL ²⁾

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)									
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL; N/EL ³⁾					
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%						
Total A.1 + A.2		0	0%						

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy-non-eligible activities (B)		2,683	100%
TOTAL (A+B)		2,683	100%

¹⁾ See the EU's six environmental objectives (code) defined under the heading *Taxonomy*.

²⁾ Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

N/EL – Taxonomy-non-eligible activity for the relevant environmental objective

³⁾ EL – Taxonomy-eligible activity for the relevant environmental objective.

N/EL – Taxonomy-non-eligible activity for the relevant environmental objective.

2. Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Economic activities (1)	Code(s) ¹⁾ (2)	2023		Substantial contribution criteria					
		Absolute turnover (3) TSEK	Proportion of CapEx (4) %	Climate change mitigation (5) Y;N; N/EL ²⁾	Climate change adaption (6) Y;N; N/EL ²⁾	Water (7) Y;N; N/EL ²⁾	Pollution (8) Y;N; N/EL ²⁾	Circular economy (9) Y;N; N/EL ²⁾	Biodiversity (10) Y;N; N/EL ²⁾

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)										
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)										
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL; N/EL ³⁾						
Acquisition and ownership of buildings ⁴⁾	CCM ¹⁾ 7.7	5,759	5%	N ²⁾	N/EL ³⁾					
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%							
Total A.1 + A.2		5,759	5%							

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non-eligible activities (B)		40,244	95%
TOTAL (A+B)		46,003	100%

Proportion of CapEx/Total CapEx

Code ¹⁾	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	4.7%
CCA	0.0%	4.7%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

¹⁾ See the EU's six environmental objectives (code) defined under the heading *Taxonomy*.

²⁾ Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

N/EL – Taxonomy-non-eligible activity for the relevant environmental objective.

³⁾ EL – Taxonomy-eligible activity for the relevant environmental objective.

N/EL – Taxonomy-non-eligible activity for the relevant environmental objective.

⁴⁾ New rental contracts during 2023 disclosed as *Right-of-use assets* in the balance sheet.

3. Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Economic activities (1)	Code(s) ¹⁾ (2)	2023		Substantial contribution criteria					
		Absolute turnover (3) TSEK	Proportion of OpEx (4) %	Climate change mitigation (5) Y;N; N/EL ²⁾	Climate change adaption (6) Y;N; N/EL ²⁾	Water (7) Y;N; N/EL ²⁾	Pollution (8) Y;N; N/EL ²⁾	Circular economy (9) Y;N; N/EL ²⁾	Biodiversity (10) Y;N; N/EL ²⁾

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)									
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL; N/EL ³⁾					
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%						
Total A.1 + A.2		0	0%						

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

OpEx of Taxonomy-non-eligible activities (B)		0	0%
TOTAL (A+B)		0	0%

¹⁾ See the EU's six environmental objectives (code) defined under the heading *Taxonomy*.

²⁾ Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

N/EL – Taxonomy-non-eligible activity for the relevant environmental objective.

³⁾ EL – Taxonomy-eligible activity for the relevant environmental objective.

N/EL – Taxonomy-non-eligible activity for the relevant environmental objective.

APPENDIX 2 | Average number of employees per country

Country	Women	Men	Total
Argentina	6	4	10
Australia	23	9	33
Brazil	10	5	15
Canada	25	25	50
China	6	2	8
Costa Rica	1	0	1
France	9	8	17
Germany	13	15	27
India	58	97	154
Indonesia	1	4	5
Italy	24	19	43
Japan	5	5	10
Malaysia	4	3	7
Mexico	11	8	19
Netherlands	5	7	12
Singapore	17	12	28
South Africa	20	10	30
South Korea	7	3	10
Spain	62	47	109
Sweden	19	16	35
Switzerland	2	4	6
Taiwan	3	2	5
Thailand	4	2	6
United Arab Emirates	10	7	17
United Kingdom	57	46	102
United States	227	165	391
Total for the Group	627	524	1,152

APPENDIX 3 | Carbon impact per office

Country	Office	Emissions tCO ₂
Argentina	Buenos Aires	3
Australia	Melbourne	4
	Sydney	42
Brazil	Sao Paulo	20
Canada	Toronto	44
China	Shanghai	26
France	Paris	29
Germany	Cologne	44
India	Mumbai	111
	Mumbai	5
Indonesia	Jakarta	9
Italy	Milan	66
	Milan	22
Japan	Tokyo	31
Malaysia	Kuala Lumpur	12
Mexico	Mexico City	24
Netherlands	Amsterdam	13
Singapore	Singapore	38
South Africa	Johannesburg	90
South Korea	Seoul	34
Spain	Barcelona	60
	Bilbao	26
	Madrid ¹⁾	52
	Madrid	43
Sweden	Stockholm	70
Taiwan	Taipei	10
Thailand	Bangkok	31
United Arab Emirates	Dubai	31
United Kingdom	London	115
	Portsmouth	67
United States	Chicago	106
	Cincinnati	15
	Houston	55
	New York	146
	Philadelphia	52
	Phoenix	87
	San Francisco	91
	San Rafael	23
Total for the Group		1,746

¹⁾ Closed during Q3 2023 as a part of BTS's efficiency measures. The reported emission relates only to the period that BTS had access to the premises.

APPENDIX 4 | BTS Environment Social Governance (ESG) matrix



Environment



Social responsibility



Corporate governance

BTS's client offering

Virtual and physical programs
Digital solutions

Employee development
Culture development

Implementation of sustainability strategies
Implementation of a culture of diversity and inclusion

BTS's operations

Reduction of air travel
Office footprint (carbon dioxide equivalent)
Recycling
Work from home or office
Investment in planet-protecting projects

Diversity and inclusion
Human capital development
Employment conditions
Health and safety at work
Employee well-being
Social impact

Business integrity
Respect for human rights
Sustainable supplier management
Data policy
Stakeholder engagement
Fair fiscal policies

BTS's documents

Environmental policy
Sustainability policy
Work from home – guidelines

Group health and safety policy
Equal treatment policy
Modern slavery statement
BTS's Core values
Personal development plans
Recruitment templates (selection and onboarding)

Sustainability strategy
Code of Business Conduct
Code of Business Conduct for contracted consultants
Whistleblower policy
IT security policy
Data integrity policy
Risk management policy
Management and finance policy
EU Taxonomy

APPENDIX 5 | Examples of BTS Corporate Social Responsibility (CSR) programs

BTS Spark – Five Sparks One

Throughout 2023, the company continued to enhance its social responsibility and commitment by supporting leaders within educational institutions in socially underserved communities. *Five Sparks One* is a global initiative carried out under the auspices of *BTS Sparks*. Clients are offered the opportunity to be part of this initiative as BTS, for every fifth participant in a BTS program, allows an individual from socially underserved communities to participate in one of BTS's coaching programs free of charge.

In 2023, *BTS Spark* coached school leaders and municipal leaders in various locations in the U.S. as well as school leaders in Kenya and Indonesia, through our partner *Global School Leaders*. The program has developed leaders to become more responsible for themselves as well as in their community responsibilities when they seek to evolve and adapt to changes that occur.

"I am truly humble and grateful to have been part of this program. I have just completed my program. It was so good! Thank you to my coach and Dignitas for your assistance."

Principal, Dignitas, Kenya

"Through coaching, reflections, and role-playing, my coach helped me to learn to develop faster using challenging past experiences and made me think in new ways. I have used the skills and strategies I learned on several occasions. I am truly grateful for my coach and BTS Spark and the Five Sparks One program!"

Principal, Washington, the U.S.



BTS Spark – Not-For-Profits

While *BTS Spark* is dedicated to improving the leadership capabilities of education leaders we are also able to serve those leading NFPs (not-for-profit-organizations). This is especially important as the boundaries between organizations that serve youth, students, teachers, and their communities continue to blend.

In 2023, *BTS Spark* hosted the third annual NFP Day at our NYC office. Here we provided free coaching to 15 leaders from organizations such as *Reading Partners*, *Xavier Mission*, *Global Practice Towards Equity*, *South Bronx United*, *Leukemia & Lymphoma Society*, and *Wildlife Conservation Society (WCS)*.

This event has helped NFPs to:

- Gain expertise and grow the leaders understanding of their leadership capabilities
- Move into formal coaching journeys
- Secure a new contract between BTS and WCS, which have had a positive impact on BTS's growth and relationships.

As a continuation of this work, BTS has also conducted coaching with a select number of NFPs, including the *Midland Center for the Arts*, that has now morphed into three coaching journeys for their leadership and management.

Subsequently, the event was also held in Mexico City, and interest has generally increased among BTS's offices in North America.

"The educational leadership coaching program they have provided to our organization is of the highest quality. The virtual training has helped our workplace culture and morale not only with the staff members taking part in the program but with the whole team."

President and CEO, Midland Center for the Arts, the U.S.

Auditor's report on the statutory Sustainability report

To the Annual General Meeting of the shareholders of BTS Group AB, corporate identity number: 556566-7119.

Engagement and responsibilities

The Board of Directors is responsible for the Sustainability report for 2023 on pages 51–76 and that it has been prepared in accordance with the *Annual Accounts Act*.

The scope and extent of review

Our 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 our 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. We believe that the examination provides us with a sufficient basis for BTS opinion.

Opinion

A Sustainability report has been prepared.

Stockholm, April 12, 2024

Öhrlings PricewaterhouseCoopers AB

Magnus Thorling

Authorized Public Accountant

Corporate governance report

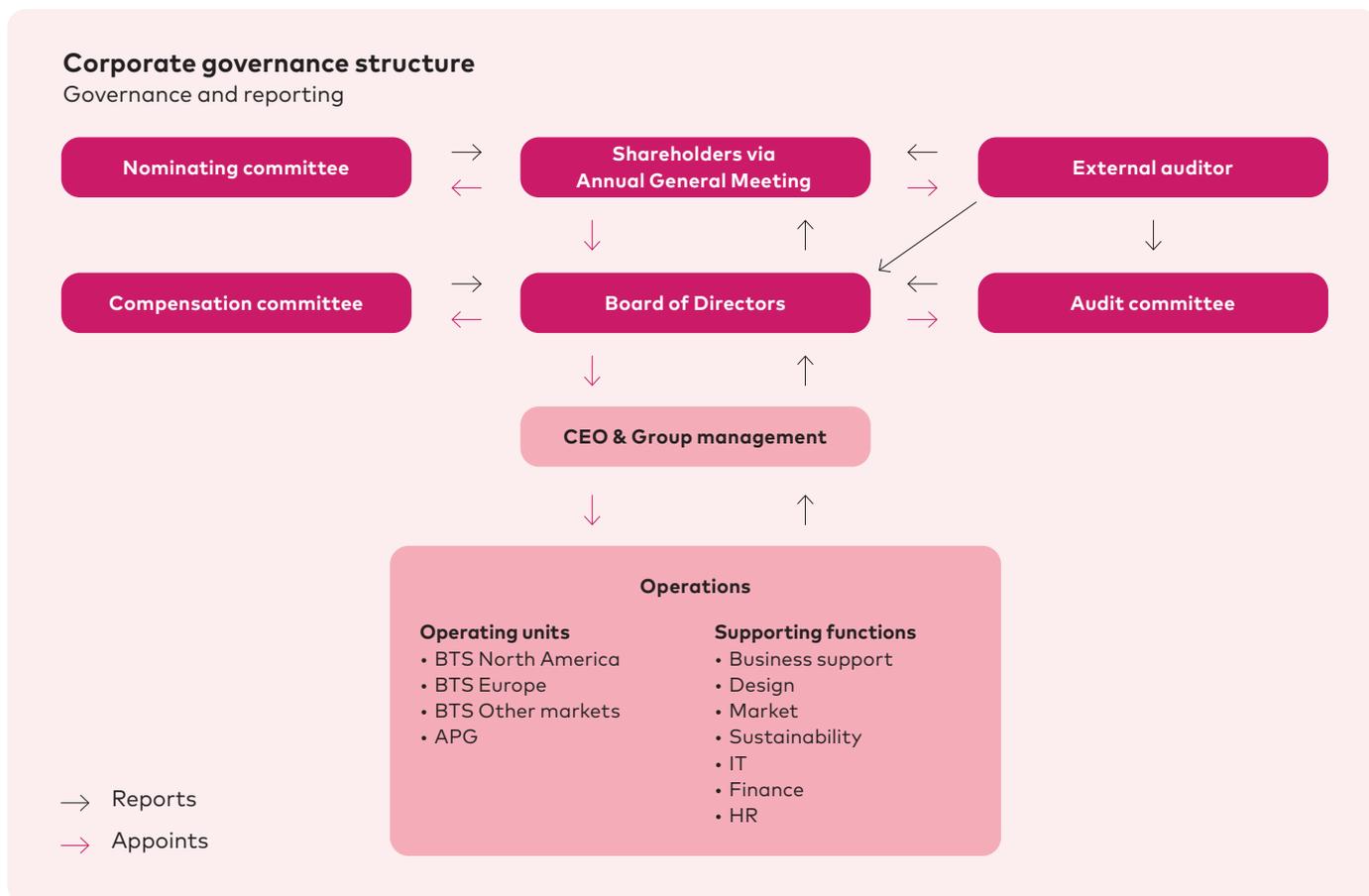
BTS Group AB is a public limited liability company based in Stockholm, Sweden, and listed on NASDAQ Stockholm AB. Consequently, the BTS Group's corporate governance is based on Swedish legislation and regulations such as the *Companies Act*, the set of rules for issuers on NASDAQ Stockholm, the *Swedish 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 2023, *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 – ultimately responsible for the company's organization and management
- Chief Executive Officer (CEO) – responsible for day-to-day management
- Auditors – audit the Board of Directors' and CEO's management at the request of the shareholders/AGM



Shareholders

The total number of shares outstanding is 19,396,819, consisting of 853,800 Class A and 18,543,019 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, 2023, BTS Group AB had 4,038 shareholders. The ten largest shareholders had total

shareholdings corresponding to 77.2 percent of shares and 83.7 percent of votes. A list of the largest shareholders is found on page 11 in this 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 through a press release and thereafter be kept available on the company's website and 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.
- Deciding on changes in the number of shares and their structure.

2023 Annual General Meeting

The 2023 AGM was held on Friday, May 12, in the Company's head office in Stockholm. 46 shareholders attended, representing 79.7 percent of the number of shares outstanding and 85.5 percent of the votes. Decisions made include the following:

- The income statement and balance sheet and the consolidated income statement and balance sheet for the fiscal year 2022 were adopted.
- The proposed dividend for the fiscal year 2022, of SEK 5.40 per share was approved, to be paid in an amount of SEK 2.70 on two occasions.
- 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 1,655,000 in fees was approved to be paid to members of the Board, of which SEK 500,000 shall be paid to the Chairman and SEK 225,000 each to other members, and SEK 55,000 to the deputy board member. For work on Board committees, fees totaling SEK 200,000 shall be paid.
- Auditors' fees were approved to be paid based on approved invoices.
- For the period until the next Annual General Meeting, Mariana Burenstam Linder, Henrik Ekelund, Stefan Gardefjord, Reinhold Geijer and Anna Söderblom were re-elected as members of the Board, and Olivia Ekelund

was re-elected as deputy of the Board. Henrik Ekelund was re-elected Chairman of the Board.

- For the period until the next Annual General Meeting the audit firm Öhrlings PricewaterhouseCoopers (PwC) was re-elected as auditor with Magnus Thorling as managing auditor for the audit.
- Authorized 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.

Nominating committee

The nominating committee has the task of preparing and submitting proposals to the General Meeting concerning the following, when relevant:

- Election of a president for the General Meeting.
- 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 November 15, 2023. BTS's three largest shareholders in consultation with Henrik Ekelund, Chairman of the Board, appointed Anders Dahl (representing Henrik Ekelund), Claes Murander (representing Lannebo Fonder), Stefan af Petersens (own holdings) and Henrik Ekelund to the committee. Anders Dahl was appointed chairman of the nominating committee.

The Nomination Committee has applied Rule 4.1 of the *Swedish corporate governance code* as its diversity policy in the preparation of its motion concerning directors. This means the Board of Directors is to have an appropriate composition taking into consideration the company's operations, stage of development and other circumstances. It shall be characterized by versatility and breadth concerning the elected directors' expertise, experience and background, and an even gender balance to be sought after.

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

Composition and independence of the 2023 Board

Member	Position	Elected	Committee work	Independent	Board meeting attendance
Henrik Ekelund	Chairman of the Board	1986		No ¹⁾	10/10
Reinhold Geijer	Member	2016		Yes	10/10
Mariana Burenstam Linder	Member	2004		Yes	10/10
Stefan Gardefjord	Member	2003	Audit committee	Yes	10/10
Anna Söderblom	Member	2017	Audit committee	Yes	10/10
Olivia Ekelund	Deputy	2021		No ²⁾	9/10

¹⁾ Henrik Ekelund is the largest shareholder in the BTS Group.

²⁾ Not independent in relation to major shareholders.

the above will be announced in the notice for the 2024 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 website when the proposal is announced.

Board of Directors

The Board's responsibility and working methods

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. The Board continuously assesses the Group's financial situation and evaluates the operational management. 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 12, 2023, decided that for the period until the next AGM the Board would consist of five members and one deputy member.

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 84–85 in this 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 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–May, 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, ten board meetings were held.

Evaluation of the Board and the CEO

Every year an external party performs an evaluation of the work of the Board, at the request 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 board evaluation was executed via comprehensive interviews with each Board member. The nomination committee's members have reviewed the evaluation for the year 2023.

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 12, 2023, approved a total of SEK 1,655,000 in fees to be paid to the Board, such that SEK 500,000 be paid to the Chairman and SEK 225,000 each to the members, and SEK 55,000 to the deputy member.

The AGM also approved a fee of SEK 200,000 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.

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 prepared 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.

Audit committee

The Board has appointed an audit committee (AC). 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 providing 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 and Group Controller participate in all

committee meetings, and if necessary, the company's auditor participates. The audit committee held five meetings in 2023, where all the members of the committee participated.

Auditors

The auditors examine the management of the company by the Board and CEO, as well as the quality of the company's accounts. 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 2023 AGM re-elected the registered public accounting firm PwC with Magnus Thorling as managing auditor for the period until the end of 2024 AGM.

More information about compensation to auditors is found in Note 4, page 31 in this Annual report.

For 2023, the company's auditors did not review BTS's half-year or nine-month 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: Jessica Skon, President & CEO of BTS Group AB, Philios Andreou, President and CEO of BTS Other markets and Deputy CEO of BTS Group AB, and Stefan Brown, CFO and Vice President of BTS Group AB. Information about senior executives is found on pages 86–87 in this Annual report.

Guidelines for compensation and other terms of employment for senior executives

The Extraordinary General Meeting held on July 8, 2022, adopted guidelines for remuneration and other terms of employment for senior executives. The guidelines apply until further notice unless circumstances arise that necessitate an earlier revision.

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 guidelines set 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 33–34 in this 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 ongoing 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 website. 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. BTS also participates in other marketing 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 ensure 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 procedures are intended to foster prudent risk taking and good awareness of risk among employees. To ensure 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, policies, 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 ensuring that actions are taken concerning any deficiencies or proposals for corrective action arising from external audits.

The auditors' reporting regarding internal control is discussed at the audit committee meetings. The auditors' remarks on possible shortcomings and BTS's documented action proposals are discussed and approved. Thereafter, the auditors' report is discussed along with the company's action plans at the next board meeting.

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 2023 found on pages 78–82 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, Paragraph 2, Points 2–6 of the *Annual Accounts Act* and Chapter 7, Section 31, Paragraph 2 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 12, 2024
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant



The Board of Directors and auditor



Henrik Ekelund

Chairman of BTS Group AB since 2022.

Born 1955.

Shareholdings in BTS Group AB (including companies): 816,000 Class A shares, 2,855,034 Class B shares, totally 3,671,034 shares.

Henrik Ekelund is the founder of BTS and was its CEO from its inception in 1986 until 2022. Henrik Ekelund has comprehensive experience as a board member and owner of growth enterprises. Henrik Ekelund graduated in business administration at the Stockholm School of Economics.

Independent of the company, not independent to its major shareholders.



Mariana Burenstam Linder

Member of the Board of BTS Group AB since 2004.

Born 1957.

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

Member of the Board of BTS Group AB since 2003.

Born 1958.

Other assignments: Chairman of the Board of *GomSpace AB*. Member of the Board of *Knowit AB*.

Shareholdings in BTS Group AB: 20,000 Class B shares.

Stefan Gardefjord has been President and CEO of *Swedish Space Corporation*, 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 *WM-data Sverige AB*, CEO of various subsidiaries, Group 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.



Reinhold Geijer

Member of the Board of BTS Group AB since 2016.

Born 1953.

Other assignments: Board member of *Skandia*, *The Swedish Export Credit Corporation* and *Eterna Invest*.

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 U.S. Reinhold Geijer graduated in business administration at the Stockholm School of Economics.

Independent of the company and its major shareholders.



Anna Söderblom

Member of the Board of BTS Group AB since 2017.

Born 1963.

Teacher and researcher at the Stockholm School of Economics.

Other assignments: Chairperson of *Proact IT Group AB*. Board member in *Länsförsäkringar Liv Försäkringsaktiebolag*, *HAKI Safety AB*, *Dedicare AB*, *Webstep ASA* and *Chalmers Ventures 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 the Stockholm School of Economics.

Independent of the company and its major shareholders.



Olivia Ekelund

Deputy Board member of BTS Group AB since 2021.

Born 1994.

Marketing coordinator at *Stacccs AB*.

Master of Philosophy from the University of Edinburgh.

Shareholdings in BTS Group AB: 0.

Independent of the company, not independent to its major shareholders.

AUDITOR

Öhrlings PricewaterhouseCoopers AB.
Managing Auditor: Magnus Thorling,
Authorized Public Accountant.

The above information on shareholdings was correct at December 31, 2023.

Senior executives and global partners



Jessica Skon
Global Partner.
CEO of BTS Group AB since 2022.
Born 1977.
Employee of BTS since 1999.
Other assignments: Member of the Board of Trustees of Harvey Mudd College.
Shareholdings in BTS Group AB: 19,264 Class B shares, 50,000 Class B share call options and 200,000 Class B share stock options.
Jessica Skon graduated in International Business and French at The University of Minnesota.



Philios Andreou
Global Partner.
Deputy CEO of BTS Group AB, President and CEO of BTS Other markets.
Born 1967.
Employee of BTS since 2003.



Stefan Brown
CFO and Executive Vice President of BTS Group AB.
Born 1963.
Employee of BTS since 1990.



Kathryn Clubb
Global Partner. Executive Vice President, Global Head of Change & Transformation. President and CEO of BTS North America.
Born 1957.
Employee of BTS since 2019.



Joel Sigrist
Global Partner.
Executive Vice President, President and CEO of BTS Europe.
Born 1972.
Employee of BTS since 2003.



David Ackley
Global Partner.
Executive Vice President, Global Head of BTS Digital.
Born 1969.
Employee of BTS since 1996.



Rommin Adl
Global Partner.
Executive Vice President.
Born 1964.
Employee of BTS since 1994.



Todd Ehrlich
Global Partner.
Executive Vice President.
Born 1968.
Employee of BTS since 1995.



Patrick Fei
Global Partner.
Executive Vice President,
Managing Director Asia.
Born 1974.
Employee of BTS since 2000.



Stefan Hellberg
Global Partner.
Executive Vice President,
Global Head of Sustainability.
Born 1957.
Employee of BTS since 1986.



Peter Mulford
Global Partner.
Executive Vice President,
Global Head of Innovation &
Digital Transformation.
Born 1968.
Employee of BTS since 1997.



Dan Parisi
Global Partner.
Executive Vice President,
Global Head of Strategy
Execution & Business Acumen.
Born 1968.
Employee of BTS since 1995.



Fredrik Schuller
Global Partner.
Executive Vice President,
Global Head of BTS Coach.
Born 1978.
Employee of BTS since 2004.



Steve Toomey
Global Partner.
Executive Vice President.
Born 1963.
Employee of BTS since 1995.



Marta Zaragoza
Global Partner.
Executive Vice President,
Managing Director Southern
Europe & Latin America.
Born 1971.
Employee of BTS since 2006.



Jonathan Hodge
President and
CEO of APG.
Born 1972.
Employee of BTS since 2006.

Shareholder information

Annual General Meeting 2024

Shareholders in BTS Group AB (publ) are invited to the AGM on Friday May 3, 2024, at 1:30 p.m. at the office of Hallvarsson & Halvarsson, located at Malmskillnadsgatan 29, 9th floor, Stockholm.

Shareholders wishing to participate must be entered in the share register maintained by *Euroclear Sweden AB* no later than Wednesday April 24, 2024, and must have notified BTS Group AB no later than Friday April 26, 2024.

Shareholders may notify by writing to BTS Group AB, Grevgatan 34, SE-114 53 Stockholm or e-mail at ir@bts.com or phone at +46 8 58 70 70 00. The notification should include the shareholder's name, personal identification number or corporate identification number, address, phone number, and the number of shares held.

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 April 26, 2024.

Dividend

The Board proposes a dividend of SEK 5.70 per share, amounting to SEK 110.6 million (104.6), disbursed in two payments of SEK 2.85 each.

2024 reporting dates and financial information

Interim reports:

January–March	May 3, 2024
January–June	August 15, 2024
January–September	November 8, 2024
Year-end report	February, 2025

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