

BTS Annual report

2021



Our services

Strategy execution and business transformation

A great strategy is worthless if it isn't well executed. Similarly, as your business changes, what worked in the past might not always work in the future. BTS will collaborate with your organization to behavioral change and effectively execute your strategies.



Leadership readiness and development

Transformational leaders don't just prepare for disruption – they seek it out. Today's best leaders bring authenticity to their roles through their willingness to take smart risks, pivot the team quickly when things fail, and communicate failures clearly and effectively. These leaders empower their teams to raise morale and advance to a higher level of motivation.

Learn how BTS can help your leaders connect with their teams and create a shared vision of the future.



Go to market

Your sales, marketing, product, and service teams face fragmented markets and demanding buyers. BTS has spent years conducting extensive research and working with the world's best sales, marketing, and service organizations. We understand the critical moments in your buyer's journey and equip your customer-facing teams with the skills and mindsets to accelerate results. After working with BTS your team will be able to close sales faster and provide a higher level of service that will keep your clients coming back.



Talent acquisition and succession

Identifying and developing the right talent has never been more critical. BTS has the tools to help you effectively conduct assessments of your talent's strengths and opportunities.

We build our assessments with real people in mind and create experiences optimized for engagement – scientific and practical – that create value at all levels of talent and through all stages of their career.

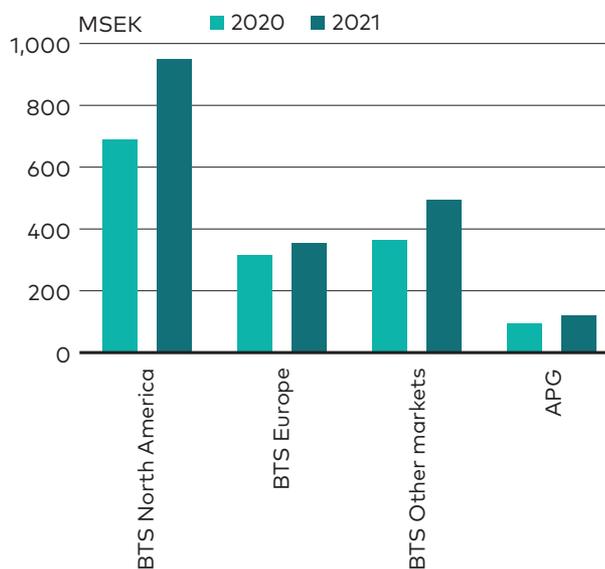
Helping the world's leading compo

BTS is a global professional services firm headquartered in Stockholm, Sweden, with more than 1,000 professionals in 36 offices located on six continents.

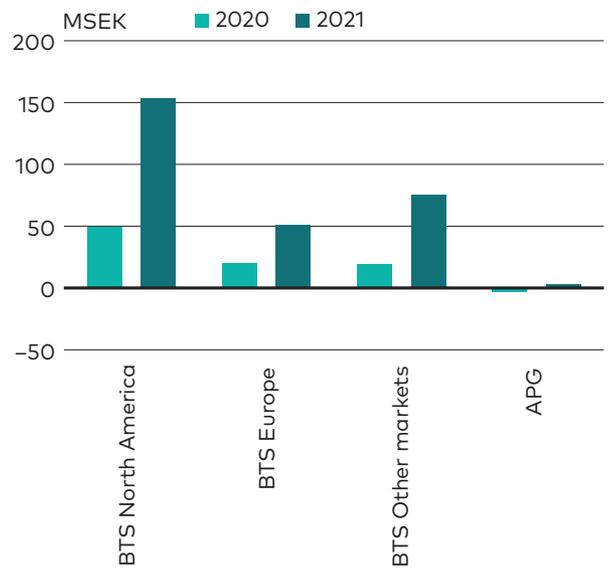
BTS's offices around the world



Net sales per operating unit



Operating profit (EBITA) per operating unit



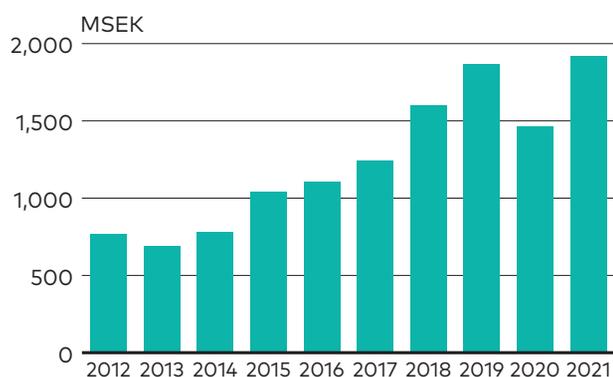
Companies turn strategy into results

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

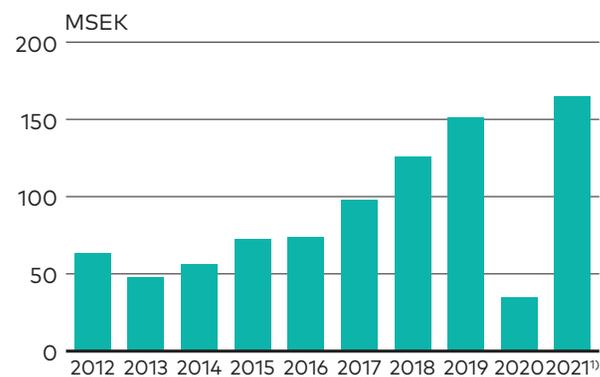
Some of our clients

- ABB
- Atlas Copco
- Bancomer
- Bayer
- BHP
- Chevron
- Coca-Cola
- Ericsson
- EY
- Mercado Libre
- Microsoft
- Mondelez
- Petronas
- Salesforce.com
- SAP
- ServiceNow
- Tetra Pak
- T-Mobile
- Vale
- Verizon

Net sales



Profit after tax



¹⁾ Excluding forgiven PPP loan

2021 in brief

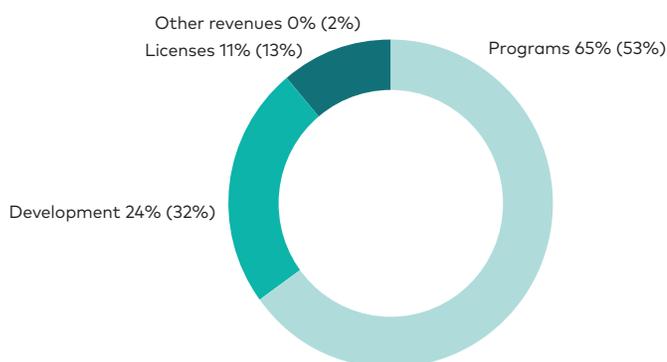
- Net turnover amounted to SEK 1,917 millions (1,464).
- Sales increased by 38 percent, adjusted for changes in foreign exchange rates.
- Operating profit (EBITA) increased to SEK 338 millions (90). Excluding the forgiven PPP loan EBITA increased to SEK 288 millions (90).
- Profit before tax increased to SEK 289 millions (51). Excluding the forgiven PPP loan the profit before tax increased to SEK 240 millions (51).
- Profit after tax increased to SEK millions 215 (35). Excluding the forgiven PPP loan profit after tax increased to SEK 165 millions (35).
- Earnings per share increased to SEK 11.11 (1.82). Excluding the forgiven PPP loan, earnings per share increased to SEK 8.54 (1.82).

Key ratios	2021 ¹⁾	2020
Net sales, SEK millions	1,917	1,464
Operating profit (EBITA), SEK millions	338	90
Operating margin (EBITA margin), %	17.6	6.2
Operating profit (EBIT), SEK millions	305	65
Operating margin (EBIT margin), %	15.9	4.4
Profit before tax, SEK millions	289	51
Profit after tax, SEK millions	215	35
Profit margin, %	11.2	2.4
Operating capital, SEK millions	670	523
Return on operating capital, %	51	12

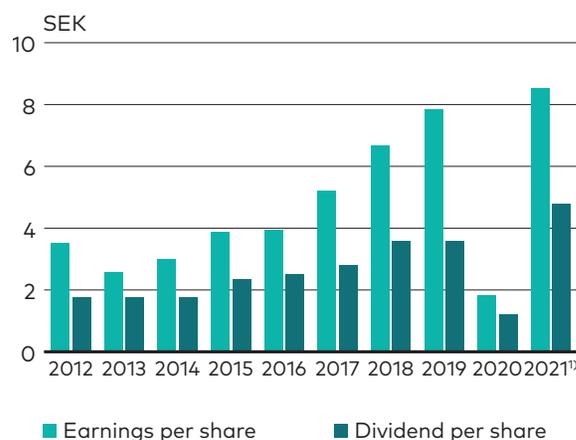
Key ratios	2021 ¹⁾	2020
Return on equity, %	25	5
Equity ratio at the end of the year, %	39	36
Cash flow from operating activities, SEK millions	312	242
Cash flow, SEK millions	-30	307
Cash and cash equivalents at the end of the year, SEK millions	594	591
Average number of employees	936	843
Number of employees at the end of the year	1,071	821
Net turnover per employee, SEK millions	2.0	1.7

¹⁾Including forgiven PPP loan

Net sales by source of revenue 2021 (2020)



Earnings and dividends per share



¹⁾Earnings per share; Excluding PPP loan
Dividend per share; Proposed dividend



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Eight megatrends – six D's and two I's

We are living through times of urgent crises – pandemics and wars – which occupy us with many important challenges.

Today, I would like to take the long-term perspective and turn my focus to eight megatrends of our world – major moves and patterns of long-term nature with big and sustained impact on us and our businesses.

Declining demographics

Across the world, birth rates are falling while we live longer. Since 2010, global economic growth has been trending 1% lower; a big shift. While economists and experts are debating different reasons for the lower growth, the main reason is quite simple: A drop in birth rates from 1990 has resulted in lower growth of workforces from 2010.

This megatrend of declining demographics will also lead to a shortage of talent, a shift in patterns of savings and consumption and strains on public finances.

Democratization

Over the last 200 years our world has continuously become more free and more democratic. The EIU democracy index hit on all time high in 2008; since then, there has been a period of some decline, just like in many earlier times before.

But the long-term trend of democratization will most probably persist, because democracies create higher standards of living and better societies.

The democratization of the workplace is happening rapidly. Any organization need clear leadership of course, but today's talent expects freedom, responsibility, flexibility and respect. And they have many options to choose from.

Deglobalization

Globalization has made the world more connected and generated more income and higher standards of living for billions of people around the world. But the more tense geopolitical situation is now changing this.

We are moving towards a regionalized world where technology and supply chains are concentrated within blocks of nations – formed by political alliances and interests. This is having a big impact on how businesses invest, develop and operate.

Digitalization

The wave of innovation and adoption that started with the commercialization of the internet has accelerated dramatically during the Covid pandemic, compressing the time frame typically required for transforming an industry. Today executives everywhere understand that digital transformation represents both a threat and an opportunity for their business.

Virtually all firms are engaging in efforts to use technology to re-imagine how value is created through increased adoption of automation, AI, cloud computing, and machine learning. This year we may see a productivity boom as firms start to realize the full potential of digital technologies.

Diversity, equity & inclusion

Diverse teams – across the company from the c-suite to the frontline – where all members feel free to be themselves, and feel heard, seen and valued – achieve higher performance and a more creative, joyful environment. Leaders own the responsibility to ensure that their actions, systems, processes, and culture are welcoming and inclusive.

We need to shift our mindset if we want our workplaces to be different. History shows us that the instinct to create “the other” is sadly a human trait. We applaud the companies and CEOs who have woken up and are doing the hard work to right this wrong, combining a step forward for humanity and for superior shareholder returns.

Decarbonization

A business which doesn't set targets to reduce emissions and execute to reach them will face the following future: Customers who don't want to buy their products, investors who don't want to supply capital and people who don't want to work for them. These companies will face a slow decline, and eventually death.

To set the science-based targets and make them happen are conditions for both success and survival.

Innovation

More than half of the growth in our incomes and living standards is driven by new products, services and business models. The critical importance of innovation to the society and its people cannot be understated.

And successful innovation is what will separate the winners and the losers. Businesses need to take the lead and innovate and adapt to and leverage the changing values of consumers, new technologies and a green business future.

Inflation

For the last forty years people in most nations have become used to low inflation – a world of almost no price increases and stable costs.

Today, the picture is very different. All businesses are feeling major cost pressure. Some have the pricing power, others not. A business without a strategy to tackle inflation efficiently will see margins – as well as their capacity to invest in the future – dwindle.

Is inflation a short term problem or a new megatrend? Economic history can guide us – almost every time global inflation has moved to a high level, it has lasted for quite a long time.

Another record-breaking year

2021 became another record-breaking year – our best ever. Our long-term strategy for managing the pandemic is working and we have taken our company to a new level.

The underlying growth of our business in 2021 was 18 percent – compared to 2019 – of which 12 percent was organic.

Despite strong currency headwinds, our operating profit increased 18 percent compared with 2019. Adjusted for currency effects, it increased more than 30 percent.

Our margin continued to improve; it increased two percentage points compared with 2019, to 15 percent. The main reasons for the increase were more efficient resource usage, price optimization and reduced external costs, while increased digital investments were charged to earnings. We have reached our goal of an EBITA margin of 15 percent, and we are now setting a new long-term goal of reaching a margin of 17 percent.

Major market changes

The pandemic has initiated significant changes to strategies and organizations in major companies around the world, which has created increased demand for our services. BTS is an even more attractive partner for our customers today,



thanks to our head start in virtual services, our continued investment in product development and the fact that we kept our employees through the pandemic.

As we go forward, most of our customers will demand a combination of physical, virtual and digital solutions. We believe that the demand for digital solutions will increase, and we will invest significantly more in product development for digital solutions. Our goals are to meet our customers' evolving needs and to increase our licensing revenue.

We carried out two acquisitions in 2021: Bates in North America and Netmind in Europe. Both acquisitions perform well in terms of growth and synergies.

A positive outlook

BTS is coming out of the pandemic with an expanded customer base, a stronger offering of services, a stronger organization and increased revenue from virtual and digital solutions. Overall, we have reached a new level in the past year.

We are well positioned for continued long-term sustainable and profitable growth. The outlook for 2022 is favorable; we believe that earnings will be better than 2021.

Stockholm, April, 2022

Henrik Ekelund
Founder and CEO of BTS Group AB

The global leader in turning strategy into action

BTS focuses on the people side of strategy, working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At our core, we believe people learn best by doing. For more than 35 years, we've been designing fun, powerful experiences that have a profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success. *It's strategy made personal.*

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.





Our services

BTS can level up any area of your business

BTS is a human-centered consulting firm that helps the world's leading companies turn strategy into results. We design fun, powerful experiences that have a profound and lasting impact on people and their careers. We inspire new ways of thinking. We build critical capabilities. In short: We unlock success.

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Strategy execution and business transformation

Our point of view

Going from strategy to execution can be a challenging process. To effectively execute new business and culture strategies in today's constantly changing business environment, leaders must inspire teams to shift their mindsets and behaviors as well as their initiatives and ways of working. We also know that change has changed. Traditional change management approaches can't keep up with today's business evolution. BTS can help your team understand, adapt, and thrive in new competitive landscapes and cultures, providing you with the alignment and mindset necessary to execute your strategies at scale.

How we can help you

- **Strategy implementation:** BTS equips leaders at all levels, from the individual contributor to the c-suite, with the business understanding necessary to accelerate strategy execution. Our simulated experiences inspire everyone in your organization to believe in the power of the strategy and see themselves as a capable and necessary part of your company's future.
- **Sustained transformation:** Culture and strategy can be mutually reinforcing or simultaneously defeating. Our approach addresses the action, direction, and purpose of the people and culture side of transformation as well as your strategic intent. We focus on the critical outcomes your organization needs to shift, and work with you to create change leaders, embed pivotal shifts, and sustain new ways of working to achieve these outcomes.
- **Transformational experiences:** Our customized business simulations compress years into hours so leaders and their teams can shift their view of the external environment and deliver the most powerful organizational response to their customers. In the simulated environment your leaders build the alignment, mindset, and capabilities necessary to execute the new strategy, all in a fun, risk-free environment. People test out new behaviors, giving them the confidence to implement new skills and mindsets back on the job.

How we are different

- **Results-focused:** BTS begins with the end in mind and designs the experience based on your company's desired business outcomes and the transformation you are pursuing. Our solutions are efficient and scalable, maximizing value for participants and delivering ROI for the organization.
- **Deep customization:** Our solutions are specifically tailored to your company's business context, culture, and strategy – not just any company's.
- **Global yet personal:** BTS's worldwide reach enables seamless and efficient implementation. Our digital solutions allow anyone, anywhere, at any time, to access tools and resources to facilitate learning.
- **Enabling your leaders:** We believe that every leader is a change leader – whether they know it or not. We enable your leaders to live your culture and lead the most powerful implementation of your strategy in times of uncertainty.



OUR CLIENTS

Developing a strategy for long-term growth

A global social media management company needed help creating a bold strategy that could compete with the highly competitive and commoditized social media market. The organization partnered with BTS to pressure-test different growth strategies, align its top leaders with the best-fitting one, and identify the key organization-wide changes needed to successfully execute the plan. To achieve this goal, BTS developed four distinct working sessions for the company's top 40 leaders, including the CEO and executive team. During each session, the leaders analyzed key strategic decisions from the past, investigated the social media trends of the future, and tested new growth strategies against these patterns and projections. Leaders went through a custom simulation, and an interactive software program, that modeled the discrete trade-offs of the proposed growth strategy. This prompted executives to debate each strategy's effects on the customer mix, product suite, and go to market approach. Following the working-session experience, the top 40 leaders were able to both identify and align themselves to a growth strategy that was feasible (given existing execution capabilities), inspire the broader group, and ultimately reach their aggressive three-year growth target.

Readying the c-suite to lead a turnaround

Under the leadership of a new CEO, a leading automotive component manufacturer was undergoing significant change, which included implementing a new operating model. To successfully execute the transformation, the organization partnered with BTS to co-create a series of executive working sessions for 13 c-suite leaders. These sessions would enable the leadership team to:

- Create a shared view of the critical market, as well as the competitive internal operational challenges facing the organization increase the sense of urgency for the work ahead.
- Develop the connection and confidence needed as a team to drive action at speed in a matrixed organization.
- Reveal the unproductive mindsets and behaviors limiting the executive team's effectiveness as change leaders, and identify the shifts needed to become more change-ready.
- Build mutual expectations and accountability for ways of working that would drive performance in the new operating model.

As a result, for the first time, leaders understood how their own well-intended behaviors were being perceived as resistance to change. In response, the team co-authored new ways of working, shared expectations for leading as an aligned leadership team, and clarified roles. The company is now on track to meet their turnaround goal as planned.

Shifting culture to support strategic growth

In the rapidly evolving pharma industry, innovation and staying ahead of scientific, technological and regulatory changes is critical. Leading change in this environment is even more challenging. A leading pharmaceutical organization partnered with BTS to engage its top 15,000 leaders globally, taking bold steps to help them develop resilience, gain new understanding of their impact as leaders, and practice listening, engaging and leading to accelerate growth. In small groups, leaders learned new ways to manage their own reactions and used questions to powerfully, respectfully, and productively challenge others. Each group-gathering introduced one new concept that

leaders practiced between sessions. To create accountability, leaders reported their progress on their practice to their BTS coach and their colleagues. As leaders brought these new ways of working into their team meetings and everyday work, the organization's culture began to shift. Leaders now have a clear understanding of their impact and how they can improve. With so many leaders practicing new ways of working at the same time, there has been a radiating effect that has shifted the organization's norms and expectations, as well as produced more productive actions and working relationships.

Leadership readiness and development

Our point of view

Great leaders create inclusive communities, empower individuals and teams with higher levels of motivation, and lift organizational results. Today's leaders must adapt to the rapidly changing world while maintaining the compassion and humility needed to relate to teams on a human level. BTS has deep understanding and expertise in leadership coaching and development, and leverages diverse methods to equip leaders with the tools to succeed.

How we can help you

- **Transformational leadership:** BTS develops leaders at all levels so that they can transform organizations. We partner with you to create curricula that are practical, anchored in strategy, and go beyond behaviors to change mindsets. Our digital learning experiences are dynamic and personal, featuring simulations, which help your people do the best work of their lives.
- **Executive development:** BTS understands what it takes to align people around a purpose. We help top executives manage an array of stakeholders, work with a board, interact with investors, and develop a powerful brand. By partnering with BTS, executives learn to anticipate and manage crises, navigate critical moments in the life of the organization, and achieve outstanding results.
- **Coaching journeys:** Our award-winning approach is scalable, affordable, suitable for leaders at all levels, provides deep organizational insights, and focuses on how to spot and change mindsets in the moments that matter. While traditional coaching methods shift behaviors in about a year, BTS does it in four months, using world-class technology and research to make every minute count.
- **Defining Great leadership:** Leadership is contextual to your business, not just any business. Developed by Industrial Organizational Psychologists, our proven assessments help you define what "great" leadership looks like, evaluate your people against these standards, and execute it at scale across your organization.

How we are different

- **Culture and strategy first:** Our approach to leadership development is deeply embedded in your organization's culture and strategy – not just any company's – and is always tied to delivering measurable business impact.
- **Mindset- and moment-centric:** We leverage our proprietary mindset research, which is based on more than 100,000 coaching conversations, to focus in on the mindset that makes the most difference. We combine this by defining critical moments that drive impact for your people, and through our experiences, people explore these moments, practicing new behaviors and building capabilities in a risk-free environment.
- **Deep customization:** BTS offers solutions for all levels of leaders, from the executive to the front line. Our 300+ coaches deliver in 37 languages, providing a scalable and seamless solution for one-on-one and group engagements.
- **Learner-centric design:** BTS supports leadership learning through a range of approaches from affordable coaching, to simulations, digitally enabled, leader-led sessions. We design solutions that are not only strategic, but also highly personalized, that fit into the flow of work.
- **Global, yet personal:** BTS's worldwide reach enables seamless and efficient implementation. Our digital solutions allow anyone, anywhere, at any time to access tools and resources to facilitate learning.



OUR CLIENTS

Creating a coaching culture

A global ride-hailing app, experiencing exponential growth while transitioning from start-up to multinational organization, sought to cultivate a coaching culture among its line managers. After building a successful internal coaching program, BTS was selected to design, scale, and implement the next phase of the organization's global coaching program. Together, BTS and the organization created a comprehensive learning journey to ensure long-term behavior change and sustained learning, including pre-work, a two-day experiential summit, one individual coaching session, and three virtual coaching "pods," or small group coaching sessions. The program aimed to provide data on participants' pre- and post-program understanding of key concepts. Within five months, participating managers completed over 1,070 coaching sessions, with over 2,000 one-on-one coaching or pod hours. Participant feedback praised the creation of a safe space within which to be vulnerable, the ability to practice tools immediately and often, and the realistic nature of each scenario. Program satisfaction scores averaged 5.52 out of 6, and one-on-one coaching satisfaction scores averaged 5.24 out of 6. Participants reported that they would recommend this program to a colleague 9.4 times out of 10.

Elevating the leadership mindset...

A leading provider of software for property and casualty insurers recognized the need to become more agile, having identified that a remote group of its finance leaders needed stronger leadership skills. The company partnered with BTS to take its leaders through the BTS Multipliers Simulation, which is based on Liz Wiseman's groundbreaking book, *Multipliers: How the Best Leaders Make Everyone Smarter*. The program helped participants learn to "multiply" the talent and intelligence of others by capitalizing on individuals' strengths; avoid "Accidental Diminishers," which are actions and words that may lessen their team's contributions; reach their own "a-ha" moments by working through realistic challenges, having rich discussions, and reflecting on their own relationships in a risk-free environment; and lastly, visualize how the new agile culture and approach would unfold for the organization.

Following the engagement, the Director of Learning and Organizational Development commented:

"[the Multipliers Simulation] was really easy for me to bring [to my team]. You are a great company to work with, and the Multipliers Simulation is a real sweet spot."

Leading during uncertainty

Facing challenging times within a difficult market, a recent acquisition, and quality issues, a leading consumer goods business recognized the need to develop its leaders. The organization wanted to equip its leaders with the skills to manage this period of uncertainty and beyond. The organization partnered with BTS to create a solution that allowed every leader in the business to experience a structured 1:1 coaching program; used digital and remote technology to connect leaders to an executive coach, allowing leaders to explore a set of topics; covered

resilience, leading in uncertainty, creating energy for change, and building momentum; and explored digital content prior to each session to identify best practices and key ideas, which they could then apply and personalize with their coach. As a result of the engagement, the business bounced back to meet its revenue and profit targets the year the program was delivered. Furthermore, participants rated the quality of the coaching sessions an average of 9.4 out of 10, and 96 percent of participants said they changed due to the experience.

Go to market

Our point of view

Integrating marketing and sales is transformational. BTS helps organizations accelerate their sales cycles and go to market approach. In today's market, your sales, marketing, product, and service teams face accelerating buying cycles, fragmented markets, and demanding buyers. BTS has spent years conducting extensive research and working with the world's best sales and marketing organizations to gain a deep understanding of the critical moments in a buyer's journey. Leveraging this understanding, we equip your customer-facing teams with the skills and mindsets needed to accelerate results, close sales quickly, and provide elevated service that will keep your clients coming back.

How we can help you

BTS partners with clients to co-create the right mix of sales methods, go to market strategies, marketing excellence, training, simulations, and assessments for sellers and marketers:

- **Business and industry acumen for sales and marketing:** Sellers must understand the business and industry vertical dynamics that drive strategy and decision-making for their customers. As sellers seek to become more consultative, they need to be able to build and establish their credibility by speaking their customers' industry language.
- **Marketing and integrated go to market:** We help organizations integrate sales and marketing functions to produce a unified, customer-centered approach. Marketing strategy, customer insights, lead management, segmentation, value proposition, value-based pricing, brand equity management, and multi-channel management must be closely aligned with the value selling process and digital strategy to drive results.
- **Become an Accelerator Seller or Accelerator Marketer:** To help customers accelerate business results, your sellers and marketers need to excel in common, critical situations. We identify the moments when your team needs to perform and "what Great looks like" in each scenario. Then, we deploy training modules that enable teams across the value chain to be great when it counts.

- **Build a personal connection through hybrid selling:** BTS's robust digital experience can help you build a strategy that leverages the strong interpersonal skills of your salespeople both on- and offline.
- **Assessments for sales and marketing:** Assessing talent should be accessible in the flow of work, cost-effective, and rooted in a strong point of view. BTS provides high-impact assessments to help with hiring, capability evaluation, and development of sales and marketing talent.
- **Coaching the sales coach:** BTS helps you optimize how your management team fuels the efforts of sales and marketing to achieve your desired business results.

How we are different

- **Results-focused:** BTS begins with the end in mind and designs the experience based on your sales and marketing team's desired business outcomes. Our solutions are efficient and scalable, maximizing value for participants and delivering ROI.
- **Customization to each organization:** Our solutions are specifically tailored to your company's business context and strategy – not just any company's. We identify the right mix of ready-to-go and custom elements to help your sellers and marketers deliver maximum value.
- **Global yet personal:** BTS's worldwide reach enables seamless and efficient implementation. Our digital solutions allow anyone, anywhere, at any time to access tools and resources to facilitate learning.
- **People partner:** Our approach to sales and marketing training and transformation is people-centric and mindset-driven.



OUR CLIENTS

Industry acumen with a cloud software provider

A cloud software provider was new to several industry verticals and needed to deepen its industry understanding in these areas. Additionally, the organization also sought to apply a consistent approach to customer engagement throughout the organization. The company partnered with BTS to build a custom six-hour simulation-based journey for each focus industry, with development support and facilitation from industry subject matter experts and sales leaders. This solution was delivered at scale, providing 6,000 sellers with a consistent approach to industry selling. As a result of the partnership, participants who went through the program closed 31 percent more new business in 2021 when compared with their peers.

Commercial excellence with a multinational agricultural organization

A multinational agricultural organization partnered with BTS to develop a full-fledged commercial heatmap and gap analysis on its commercial alignment, mindset, and capabilities. To kick off the project, BTS built a roadmap, defining several strategic initiatives the organization needed to close identified gaps. This included a commercial excellence academy that incorporated change management and performance support. As a result of the partnership, the organization developed an award-winning academy and performance support framework, yielding measurable results across the whole commercial organization.

Coaching the sales coach at an electronics manufacturing corporation

An electronics manufacturing corporation identified the need to develop coaching amongst its sales managers. Like most organizations, sales managers in the company began as sellers, learning how to uncover customer needs, position their company's offerings, and close deals. While they developed expertise and performed well as individuals, these skills did not directly transfer to being great sales managers. The organization also recognized that coaching was not an innate skill for most. Some sales managers were able to "figure it out," but many more fell into traps such as completing their sellers' tasks for them, rather than equipping them to do so themselves. To break this cycle, BTS partnered with the organization to build a comprehensive approach that combined a targeted training program focused on sales coaching skills, professional one-to-one coaching for sales managers, and mentorship from senior sales leaders.

Virtual selling with a pharmaceutical company

A pharmaceutical company recognized that its sellers often interacted with their customers in the middle of busy, stressful, and draining days. As a result, sellers were seeing less than optimal results. To address this, the organization partnered with BTS to develop a program designed to increase the number of impactful meetings each sales team had with its customers. Together, BTS and the company co-created a five-module series designed to help sellers engage customers in more meaningful, virtual sales conversations. Each module addressed one critical skill with an easy-to-implement, built-in application, which was designed to yield lasting effects on seller-and-customer relationships. They achieved this by focusing on three key areas: creating high levels of engagement with customers, engaging customers in short and focused meetings, and ensuring that every meeting impacted the customer's quality of life and/or business.

Talent acquisition and succession

Our point of view

Real-world experiences drive real-world results. We believe context matters, so our assessments are customized to your specific business, not just any business, mirroring the dynamics of your people, jobs, and culture. Scientific, practical, and engaging, our assessments are built with real people in mind to create experiences that are predictive and enable future success across all levels of talent. We strive to go beyond the traditional client-vendor relationship to be your end-to-end people partner.



How we can help you

- **Define and assess Great:** We design assessments with “great” in mind — to help you understand what talents are needed to drive your organization’s results.
- **Data and insights:** Leveraging the data and insights from our assessments can help you select the best new hires, develop and manage your bench, or change how your people work. Our team has advanced degrees in behavioral science and decades of practical experience, which are applied to every assessment.
- **Tailored to fit from the c-suite to the front line:** Our assessments provide selection and development solutions that are customized to meet the needs of your organization and people, from first-time hires to high-potentials, to those being groomed for the c-suite.

How we are different

- **Data-driven talent decisions:** We help organizations make more precise talent decisions using better data, without adding pointless psychobabble.
- **Results-focused:** Your organization can expect speedy, easy-to-interpret results that provide measurable ROI and illustrate the impact of selection and development decisions.
- **Deep customization:** Our assessments are specifically tailored to your organization’s – not just any organization’s – business context and strategy.
- **Global yet personal:** BTS’s worldwide reach enables seamless and efficient implementation. Our assessments are scalable and can be accessed by anyone, anywhere, at any time.

A middle-aged man with a grey beard and mustache, wearing a tan suit jacket, a light blue shirt, and a dark tie with white polka dots. He is smiling and looking towards the camera. He is standing in front of a large window with a view of a modern building.

OUR CLIENTS

Virtual assessment for hiring senior leaders and executives in financial services

A leading financial services organization sought to create an engaging, immersive virtual assessment center experience to evaluate senior leader and executive job candidates – beginning with the immediate need to hire a Chief DEI Officer. To accomplish this goal, the organization partnered with BTS to create an assessment center leveraging BTS's Virtual Individual Assessment (VIA) methodology. The resulting four-hour technology-based simulation mirrored the organization and its senior leader roles, enabling candidates to demonstrate their capabilities while obtaining a realistic preview of the job and organization. The simulation was augmented with a 60-minute career accomplishment interview, a personality assessment, and a cognitive ability assessment. Following the first successful implementation of the assessment to select a new Chief DEI Officer, the organization's newest leader benefited from a six-month executive coaching engagement with BTS, which helped them acclimate to their new role and organization.

Assessments for high-potentials

Amidst robust growth, a multinational pharmaceutical corporation identified the need to gain a better understanding of its high-potential talent, which would accelerate organizational readiness and strengthen the diversity of its succession plans. To achieve these goals, the organization partnered with BTS to create a customized assessment for 150 of its corporate leaders and 90 of its manufacturing leaders. The assessment included a business case review; SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis; moments-based assessments featuring scenarios modeled after lifelike, on-the-job experiences and customized coaching. Following the assessment, participants received comprehensive reports with their strengths and development areas as well as tools to help them improve and commit to change in their daily roles. As a result of the program, 94 percent of participants indicated they learned something about themselves through the simulation, 93 percent found the online experience to be positive, 92 percent found that the simulation clearly related to the role of a leader at the company, 100 percent found the feedback session helpful, and 97 percent said the feedback will help them plan development to become more effective as leaders. Participants affirmed that they would recommend this experience to a friend 8.7 times out of 10. These assessment results have strengthened the bench and the diversity of the organization's future leadership.



Areas of expertise

Unlock success with BTS

BTS is a human-centered consulting firm that helps the world's leading companies turn strategy into results. We design fun, powerful experiences that have a profound and lasting impact on people and their careers. We inspire new ways of thinking. We build critical capabilities. In short: We unlock success.

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Strategy execution

A great strategy is worthless if it isn't well executed.

Going from strategy to execution can be challenging and risky. In today's environment of constant change, organizations must inspire the behavioral mindset shifts required to effectively execute their business and culture strategies.

We also know that change has changed. Traditional change management approaches can't keep up with the business evolution today.

BTS can help your team understand, adapt, and thrive in new competitive landscapes and cultures and provide you with the business acumen necessary to execute your strategies at scale.



Business acumen

Demystify business acumen.

Lack of strategy alignment and business acumen causes many strategies to fail. Leveraging the right financial literacy, functional business savvy, GM thinking, and enterprise value mindset helps leaders' decision-making and increases leader readiness for executing a successful strategy.



Leadership development

Level up your leadership with BTS.

Being effective as a leader can be learned. But it takes courage to be a rookie again.

Great leaders create inclusive communities and empower their teams to advance to a higher level of motivation by lifting individuals, teams and organizational results.

To be a great leader today, one must adapt quickly in a rapidly changing world while maintaining the compassion and humility needed to relate to your teams on a human level.

BTS understands leadership coaching and development better than anyone in our market. With our diverse set of tools and methods, we'll give your leaders the tools they need to succeed.



Assessment

The world's most business-centric talent insights partner.

Powerful experiences immerse participants in key elements of the business and in the leadership challenges of the role.

Real-world experiences drive real-world results.

We believe context matters. Our assessments are about leading your business, not any business, and mirror the dynamics of your business and culture.

We build our assessments with real people in mind and create experiences optimized for engagement – scientific and practical – creating value at all levels of talent and through all stages of people's careers.

We strive to go beyond the traditional client-vendor relationship to be your total people-partner.

Change and transformation

A changing world requires meeting disruption head-on.

Change has changed. Shouldn't the way you lead change, change too?

We do something different because we believe something different.

Change has changed. Traditional change management approaches cannot keep up with the pace of business evolution today.

We know the wisdom exists in your organization, and we respect your leaders' intelligence, that's why we take

a different approach, based in transformational experiences that help your leaders find their own reasons to change.

Our core beliefs:

- Creating repeated burning platforms is unsustainable. People must discover their own positive reason for change.
- Every leader is a change leader.
- Authorship is ownership. People involved in the change are more engaged with the change.



Executives and teams

BTS's executive development solutions will offer your leaders and transitioning executives the tools they need to create alignment and to constantly view things with fresh eyes and an open mind.

Boards and shareholders know the risk is high for c-suite leaders and teams to deliver on growth and competitive advantage.

BTS's Executives and Teams solutions guide top executives in the c-suite, business, and functions to achieve the organization's aspirations.

We understand what it takes to align people around purpose, manage an array of stakeholders, work with a board, interact with shareholders, manage investors, and develop a brand that makes you a powerful, influential face to the world.

Through our work, executives and their teams become enterprise-focused, agile, decisive, and able to pivot to opportunities. They learn to anticipate and manage crisis, navigate critical moments in the life of the organization, and to achieve outstanding results.



BTS Coach

More than just coaching. Connected. By design.

Build coaching skills and create a coaching culture that serves as a strategic differentiator to drive business success.

Connected by design, our strategy and transformation expertise, unmatched mindset research and our digital ecosystem deliver the best coaching for people and your strategy.

We believe coaching should be in service of your strategy and connected to your values, leader models, and talent processes. If you want to drive change and ensure that it sticks, you must work with leaders at an individual level and a collective level. We do both.

Our digital ecosystem is more than a coaching app. We integrate coaching, assessment, simulation, and learning experiences to transform people and the business. By connecting multiple learning modalities, leaders develop more complex and sophisticated ways of thinking.



Innovation and digital transformation

Understand and execute the capabilities required to innovate successfully.

The discipline of discovering and solving problems in new ways under conditions of uncertainty.

The real question to ask yourself is, "why aren't we doing this today?"

All companies want to innovate, and some leaders and organizations already have an idea of what they want to be doing, but only a handful are doing it successfully.

We believe there are five key capabilities every organization needs to create a culture of innovation.



Sales and marketing

Go to market by accelerating sales and marketing.

Integrating marketing and sales is transformational.

Accelerate your sales cycle. Accelerate your go to market approach.

Your sales, marketing, product, and service teams face accelerating buying cycles, fragmented markets, and demanding buyers. BTS has spent years conducting extensive research and working with the world's best sales and marketing organizations.

We understand the critical moments in your buyer's journey and equip your customer-facing teams with the skills and mindsets needed to accelerate results. After working with BTS your team will be able to close sales faster and provide a higher level of service that will keep your clients coming back.

BTS Digital

BTS is digital, every day.

It's about people, not technology.

Our digitally-enabled programs accelerate learning, spark change, personalize virtual engagements, and improve business results for our clients and their people.

We focus on capabilities that extend workshops and learning journeys to reinforce knowledge and enable practice. Self-paced learning expands the reach of programs, cascading learning and change to the whole organization, and utilizes leader-led modules delivered in the flow of work.





Business model and clients

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The BTS Group's 11 strategic principles

1

Focus

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

2

Internationalization

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

3

Organic growth complemented by acquisitions

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

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

4

Top clients and long-term partnerships

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

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

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

5

Differentiation – higher value and premium position

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

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

6

Offer solutions and IP – not sell time

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

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

7

Network-oriented sales and marketing

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

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

8

Value chain – focus on strategic assets and high value

BTS owns and sources internally:

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

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

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

9

One company – one best practice

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

10

Innovate – and develop – close to the customer

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

11

The people and the company spirit

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

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

World-leading capabilities are shaped in partnership with our clients

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

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

Network-based marketing

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

The network, composed of both those executives who make strategic decisions about change and learning initiatives, and those who actually purchase solutions, helps generate opportunities for new assignments and customers. When BTS approaches a new industry, it initially focuses on a few leading companies. Once these assignments are completed, they will serve as reputation-building reference projects for new sales to other organizations in the same industry.

Multi-market expansion with limited risk

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

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

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

Acquisition strategy

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

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

Developing the revenue mix

BTS's revenues originate from three areas:

- Development
- Programs
- Licenses

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

Efficient customizations

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

When BTS develops solutions for corporations in new industries, the cost of customization is initially high, however, when increasing the use of the experiences and skills initially developed, these costs subsequently fall.

Programs – the majority of revenues

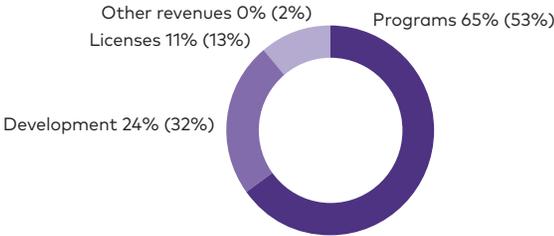
Instructor-led live and virtual seminar programs comprise the greatest source of revenue for BTS, and they are the predominant form of business delivery. BTS consultants are very much involved throughout the whole customization process, and, during delivery, facilitate these solutions in programs.

Increased licensing revenue

The long-term goal is to increase license revenues. License-based business simulations are very efficient learning tools for customers; they make it possible to reach larger groups of employees in organizations, all over the world and at all levels. At the same time, they are a profitable line for BTS.



Net sales by source of revenue
2021 (2020)

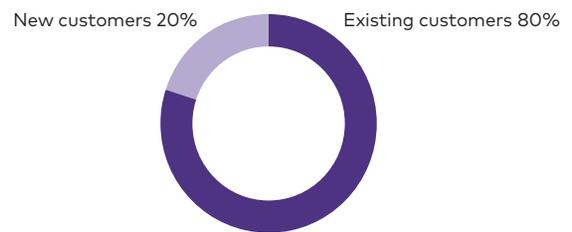


Delivering better results, faster

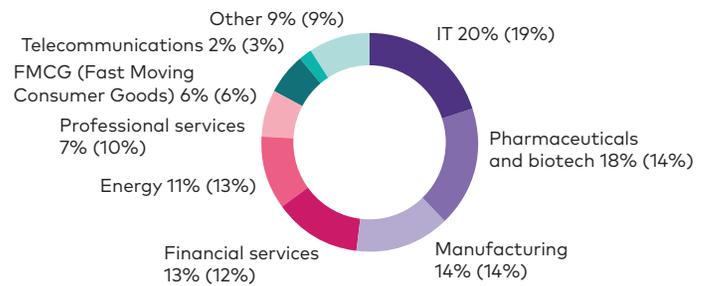
BTS builds long-term customer relationships, on average six to eight years, and has deep expertise in a number of industries.

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

Revenue generation



Revenue source per sector 2021 (2020)



Where we work – Industries

Financial services

- Bank of America
- Bank of China
- ING

Telecommunications

- Ericsson
- T-Mobile
- Verizon

Energy

- Chevron
- Iberdrola
- Repsol

Pharmaceuticals & biotech

- Abbott
- Astra Zeneca
- Novartis

Professional services

- Accenture
- EY
- KPMG

FMCG (Fast Moving Consumer Goods)

- Coca-Cola
- Mondelez
- Unilever

Tech

- Microsoft
- Salesforce.com
- SAP

Manufacturing

- Atlas Copco
- Schindler
- Tetra Pak

Other

- FedEx
- Nike
- Vale

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 under 1 percent. BTS's financial goals are 20 percent revenue growth per year, and a 17 percent operating margin (EBITA).

Continuous growth and profit

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

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

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

In the 1990s, BTS successfully managed to achieve continuous profitable growth. Good market conditions and new product initiatives, as well as new offices in the US, UK, Finland, and South Africa, played a major role in the company's growth during this period. When the market conditions worsened between 2001 and 2003, BTS managed to maintain a healthy level of 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.

New initiatives

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

Increasing profits

BTS constantly strives to improve profitability. The changes and initiatives implemented during the period of consolidation between 2001 and 2003 have, in combination with a focus on raising the proportion of revenues from licensing, led to improvements in margins.

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



Organic growth

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

Acquisitions in 2005 and 2006

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

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

The 2008–2009 recession

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

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

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

Growth 2010–2019

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

During 2013, BTS acquired all the business operations in the Danish company Wizerize A/S. The acquisition created new opportunities to offer digital-enabled solutions that 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 Avo Vision, 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 in the Italian companies Cesim Italia and Design Innovation, which significantly strengthened BTS's position in southern Europe,



through the addition of several major Italian customers, and also reinforced BTS's Italian operation by supplementing it 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 and 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 makes the companies a stronger partner 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, the company SwissVBS and its subsidiaries, and the Swedish company Samsari.

Polaris offers candidate evaluation and interviewing techniques and services, as well as methods that enable customers to effectively recruit, develop and promote employees. Through the acquisition of Polaris, BTS gained two business advantages: new industry-leading services that gave access to a new market segment worth approximately USD 2 billion globally, and secondly, 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 clients with whom the company had developed strong relationships with, and had won awards, making BTS stronger in the Canadian and German-speaking markets.

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

The acquisition of Samsari 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 strengthened 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

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

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

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

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

2021 – another record-breaking year

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

During 2021 BTS acquired the American company Bates Communication 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 US, 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 long experience in business, strategy, corporate communication, and management psychology. The acquisition creates the preconditions for the original operations of both companies to develop major synergies in the service offerings and customer bases.

The acquisition of Netmind enables 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 with an expanded customer base, a stronger offering of services, a stronger organization and increased revenue from virtual and digital solutions. Overall, a new level is reached during 2021, and BTS is well positioned for continued long-term sustainable and profitable growth.



Organization, culture and APG

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A truly global organization

BTS Group's four operational units

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

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

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

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

Advantage Performance Group (APG)

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

BTS services

BTS is a human-centered consulting firm that helps the world's leading companies turn strategy into results. We design fun, powerful experiences that have a profound and lasting impact on people and their careers. We inspire new ways of thinking. We build critical capabilities. In short: We unlock success.

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

Areas of expertise

BTS has ten 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 the BTS Group:

- Strategy execution
- Business acumen
- Leadership development
- Assessment
- Change and transformation
- Executives and teams
- BTS Coach
- Innovation and digital transformation
- Sales and marketing
- BTS Digital

Group-internal functions

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

BTS'S OFFICES AROUND THE WORLD



Our culture is the key to our business. Our people live and embrace our core values.

P Positive spirit and fun

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

E Honesty and integrity

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

O Opportunities based on merit

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

P Putting the team first

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

L Lasting value for clients and people

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

E Excellence through professionalism

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



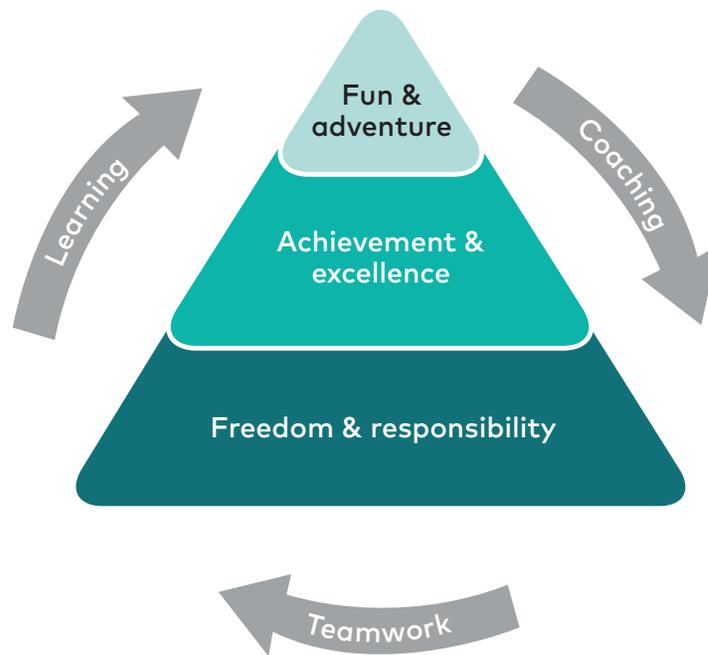
TESTIMONIAL

“Best workplace culture ever. The Leadership here is amazing. Brilliant, strategic, they genuinely care about all their employees at all levels. The content we provide to our clients is top notch. We care deeply about providing our clients the tools they need to reach their business objectives and make the world a better place.”

– *Business Operations Manager at BTS*

Great place to work

During the year, we expanded our employee base to more than more than 1,000 professionals. We work hard to develop, engage and retain our employees. Our culture is the key reason why world-leading companies do business with us and it is why our employees consider BTS a great place to work. Our success is built upon teams of highly talented and diverse professionals who develop and deliver innovative solutions to our global client base.



Fun & adventure

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

Achievement & excellence

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

Freedom & responsibility

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



TESTIMONIALS

"The culture and leadership of BTS is second to none. Great co-workers, interesting projects, and copious learning opportunities. No one will ever tell you 'no' if you want to take ownership and develop something new – the team will support you every step of the way."

– Director at BTS

"Continuous learning and opportunity to work with top management in global firms. A steep learning curve, good people, and team spirit!"

– Consultant at BTS

Key figures, employees	2021	2020	2019	2018	2017
Number of employees at the end of the year	1,071	821	832	701	596
Percentage of whom are women, % ¹⁾	52	52	53	51	50
Net turnover per employee, SEK thousands	2,048	1,736	2,393	2,478	2,268

¹⁾ Yearly average number

We help organizations develop great people

What we do

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

Our point of view

APG's Advantage WaySM methodology is used to both define and measure the impact of various solutions. In partnership with Dr. Robert Brinkerhoff, we leverage his groundbreaking work on High Impact Learning Systems® and the Success Case Method® to help organizations achieve documented business results and improved job performance.

How we help you

APG works with leading solution providers, including BTS, to provide assessments, coaching, experiential learning, and development programs. Additionally, APG has a network of facilitators who deliver programs around the US and internationally. The pandemic has proven to be a pivotal time for all of us. We have continued to innovate to meet the challenges and needs of our clients around the world, and will continue to do so in the following ways:

- Gathering our clients frequently to share best practices, explore challenges and innovate across industries.
- Providing a continuous stream of free resources relevant to individuals dealing with constant change.
- Partnering with emerging thought leaders to offer digital capabilities on the cutting edge of learning design and knowledge transfer, including mobile app technology.
- Understanding the importance for diversity, equity and inclusion training and delivering on our clients' needs with engaging, impactful learning experiences.

How we are different

- We're insightful: Our organization serves as a source of world-class thought leadership. We orchestrate expertise and provide integration services to deliver business results.
- We're creative: Our approach brings inspired ideas to life through imaginative yet practical solutions.
- We're accountable: We are relentless in our pursuit of becoming our clients' most accountable partner. For over 30 years, we have delivered on our promises and are the first call our clients make when they have a need.





CLIENT TESTIMONIALS

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

– CFO, North American Retail Marketing Association

"APG guided my team toward the right solutions and made sure all the content was relevant and completely customized to our audience. I am very glad I made the decision to work with them for this project; it made all the difference!"

– Associate Director, Global Leadership Development, Global Pharmaceutical Organization

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

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

"We sought a partner who would be hands-on, seek to know the causes of our pain, bring discernment and understanding into resolving our problem, and suggest complementary resources to meet our challenges with measurable ideas. Advantage delivered on all of this and more."

– Director of Learning and Development, North American Food Distributor



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BTS share information

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

The share capital totals SEK 6,458,116, distributed among 853,800 Class A shares and 18,520,547 Class B shares, each with a quotient value of SEK 0.33. Each Class A share entitles the holder to ten votes, each Class B share one vote. All shares carry equal rights to participate in the company's assets and profits.

At December 31, 2021, there were 3,251 (3,244) shareholders in the company, an increase of 2 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

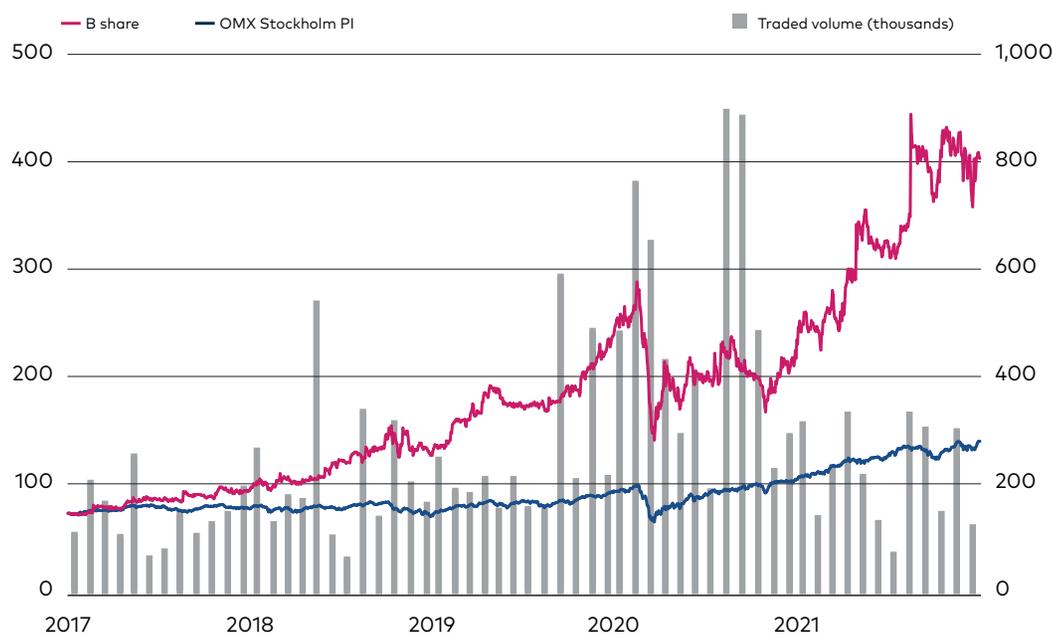
The company's goal is to distribute 40–65 percent of profit after tax in the long run.

SEK	2021	2020	2019	2018	2017
Share price at December 31	403.00	217.00	238.00	127.00	93.50
Earnings per share	11.11	1.82	7.84	6.67	5.20
Price/earnings ratio, December 31	36.28	119.2	30.3	19.0	18.0
Cash and cash equivalents per share, December 31	30.68	30.60	16.38	13.80	10.58
Equity per share, December 31	50.75	36.75	43.47	37.04	30.74
Dividend per share	4.80 ¹⁾	1.20	3.60	3.60	2.80

¹⁾ Proposed dividend.

BTS Group AB share price 2017–2021

Share price quotes cover opening price first day of trading 2017 to closing price last day of trading 2021.



Sources: Bloomberg and Fidessa

Share capital

Change in capital

Year	Transaction	Increase in share capital, SEK	Share capital, SEK	Class A shares	Class B shares	Total no. of shares	Par value per share, SEK
1999	Formation of the company	100,000	100,000	439,900	560,100	1,000,000	00:10
1999	New issue	8,200	108,200		82,000	1,082,000	00:10
2001	Stock dividend issue	4,219,800	4,328,000			1,082,000	04:00
2001	4:1 split		4,328,000	1,319,700	1,926,300	4,328,000	01:00
2001	Conversion of Class A to Class B shares			-1,475,000	1,475,000	4,328,000	01:00
2001	New issue	1,500,000	5,828,000		1,500,000	5,828,000	01:00
2002	New issue	69,300	5,897,300		69,300	5,897,300	01:00
2006	3:1 split		5,897,300	569,200	11,225,400	17,691,900	00:33
2006	New issue	118,800	6,016,100		356,400	18,048,300	00:33
2012	New issue	5,922	6,022,022		17,765	18,066,065	00:33
2013	New issue	174,601	6,196,623		523,805	18,589,870	00:33
2014	New issue	18,834	6,215,457		56,500	18,646,370	00:33
2017	New issue	80,227	6,295,684		240,681	18,887,051	00:33
2018	New issue	42,288	6,337,972		126,865	19,013,916	00:33
2019	New issue	101,459	6,439,431		304,376	19,318,292	00:33
2021	New issue	18,685	6,458,116		56,055	19,374,347	00:33

10 largest shareholders

Name	No. of Class A shares	No. of Class B shares	Holding	Pctg. holding	Pctg. votes
Henrik Ekelund, incl. companies	816,000	2,789,034	3,605,034	18.6	40.5
Stefan af Petersens, incl. companies	37,800	2,292,195	2,329,995	12.0	9.9
SEB Funds		2,091,283	2,091,283	10.8	7.8
Nordea Funds, incl. Luxemburg funds		1,868,050	1,868,050	9.6	6.9
Lannebo Funds		1,810,221	1,810,221	9.3	6.7
Swedbank Robur Funds		1,713,959	1,713,959	8.8	6.3
Third Swedish National Pension Fund (AP3)		947,803	947,803	4.9	3.5
Kayne Anderson Rudnick		694,365	694,365	3.6	2.6
Enter Funds		444,451	444,451	2.3	1.6
AMF Pension & Funds		394,007	394,007	2.0	1.5
Total for 10 largest shareholders	853,800	15,045,368	15,899,168	81.9	87.3
Other shareholders		3,475,179	3,475,179	18.1	12.7
Total	853,800	18,520,547	19,374,347	100.0	100.0

Five-year summary

Income statement

Consolidated income statements in summary

SEK millions	2021	2020	2019	2018	2017
Net sales	1,917	1,464	1,865	1,598	1,243
Operating expenses	-1,557	-1,309	-1,554	-1,384	-1,092
Forgiven PPP loan	50	-	-	-	-
Depreciation of property, plant, and equipment	-71	-65	-66	-12	-10
Amortization of intangible assets	-33	-26	-20	-19	-9
Operating profit (EBIT)	305	65	226	183	132

Net sales per operating unit

SEK millions	2021	2020	2019	2018	2017
BTS North America	949	689	877	714	574
BTS Europe	353	316	386	316	204
BTS Other markets	493	363	490	460	351
APG	121	95	112	109	114
Total	1,917	1,464	1,865	1,598	1,243

Operating profit (EBITA) per operating unit

SEK millions	2021	2020	2019	2018	2017
BTS North America	152.8	48.8	118.6	93.4	73.7
BTS Europe	51.0	19.5	63.3	44.9	17.9
BTS Other markets	75.2	19.4	57.2	62.8	47.6
APG	2.9	-2.9	1.5	0.9	1.7
Total excl IFRS 16	282.0	84.8	240.5	202.1	140.9
Effects of IFRS 16	6.3	5.5	4.8	-	-
Forgiven PPP loan	49.7	-	-	-	-
Total incl IFRS 16	338.0	90.3	245.3	-	-

Operating units

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

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

BTS Other markets consists of operations in Argentina, Australia, Brazil, China, Costa Rica, India, Italy, Japan, 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 US.

Balance sheet

Consolidated balance sheets in summary

SEK millions	2021	2020	2019	2018	2017
<i>Assets</i>					
Non-current assets	1,147	826	851	581	549
Accounts receivable	557	409	514	512	335
Other current assets	194	134	187	172	141
Cash and cash equivalents	594	591	316	262	200
Total assets	2,492	1,960	1,869	1,528	1,226
<i>Equity and liabilities</i>					
Equity	983	710	840	704	581
Interest-bearing liabilities	281	404	76	103	126
Non-interest-bearing liabilities	1,228	846	953	721	519
Total equity and liabilities	2,492	1,960	1,869	1,528	1,226

Cash flow

Consolidated cash flow in summary

SEK millions	2021	2020	2019	2018	2017
Cash flow from operating activities	312	242	218	158	98
Cash flow from investing activities	-182	-148	-38	-37	-80
Cash flow from financing activities	-161	213	-132	-71	55
Cash flow for the year	-30	307	48	50	73
Cash and cash equivalents, start of year	591	316	262	200	135
Translation differences in cash and cash equivalents	34	-33	6	12	-8
Cash and cash equivalents, end of year	594	591	316	262	200

Financial ratios for the Group

SEK millions	2021	2020	2019	2018	2017
Net sales	1,917	1,464	1,865	1,598	1,243
Operating profit (EBITA)	338	90	245	202	141
Operating margin (EBITA margin), %	17.6	6.2	13.2	12.6	11.3
Operating profit (EBIT)	305	65	226	183	132
Operating margin (EBIT margin), %	15.9	4.4	12.1	11.5	10.6
Profit margin, %	11.2	2.4	8.1	7.9	7.9
Earnings per share, SEK	11.11	1.82	7.84	6.67	5.20
Operating capital	670	523	600	545	506
Return on operating capital, %	51	12	39	35	28
Equity	983	710	840	704	581
Return on equity, %	25	5	20	20	17
Equity per share, SEK	50.75	36.75	43.47	37.04	30.74
Equity/assets ratio, %	39	36	45	46	47
Dividend per share, SEK	4.80 ¹⁾	1.20	3.60	3.60	2.80
Cash flow	-30	307	48	50	73
Cash and cash equivalents	594	591	316	262	200
Number of employees at year-end	1,071	821	832	701	596
Average number of employees	936	843	779	645	548
Annual net sales per employee	2.0	1.7	2.4	2.5	2.3

¹⁾ Proposed dividend.

Definitions

Operating margin (EBITA margin)

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

Operating margin (EBIT margin)

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

Profit margin

Profit for the period as a percentage of net sales.

Earnings per share

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

Operating capital

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

Return on operating capital

Operating profit as a percentage of average operating capital.

Return on equity

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

Equity per share

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

Equity/assets ratio

Equity as a percentage of the balance sheet total.

Dividend per share

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

Annual net sales per employee

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

Price/earnings ratio

Price per share divided by earnings per share.

Net liabilities

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

Management report

The Board of Directors and CEO of BTS Group AB (publ), corporate identity number 556566-7119, hereby submit their annual accounts and consolidated financial statements for the fiscal year 2021. The consolidated income statement and balance sheet, as well as the Parent company's income statement and balance sheet, will be submitted to the Annual General Meeting for adoption.

Operations

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

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

Revenue and profit

BTS's net sales increased by 31% during the year, to SEK 1,917 million (1,464). Adjusted for changes in exchange rates, revenues increased by 38%.

In May 2020, the US BTS subsidiary received federal COVID-19 support under the "Paycheck Protection Program" (known as PPP loans). In accordance with the guidelines from the US authorities, this loan was written off during the third quarter of 2021, and had a positive impact of MSEK 49.7 on operating profit. For increased comparability, the outcome for 2021 is stated throughout this Annual report both including and excluding the forgiven PPP loan.

Operating profit (EBITA) increased during the year, to SEK 338 million (90), excluding forgiven PPP loan 288 (90).

The operating margin (EBITA margin) was 17.6% (6.2), excluding forgiven PPP loan 15.0 (6.2).

Operating profit (EBIT) increased to SEK 305 million (65), excluding forgiven PPP loan 256 (65). The operating margin (EBIT margin) was 15.9% (4.4), excluding forgiven PPP loan 13.3 (4.4). Operating profit (EBIT) was charged with SEK 32.8 million (25.7) for amortization of intangible assets attributable to acquisitions.

Consolidated profit before tax for the year increased to SEK 289 million (51), excluding forgiven PPP loan 240 (51).

The focus in 2021 was a comparison with 2019, since 2020 was an extraordinary year. Adjusted for changes in foreign exchange rates, net sales in 2021 increased 13 percent compared with 2019. Virtual deliveries mean that there are no expenses charged to revenue, which is why growth in the operations is about 5 percent higher.

Compared with 2019, operating profit (EBITA), excluding the forgiven PPP loan, increased by 18 percent. The operating margin (EBITA margin) increased from 13.2 to 15.0 percent, excluding the forgiven PPP loan.

Net sales for BTS's operations in North America totaled SEK 949 million (689) in 2021. Adjusted for changes in exchange rates, revenues increased by 48%. Operating profit (EBITA) totaled SEK 153 million (49) for the year. The operating margin (EBITA margin) was 16.1% (7.1).

Compared with 2019, net sales adjusted for changes in foreign exchange rates, increased 19 percent and operating profit (EBITA) in SEK increased 29 percent.

Net sales for BTS Europe totaled SEK 353 million (316) in 2021. Adjusted for changes in exchange rates, revenues increased by 13%. Operating profit (EBITA) totaled SEK 51 million (19) for the year. The operating margin (EBITA margin) was 14.4% (6.2).

Compared with 2019, net sales adjusted for changes in foreign exchange rates, decreased 6 percent and operating profit (EBITA) in SEK decreased 19 percent.

Net sales for BTS Other markets totaled SEK 493 million (363) in 2021. Adjusted for changes in exchange rates, revenues increased by 43%. Operating profit (EBITA) totaled SEK 75 million (19) for the year. The operating margin (EBITA margin) was 15.2% (5.4).

Compared with 2019, net sales adjusted for changes in foreign exchange rates increased 15 percent and operating profit (EBITA) in SEK increased 32 percent.

Net sales for APG reached SEK 121 million (95) in 2021. Adjusted for changes in exchange rates, revenue increased by 36%. Operating profit (EBITA) totaled SEK 2.9 million (–2.9) for the year. The operating margin (EBITA margin) was 2.4% (–3.1).

Compared with 2019, net sales, adjusted for changes in foreign exchange rates, increased 18 percent and operating profit (EBITA) in SEK increased 89 percent.

Financial position

At the end of the period, cash and cash equivalents were SEK 594 million (591). The Group's interest-bearing loans, attributable to previously completed acquisitions, totaled SEK 281 million (404) at the end of the period. Equity totaled SEK 983 million (710) at year-end, and the equity/assets ratio was 39% (36). BTS's cash flow from operating activities for the year was SEK 312 million (242).

Acquisitions

BTS acquired operations in Bates Communications, Inc. (Bates) and Netmind SL in 2021. The acquisition of Bates creates the preconditions for the original operations of both companies to develop major synergies in the service offerings and customer bases. The acquisition of Netmind enables 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.

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

Ratification of acquisition analysis

The preliminary acquisition analysis regarding the year's acquisition of Bates and Netmind has been ratified. The effect of the ratification is an increase in goodwill and a provision for deferred tax liability of SEK 17.8 million.

Employees

The number of employees in BTS Group AB at December 31, 2021 was 1 071 (821). Out of the staff increase of 250 employees, 24 were added through the acquisition of Bates, 61 through the acquisition of Netmind and 63 were added in BTS's existing specialist team "BTS Digital". Recruitment within BTS Digital is due to increased efforts and investments in the company's digital solutions.

The average number of employees during the year was 936 (843).

Shareholders

The total number of shares outstanding at December 31, 2021 was 19,374,347, consisting of 853,800 Class A and 18,520,547 Class B shares. Each Class A share entitles the holder to 10 votes per share, each Class B one vote per share.

The company's articles of association contain no restrictions on the transfer of shares. The company has one shareholder, Henrik Ekelund including companies, whose holdings exceeded 10% of votes at year-end 2021. 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 3.5 million (3.4), and profit after financial items SEK 62.1 million (52.2). Cash and cash equivalents were SEK 0.7 million (44.0).

Market development

The market performed positively during the year. The pandemic initiated significant changes to strategies and organizations in many companies, creating increased demand for our services. Virtual deliveries are now fully accepted as a possible replacement for physical deliveries.

Sustainability report and corporate governance report

In accordance with the Annual Accounts Act (Chapter 6, paragraph 11) BTS has chosen to establish the statutory Sustainability report and the statutory Corporate governance report (Chapter 6, paragraph 8) as two reports separate from the Annual report. The Sustainability report and the Corporate governance report were submitted to the auditor at the same time as the Annual report for 2021, and can be found on the pages 85–103.

Information about risk and uncertainty

Market risks

Sensitivity to economic conditions

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

Dependence on individual customers

BTS's ten largest customers accounted for 27% (29) of its sales in 2021. By striving for a broad customer base, BTS limits its dependence on individual customers.

No sector dominates

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

Geographical spread

50% (47) of BTS's sales in 2021 were in the operating unit BTS North America, BTS Other markets represented 26% (25), BTS Europe accounted for 18% (22) and APG 6% (6).

Fragmented competitive situation

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

Operational risks

Quality and brands

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

Intellectual property

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

Securing human resources

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

Dependence on key personnel

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

Financial risks

Effective and systematic assessments of financial and commercial risks are vital to BTS. The Group's financial policy specifies guidelines and objectives for managing financial risks within the Group. Financing and risk management have been gathered under the Group finance function. The subsidiaries manage all foreign exchange dealings and credit to clients within the framework of the policy. For details, see Note 2, Significant accounting policies, and Note 19, Financial instruments and financial risk management.

Foreign exchange risks

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

	Percentage change	Change ¹⁾ SEK thousands
SEK/USD	+/-10%	19,021
SEK/EUR	+/-10%	6,692
SEK/GBP	+/-10%	1,103

¹⁾ Based on 2021 figures.

Credit risks

BTS only accepts creditworthy counterparties. BTS's accounts receivable are distributed among a large number of companies operating in different sectors. The maximum credit risk at year-end was SEK 22,690 thousand (20,960), which corresponds to the largest credit exposure to any single group.

Liquidity risk and interest rate risk

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

Impact of the COVID-19 pandemic

Operations

In 2021, the pandemic has continued to have a significant impact on communities and businesses, primarily through lockdowns and severe restrictions. As previously communicated, BTS took a number of strategic measures early on to manage the effects of the pandemic, where the health and well-being of our employees and customers has the highest priority, which in some cases has led to stricter rules than recommended by the authorities. As vaccination work has progressed and restrictions have been lifted, the impact of the pandemic on operations is diminishing.

Support measures

In May 2020, the US BTS subsidiary received federal COVID-19 support under the "Paycheck Protection Program" (known as PPP loans). In accordance with the guidelines from the US authorities, this loan was written off during the third quarter of 2021, and had a positive impact of MSEK 49.7 on operating profit.

Otherwise, in 2021, the Group has only benefited from local support measures to a very limited extent. These have reduced personnel costs by a total of MSEK 1.9. No employees were affected by any furloughs during the year. For a more detailed description, refer to Note 6 Government grants.

Significant events after the close of the fiscal year

A new CEO is appointed

Henrik Ekelund has, after 36 years as founder and CEO of BTS Group, chosen to hand over the day-to-day operational responsibility as CEO. The Board has appointed Jessica Skon as new CEO of BTS Group, which was communicated in a press release on April 11, 2022. Jessica Skon is currently CEO of BTS North America. Philios Andreou has been appointed as new Deputy CEO. He is currently responsible for BTS Other markets. Both will take on their new jobs on May, 16, and Henrik Ekelund will remain CEO until this date. The Nomination

Committee will propose Henrik Ekelund as the new Chairman of the company's Board of Directors, at the Annual General Meeting 2022.

The war in Ukraine

The spring has been marked by the war in Ukraine and the very worrying development in Europe. BTS has no operations in Russia or Ukraine, and the conflict thus has no direct operational impact on BTS's operations. BTS has decided not to take on any new projects in Russia. BTS's management and Board of Directors continuously analyze how the conflict affects the global market and the world economy. Based on the analyzes, action plans are created, if necessary, to manage any risks that may arise in the business.

Research and development

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

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

Proposed appropriation of earnings

Parent company

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

	SEK
Profit brought forward	121,928,759
Profit for the year	57,824,423
Total	179,753,182

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

	SEK
To be distributed to shareholders: SEK 4.80 per share totaling ¹⁾	92,996,866
To be carried forward	86,756,316
Total	179,753,182

¹⁾ The total amount of the proposed dividend is based on the number of outstanding shares as of April 21, 2022.

The Board proposes a dividend of SEK 4.80 per share, to be paid in an amount of SEK 2.40 on two occasions. The dividend is proposed to be paid on May 20, 2022 and November 18, 2022 respectively.

Statement from the Board of Directors on the proposed dividend

The proposed dividend to shareholders will reduce the Parent company's equity/assets ratio to 22%, and the Group's equity/assets ratio to 37%. The equity/assets ratio, as well as the cash situation, is considered satisfactory.

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

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

Multiple-year review

Performance for the past five fiscal years is presented below.

SEK thousands	2021	2020	2019	2018	2017
Net sales	1,916,762	1,464,155	1,865,499	1,598,399	1,242,591
Operating expenses	-1,557,303	-1,308,726	-1,554,314	-1,384,450	-1,091,837
Forgiven PPP loan	49,694	-	-	-	-
Depreciation of property, plant, and equipment	-71,189	-65,123	-65,855	-11,835	-9,887
Amortization of intangible assets	-32,764	-25,700	-19,670	-18,713	-8,574
Operating profit (EBIT)	305,200	64,607	225,660	183,401	132,292
Operating margin (EBIT margin) %	15.9	4.4	12.1	11.5	10.6
Number of employees at year-end	1,071	821	832	701	596
Average number of employees	936	843	779	645	548
Net sales per employee	2,048	1,736	2,393	2,478	2,268

Consolidated income statement

SEK thousands	NOTE	2021	2020
Net sales	10	1,916,762	1,464,155
Operating expenses			
Other external expenses	3,4,5,6	-525,699	-433,041
Employee benefit expenses	6,7	-1,031,604	-875,686
Forgiven PPP loan	6	49,694	-
Depreciation of property, plant, and equipment and amortization of intangible assets	5,8,9	-103,953	-90,822
Total operating expenses		-1,611,562	-1,399,549
OPERATING PROFIT	10	305,200	64,607
Financial items	11		
Financial income		884	1,264
Financial expenses		-17,193	-15,171
Total gain/loss on financial items		-16,309	-13,907
Affiliated companies, profit after tax		320	353
PROFIT BEFORE TAX		289,210	51,053
Tax on profit for the year	12	-74,508	-15,826
PROFIT FOR THE YEAR		214,702	35,226
Profit for the year attributable to: Parent company's shareholders		214,702	35,226
Earnings per share (profit for the year attributable to Parent company shareholders)	13		
Earnings per share, before dilution, SEK		11.11	1.82
No. of shares at year-end		19,374,347	19,318,292
Dividend per share, SEK	14	4.80 ¹⁾	1.20

¹⁾ Proposed dividend.

Consolidated statement of comprehensive income

SEK thousands	NOTE	2021	2020
PROFIT FOR THE YEAR		214,702	35,226
Other comprehensive income			
<i>Items that later could be reclassified to profit or loss</i>			
Translation differences in equity	18	64,998	-95,397
Other comprehensive income for the year, net after tax		64,998	-95,397
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		279,700	-60,171
Portion attributable to Parent company shareholders		279,700	-60,171

Consolidated balance sheet

SEK thousands	NOTE	12-31-21	12-31-20
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill	8	830,094	548,759
Other intangible assets	8	114,895	75,219
Total intangible assets		944,990	623,978
<i>Property, plant and equipment</i>			
Equipment	9	41,854	37,868
Right-of-use assets	5	138,218	147,514
Total property, plant and equipment		180,072	185,382
<i>Financial assets</i>			
Deferred tax assets	16	10,293	7,441
Other non-current receivables	19	11,644	9,342
Total financial assets		21,937	16,782
Total non-current assets		1,146,999	826,143
Current assets			
<i>Current receivables</i>			
Accounts receivable	19	556,852	408,549
Other receivables	19	56,906	37,613
Prepaid expenses and accrued income	17	136,646	96,611
Total current receivables		750,404	542,772
Cash and cash equivalents		594,435	591,171
Total current assets		1,344,839	1,133,943
TOTAL ASSETS		2,491,837	1,960,087

SEK thousands	NOTE	12-31-21	12-31-20
EQUITY AND LIABILITIES			
Equity			
	18		
Share capital		6,458	6,439
Other paid-in capital		4,893	4,621
Reserves		28,407	-36,319
Retained earnings, including profit for the year		943,492	735,115
Total equity		983,250	709,857
LIABILITIES			
Non-current liabilities			
Other non-current liabilities	19,20	129,314	239,360
Deferred tax liability	16	81,933	61,719
Non-current provisions	19	233,843	27,841
Non-current lease liabilities	5	97,455	106,939
Total non-current liabilities		542,544	435,860
Current liabilities			
Accounts payable	19	35,100	34,509
Tax liabilities		12,208	-
Current provision	19	42,711	120,901
Other current liabilities	19	212,339	222,526
Accrued expenses and prepaid income	22	619,876	392,348
Current lease liabilities	5	43,808	44,086
Total current liabilities		966,043	814,369
TOTAL EQUITY AND LIABILITIES		2,491,837	1,960,087

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

Changes in consolidated equity

Attributable to Parent company

SEK thousands	NOTE 18	Share capital	Other paid-in capital	Reserves	Retained earnings including profit for the year	Total equity
Opening balance at January 1, 2020		6,439	5,063	58,637	769,539	839,678
Comprehensive income						
Profit for the year					35,226	35,226
Other comprehensive income						
Translation differences			-441	-94,956		-95,397
Total comprehensive income		0	-441	-94,956	35,226	-60,171
Transactions with shareholders						
Share-based payment according to IFRS 2					128	128
Dividends to shareholders					-69,564	-69,546
Other					-232	-232
Total transactions with shareholders		0	0	0	-69,650	-69,650
Closing balance at December 31, 2020		6,439	4,621	-36,319	735,115	709,857
Opening balance at January 1, 2021		6,439	4,621	-36,319	735,115	709,857
Comprehensive income						
Profit for the year					214,702	214,702
Other comprehensive income						
Translation differences			272	64,726		64,998
Total comprehensive income			272	64,726	214,702	279,700
Transactions with shareholders						
New issue		19			16,843	16,862
Share-based payment according to IFRS 2					119	119
Dividends to shareholders					-23,194	-23,194
Other					-94	-94
Total transactions with shareholders		19	0	0	-6,326	-6,307
Closing balance at December 31, 2021		6,458	4,893	28,407	943,492	983,250

Consolidated cash flow statement

SEK thousands	NOTE	2021	2020
Operating activities			
Operating profit		305,200	64,607
Adjustments for non-cash items			
Depreciation and amortization	5	103,953	90,822
Financial items	11	-15,990	-13,554
Tax paid for the year		-76,410	-41,946
<i>Cash flow from operating activities before changes in working capital</i>		316,752	99,929
<i>Cash flow from changes in working capital</i>			
Change in accounts receivable		-114,537	58,803
Change in other operating receivables		-57,868	26,072
Change in accounts payables and other operating liabilities		167,698	57,301
<i>Cash flow from changes in working capital</i>		-4,707	142,177
Cash flow from operating activities		312,045	242,106
Investing activities			
Acquisition of property, plant and equipment	9	-12,264	-12,378
Acquisition of intangible assets	8	-7,076	-8,048
Acquisitions of companies after deduction of cash and cash equivalents	19,23	-160,434	-125,718
Change in other financial assets		-2,113	-1,506
Cash flow from investing activities		-181,887	-147,649
Financing activities			
Repayment of loan		-70,854	-20,000
Borrowings		-8,591	347,904
Dividends to shareholders	14	-23,194	-69,546
Amortization lease liabilities	5	-57,998	-45,332
Cash flow from financing activities		-160,637	213,026
Cash flow for the year		-30,478	307,484
Cash and cash equivalents, start of the year		591,171	316,388
Translation differences in cash and cash equivalents		33,742	-32,701
Cash and cash equivalents, end of year		594,435	591,171

Parent company's income statement

SEK thousands	NOTE	2021	2020
Net turnover	3	3 480	3 360
<i>Operating expenses</i>			
Other external expenses	3, 4	-2,119	-4,423
Employee benefit expenses	7	-1,702	-1,648
Total operating expenses		-3,821	-6,071
OPERATING PROFIT		-341	-2,711
<i>Financial items</i>			
Gains/losses from participation in Group companies	11	70,992	61,315
Interest income and similar profit/loss items		834	614
Interest expenses and similar profit/loss items		-9,423	-7,033
Total gain/loss on financial items		62,403	54,896
PROFIT BEFORE TAX		62,062	52,184
Tax on profit for the year	12	-4,237	-3,209
PROFIT FOR THE YEAR		57,824	48,975

Parent company's statement of comprehensive income

SEK thousands	NOTE	2021	2020
PROFIT FOR THE YEAR		57,824	48,975
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		57,824	48,975

Parent company's balance sheet

SEK thousands	NOTE	12-31-21	12-31-20
ASSETS			
Non-current assets			
<i>Financial assets</i>			
Participations in Group companies	15	367,227	279,378
Receivables from Group companies		63,407	22,083
Total non-current assets		430,634	301,460
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		125,107	142,965
Prepaid expenses and accrued income		174	105
Total current receivables		125,282	143,070
Cash and cash equivalents		658	44,041
Total current assets		125,939	187,111
TOTAL ASSETS		556,573	488,571
EQUITY AND LIABILITIES			
EQUITY			
<i>Restricted equity</i>			
Share capital		6,458	6,439
Total restricted equity		6,458	6,439
<i>Non-restricted equity</i>			
Retained earnings		121,929	79,304
Profit for the year		57,824	48,975
Total non-restricted equity		179,753	128,280
Total equity		186,211	134,719
LIABILITIES			
Non-current liabilities			
Other non-current liabilities	19,20	122,500	187,247
Non-current provisions	19	55,023	–
Total non-current liabilities		177,523	187,247
Current liabilities			
Accounts payable		131	131
Tax liabilities		6,842	2,888
Other current liabilities	19	154,701	163,289
Debt to group companies		30,884	–
Accrued expenses and prepaid income	22	280	296
Total current liabilities		192,838	166,605
TOTAL EQUITY AND LIABILITIES		556,573	488,571

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

Parent company's cash flow statement

SEK thousands	NOTE	2021	2020
Operating activities			
Operating profit		-341	-2,711
Financial income and expenses	11	-8,590	-6,419
Tax paid for the year		-283	-321
<i>Cash flow from operating activities before changes in working capital</i>		-9,214	-9,451
Cash flow from changes in working capital			
Change in operating receivables		-23,536	-120,294
Change in accounts payables and other operating liabilities		43,485	-4,654
<i>Cash flow from changes in working capital</i>		19,949	-124,948
Cash flow from operating activities		10,735	-134,399
Investing activities			
Dividends received from subsidiaries		41,492	37,190
Acquisition of companies after deduction of cash and cash equivalents		-28,578	-93,272
Cash flow from investing activities		12,914	-56,083
Financing activities			
Group contributions		29,500	24,125
Repayment of loan		-64,747	-20,000
Borrowings		-8,591	298,060
Dividends to shareholders	14	-23,194	-69,546
Cash flow from financing activities		-67,033	232,639
Cash flow for the year		-43,383	42,158
Cash and cash equivalents, start of year		44,041	1,883
Cash and cash equivalents, end of year		658	44,041

Changes in Parent company's equity

SEK thousands	NOTE 18	Share capital	Statutory reserve	Retained earnings	Profit for the year	Total equity
Opening balance at January 1, 2020		6,439	-	107,867	40,983	155,290
By AGM proposed appropriation						
Transfer to retained earnings				40,983	-40,983	-
Comprehensive income for the period					48,975	48,975
Transactions with shareholders						-
Dividends to shareholders				-69,546		-69,546
Closing balance at December 31, 2020		6,439	-	79,304	48,975	134,719
Opening balance at January 1, 2021		6,439	-	79,304	48,975	134,719
By AGM proposed appropriation						
Transfer to retained earnings				48,975	-48,975	-
Comprehensive income for the period					57,824	57,824
Transactions with shareholders						-
Dividends to shareholders				-23,194		-23,194
New issue		19		16,843		16,862
Closing balance at December 31, 2021		6,458	-	121,929	57,824	186,211

Notes to the Annual report

NOTE 1 | General information

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

The Annual report and consolidated financial statements were approved for publication by the Board of Directors on April 21, 2022.

NOTE 2 | Significant accounting policies

Amounts are stated in SEK thousands unless otherwise stated.

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

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

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

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

Changes in accounting principles

There are no new IFRS standards or IFRIC statements that have had a significant impact on the Group's earnings and position during the financial year 2021. 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 2022 and later. 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 exceed the net value of identified acquired assets and assumed liabilities recorded in an acquisition analysis, the difference is recognized as goodwill.

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

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

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

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

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

Exchange rates for currencies most relevant to the Group:

	Average 2021	12-31-21	Average 2020	12-31-20
USD	8.58	9.04	9.21	8.19
EUR	10.14	10.23	10.49	10.04
GBP	11.80	12.18	11.81	11.09
AUD	6.44	6.56	6.34	6.26
SGD	6.38	6.68	6.67	6.18
ZAR	0.58	0.57	0.56	0.56

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

Revenue/Assignments in progress

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

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

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

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

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

Research and development

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

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

Employee benefits

Pensions

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

Share-based payments

During the first quarter of 2017, some of the major shareholders of BTS issued a total of 50,000 call options on market terms to Jessica Skon, CEO of BTS North America. Utilization of the options requires employment and may occur after the options have become usable in the first quarter of 2020 at an exercise price of SEK 80.00 per share. The accounting fair value of these is reported over the term up to the first quarter of 2023 according to IFRS2 and has been calculated using the Black-Scholes model, taking into account the conditions prevailing at the time of the issue. The accounting cost according to IFRS2 has amounted to SEK 119 thousand in 2021.

No provisions related to the options are accounted in the consolidated balance sheets.

Borrowing

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

Borrowings are recognized initially at the amount received less transaction costs. After the date of acquisition, the loan is measured at amortized cost as per the effective interest method. The effective interest method distributes interest income and expenses over the relevant period. The effective interest is the

interest rate that exactly discounts the estimated future disbursements to the financial liability's net carrying amount.

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

Income taxes

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

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

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

Segment reporting

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

Leases and rental agreements

The Group 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 reasonable 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.

Property, plant and equipment

Property, plant and equipment are recognized at acquisition cost less accumulated depreciation and impairment losses, if any. The acquisition cost includes expenses directly attributable to the acquisition of the asset. Planned depreciation is charged on a straight-line basis based on the acquisition cost and the estimated useful life. The following depreciation periods apply for existing assets:

- Equipment and installations (3–6 years)

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

Intangible assets

Goodwill

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

Franchise contracts

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

Products, technology and software

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

Customer contracts

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

Brands

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

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

Financial instruments

Classification

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

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

Financial assets valued at amortized cost

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

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities valued at amortized cost

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

Accounting and valuation

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

Offset of financial instruments

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

Impairment of financial instruments

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

Translation of foreign currency

Functional currency and presentation currency

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

Transactions and balance sheet items

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

Group companies

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

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

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

Cash flow statement

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

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

Critical estimates and judgments

To prepare the financial statements in accordance with IFRS, executive management must make judgments, estimates, and assumptions that affect the application of the accounting policies and the amounts recognized as assets, liabilities, income, and expenses. The estimates and assumptions are based on historical experience and various other factors that appear reasonable under the prevailing circumstances. The results of these estimates and assumptions are then used to judge the carrying amounts of assets and liabilities that would not be evident from other sources. Actual outcomes may deviate from these estimates and judgments. Estimates and judgments are periodically reviewed. Changes in estimates are recognized in the period in which the change is made if the change affected only that period.

Impairment tests on goodwill and intangible assets with indefinite useful life

Each year the Group performs impairment tests on goodwill and intangible assets with indefinite useful life in accordance with the principle described above. Recoverable amounts for cash-generating units have been determined by calculating the value in use. Certain estimates must be made for these calculations; please see Note 8.

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. Except for transactions between Group companies, related-party (the Board, the CEO and other senior executives) transactions took place as shown in Note 7. The subsidiary in the UK has also acquired services from a related party with a value of SEK 13.6 (17.3) million on market terms and conditions.

Purchases and sales between Group companies

Market terms and conditions apply to the supply of services between subsidiaries. The value of these are shown in Note 10.

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% (0) of purchases and 100% (100) of sales refer to other Group companies.

NOTE 4 | Information about auditors' fees
Fees and remuneration

SEK thousands	Group		Parent company	
	2021	2020	2021	2020
PwC				
Audit assignments	1,186	1,323	795	990
Other assignments	60	290	-	-
Other auditors				
Audit assignments	1,125	1,061	-	-
Other assignments	97	53	-	-
	2,468	2,727	795	990

Of audit assignments 2021, 1,186 refers to PwC Sweden. Of the fees relating to other assignments in 2021, 60 refers to PwC Sweden for assistance at new issue, and 2020 refers to PwC Sweden for assistance with Due Diligence services in connection to acquisitions during the year.

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

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

Right-of-use assets SEK thousands	12-31-21	12-31-20
Premises	133,074	142,259
Other leased assets	5,145	5,255
Total	138,218	147,514

Change in right-of-use assets

SEK thousands	12-31-21	12-31-20
Right-of-use assets		
Opening acquisition value	221,826	218,745
Additional right-of-use assets	37,067	34,991
Disposals concluded contracts	-31,152	-9,535
Translation differences	19,473	-22,374
At December 31	247,714	221,826
Depreciation of right-of-use assets		
Opening acquisition value	74,313	41,437
Depreciations for the year	58,929	51,109
Disposals concluded contracts	-31,152	-9,991
Translation differences	6,907	-8,242
At December 31	108,997	74,313
Right-of-use assets at December 31	138,218	147,514

Lease liabilities

SEK thousands	12-31-21	12-31-20
Non-current lease liabilities	97,455	106,939
Current lease liabilities	43,808	44,086
Total	141,263	151,025

Maturity structure for future expected
cash flows for lease liabilities

SEK thousands	2021	2020
Within 1 year	45,883	47,071
1-2 years	32,395	37,271
2-3 years	23,726	22,866
3-4 years	20,344	16,636
4-5 years	16,876	14,686
Later than 5 years	16,637	28,683
Total	155,861	167,214

The Group's cash outflow for lease liabilities amounted to SEK 57,998 thousand (45,332).

The average borrowing rate for the Group is 3.7 percent.

Recognized items in the income statement
Depreciation for the year per type
of right-of-use asset

SEK thousands	2021	2020
Premises	54,700	47,631
Other leased assets	2,115	3,478
Total	56,815	51,109

Interest expenses related to leases are included in the item financial expenses with SEK 7,186 thousand (7,486).

Lease payments for low-value leases and short-term leases amounted to SEK 614 thousand (508).

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.

In May 2020, the US BTS subsidiary received federal COVID-19 support under the "Paycheck Protection Program" (known as PPP loans). In accordance with the guidelines from the US authorities, this loan was written off during the third quarter of 2021, and had a positive impact of SEK 49,694 thousand on operating profit.

Otherwise in 2021, the Group has only benefited from local support measures to a very limited extent. These have reduced personnel costs by a total of SEK 1,908 thousand (12,344) No employees were affected by any furloughs during the year.

Government grants	2021	2020
Other external expenses	-	1,674
Personnel costs	1,908	12,344
Forgiven PPP loan	49,694	-
Total	51,603	14,018

NOTE 7 | Average number of employees, salaries, other compensation, social security contributions, etc.**Average number of employees**

Group	2021			2020		
	Number of employees	Of which women	Of which men	Number of employees	Of which women	Of which men
Subsidiaries						
Argentina	10	7	4	6	3	3
Australia	31	21	10	30	20	10
Brazil	13	6	7	11	6	5
Canada	38	19	20	27	13	14
China	13	8	4	14	7	7
Costa Rica	3	3	–	5	5	–
France	11	8	3	11	8	3
Germany	27	12	15	30	17	13
India	114	52	62	90	49	41
Italy	43	23	20	37	18	19
Japan	9	4	4	8	3	5
Malaysia	1	0	0	–	–	–
Mexico	12	7	5	12	6	6
Singapore	30	17	13	28	17	12
South Africa	24	15	9	24	15	9
South Korea	9	4	5	9	4	5
Spain	66	35	31	44	20	23
Sweden	31	15	16	29	14	15
Switzerland	5	1	4	5	0	5
Taiwan	4	2	2	4	2	2
Thailand	4	2	2	3	1	2
The Netherlands	6	3	3	7	4	3
United Arab Emirates	12	7	5	10	5	5
United Kingdom	92	43	49	102	50	52
United States	329	175	155	297	152	145
Total for the Group	936	490	446	843	440	403

Distribution of senior executives by gender, %

	2021		2020	
	Women	Men	Women	Men
CEO and other senior executives (excl. the Board)	18	82	20	80
Board Parent company	37	63	33	67
Board Group	10	90	10	90

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

Parent company

The Parent company had no employees in 2021.

Salaries, other compensation, and social security contributions

Group	2021		2020	
	SEK thousands	Salaries and compensation	Salaries and compensation	Social security contributions of which pension expenses
Subsidiaries	884,667	140,938	735,937	120,943
		32,488		28,211

Pension expenses for employees who are president or a member of the Board of a Group company totaled 3,782 (3,579). All pension plans are defined-contribution plans.

Parent company

The CEO is a member of the Board but receives no Board fee.

Other members of the Board in the Parent company have received compensation only in the form of Board fees and, where applicable, fees for committee work.

SEK thousands		2021	2020
Reinhold Geijer	Chairman of the Board	469	450
Mariana Burenstam Linder	Member	209	200
Stefan Gardefjord	Member	299 ¹⁾	260 ¹⁾
Dag Sehlin	Member	75 ²⁾	200
Anna Söderblom	Member	299 ¹⁾	260 ¹⁾
Olivia Ekelund	Deputy member	31	–
Total		1,383	1,370

¹⁾ Of which committee fee 90 (60).

²⁾ Dag Sehlin resigned as Board member on May 19, 2021.

For the CEO, see the figures for compensation to senior executives on next page.

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

Group	2021		2020	
	Board and CEO	Other employees	Board and CEO	Other employees
SEK thousands				
In Sweden				
Parent company	1,383	–	1,370	–
Subsidiaries	3,906	30,973	2,344	26,986
Total Sweden	5,289	30,973	3,714	26,986
Outside Sweden				
United States	14,338	492,831	12,644	395,787
Europe	19,716	93,450	13,858	103,188
Other	24,856	203,213	17,558	162,202
Total outside Sweden	58,910	789,494	44,061	661,176
Total for the Group	64,199	820,467	47,775	688,162

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 page 85.

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

Types of remuneration, etc.

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

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

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

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

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

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

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

Criteria for payment of variable compensation

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

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

Non-financial criteria that form the basis for any variable compensation must be linked to clear and measurable business-related goals, such as the conclusion of agreements essential to the company, activities carried out according to the company's business plan, expansion/establishment and achieved objectives within the company's sustainability work.

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

Salary and terms of employment for the company's employees

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

Termination of employment and severance pay

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

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

The Board as a whole prepares decisions on proposed guidelines for remuneration to senior executives. The Board shall also, during

each financial year, monitor and evaluate ongoing programs, as well as programs completed throughout the year, for variable remuneration for company management, the application of guidelines for remuneration to senior executives and current remuneration structures and compensation levels in the company.

The 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 14,735 (9,848), of which pension expenses were 2,447 (2,382). All pension plans are defined-contribution plans.

The CEO Henrik Ekelund was paid salary and other benefits totaling 8,082 (5,028), including 3,269 (0) in variable remuneration. Variable remuneration is calculated using a model that triggers payment when Group earnings exceed predefined profitability targets. The CEO has a defined-contribution pension entitlement equal to 35% (35) of his fixed salary, paid in the form of pension insurance entitling the CEO to a pension from the age of 65.

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

Other senior executives have been paid salaries and other benefits totaling 4,206 (2,438), of which variable remuneration was 1,634 (300). Variable remuneration is based on targets achieved by the company and the individual. Provisions to pensions are made with 30% (30) of the fixed salary and paid in the form of pension insurance entitling the executive to a pension from the age of 65.

NOTE 8 | Intangible assets

Group

SEK thousands	12-31-21	12-31-20
Goodwill		
Accumulated acquisition cost, opening balance	552,485	539,642
Acquisitions	227,982	51,284
Established acquisition analyses	17,811 ¹⁾	4,246 ¹⁾
Translation difference	35,542	-42,687
Accumulated acquisition cost, closing balance	833,820	552,485
Accumulated impairments, opening balance	-3,726	-3,726
Accumulated impairments, closing balance	-3,726	-3,726
Carrying amount, closing balance	830,094	548,759

¹⁾ Effect of established acquisition analyses.

Other intangible assets

SEK thousands	12-31-21	12-31-20
Franchise contracts		
Accumulated acquisition cost, opening balance	10,125	11,520
Translation difference	1,057	-1,395
Accumulated acquisition cost, closing balance	11,182	10,125
Accumulated amortization, opening balance	9,633	10,193
Amortization for the year	515	759
Translation difference	1,034	-1,319
Accumulated amortization, closing balance	11,182	9,633
Carrying amount, closing balance	0	493
SEK thousands	12-31-21	12-31-20
Technology, products & software		
Accumulated acquisition cost, opening balance	122,479	114,586
Acquisitions	34,188	15,823
Translation difference	11,414	-7,930
Accumulated acquisition cost, closing balance	168,081	122,479
Accumulated amortization, opening balance	72,618	66,360
Amortization for the year	18,779	13,930
Translation difference	7,645	-7,672
Accumulated amortization, closing balance	99,041	72,618
Carrying amount, closing balance	69,040	49,861
SEK thousands	12-31-21	12-31-20
Customer contracts		
Accumulated acquisition cost, opening balance	41,469	40,747
Acquisitions	14,122	3,229
Translation difference	2,843	-2,507
Accumulated acquisition cost, closing balance	58,434	41,469
Accumulated amortization, opening balance	26,333	21,014
Amortization for the year	8,447	7,402
Translation difference	1,825	-2,083
Accumulated amortization, closing balance	36,605	26,333
Carrying amount, closing balance	21,830	15,136
SEK thousands	12-31-21	12-31-20
Brands		
Accumulated acquisition cost, opening balance	30,840	32,885
Acquisitions	18,723	1,937
Translation difference	2,515	-3,982
Accumulated acquisition cost, closing balance	52,078	30,840
Accumulated amortization, opening balance	21,112	19,706
Amortization for the year	5,023	3,609
Translation difference	1,919	-2,203
Accumulated amortization, closing balance	28,053	21,112
Carrying amount, closing balance	24,025	9,728
Total closing balance, carrying amount of other intangible assets	114,895	75,219

Impairment tests

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

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

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

The forecast operating margins 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 1.5–2.5 (1.5–3) percent has been

used, which is considered a conservative estimate; for BTS North America 2.5 (3.0) percent, BTS Europe 2.5 (3.0) percent and BTS Other markets 1.5 (1.5–2.0) percent. In addition, a discount rate in local currency before tax has been used in the calculations for each operating unit. The discount rate – the weighted average capital cost (WACC) – consists of risk-free interest, the market risk premium and a company-specific risk premium, as well as for each unit, a market capital structure. The discount rates used are for BTS North America 11.0 (10.0) percent, BTS Europe 9.0 (10.8) percent and BTS Other markets 10.5 (10.5) percent.

After impairment tests, it has been established that no impairment loss exists on 12-31-21.

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

- Where the estimated operating margins 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
10% lower operating margin	-10.5 (-10.8)	-10.4 (-10.9)	-10.3 (-10.6)
10% lower long term growth	-2.0 (-2.8)	-2.8 (-2.4)	-1.2 (-1.1)
10% higher discount rate	-12.0 (-10.7)	-12.0 (-10.6)	-11.1 (-9.2)

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

Distribution of goodwill and other intangible assets by segment

Group

12-31-21 SEK thousands	BTS North America	BTS Europe	BTS Other markets	APG	Total
Goodwill	464,188	111,380	254,526	-	830,094
Franchise contracts	-	-	-	-	-
Technology, Products & Software	39,523	6,903	22,615	-	69,040
Customer contracts	14,557	2,628	4,646	-	21,830
Brands	7,386	1,061	15,578	-	24,025
Total	525,654	121,971	297,364	-	944,990

12-31-20 SEK thousands	BTS North America	BTS Europe	BTS Other markets	APG	Total
Goodwill	358,499	109,714	80,546	-	548,759
Franchise contracts	-	-	-	493	493
Technology, Products & Software	33,173	14,281	2,407	-	49,861
Customer contracts	6,911	7,592	633	-	15,136
Brands	4,984	3,563	1,181	-	9,728
Total	403,567	135,150	84,767	493	623,978

NOTE 9 | Property, plant and equipment

Group

SEK thousands	12-31-21	12-31-20
Equipment		
Accumulated acquisition cost, opening balance	101,664	101,600
Acquisition	4,069	-
Purchases	12,264	12,378
Disposals	-3,709	-1,643
Translation difference	8,252	-10,671
Accumulated acquisition cost, closing balance	122,539	101,664
Accumulated depreciation, opening balance	63,796	59,130
Depreciation for the year	14,374	14,014
Disposals	-3,369	-1,941
Translation difference	5,885	-7,406
Accumulated depreciation, closing balance	80,685	63,796
Carrying amount, closing balance	41,854	37,868

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

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

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

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

SEK thousands	BTS North America		BTS Europe		BTS Other markets		APG		Eliminations & unallocated		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Income												
External sales	949,447	689,486	353,284	316,023	493,500	363,307	120,530	95,339			1,916,762	1,464,155
Internal sales	101,417	68,632	80,514	52,376	36,941	27,175	1,034	276	-219,907	-148,458	-	-
Total income	1,050,865	758,118	433,798	368,399	530,441	390,482	121,565	95,615	-219,907	-148,458	1,916,762	1,464,155
Operating profit	134,001	37,197	43,831	10,701	68,996	14,912	2,388	-3,700	55,984	5,497	305,200	64,607
Financial income									884	1,264	884	1,264
Financial expenses									-17,193	-15,171	-17,193	-15,171
Affiliated companies, profit after tax									320	353	320	353
Tax on profit for the year									-74,508	-15,826	-74,508	-15,826
Profit for the year											214,702	35,226
Other information												
Assets	1,214,562	902,556	555,905	607,328	837,122	467,738	49,499	42,496	-165,252	-60,032	2,491,837	1,960,087
Liabilities	583,560	452,017	544,146	625,834	513,537	201,577	32,595	30,832	-165,252	-60,032	1,508,587	1,250,229
Investments	78,959	41,509	36,870	99,231	66,058	6,909	-	-			181,887	147,649
Depreciation of property, plant, and equipment	-7,883	-8,748	-1,821	-1,917	-4,651	-3,323	-19	-25	-56,815	-51,109	-71,189	-65,123
Amortization of intangible assets	-18,805	-8,996	-7,202	-13,432	-6,242	-2,513	-515	-759			-32,764	-25,700

Total sales according to business model

	2021					2020				
	BTS North America	BTS Europe	BTS Other markets	APG	TOTAL	BTS North America	BTS Europe	BTS Other markets	APG	TOTAL
Programs	548	245	361	90	1,244	290	171	245	77	783
Development	268	80	113	-	462	267	114	92	-	473
Licenses	132	26	16	29	203	122	25	20	18	185
Other revenues	2	2	4	1	8	10	5	7	-	23
TOTAL	949	353	493	121	1,917	689	316	363	95	1,464

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

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

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

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

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

The majority of the individual customer contracts do not exceed 12 months. The payment terms are usually between 45 and 90 days and do not exceed one year in any case. The compensation is usually set at a fixed price. In the rare case of a complaint, individual compensation can be agreed.

Of the Group's total revenue, 74 312 (56 932) refers to the country of residence Sweden. The value of the Group's fixed assets in Sweden amounted to 256 (513).

Total revenue for the subsidiaries in the US exceeded 10% and amounted to SEK 1,052,347 (759,401) and the non-current assets for the subsidiaries in the US totaled SEK 545,349 (429,393).

None of the customer's individual revenue during 2021 exceeds 10% of the Group's total revenue.

The Group's reported contract assets and contract liabilities are shown in Notes 17 and 22.

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

SEK thousands	2021	2020
Interest income	884	1,264
Total financial income	884	1,264
Interest expenses	-10,007	-7,685
Interest expenses leases	-7,186	-7,486
Total financial expenses	-17,193	-15,171
Total gain/loss on financial items	-16,309	-13,907

Group's financial items cash flow statement

SEK thousands	12-31-21	12-31-20
Total gain/loss on financial items	-16,309	-13,907
Affiliated companies, profit after tax	320	353
Total	-15,990	-13,554

Parent company's financial items

SEK thousands	2021	2020
Gains/losses on other securities and receivables held as non-current assets		
Dividends from subsidiaries	41,492	37,190
Group contributions	29,500	24,125
Total	70,992	61,315
Interest income	834	614
Interest expenses	-9,423	-7,033
Total gain/loss on financial items	62,403	54,896

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

SEK thousands	2021	2020
Income tax as recognized in the income statement	-74,508	-15,826
Current tax expense	-78,969	-15,091
Current tax attributable to previous years	-2,350	-693
Postponed tax income/expense (+/-)	6,811	-42
Tax for the year	-74,508	-15,826

Parent company

SEK thousands	2021	2020
Current tax for the year	-4,237	-3,209

Reconciliation of effective tax**Group**

SEK thousands	2021	2020
Profit before tax	289,210	51,053
Tax expense based on Swedish income tax rates, 20.6% (21.4%)	-59,577	-10,925
Effects of different tax rates		
Difference in tax rate for foreign subsidiaries	-23,847	-1,176
Non-deductible expenses	-7,272	-7,649
Non-taxable income	1,379	4,659
Forgiven PPP loan	10,349	-
Tax attributable to previous years	-2,350	-693
Previously unrecognized deficit deduction	6,811	-42
Effective tax recognized	-74,508	-15,826
<i>Effective tax rate</i>	<i>-26%</i>	<i>-31%</i>

Parent company

SEK thousands	2021	2020
Profit before tax	62,062	52,184
Tax expense based on Swedish income tax rates, 20.6% (21.4%)	-12,785	-11,167
Dividends from subsidiaries	8,547	7,959
Effective tax recognized	-4,237	-3,209
<i>Effective tax rate</i>	<i>6.8%</i>	<i>6.1%</i>

NOTE 13 | Earnings per share**Group**

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

	2021	2020
Profit for the year attributable to Parent company shareholders, SEK thousands	214,702	35,226
Earnings per share, before dilution, SEK	11.11	1.82
Total no. of shares, before dilution, (thousands)	19,328	19,318
Earnings per share, after dilution, SEK	11.11	1.82
Total no. of shares, after dilution, (thousands)	19,328	19,318

NOTE 14 | Dividend per share

Dividends paid in 2021 totaled SEK 23,194 thousand (SEK 1.20 per share). Dividends paid 2020 totaled SEK 69,546 thousand (SEK 3.60 per share).

At the AGM on May 13, 2022, a dividend for the fiscal year 2021 of SEK 4.80 per share, to be paid on two occasions in the amount of SEK 2.40 per payment, totaling SEK 92,997 thousand, will be proposed. The total amount of the proposed dividend is based on the number of outstanding shares as of April 21, 2022, and is not recognized as a liability in these financial statements.

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

SEK thousands	No. of shares	Pctg. equity ¹⁾	Carrying amount 12-31-21	Carrying amount 12-31-20
Parent company holdings				
BTS Sverige AB	5,000	100	7,456	7,456
Corp. id. no. 556566-7127				
Domicile: Stockholm				
BTS USA, Inc.	1,000	100	148,389	148,389
Corp. id. no. 06-1356708				
Domicile: Connecticut				
BTS in London Ltd.	5,000	100	60,052	60,052
Corp. id. no. 577 1376 13				
Domicile: London				
Business Training Systems AS	100	100	94	94
Corp. id. no. 957 694 187				
Domicile: Oslo				
Catalysts for profitability and growth Ltd	1,000	100	1	1
Corp. id. no. 1998/010779/07				
Domicile: Centurion				
BTS Finland AB	1,000	100	100	100
Corp. id. no. 556583-1673				
Domicile: Stockholm				
BTS Asia Pacific PTE Ltd	50,000	100	40,153	40,153
Corp. id. no. 200811464Z				
Domicile: Singapore				
Business Training Solutions S.L.	1,031	100	21,216	21,216
Corp. id. no. B95138160				
Domicile: Bilbao				
BTS Management SA	1,000	100	673	673
Corp. id. no. 01 73.802 11				
Domicile: Geneva				
Business Game Factory Oy	90,750	100	654	654
Corp. id. no. 1807788-2				
Domicile: Helsinki				
BTS Brussels NV	620,000	100	587	587
Corp. id. no. 878.155.648				
Domicile: Brussels				
BTS Coach in a box Holdings Ltd	56,000	100	3	3
Corp. id. no. 5379864				
Domicile: Portsmouth				
Bates Communications Inc.	201,000	100	87,849	–
Orgnr: 04-3549253				
Domicile: Boston				
Total shares in subsidiaries			367,227	279,378

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**

SEK thousands	12-31-21	12-31-20
Opening balance, net	7,441	4,143
Recognized change for the year	2,694	4,298
Translation differences	158	-1,001
Closing balance, net	10,293	7,441

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

Deferred tax liabilities**Group**

SEK thousands	12-31-21	12-31-20
Opening balance, net	61,719	60,727
Recognized change for the year	13,959	8,586
Translation differences	6,255	-7,595
Closing balance, net	81,933	61,719

NOTE 18 | Equity and appropriation of earnings**Group**

As of December 31, 2021, the share capital consists of 853,800 Class A shares and 18,520,547 Class B shares, totaling 19,374,347 shares with a total value of SEK 6,458,116. 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	2021			2020		
	No. of Class A shares	No. of Class B shares	Total	No. of Class A shares	No. of Class B shares	Total
Opening balance	853,800	18,464,492	19,318,292	853,800	18,464,492	19,318,292
New issues	-	56,055	56,055	-	-	-
Closing balance	853,800	18,520,547	19,374,347	853,800	18,464,492	19,318,292

During 2021, a total number of 56,055 Series B shares were issued, of which 20,036 at a price of SEK 212 per share, 22,547 at a price of SEK 333 per share, and 13,472 at a price of SEK 379 per share.

The equity in all Group companies that have a functional currency different from the reporting currency is translated into the reporting currency (SEK). Translation differences arise if the SEK exchange rate for a functional currency at the end of the period is different from its rate at the start of the period. These translation differences have no effect on taxes. Closing accumulated translation differences recognized directly in equity totaled 28,151. Opening accumulated differences totaled -36,846.

Group

SEK thousands	12-31-21	12-31-20
Non-current part	68,828	56,449
Current part	13,105	5,270
Total	81,933	61,719

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

The preliminary acquisition analysis for the acquisition of Bates and Netmind has been adopted. The effect was an increase in goodwill and a provision for deferred tax liabilities of 17,810.

NOTE 17 | Prepaid expenses and accrued income**Group**

SEK thousands	12-31-21	12-31-20
Accrued income (current contract assets attributable to consulting services)	79,612	51,626
Other items	57,033	44,985
Total	136,646	96,611

Proposed appropriation of earnings

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

	SEK
To be distributed to shareholders: SEK 4.80 per share totaling ¹⁾	92,996,866
To be carried forward	86,756,316
Total	179,753,182

¹⁾ The total amount of the proposed dividend is based on the number of Outstanding shares as of April 21, 2022.

The Board proposes a dividend of SEK 4.80 per share, to be paid on two occasions in the amount of SEK 2.40 per payment. The dividend is proposed to be paid on May 20, 2022 and November 18, 2022 respectively.

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 for the previous year.

Fair value of financial assets and liabilities

Group	12-31-21	12-31-20
SEK thousands		
Other non-current receivables	11,644	9,342
Accounts receivable	556,852	408,549
Other current receivables	19,115	16,625
Cash and cash equivalents	594,435	591,171
Total financial assets	1,182,046	1,025,687
Other non-current liabilities	129,314	239,360
Provisions	276,555	148,742
Lease liabilities	141,263	151,025
Accounts payable	35,100	34,509
Other current liabilities	212,339	222,526
Total financial liabilities	794,571	796,162
Parent company		
SEK thousands		
Cash and cash equivalents	658	44,041
Total financial assets	658	44,041
Other non-current liabilities	122,500	187,247
Provisions	55,023	-
Accounts payable	131	131
Other current liabilities	185,585	163,289
Total financial liabilities	363,240	350,668

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 43% (45) of the Group's total accounts receivable. The table below shows the distribution of accounts receivable by currency.

Group	12-31-21	12-31-20
SEK thousands		
USD	269,430	201,510
EUR	91,586	63,156
GBP	76,594	45,456
SEK	26,195	38,691
Other currencies	93,048	59,735
Total accounts receivable	556,852	408,549

Historically the Group has had very low credit losses on accounts receivable. The spread of risk is good among companies, sectors and geographic markets. Fair value agrees with carrying amount and no significant impairment of accounts receivable has been recognized during the year, same principle as in the previous year. The Group applies the simplified method for calculating expected loan losses. The method means that expected losses during the entire term of the loan are used as a basis for accounts receivable and contract assets. Expected credit loss is based on the customers' payment and loss history.

At December 31, 2021, accounts receivable totaling 74,996 (48,988) were more than 30 days past due. The maturity structure is shown in the table below.

Group	12-31-21	12-31-20
SEK thousands		
Total accounts receivable	556,582	408,549
1-30 days overdue	92,858	63,390
more than 30 days overdue	31,153	18,299
more than 60 days overdue	43,843	30,689

Group	12-31-21	12-31-20
Loss allowance		
SEK thousands		
Opening balance	2,742	2,257
Translation differences	167	-101
Acquisitions	666	-
Loss allowance for the year	669	632
Reversal of previous loss allowance	-	-43
Confirmed losses	-2,644	-2
Closing balance	1,600	2,742

Cash and cash equivalents

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

Financial liabilities

Financial liabilities valued at amortized cost

Financial liabilities held during the year are measured at the amortized cost using the effective interest method. At year-end 2021 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, usually there is a ceiling for each conditional purchase price that limits how large the debt can be. The maximum payment for contingent consideration was SEK 330 (2014) million at the balance sheet date.

The Group's reported provisions only include provisions for conditional additional purchases. Reported items regarding conditional additional purchases (Level 3) are reported as Non-current and Current provisions in the Consolidated balance sheet and are presented below. None of the changes in 2021 have been recognized in the Consolidated income statement.

SEK thousands	12-31-21	12-31-20
Opening balance	148,742	232,546
Paid price	-88,290	-98,660
Translation differences	9,323	-12,985
Additional consideration	206,780	27,841
Closing balance	276,555	148,742

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 2021 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	
		2021	2020	2021	2020
SEK/USD	+/-10%	19,021	7,667	52,674	38,758
SEK/EUR	+/-10%	6,692	3,070	8,441	6,292
SEK/GBP	+/-10%	1,103	584	6,044	8,174

Credit risk

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

The maximum credit risk exposure on accounts receivable at year end was 556,852 (408,549). Fair value agrees with book value.

Liquidity risk and interest rate risk

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

	Percentage change in market interest rate	Change in interest expense, SEK thousands, 2021
Interest bearing liabilities	+/-10%	-986

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	12-31-21	12-31-20
Cash and cash equivalents	594,435	591,171
Unutilized portion of bank overdraft facility	26,838	17,605
Cash and cash equivalents available	621,273	608,776

Capital risk

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

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

BTS's financial objective – and a measure of its capital risk – is that its equity/assets ratio never remains less than 50% over extended periods. At year-end, the Group's equity/assets ratio was 39 (36) .

Reconciliation net liabilities (net cash)

SEK thousands	12-31-21	12-31-20
Cash and cash equivalents	594,435	591,171
Non-current loans	-124,505	-235,220
Current loans	-156,357	-169,082
Net cash	313,574	186,870

Change net liabilities (net cash)

SEK thousands	Cash and cash equivalents	Current loans	Non-current loans	Total
Net cash 01-01-21	591,171	169,082	235,220	186,870
Translation differences	33,742	-	-	33,742
Cash flow	-30,478	-34,390	-44,747	48,659
Forgiven PPP loan	-	-	-47,972	47,972
Non cash flow impact	-	21,664	-17,995	-3,669
Net cash 12-31-21	594,435	156,357	124,505	313,574

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

Leases are not included in the Group's definition of net debt. Total leases as of December 31, 2021 amounted to SEK 141,263 (151,025) thousand.

Liabilities to credit institutions

SEK thousands	12-31-21	12-31-20
Non-current liabilities	124,505	235,220
Current liabilities	156,357	169,082
Total	280,862	404,302

Maturity analyses for liabilities to credit institutions

SEK thousands	12-31-21
2022	156,357
2023	46,371
2024	45,129
2025	33,005
Total	280,862

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	12-31-21
2023	50,152
2024	47,503
2025	33,998
Total	131,653

Parent company

SEK thousands	12-31-21
2023	48,489
2024	47,114
2025	33,998
Total	129,601

NOTE 21 | Bank overdraft facility**Group**

SEK thousands	12-31-21	12-31-20
Approved credit limit	116,783	116,141
Unutilized portion	-26,838	-17,605
Credit utilized	89,945	98,536

Parent company

SEK thousands	12-31-21	12-31-20
Approved credit limit	100,000	100,000
Unutilized portion	-10,055	-1,464
Credit utilized	89,945	98,536

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

SEK thousands	12-31-21	12-31-20
Accrued salaries incl. social security contributions	244,255	115,496
Accrued income (current contract assets attributable to consulting services)	301,540	218,468
Other items	74,082	58,384
Total	619,876	392,348

Parent company

SEK thousands	12-31-21	12-31-20
Other items	280	296

NOTE 23 | Business acquisitions**Acquisition**

BTS acquired Bates Communication, Inc. (Bates) on January 4, 2021, 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.

Bates helps some of the top companies in the world to execute their strategies, primarily in the US, and the client portfolio has only a limited overlap with that of BTS. The acquisition creates the preconditions for the original operations of both companies to develop major synergies in the service offerings and customer bases.

BTS acquired Netmind SL on September 16, 2021, 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.

The acquisition of Netmind enables 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.

Ratification of acquisition analysis

The preliminary acquisition analysis regarding the year's acquisition of Bates and Netmind has been ratified. The effect of the ratification is an increase in goodwill and a provision for deferred tax liability of SEK 17.8 millions. The acquisition calculation ratified on the date of the acquisition translated at the exchange rate on the balance sheet date at December 31, 2021:

SEK million	Bates	Netmind	Total
Tangible assets	0.5	3.5	4.0
Intangible assets	16.9	40.8	57.7
Receivables	14.5	17.8	32.3
Kassa	5.6	7.4	13.0
Current liabilities	-5.6	-3.9	-9.5
Non-current liabilities	-9.2	-13.6	-22.8
Identifiable assets	22.8	52.0	74.8
Goodwill	67.7	162.8	230.4
Total purchase price	90.4	214.8	305.2
Fair value of issued shares	-4.5	-5.1	-9.6
Estimated additional purchase price	-	-3.3	-3.3
Provision for conditional purchase price	-55.0	-148.4	-203.5
Purchase prices paid in cash for 2021 acquisitions	30.9	57.9	88.8

Goodwill consists of expected future synergy effects in the form of an expanded product range and more services. Alongside synergy effects, the addition of qualified employees and future profitability components are included in the goodwill item. The provision for conditional purchase price is included in the balance sheet under Provisions in the amount of MSEK 203.

These earnouts can amount to anywhere between MSEK 13.6 and a maximum of MSEK 291.1. 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 2021 in the amount of MSEK 2.9. Acquisitions in 2021 contributed MSEK 102 to the Group's net sales and MSEK 23 to the Group's profit after tax. If the acquisitions had been completed on January 1, 2021, they would have contributed approximately MSEK 143 to net sales and approximately MSEK 28 to profit after tax.

NOTE 24 | Pledged assets**Group**

SEK thousands	12-31-21	12-31-20
Assets pledged for debts to credit institutions		
Company mortgages	10,000	10,000

NOTE 25 | Contingent liabilities on behalf of Group companies**Parent company**

SEK thousands	12-31-21	12-31-20
Guarantee commitments on behalf of subsidiaries	5,087	4,606

NOTE 26 | Events after the close of the fiscal year**New CEO is appointed**

Henrik Ekelund has, after 36 years as founder and CEO of BTS Group, chosen to hand over the day-to-day operational responsibility as CEO. The Board has appointed Jessica Skon as new CEO of BTS Group, which was communicated in a press release on April 11, 2022. Jessica Skon is currently CEO of BTS North America. Philios Andreou has been appointed as new Deputy CEO. He is currently responsible for BTS Other markets. Both will take on their new jobs on May, 16, and Henrik Ekelund will remain CEO until this date. The Nomination Committee will propose Henrik Ekelund as the new Chairman of the company's Board of Directors, at the Annual General Meeting 2022.

The war in Ukraine

The spring has been marked by the war in Ukraine and the very worrying development in Europe. BTS has no operations in Russia or Ukraine, and the conflict thus has no direct operational impact on BTS's operations. BTS has decided not to take on any new projects in Russia. BTS's management and Board of Directors continuously analyze how the conflict affects the global market and the world economy. Based on the analyzes, action plans are created, if necessary, to manage any risks that may arise in the business.

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

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

The consolidated income statement and balance sheet, as well as the Parent company's income statement and balance sheet, will be submitted for adoption to the Annual General Meeting of May 13, 2022.

Stockholm, Sweden, April 21, 2022

Reinhold Geijer
Chairman of the Board

Mariana Burenstam Linder
Member of the Board

Stefan Gardefjord
Member of the Board

Anna Söderblom
Member of the Board

Henrik Ekelund
Chief Executive Officer
and Member of the Board

Our audit report was submitted on April 22, 2022
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant

Auditor's report

Unofficial translation

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of BTS Group AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 49–79 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 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 2021 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 judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

The BTS group comprises approximately 45 units whereof a large number are limited in size. All of the units in Sweden and the two largest units in the US, two of the units in England, and all of the units in Australia and Singapore have been audited as a part of our group audit and represents 68% of the total group revenue. The audit of the units in Sweden and in the US has been performed by the central team. Where work has been executed by unit auditors, the central team in Sweden has determined the level of our required involvement in their audit work. We have done this to be able to conclude as to whether sufficient and appropriate audit evidence has been obtained in order to provide an opinion on the group's financial reports in their entirety. As a part of our work, we have obtained written reports from the subsidiaries' auditors. During the year, we also discussed significant accounting issues and observations from the audit with company management and with the local auditors.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error.

They are considered material if individually, or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements

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

Key audit matters

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

Key audit matter

How our audit addressed the Key audit matter

Revenues and work in progress

See also note 2 (Accounting principles), note 10 and note 17, respective note 22.

We decided to focus on revenues as the group's revenues are primarily generated through various projects based on client agreements and these agreements can have either short or longer tenors. In order to secure a correct view of the group's results for the year, the reporting of work in progress must be reliable. Revenue recognition is also dependent on management's assessments as to the progress of the respective projects at point of reporting, that is, in conjunction with book closing. The group's balance sheet includes accrued revenue of TSEK 79,612 and deferred income of TSEK 301,540.

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

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

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

Key audit matter
Impairment testing of goodwill

See also Note 2 (Accounting principles) and Note 8.

The group's balance sheet includes goodwill totaling TSEK 830,094, equal to 33 % of the balance sheet total as of December 31, 2021.

Goodwill is not amortized but is subject to an annual impairment test. The valuation of goodwill is based on company management's subjective assessments regarding future cash flows and on assumptions regarding the yield requirement, etc. which implies that the valuation is in its nature characterized by uncertainty, since it might be affected by unexpected future events.

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

How our audit addressed the Key audit matter

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

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

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

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

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

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–48 and 108. Additional other information can be found on pages 1–6 "Annual report 2021 -Swedish" which can be found on the company web page. A report presented to the Annual General Meeting at the same time as the Annual report, the "Management remuneration report 2021" 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 2021 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'

equity, consolidation requirements, liquidity and position in general.

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

Auditor's responsibility

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

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

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

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

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

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 2021.

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

In our opinion, the Esef report 57c543e5720b7f4117dc-6b52aa306c33d332a17e3af445a8c5e72e577e93dc0f 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 Director's 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 audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements*, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement 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. 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 reasonable assurance engagement 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 technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 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 Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of BTS Group AB (publ) by the general meeting of the shareholders on May 19, 2021 and has been the company's auditor since the February 22, 1999.

Stockholm April 22, 2022
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant

Sustainability report 2021

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

BTS as a catalyst for change and transformation

BTS is a global professional services company for implementation of strategies and culture shifts founded in 1986 and headquartered in Stockholm, Sweden, with over 1,070 professionals located on six continents. BTS is listed on Nasdaq Stockholm.

BTS focuses on the employees when organizations are changing their strategy and culture, and works with leaders at all levels to improve their leadership. We help them improve their decision-making, converting those decisions to actions and delivering results through alignment, changed mindsets, and developed capabilities.

BTS has been designing fun, 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. *It's strategy made personal.*

BTS's view on sustainability

BTS's perspective on sustainability is holistic and includes both social, business and environmental perspectives. The company has, from these perspectives, developed a sustainable focus with relevant goals and activities where the company can both make an impact and contribute to a better environment. It is a combination of important areas, crucial for the sustainability work, that includes activities for the company's employees, clients and contractors. Within the environment areas we have: BTS's way of working, reducing climate footprint, support clients in their work, and microentrepreneurs in developing areas, prioritized.

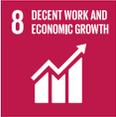
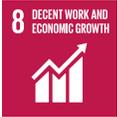
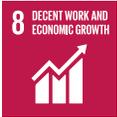
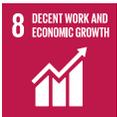
BTS's sustainability policy, vision and values, and overall strategic sustainability goals form the basis of BTS's sustainability work. Sustainability work includes efforts to increase environmental, economic, and social responsibility and BTS has UN's Agenda 2030 as starting point within the following areas:

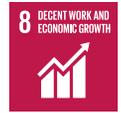
- Strong business ethics and responsible entrepreneurship for a sustainable culture.
- An equal and developing workplace.
- Supporting clients in implementing strategies within sustainability.
- Actions for a more positive environmental and climate impact.
- Social responsibility.

BTS's overall 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.**

A first, overall and measurable sub-goal, in order to externally verify that the company is moving towards this strategic goal, is to achieve at least 50 points in EcoVadis scorecard 2023. Additionally, BTS will follow up the sustainability work by continuously measuring the company's progress in relation to the following goals per focus area, see next page.



Focus area	What BTS measures	Goals 2025	Outcome 2021	UN's Sustainable Development Goals
Strong business ethics and responsible entrepreneurship for a sustainable culture	BTS Code of Business Conduct signed by all employees	100%	100%	
	Number of subcontractors who have signed BTS's Code of Business Conduct	100%	Initiated follow-up	
	Number of reported cases of corruption or other criminal crimes against the company's Code of Business Conduct	0	0	
An equal and developing workplace	Number of women in the company	50%	52.4%	 
	Number of women at higher leader levels	45–55%	24%	
	Number of employees promoted	15–20%	20%	
	Number of employees with health and stress support	100%	99%	
Supporting clients in implementing strategies within sustainability	Number of customers BTS supports	30	10	  
Actions for a more positive environmental and climate impact	CO ₂ impact from flying	10,000 tons (21,000 tons 2019)	1,200 tons	 
	Absorbtion of CO ₂ through preserved rainforest		12.4 million tons	
Social responsibility	Number of microentrepreneurs, leaders, students that have participated in BTS's sponsored programs, accumulated	1,000,000	650,000	   
	Number of CSR partners	5	3	



Strong business ethics and responsible entrepreneurship for a sustainable culture

Strong sustainable business culture

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

Employees cannot accept payments 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 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 cases of corruption during the year.

Important policies for IT-security

IT security is a prioritized area as the company's operations are built on different data and educational platforms. In client engagements, different levels of confidential documentation is managed and the 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.

During 2021 the company ran two digital education programs for all employees which focused on security in email communication and on different social platforms, educating the staff in how to avoid outsiders from getting access to BTS's internal systems.

BTS's Code of Business Conduct for subcontractors

BTS's suppliers are mainly contracted consultants within 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.

A sustainable and equal workplace



A business culture characterized by diversity, equity, and inclusion

People make the difference; within all enterprises, people create value. Attracting talent, as well as developing and retaining skilled employees, is critical for us 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 customer satisfaction and profitability. As a result, BTS offers many benefits, and maintains a sound company culture, to ensure that BTS remains an attractive employer.

Today's labor market is significantly more mobile than ever before. Employees are more focused on sustainability, individual development, demanding better support, training, and a good work environment. As a result, employers must make a strong effort to attract and retain the right people. BTS's global recruitment process helps match BTS business expectations with employee expectations.

BTS leaders listen continuously to their employees to remain an attractive employer. Management conducts an employee survey every year to analyze the current attitudes of employees, the culture, the workplace, as well as to ask for feedback on improvement opportunities. From this information, leaders formulate action plans to ensure that BTS continues to have engaged employees.

Employees' health and security in focus

One of the greatest risks in business today is overworked employees, pushing themselves to the limit. Through BTS's global 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 many assignments require travel, sometimes to other regions. The situation has been different during 2020 and 2021 when travel was dramatically limited both locally and globally. This presented new challenges as employees could not travel to an office and meet colleagues. To avoid isolation, which could have had a negative psychological impact and caused stress, virtual meetings were organized locally, regionally, and globally to get people connected, build engagement, and to align around best practices in order to plan and work remotely and stay safe and in balance.

In 2021, activities to create a workplace of comfort and safety accelerated as different initiatives and offerings to support employees' health – like stress management, physical activities, and different types of consultation – were offered via the organization TaskHuman. Employees were offered support in areas such as mental and physical health, finance, home and family, diet, and personal development. In total the company invested 564 workdays of time, with person-to-person conversations, together with TaskHuman.

Gender balance

For BTS, long-term sustainability, dynamic operations and gender balance is important, and they are all taken into consideration in the recruitment and selection process. The share of female employees was 52.4 percent for 2021.

Average number of employees during 2021

Men	Women	Total
509	561	1,071
47.6%	52.4%	100%

Over the last several years BTS has analyzed the gender mix among consultants. The gender balance was about equal at the lower and mid-levels. For higher leader levels there were 24 percent women and in the management team 25 percent women. The target is 50 percent.

The pandemic has led to an opportunity to offer even more flexible working conditions, with fewer long-distance trips, which may help to create more diversity in the consultant organization and at higher levels.

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

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

In 2021, BTS continued to implement a more direct and collective approach to questions that concern diversity, equity, and inclusion.

Through a cross/regional program the company developed a well-thought-out client orientation for diversity, equality and inclusion that builds on the program BTS South Africa established during the last couple of years. The company has made intentional efforts to secure that BTS's core values around diversity, equity and inclusion are maintained consequently in client engagements and in the internal culture.

Personal development

During 2021, BTS offered consultants an average of 10 hours of organized training and development in the following areas:

- BTS's direction and priorities for 2021.
- Digitalization's impact on the operations.
- A virtual exposition with 70 workshops of selected programs by management and BTS ten areas of expertise.
- Diversity, equity, and inclusion – in North America BTS delivered 27 training hours per employee.

In addition, training for specific job roles have been delivered where needed.

For people 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.

During BTS's two-week onboarding program, new employees are introduced to BTS's vision, mission, and ways of working within BTS's ten practice areas. 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 discussion.

At the director level, consultants' responsibilities increase, and they are tasked with leading and managing individuals and teams. A new leader playbook was developed during the year that summarizes key elements in what great leadership means at BTS.

Personal development plans with increased accountability

The company has clear personal development plans with a number of competence levels – one plan for consultants, one plan for operations and one for administrative employees. Number of people who took a career step to a next level were 219, corresponding to 20.5 percent of all employees.



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 at the end of the year.

Positive spirit and fun

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

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.

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.

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.

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.

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.

Stevie Award for "Great Employer"

Stevie Awards in the US recognized BTS again in 2021 as a great employer. The Stevie Award of Great Employers recognizes the world's best employers and the HR organizations and HR related solutions that help to create great places to work. More than 600 organizations of different sizes were nominated in a number of different classes.

BTS has also been recognized as a "Great Place to Work" by the company Great Place to Work.



Human rights

BTS follows the United Nation's declaration of human rights and does not see any risks that violate the human rights in BTS's operations. The company follows the labor laws that are applicable in the countries and states where the company operates.

The company has clarified the employees' rights in a health and security policy that aims to secure that all employees get the support and back-up they need in different situations within and outside of BTS. The policy is a guide to 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.

Supporting clients in implementing strategies within sustainability



A part of BTS's operations are customized programs that support clients in their sustainability work, by exposing 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 for long-term success in developing sustainable business processes.

During the year BTS was engaged in supporting the implementation of eight clients' sustainability strategies and innovation processes, and supported culture change in regards to diversity and inclusion for twelve clients.

In 2021, BTS continued to assist the company's clients with themes around how to lead and coach teams in the new, challenging environment – both when it comes to remote work and work at the office, in the form of webinars for larger audiences and directed events/workshops.



Actions for a more positive environmental and climate impact



BTS supports the environment in two ways – by thinking about how the company can impact the environment through BTS's work – and how BTS can support organizations working to improve the environment.

Reduce and recycle

As a professional services organization without production or manufacturing functions, BTS's environmental impact is mainly limited to keeping offices and business travel. Nevertheless, BTS works to actively minimize BTS's environmental impact and contributes to a more sustainable society by optimizing energy consumption and using environmentally friendly products and services.

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

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

(recycling of resources). Of the company's offices, 41 percent reported having a sorting process for recycling at the office. A prerequisite for this is countries' organization and infrastructure for recycling.

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

Reducing global carbon emissions

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

Since March 2020, virtual ways of working became the norm for us, as well for BTS's clients, which reduced BTS's and clients'

carbon footprint considerably. BTS's flight footprint during 2021, was reduced by approximately 95%, in comparison with 2019 when the estimated emission was 21,000 tons, to an estimated total emission of 1,200 tons carbon dioxide.

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

Within BTS:

- a) Continue using virtual meeting platforms to reduce travelling.
- b) Investing in activities together with the Rainforest Trust to preserve rain forests and endangered species.

For BTS's clients:

- a) Offer digital and virtual learning and communication platforms to reduce the need to travel, which has a very strong impact when cross regional meetings can be conducted online.
- b) Provide for self-paced studies through digital learning solutions.
- c) Provide digital communication platforms in physical workshops, thereby reducing the need for printed material.



BTS investments together with Rainforest Trust¹⁾

In 2021 BTS continued to support the Rainforest Trust and pledged a donation of \$10,000 to Create a Wildlife Corridor for tigers in Thailand, which meant that 1,016 acres²⁾ were preserved, an area that can absorb 122,462 tons carbon dioxide.

BTS total investments with the Rainforest Trust, since 2010 have helped preserve 31,114³⁾ acres of rainforest, that yearly absorbs 12.4 million tons of carbon dioxide (from being emitted in the atmosphere) and that also protects endangered species.

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

- 2010 and 2011 – Donation of \$20,000 to Las Tangaras, Colombia → 200 acres
- 2014 and 2015 – Donation of \$12,000 to El Jaguar, Colombia → 300 acres
- 2015 – Donation of \$10,000 to Sumatra, Indonesia → 2,933 acres
- 2016 – Donation of \$431 to Balanga, Congo → 560 acres
- 2016 – Donation of \$10,000 to Airo Pai, Peru → 9,009 acres
- 2017 and 2018 – Donation of \$20,000 to Borneo, Indonesia → 10,000 acres
- 2019 – Donation of \$10,000 to the Community Empowerment Project, Liberia → 4,310 acres
- 2020 – Donation of \$10,000 to Save West Africa's Last Intact Forests, Liberia → 2,786 acres
- 2021 – Donation of \$10,000 to Create a Wildlife Corridor, Thailand → 1,016 acres

¹⁾ Rainforest Trust purchases and preserves the most threatened tropical forests, saving endangered species.

²⁾ One acre corresponds to 4,047 square meters.

³⁾ Through a set-up with other partners matching BTS investments, the total protected rainforest is estimated to 63,759 acres, which absorbs an estimated 25 million tons carbon dioxide from being emitted in the atmosphere.



Social responsibility

BTS supports entrepreneurship and leadership for a sustainable world

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

Through stronger focus on creating impact, BTS provides skills training for entrepreneurs, underserved populations, students and teachers. The company equips education and non-profit leaders to drive bigger impact in their work and thus invest in our planet for a sustainable future. BTS Social Impact has, since it started, helped an accumulated volume of 650,000 persons.

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

BTS clients: BTS partners to support BTS clients' selected Corporate Social Responsibility (CSR) efforts – strategically, innovation processes, diversity and inclusion.

Educational institutions: BTS develops school leaders and administrators.

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

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

Communities: BTS develops selected populations and increases citizens' quality of life.

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

BTS's Social Impact domains

Equipping education and non-profit leaders to drive bigger impact

BTS Spark:

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

Multipliers for non-profit organizations:

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

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

BTS One for One for entrepreneurship:

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

BTS Sustainable community:

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

Equipping education and non-profit leaders to drive bigger impact

BTS Spark

BTS Spark continued to increase its presence and impact during 2021 by supporting school leaders and teachers with coaching for increased resilience and leader capabilities under yet another challenging year. Schools around the world were forced to continue with a flexible workplace and be innovative in how to educate students in new ways. The company's support played a vital role by helping faculties lead their institutions through the uncertainty, complexity and pressure the pandemic caused.

From the three hubs in Australia, UK and North America, BTS Spark reached over 2,300 leaders with coaching and workshop-related programs; delivered a new leader program for over 800 young leaders, and delivered webinars for over 1,300 teachers. As the majority of the work continued to satisfy school leaders in these three regions, it was great to be able to use the company's global network of coaches and expand the services to Kenya, Hong Kong, and Indonesia.

In 2021 an initiative was taken to develop the BTS business model, *One for One*, for selected clients to also include coaching; for every client paying for the coaching of five leaders, BTS offers free coaching to a person within the BTS Spark audience.

Up until 2021, BTS Spark has supported 17,472 leaders in educational institutions, with an increase of 4,431 in 2021.

Multipliers for non-profit organizations

From its office network, BTS offers leadership development aimed at non-profit organizations that have other important non-profitable goals for their operations. Deliveries consist of traditional (client specific) and open leadership programs delivered by BTS.

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

BTS One for One for entrepreneurship

The ambition of BTS *One for One* is to offer a participant in an underserved environment a free or highly subsidized education for every paid client participant at a BTS program, thereby supporting training for entrepreneurs, students, families in developing countries, and underserved populations in developed countries.

The solutions include customized business simulations for entrepreneurs starting a business, managing a small agriculture business, and business simulations for families and students around household economy. During 2021, a new project was initiated together with BTS key partner for *One for One*, German Sparkassenstiftung for International Cooperation and a team of experts, on climate change and farming, to develop a farming simulation to create a sustainable and resilient farm in the future – taking the global climate change into consideration. The development program is planned to launch in the fall 2022.

The deliveries of *One for One* were less impacted by the pandemic during 2021 than 2020. This was possible due to virtually delivered programs and somewhat lifted travel restrictions during 2021.

During the year 848, programs were run for 13,876 participants.

- Household savings game – 351 sessions.
- Micro business simulation "Get to know the numbers" – 336 sessions.
- Farmers simulation – 161 sessions.

Since 2010 the BTS programs with Sparkassenstiftung have reached 141,376 participants.

BTS sustainable communities

BTS's main partner in this area is Avo Vision in South Africa, which is 49% 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 addresses various development initiatives such as housing, financial literacy, tree felling, in combination with entrepreneurship, water and energy supply; learning in order to make better decisions for quality of life and to create a more sustainable society.

In 2021, Avo Vision reached an accumulated audience of 498,453 participants, with an increase of 48,600 participants during the year.

Example of BTS projects for sustainability

How BTS supports clients with implementation of strategies, innovation and strengthening a culture of diversity and inclusion.

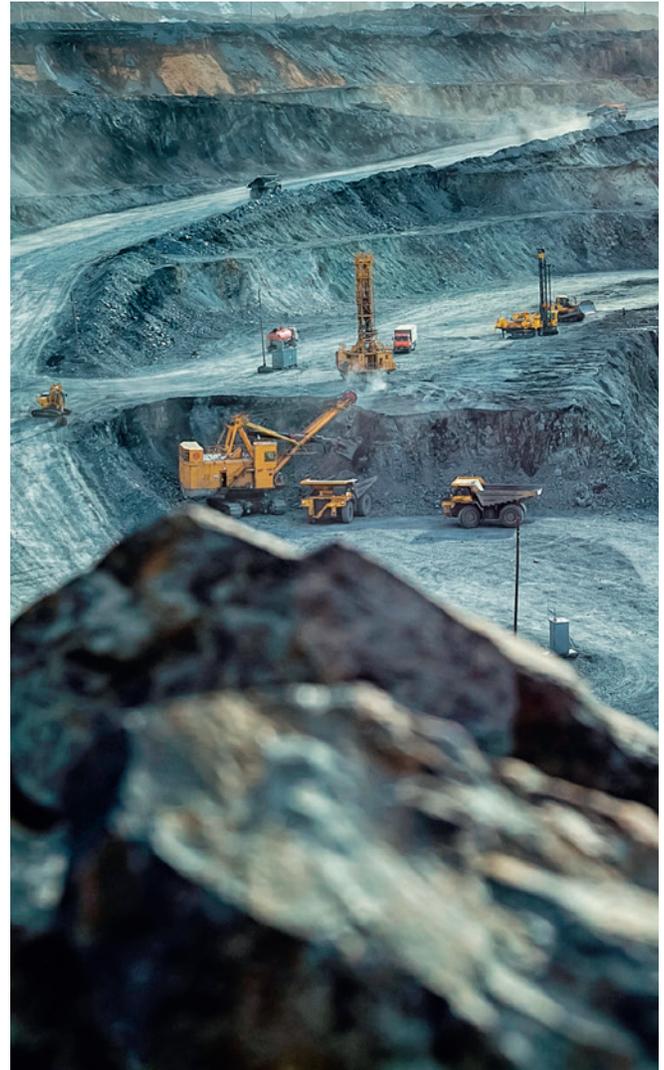
Anglo American GameChangers Leadership Journey

BTS has continued the partnership and collaboration with Anglo American and the Cambridge Institute for Sustainable Leadership (CISL). Anglo American have set ambitious targets across their global sustainability pillars: Trusted Corporate Advisor, Thriving Communities, and Healthy Environment. Targets include Carbon neutrality for some operations by 2030 and all by 2040. Others include water and energy reduction, school education, and increased biodiversity for areas within influence of their mining operations.

The goals are deliberately ambitious and designed to challenge the organization to lead and innovate. One of the keys to achieving them is to accelerate the execution of their sustainable mining plan through key personnel who can directly and immediately influence the plan. The question was – how to ensure this target population was aligned with the plan and had the right capabilities to execute it.

BTS partnered with CISL, to create a customized 4 months, multi-module leadership journey, that included a digital simulation experience; In teams, the leaders strategically managed a simulated mining operations for 15 years, where they would experience sustainability-related challenges and opportunities. The teams experienced the short- and long-term impact of their decision-making across different stakeholder groups and ultimately had to balance key financial, environmental and societal metrics.

Since 2019 over 300 leaders have taken part in the leadership journey.



Supporting Red Cross

BTS has, in a pro-bono capacity, served the Red Cross for a number of years by developing key capabilities in the organization. In 2021, the training was aimed at customer services and logistics. A team of 8 BTS consultants (4 women and 4 men) delivered 10 impact workshops with 20 hours of collaboration for 112 students. 3 students participated in a mentoring program.

Diversity and inclusion for a software company

BTS had the opportunity to work with a global software company that did not like the fact that their internal culture did not match their marketplace values. BTS designed a nine-month *Inclusion Catalyst* experience to disrupt and shift the current mindset of senior leaders to enable them to drive culture change within the organization for diversity and inclusion. This journey included an intercultural assessment that was debriefed for group and individual results, one 1/2-day workshop, four small group pod sessions, and two reconnects that were held in the middle and at the end of the journey. Senior leaders were given the opportunity to learn how to have hard conversations by increasing their quotient for discomfort while growing their relational maturity. This led to the following results:

- Senior leaders increased participation in DEI activities.
- Attendance was prioritized by senior leaders and averaged over 93% – increasing authenticity, empathy, and inclusivity.
- Senior leaders chose to continue their pod coaching sessions at the end of the journey.
- Completed cohorts increased their intercultural competence based on pre-post results of the intercultural assessment.

Based on the personal transformation and systemic change results the company witnessed, they have decided to include five next-level leader cohorts on a similar journey beginning in 2022.



Avo Vision supporting the government in South Africa

This is an incredible achievement that Avo has been part of driving over the past couple of years through BTS's partnership with the Forest Stewardship Council (FSC) and the Department of Environment. A system of water credits, generated through small green incubators in South Africa, enables global organizations, who can now claim their water offset points through this, and future transactions, in much the same way as carbon is currently offset. Their money goes back into the landscapes to maintain the water security generated by the efforts of small-scale producers.

Diversity and Inclusion for Bowmans

Based on an employee and work climate survey, Bowmans refocused their Diversity and Inclusion (D&I) architecture as a key enabler in creating an inclusive working environment in line with their future growth strategy. Employee development and training was identified as one of the key initiatives in achieving the D&I strategy. As a first step in this journey, Bowmans partnered with Avo Vision to address unconscious bias in the organization in Kenya (Nairobi), Mauritius (Moka), South Africa (Cape Town, Durban, Johannesburg), Tanzania (Dar es Salaam), Uganda (Kampala) and Zambia (Lusaka). Out of the 48,000 participants, 25 percent were urban and 75 percent rural, 36 percent were male and 64 percent were female.

Examples of how BTS supports leaders with leadership skills and coaching

Literacy and numeracy support initiative in Australia

In Australia, the Middle Years Literacy and Numeracy Support (MYLNS) Initiative for the Victoria Department of Education continued into its third year with an additional 150 teachers opting for a coaching program with BTS Spark. MYLNS teachers provide students with additional teaching support to improve their literacy and numeracy.

Powerful conversations in Australia

BTS's *Powerful Conversations* coaching program for Directors of Educational Leadership in New South Wales also continued into its third year as BTS welcomed 22 new Directors for coaching, plus 26 Directors who opted to extend their coaching by enrolling in Supporting School Improvement modules. In addition, 60 Principal School Leaders and Principal Coach Mentors were also able to commence the program in 2021.

Since 2018, 163 DELs have participated in *Powerful Conversations* coaching. Participant feedback shows that:

- 98% have changed their leadership as a result of the coaching.
- 96% recommend the coaching to colleagues.

"After two years of quite intense stress, and then completing *Thriving for Tomorrow*, I can honestly say I feel like me. My mind is calmer. I have grown. The most important part is that I know I have several strategies to keep myself well and build positive habits for myself."

– School Principal



"As each session rolled out, I learnt a little more. It was at times like a snowball rolling down the hill, as my knowledge and understanding of myself and my role as a Principal Coach Mentor grew exponentially. The course has had a profound impact on me, and how I do my work."

– Principal Coach Mentor, New South Wales

Powerful conversations in Kenya

BTS was delighted to be able to support Dignitas in Kenya, a non-profit which empowers educators to transform their schools, through delivering our *Powerful Conversations* program, on a pro-bono basis, to further develop the coaching capability of ten of their leaders.

“My confidence in my leadership and ability to solve personal and career challenges related to my role with school leaders changed to a big extent. Overall, I am better centred, I understand my limiting beliefs and how these affect my delivery. I am equipped with skills and attitudes to be a better coach.”

– Mercy Munialo, Dignitas, Kenya



BTS Spark North America: Reaching out to the education community

A major focus for the year was to raise awareness of BTS's work through a series of monthly webinars that engaged a number of world-renowned thought leaders as well as leading superintendents and principals. BTS actively grew the company's social media presence, delivered a number of keynotes and conference sessions, and published eight opinion articles in leading education sector magazines.



Coaching across the education system

In the UK, BTS continued to coach the full range of leaders in schools, from those stepping into their first leadership roles, to those leading across multiple schools through BTS's range of programs spanning the three core priorities – leadership development, coaching capability, and wellbeing. BTS exceeded over 300 middle leader enrollments from the Harris Federation, and also launched coaching programs for executive leader coachees through BTS's continuing partnership with the UCL Institute of Education.

Launch of New leaders and Soft skills program

BTS continued to build the partnership with EdCan in Canada and to extend the work with the Surrey Schools District in British Columbia. Building from BTS's 2020 *Surviving to Thriving* Summer Program, 2021 saw a continued focus on Wellbeing, alongside the launch of *New Leaders and Soft Skills* programs.

Auditor's report on the statutory Sustainability report

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

Engagement and responsibilities

The Board of Directors is responsible for the Sustainability report for 2021 on pages 85–97 and that it has been prepared in accordance with the Swedish Annual Accounts Act.

The scope and extent of review

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

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

Opinion

A Sustainability report has been prepared.

Stockholm, April 22, 2022

Öhrlings PricewaterhouseCoopers AB

Magnus Thorling

Authorized Public Accountant

Corporate governance report 2021

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 2021, the Code was applied with one deviation, regarding the company's auditors have not reviewed BTS's half-year or nine-month report.

Corporate governance structure

The corporate bodies of BTS Group AB comprise the following: Annual General Meeting (AGM) – highest decision-making body

Board of Directors – has ultimate responsibility for the company's organization and management

Chief Executive Officer (CEO) – has responsibility for day-to-day management

Auditors – audit the Board of Directors' and CEO's management at the request of the shareholders/ Annual General Meeting.

Shareholders

The total number of shares outstanding is 19,374,347, consisting of 853,800 Class A and 18,520,547 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, 2021, BTS Group AB had 3,251 shareholders. The ten largest shareholders had total shareholdings corresponding to 81.9 percent of shares and 87.3 percent of votes. A list of the largest shareholders is found on page 45 in the Annual report.

Annual General Meeting

BTS's highest decision-making body is the Annual General Meeting (AGM). Notice of the AGM shall be published no earlier than six weeks and no later than four weeks before the AGM and shall through a press release and thereafter 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.

2021 Annual General Meeting

The 2021 AGM was held on Wednesday, May 19, and was conducted by postal ballot. 44 shareholders attended, representing 82.2 percent of the number of shares outstanding and 87.2 percent of the votes. Decisions made included the following:

- The income statement and balance sheet and the consolidated income statement and balance sheet for the fiscal year 2020 were adopted.
- The proposed dividend for the fiscal year 2020, of SEK 1.20 per share was approved, to be paid in an amount of SEK 0.60 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 1,355,000 in fees was approved to be paid to members of the Board who receive no salary from the company or any subsidiary, of which SEK 480,000 shall be paid to the Chairman and SEK 215,000 each to other members, and SEK 50,000 to deputy board member. For work on Board committees, fees totaling SEK 180,000 shall be paid.
- Auditors' fees were approved to be paid based on approved invoices.
- Mariana Burenstam Linder, Henrik Ekelund, Stefan Gardefjord, Reinhold Geijer and Anna Söderblom were re-elected, and Olivia Ekelund was elected as deputy to the Board for the period until the next AGM. Reinhold Geijer was appointed Chairman of the Board.
- For the period until the next Annual General Meeting the accounting firm Öhrlings PricewaterhouseCoopers (PwC) was re-elected as auditor with Magnus Thorling as chief 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. The Board was also authorized to decide on the issue of shares or convertibles (maximum 1,200,000 Series B shares) until the next Annual General Meeting in order to obtain financial readiness to act. If both authorizations are exercised, a maximum of 1,930,000 shares may be issued.

Nominating committee

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

- Election of a president for the AGM.
- Election of the Chairman of the Board and other members of the Board.
- Board fees: in total and divided among the Chairman and other members of the Board as well as compensation for work on committees.
- Audit fees.
- Election of auditor and deputy auditor.
- Adoption of a policy for appointing the nominating committee.

A nominating committee for BTS Group AB was appointed on November 11, 2021. BTS's three largest shareholders in consultation with Reinhold Geijer, Chairman of the Board, appointed Anders Dahl (representing Henrik Ekelund), Elisabet Jamal Bergström (representing SEB Investment Management), Stefan af Petersens (own holdings) and Reinhold Geijer to the committee. Anders Dahl was appointed chairman of the nominating committee.

Shareholders in BTS Group AB have been able to contact the nominating committee to propose candidates to the Board.

All of the nominating committee's candidates based on the above will be announced in the notice for the 2022 AGM. The nominating committee's statement supporting its proposal for the Board of Directors of BTS Group AB as well as the information about the candidates recruited by the committee will be published on BTS's web site when the proposal is announced.

Board of Directors

The Board'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 19, 2021, 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 104–105 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, August, and October–November, and the budget for the coming year in December. Occasionally, an issue is delegated to the Chairman of the Board and the CEO for joint deliberation. The company's CFO serves as Board secretary. During the past year, nine meetings were held.

Composition and independence of the 2021 Board

Member	Position	Elected	Committee work	Independent	Board meeting attendance
Reinhold Geijer	Chairman of the Board	2016		Yes	9/9
Mariana Burenstam Linder	Member	2004		Yes	9/9
Henrik Ekelund	Member	1986		No ¹⁾	9/9
Stefan Gardefjord	Member	2003	Audit and risk committee	Yes	9/9
Dag Sehlin ²⁾	Member	2003		Yes	4/9
Anna Söderblom	Member	2017	Audit committee and risk	Yes	9/9
Olivia Ekelund ³⁾	Deputy	2021		No ⁴⁾	4/9

¹⁾ Henrik Ekelund is the largest shareholder and is President and CEO of BTS Group.

²⁾ To the 2021 Annual General Meeting.

³⁾ From the 2021 Annual General Meeting.

⁴⁾ Not independent in relation to company management and major shareholders.

Evaluation of the Board and the CEO

Every year the Board makes an evaluation of the work of the Board. The purpose of the evaluation is to get an opinion on the Board members' views on how the board work is conducted, and what measures can be taken to streamline the board work. The Nomination Committee has been informed of the content of the 2021 evaluation.

The Board continuously evaluates the CEO's work by following the development of the business towards set goals as well as through an annual CEO's evaluation.

Compensation to the Board

The AGM held on May 19, 2021, approved a total of SEK 1,355,000 in fees to be paid to those Board members who receive no salary from the company or any of its subsidiaries, such that SEK 480,000 be paid to the Chairman and SEK 215,000 each to the members, and SEK 50,000 to the deputy member. The AGM also approved a fee for committee work shall be paid in a total of SEK 180,000 in fees for committee work, to be distributed among the members of the company's committees.

The AGM also determined that auditors' fees will be paid based on approved invoices.

Members of the Board in the Parent company have received compensation only in the form of Board fees and Committee fees, with the exception of the CEO who is not remunerated for the Board work. The Members of the Board are not included in any incentive programs for Group employees that are based on shares or share prices.

Compensation committee

The compensation committee has the task of reviewing and recommending to the Board policies for compensation for the company's senior executives, including performance-based payments and pension benefits. Issues concerning the CEO's terms of employment, compensation, and benefits are 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 excluding the CEO.

Audit and risk committee

The Board has appointed an audit and risk committee. The purpose of the committee is to facilitate and streamline the Board's work, strengthen internal control and facilitate communication between the Board and the auditors. The committee's tasks include, among other things, preparation of the Board's work on quality assurance of financial and operational reporting, monitoring the effectiveness of BTS's internal control and risk management and evaluation of the ongoing audit efforts. Furthermore, the audit committee shall establish guidelines for which services other than auditing the company may purchase from the company's auditors. The committee also has the task of giving its evaluation of the audit work to the nomination committee and to assist the nomination committee in preparing the nomination committee's proposal for

the Annual General Meeting regarding the election of auditors and the size of the audit fees. The audit and risk committee has two members and consists of Stefan Gardefjord (Chairman of the Committee) and Anna Söderblom. The company's CFO participates in all committee meetings. The audit and risk committee held six meetings in 2021.

Auditors

The auditors examine the management of the company by the Board and CEO and the quality of the company's accounts and they report the results of their audit to the shareholders through the audit report, which is submitted at the AGM. In addition, the auditor participates in the Board meeting when the financial accounts are presented and submits a report on the audit of the company's earnings, financial position, and internal control. The company's auditor may also submit a statement of his findings directly to the Chairman of the Board, if deemed necessary. The Board shall at least once a year, without the presence of the CEO or other members of management, meet the company's auditor. During the year, the auditor participated in one board meeting, and on this occasion also reported the audit in writing.

The auditor is elected by the AGM for a period of one year. The 2021 AGM re-elected the registered public accounting firm PwC with Magnus Thorling as managing auditor for the period until the end of 2022 AGM.

More information about compensation to auditors is found in Note 4 of this Annual report.

For 2021, the company's auditors did not review BTS's semi-Annual report or the nine-month interim report, which deviates from the Code. The Board has so far determined that the company does not need further review, as the financial reporting is considered to be of high quality and that the internal control is deemed to be good and therefore the additional cost for such an audit cannot be justified. The Board continuously monitors the issue and, if it feels justified, will reconsider its decision.

Senior executives

BTS's senior executives include:

Henrik Ekelund, President & CEO of BTS Group AB, and Stefan Brown, CFO and Vice President of BTS Group AB. Information about senior executives is found on page 106 in this Annual report.

Guidelines for compensation and other terms of employment for senior executives

The AGM held on May 14, 2020, adopted guidelines for remuneration and other terms of employment for senior executives.

A successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability, presupposes that the company can recruit and retain qualified employees. This requires that the company can offer competitive remuneration. The decided guidelines contribute to BTS's business strategy,

long-term interests and sustainability by providing an opportunity to offer senior executives a competitive total remuneration. Remuneration to senior executives must be market-based and may consist of basic salary/fixed remuneration, variable remuneration, pension and other benefits. The Annual General Meeting may in addition – and independently of these guidelines – decide on, for example, share and share price-related remuneration.

The guidelines are found on pages 68–69 in 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 on-going contacts, clarity, and good ethics. BTS believes that high-quality communication efforts actively help bolster confidence in the company and the management, making it easier to achieve business objectives.

BTS publishes up-to-date information about the company on its web site. Interim reports and Annual reports are published in Swedish and English. Events that could be expected to affect the share price are announced in press releases. In addition, the company communicates with mass media, capital markets, and shareholders when interim reports are published and also participates in other activities on an ongoing basis.

The Board of Directors' description of internal control concerning financial reports

Good corporate governance is about organization and routine in a good control environment, the proper handling of financial information, and minimizing risk. A good control environment is also based on an organizational structure with explicit and documented delegation of decision-making authority, straightforward policies and guidelines, and a corporate culture with good common values.

Control environment

Internal control at BTS is based on a control environment embracing the organization, lines of decision-making, authority, and responsibility. The Board of Directors has a written set of procedures that clarifies the Board's responsibility and regulates how Board tasks are delegated. The set of procedures also specifies which issues are submitted to the Board for a decision. How roles are divided between the Board and the CEO is established in the Board's set of procedures and its instructions to the CEO. The Board and the CEO also manage the business with reference to the Companies Act, other laws and regulations, rules and regulations for stock market companies, and the Code, etc.

The company has established policies in areas such as financial reporting, IT and IT security, human resources

(compensation to senior executives), sustainability etc. The Board's instructions to the CEO specify financial responsibilities and authority, as do procedures adopted for signing off. To limit and control financial risk, the Board has adopted a financial policy.

The company's operating organization is adopted and communicated through an organization chart augmented by the assignment of roles and responsibilities.

The Board of Directors follows up to insure that policies adopted for financial reporting and internal control are adhered to and maintains appropriate relationships with the company's auditors. company management is responsible for the system of internal controls required for managing significant risks in operating activities.

Risk assessment and control activities

The Board of Directors has ultimate responsibility for risk management. A well-defined organization and decision-making procedure are intended to foster prudent risk taking and good awareness of risk among employees. To insure that internal routines and controls have worked adequately and uniformly, the most important processes have procedural descriptions. Built-in checkpoints also minimize the risk of errors in accounting. Likewise, procedures for the company's accounting and consolidation systems have been documented. Ongoing activities aim at maintaining good internal control, thus avoiding and detecting risks.

Information and communication

Significant guidelines, manuals, and such that govern financial reporting are updated and communicated on an ongoing basis to personnel affected in the Group. Formal as well as informal channels to company management and the Board exist to transmit significant information from employees. For external communication, the company follows the governing regulations discussed above.

Follow-up

The Board of Directors continuously evaluates the information provided by company management. The work of the Board includes insuring that actions are taken concerning any deficiencies or proposals for corrective action arising from external audits.

The auditors' reporting regarding to internal control is discussed at the audit and risk committee meetings. The auditors' remarks on possible shortcomings and BTS's documented action proposals are discussed and approved. Thereafter, the auditors' report is discussed 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 2021 found on pages 99–102 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with a sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6, section 6, second paragraph, points 2–6 of the Annual Accounts Act and chapter 7, section 31, second paragraph of the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, April 22, 2022
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorized Public Accountant

The Board of Directors and auditor



Reinhold Geijer

Born 1953.

Chairman of the Board of directors of BTS Group AB since 2016.

Other assignments: Board member of Skandia, The Swedish Export Credit Corporation, Eterna Invest and Zacco A/S.

Shareholdings in BTS Group AB: 10,000 class B shares.

Reinhold Geijer was CEO of The Royal Bank of Scotland's Nordic branch 2003–2015, and also CEO of Nordisk Renting AB 2001–2015. He has also served as CFO of Telia, CEO of Foreningssparbanken (now Swedbank), worked within Ericsson, SSAB Swedish Steel and Weyerhaeuser Company in the United States. Reinhold Geijer graduated in business administration at the Stockholm School of Economics.

Independent of the company and its major shareholders.

Mariana Burenstam Linder

Born 1957.

Member of the Board of BTS Group AB since 2004.

Other assignments: Member of the Board of Latour AB, CEO of ProactiveMedicine AB.

Shareholdings in BTS Group AB: 22,100 Class B shares.

Mariana Burenstam Linder has extensive experience from management positions in several Swedish companies. Former positions include founder and CEO of Burenstam & Partners, CEO of Ainax, Head of Enskilda Banken with global responsibility for Private Banking, deputy CEO of SEB, CIO of Trygg-Hansa and later the SEB group, CEO of ABB Financial Consulting and CEO of Nordic Management AB. Mariana Burenstam Linder graduated in business administration at the Stockholm School of Economics.

Independent of the company and its major shareholders.

Stefan Gardefjord

Born 1958.

Member of the Board of BTS Group AB since 2003.

President and CEO of Swedish Space Corporation.

Other assignments: Member of the Board of Knowit AB.

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

Stefan Gardefjord has been CEO of Logica Sverige AB and member of the executive management of Logica. He has since 1987 held several senior positions in the WM-data group, including CEO of different subsidiaries, business area head, and group director of marketing, sales, and information. Stefan Gardefjord graduated upper secondary school in business.

Independent of the company and its major shareholders.



ANNA SÖDERBLOM



HENRIK EKELUND



OLIVIA EKELUND

Anna Söderblom

Born 1963.

Member of the Board of BTS Group AB since 2017. Teacher and researcher at the Stockholm School of Economics.

Other assignments: Chairperson of Echandia Group AB. Board member in Länsförsäkringar Liv AB, Cabonline Group Holding AB, Midway Holding AB, Almi Företagspartner AB, B3 Consulting Group AB and Dedicare AB.

Shareholdings in BTS Group AB: 500 class B shares.

Anna Söderblom has earlier among other things been operational as the head of technical support and marketing director at Microsoft Nordic, marketing director at Sweden Post, Letter Division, and investment manager at Industrifonden. Anna Söderblom has a university degree in mathematics from Lund University and a PhD in business administration from Stockholm School of Economics.

Independent of the company and its major shareholders.

Henrik Ekelund

Born 1955.

President and CEO of BTS Group AB.

Shareholdings in BTS Group AB (including companies): 816,000 Class A shares, 2,789,034 Class B shares, totally 3,605,034 shares.

Henrik Ekelund is the founder of BTS and has been its CEO since its inception in 1986. Henrik Ekelund has comprehensive experience as a Board member and owner of growth enterprises. Henrik Ekelund graduated in business administration at the Stockholm School of Economics.

Not independent of the company or its major shareholders.

Olivia Ekelund

Born 1994.

Deputy Board member of BTS Group AB since 2021.

Marketing Coordinator at Staccs AB.

Master of Philosophy from The University of Edinburgh.

Shareholdings in BTS Group AB: 0.

Not independent of the company and the management.

Not independent of major shareholders.

AUDITOR

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

The above information on shareholdings was correct at December 31, 2021.

Senior executives and global partners



Henrik Ekelund
Born 1955. Global Partner. Founder, President and CEO of BTS Group AB. See Board of Directors on the preceding page for more information.



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



Jessica Skon
Born 1977. Global Partner. Executive Vice President, President and CEO of BTS North America. Employee of BTS since 1999.



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



Philios Andreou
Born 1967. Global Partner. Executive Vice President, President and CEO of BTS Other markets. Employee of BTS since 2003.



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



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



Kathryn Clubb
Born 1957. Global Partner. Executive Vice President, Global Head of Change & transformation. Employee of BTS since 2019.



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



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



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



Peter Mulford
 Born 1968. Global Partner.
 Executive Vice President,
 Chief Innovation Officer.
 Employee of BTS since 1997.



Dan Parisi
 Born 1968. Global Partner.
 Executive Vice President, Global
 Head of Strategy execution &
 business acumen.
 Employee of BTS since 1995.



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



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



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



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

Shareholder information

Annual General Meeting 2022

Shareholders in BTS Group AB (publ) are invited to the AGM on Friday, May 13, 2022 at 13.00 p.m. at the company's premises, Grevgatan 34, 5th floor, Stockholm.

Shareholders wishing to participate must be entered in the share register maintained by Euroclear Sweden AB no later than Thursday May 5, 2022, and must have notified BTS Group AB no later than Friday May 6, 2022.

Shareholders may notify by writing BTS Group AB, Grevgatan 34, SE-114 53 Stockholm or by 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 Monday May 9, 2022.

Dividend

The Board of Directors proposes a dividend of SEK 4.80 per share, to be paid in an amount of SEK 2.40 on two occasions.

2022 reporting dates and financial information

Interim reports:

January–March	May 13, 2022
January–June	August 18, 2022
January–September	November 11, 2022
Year-end report	February, 2023

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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