

Remuneration report 2020

Introduction

This report describes how the guidelines for remuneration to senior executives of BTS Group AB, agreed upon during the annual general meeting 2020, were applied during 2020. The report also contains information regarding remuneration for the CEO. The report has been prepared in accordance with the Companies Act and the Board of the Swedish Corporate Governance Rules on executive remuneration and incentive programs.

Further information regarding remuneration to senior executives can be found in Note 6 on pages 67-69 in the Annual Report for 2020. Information on the remuneration committee's work in 2020 can be found in the corporate governance report on pages 95-99 in the Annual Report for 2020.

Board fees are not covered by this report. Such fees are decided annually by the Annual General Meeting and are reported in Note 6 on page 68 in the Annual Report for 2020.

Development in 2020

The company's overall results are summarized by the CEO on page 5 and in the Management report on pages 49-52 in the Annual Report for 2020.

Guidelines for remuneration to senior executives: scope, purpose and deviations

Successful implementation of the company's business strategies and safeguarding the company's long-term interests, including sustainability, rely on the company recruiting and retaining highly skilled employees. The company must be able to offer competitive remuneration, these guidelines enable senior executives the ability to offer such remuneration.

Types of remuneration

Remuneration for senior executives shall be market-related and may consist of fixed basic salary, variable remuneration, pension and other benefits. In addition to, and independent of these guidelines, the AGM can, for example, decide on share and share-related remuneration.

Fixed basic salary shall be individual for each executive and shall be reviewed regularly (usually annually) and be based on the executive's position, responsibilities, competence, experience and performance.

Variable remuneration shall be based on predetermined and measurable criteria, designed to promote long-term value creation. The variable remuneration may not exceed 100 percent of the yearly fixed basic salary. The variable remuneration shall not be included in pension calculations unless otherwise stated in forced collective agreements.

Pension benefits shall be defined contribution so long as the executive is not covered by other defined benefit pensions under forced collective agreements.

Premiums are paid for as long as the employment lasts. The ordinary retirement age follows the retirement age determined by law. The President's pension benefits shall not exceed 35 percent of the annual salary. For other senior executives, the pension benefits shall not exceed 30 percent of their annual salary.

Other benefits may include car benefits, company healthcare, life and health insurance as well as other similar benefits. Other benefits shall represent a smaller proportion of the total remuneration and may not exceed 10 percent of the executive's annual salary.

The guidelines can be found on pages 68-69 in the Annual Report for 2020. In 2020, the company followed the applicable remuneration guidelines adopted by the Annual General Meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process that, according to the guidelines, is to be applied to determine the compensation. The auditor's opinion on the company's compliance with the guidelines is available at www.BTS.com. No compensation has been claimed back.

Terms of employment, remuneration structures and remuneration levels for senior executives in BTS Group follow the current guidelines for terms of employment for senior executives decided by the Annual General Meeting. This means, among other things, that the total remuneration to senior executives is reasonable and well-balanced. Furthermore, the total remuneration to senior executives is competitive, ceiling-fixed, appropriate, and contributes to good culture. These criteria also guide the remuneration of other employees.

Total remuneration to the President, Henrik Ekelund, during 2020 (KSEK)

Table 1

Fixed compensation		Variable remuneration ¹⁾		Pension cost ²⁾	Total compensation	Proportion fixed resp. variable remuneration
Basic salary	Benefits	Annual	Perennial			
5 028	-	0	-	1 760	6 788	100%/0%

1) Variable remuneration earned in 2020 to be paid in 2021. Unchanged performance criteria applied compared with the previous year.

2) Pension premiums are paid at 35 percent of the CEO's basic salary.

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been chosen to realize the company's strategy and to encourage actions that are in the company's long-term interest.

The CEO's variable remuneration may amount to a maximum of 100 percent of the fixed basic salary. The variable compensation is structured as a matrix of two variables; sales and operating margin. No variable remuneration is paid if the

minimum level in the matrix for operating margin is not reached for the year. The performance criteria have been unchanged compared with the previous year.

Comparative information on changes in remuneration and the company's results

Change in remuneration and earnings during the last two reported financial years (KSEK).

Table 2

Annual change	2019 vs 2018	2020 vs 2019	2020
Remuneration CEO, Henrik Ekelund 3)	935 (11,9%)	-2 029 4) (-23,0%)	6 788
Group revenues	267 100 (16,7%)	-401 344 (-21,5%)	1 464 155
The Group's operating profit (EBIT)	42 259 (23,0%)	-161 053 (-71,4%)	64 607
The Group's operating margin (EBIT margin)% 5)	+0,6 percentage points	-7,7 percentage points	4,4%
Average remuneration to other employees based on the number of full-time equivalents in the Group 6)	23 (2,3%)	-131 (-12,7%)	898

3) The change in remuneration refers to the annual change in the sum of all remuneration components as they are reported in Table 1.

4) The reduction can only be attributed to non-variable compensation for the performance year 2020, due to the Covid-19 pandemic in combination with unchanged performance criteria compared with the previous year.

5) The Group's operating margin (EBIT margin) was 11.5% in 2018, 12.1% in 2019 compared with 4.4% in 2020.

6) Total remuneration for all other employees excluding the CEO and board of the parent company, divided by the number of full-time equivalents in the Group during each year.