

## **The Board of Directors of BTS Group AB (publ) opinion on the proposal for profit allocation pursuant to Chapter 18. Section 4 of the Swedish Companies Act**

### **Background**

Ahead of the 2020 Annual General Meeting, the Board of Directors of BTS Group AB (publ) (the "Company") on April 14, 2020, in light of current public concerns and uncertainties following the spread of the corona virus (covid-19), decided to withdraw the previously published dividend proposal of SEK 4.20 per share, to be paid on two occasions. If the conditions were to allow, the Board of Directors also decided to convene an Extraordinary General Meeting for a dividend decision in the fall 2020. Taking everything into consideration, the Board of Directors has now decided to propose that an Extraordinary General Meeting be held in December 2020 for a dividend decision. For this reason, the Board of Directors hereby gives the following reasoned opinion pursuant to chapter 18, section 4 of the Swedish Companies Act.

Used concepts have the same meaning as in the annual report for the financial year 2019.

### **Nature, scope and risks of operations**

The company is the parent company of a group engaged in international consulting and training activities in North America, Europe, Asia, Australia, South America and South Africa and which has a wide range of services that cover needs in strategy implementation and talent development with services that follow the employee from assessment and development, to strategic alignment and implementation of strategies. The company's operations consist solely of group coordinating tasks. BTS's operations, risks in this business and the company's governance, processes, and mechanisms to manage these risks are set out in the 2019 Annual Report.

### **The company's and the Group's consolidation needs, liquidity and position in general**

The company's and the Group's financial situation respectively as of December 31, 2019 is presented in the Annual Report for 2019. It also shows the accounting policies used to measure assets and liabilities and that no significant changes to these have been introduced in 2020. As of December 31, 2019, unrestricted equity in the company amounted to SEK 148,850,129. No dividend has been paid or any other transfer of value has been made thereafter and the amount available pursuant to chapter 17, section 3 of The Swedish Companies Act thus amounts to SEK 148,850,129 as of this date. The company's restricted equity has remained unchanged since the balance sheet date. Based on the total number of outstanding shares as of November 11, 2020, the proposed dividend amounts to a total amount of SEK 69.5 million. This represents approximately 45 percent of the company's equity and approximately 8 percent of the Group's equity calculated at the balance sheet date of December 31, 2019. If the meeting resolves on the proposed dividend, the company's, and the Group's solvency, based on the conditions as of December 31, 2019, will decrease from 48 percent to 33 percent and from 45 percent to 43 percent, respectively. According to the company's dividend policy, the dividend should in the long term be 40 to 65 percent of the Group's net income. Prior to the dividend proposal, the Board of Directors has considered the fact that the proposed dividend, totaling SEK 69.5 million, represents approximately 46 percent of the Group's net income in 2019. The company's and the Group's financial situation as of September 30, 2020 is presented in the quarterly report for the third quarter of 2020.

### **The Board's assessment**

The company's and the Group's equity are deemed to be sufficiently large in relation to the nature, scope, and risks of the business even after the dividend has been paid. The Board of Directors has considered, among other things, the company's, and the Group's historical developments, expected developments and the economic situation, including developments in the financial markets, interest rates and similar factors. The Board of Directors has also assessed the company's financial position and the company's and the Group's ability to meet its commitments in the short and long term. The company's respective group's ability to meet its payment obligations will not, in the Board's opinion, be affected by the dividend and the company and the Group respectively have good access to both short- and long-term credits. These can be used at short notice, which is why the Board of Directors considers that the company and the Group are well prepared to handle changes in both liquidity and unexpected events in the longer term. The liquidity and solvency of the company and of the Group respectively, are also judged to be good in relation to the industry in which the company and group operate, even after the proposed dividend, and the Board of Directors considers that the company and the Group respectively can take future business risks and to withstand any losses. The ability of the company and the group respectively, to make additional commercially motivated investments in accordance with the Board's plans will not be adversely affected by the dividend.

## **Opinion**

The proposed dividend is deemed by the Board of Directors to be justifiable in view of the requirements that the nature, scope, and risks of the business impose on the size of the parent company's and the Group's equity, as well as the consolidation needs, liquidity and position of the parent company and the Group in general. The financial position remains strong after the proposed dividend and, even in view of the ongoing covid-19 pandemic, it is considered to be fully sufficient to enable the company and the Group respectively to be able to meet their obligations in both the short and long term. In the light of the foregoing - and based on what the Board of Directors otherwise has knowledge of and after an assessment of the financial position of the company and the group respectively - the Board of Directors considers that the proposal for a dividend is justifiable in view of chapter 17, section 3 and section 4 of the Swedish Companies Act.

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Stockholm, November 11, 2020

BTS Group AB (publ)

Board