

# Annual Report

2017



Strategy made personal

# Business overview

**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 30 years, we've been designing powerful experiences that have 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.**

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The following are some of our service offerings:

## **Strategy Execution**

At our core, we are focused on helping our clients with their strategy implementation needs by harnessing the power of their people. We use business simulations, experiential learning and digital tools to make strategy personal, so that each manager and employee translates it into activities and behaviors they will do and care about – turning it into action.

## **Leadership Development Programs**

Leadership development is essential to the success of any organization, yet it is a well-known fact that most corporate leadership training programs are ineffective. We have been disrupting the leadership training industry through our Define, Assess, Experience and Execute Great Approach to developing leaders.

## **Assessment**

Focused and relevant talent selection and development is critical, yet challenging when faced with a limited resource pool and a highly competitive labor market. BTS Assessment centers and services provide targeted approaches to precisely identify talent and capability gaps, enabling clients to define high performance for critical roles, select the right people and develop their capabilities at all levels.

## **Developing Business Acumen**

Business acumen is the intuitive understanding of how a company makes money, and includes strategic perspective, market orientation and profit acumen. It is an essential skill set that all employees need for an organization to be effective.

## **Transforming Sales Organizations**

Our research shows that senior-level buyers are looking for consultative sales people who will help accelerate their business results. We provide buyer-centric consulting, sales transformation (planning, change management and sales training), assessment, selection and on-the-job execution tools.

## **Coaching**

Coaching help leaders, at all levels, improve and change. We are using an approach that is virtual, affordable, scalable and fast. This approach changes coaching from being a service for senior leaders into a practical tool to turn strategy into action across the organization. The research and data driven approach allows for mindset shifts at scale in clients.

## **Digital Solutions, Events and Services**

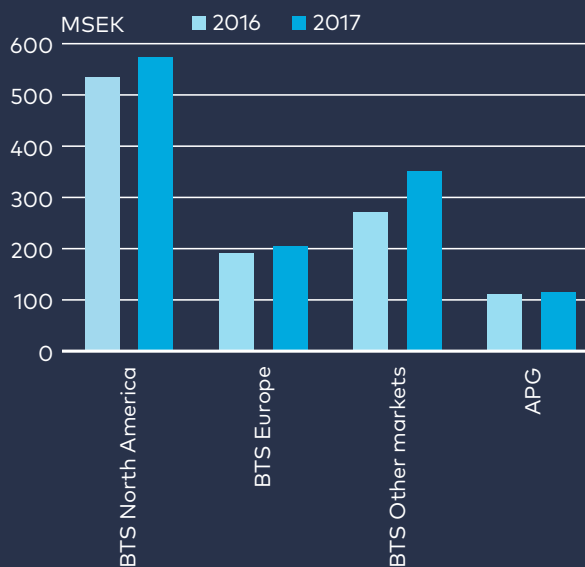
We are the leader in customized cloud-based business simulations and other immersive experiences and tools that can be delivered in a classroom, virtually, or for self-paced applications. We design and implement large leadership and sales conferences using our Pulse™ technology platform, which engages people, gathers their input and ensures outcomes and application back on the job.

# Helping the world's leading companies

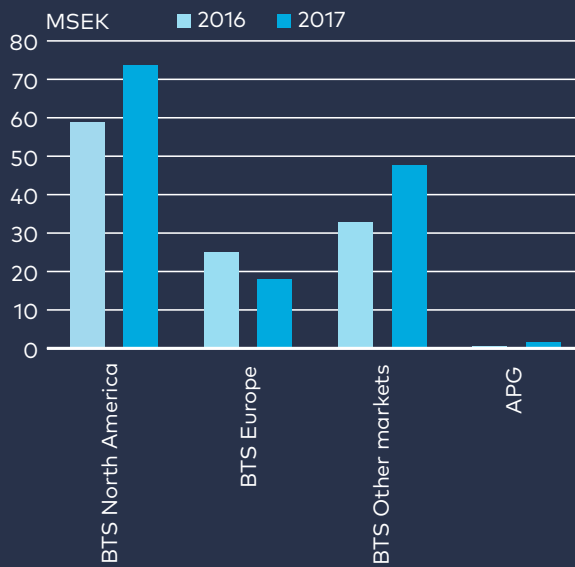
BTS is a global professional services firm headquartered in Stockholm, Sweden, with close to 600 professionals in 37 offices located on six continents.



Net sales per operating unit



Operating profit (EBITA) per operating unit



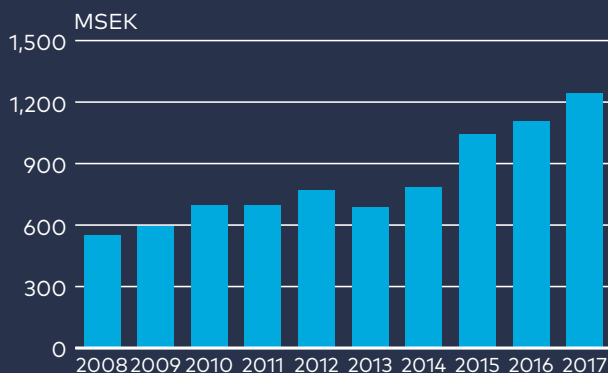
# turn strategy into results

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.

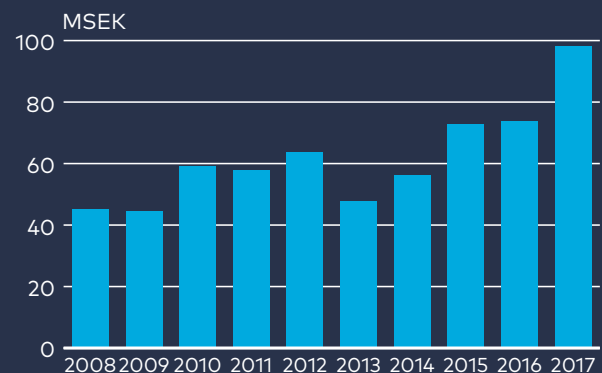
## Some of our clients

ABB	EY	Mercado Libre	SAP
ANZ	DBS	Merck	Standard Bank
Autodesk	Gas Natural	Microsoft	Telstra
BBVA	GlaxoSmithKline	National Australia Bank	Tencent
Chevron	Honda	Nike	Uber
Coca-Cola	HP	Salesforce.com	Wärtsilä

## Net sales



## Profit after tax





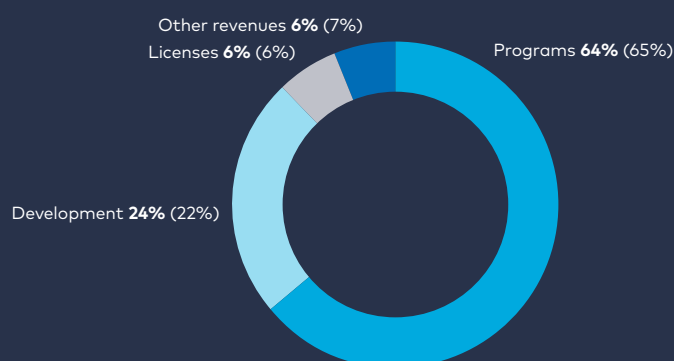
## 2017 in brief

- Net turnover amounted to MSEK 1,242.6 (1,107.6).
- Revenue growth was 12 percent, adjusted for changes in foreign exchange rates.
- EBITA increased by 20 percent to MSEK 140.9 (117.5).
- Profit before tax increased by 19 percent to MSEK 131.4 (110.9).
- Profit after tax increased by 33 percent to MSEK 98.1 (73.8).
- Earnings per share increased by 31 percent to SEK 5.20 (3.96).

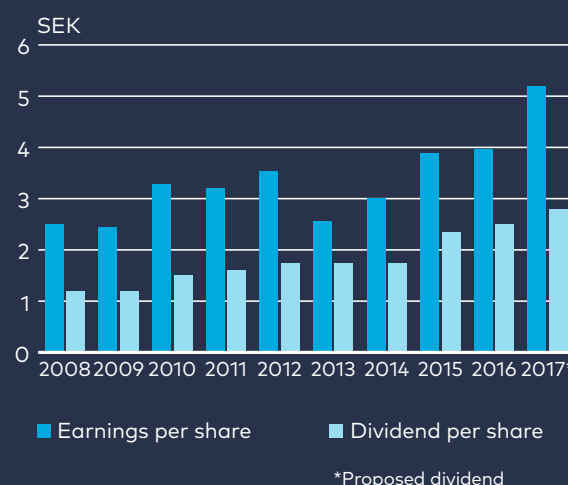
Key ratios	2017	2016
Net sales, MSEK	1,242.6	1,107.6
EBITA, MSEK	140.9	117.5
EBIT, MSEK	132.3	111.7
Profit before tax, MSEK	131.4	110.9
Profit after tax, MSEK	98.1	73.8
EBITA margin, %	11	11
EBIT margin, %	11	10
Profit margin, %	8	7
Operating capital, MSEK	506.2	432.9

Key ratios	2017	2016
Return on equity, %	17	14
Return on operating capital, %	28	28
Equity ratio at the end of the year, %	47	58
Cash flow from operating activities, MSEK	98.2	47.5
Cash flow, MSEK	72.6	-15.5
Cash and cash equivalents at the end of the year, MSEK	199.9	135.4
Average number of employees	548	498
Number of employees at the end of the year	596	523
Net turnover per employee, MSEK	2.3	2.2

## Net sales by source of revenue 2017 (2016)



## Earnings and dividends per share





# Contents

Words from the CEO .....	4-5
Vision, Purpose, Value Proposition and Goals .....	6
Strategic Principles .....	7

## Practice Areas

Strategic Alignment and Business Acumen .....	10-12
Leadership and Management .....	13-14
Sales .....	15-17
Innovation .....	18-20
Assessment .....	21-23
Coaching .....	24-25

## Business Model and Clients

Business Model .....	28-29
Digital Services .....	30-33
Our Clients and Industries .....	34-35
Growth, Profitability and Acquisitions .....	36-37

## Organization and Culture

Organization .....	40
Core Values .....	41
Our People and Culture .....	42-43
Sustainability .....	44-47

## Advantage Performance Group

Advantage Performance Group .....	48-49
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## Financial Information

Five-Year Summary .....	51-53
BTS Share information .....	54-55
Management Report .....	56-59
Consolidated Income Statement .....	60
Consolidated Statement of Comprehensive Income .....	60
Consolidated Balance Sheet .....	61
Changes in Consolidated Equity .....	62
Consolidated Cash Flow Statement .....	63
Parent Company's Income Statement .....	64
Parent Company's Statement of Comprehensive Income .....	64
Parent Company's Balance Sheet .....	65
Parent Company's Cash Flow Statement .....	66
Changes in Parent Company's Equity .....	67
Notes to the Annual Report .....	68-82
Audit Report .....	83-85

## Governance and Management

Sustainability Report .....	86-87
Corporate Governance Report .....	88-91
The Board of Directors and Auditor .....	92-93
Senior Management and Global partners .....	94-95
Shareholder Information .....	96

# How to win in digital

## Let me start with two examples

First; in the year of 1900 the streets of New York were filled by horses and their carriages. At the start of the First World War, 14 years later, automobiles were everywhere and almost all horses were gone.

Second; in 1985, the telecommunications giant AT&T hired Mc Kinsey & Co. to forecast the growth of users of an at the time new device – the cellphone. Mc Kinsey forecasted 900,000 cellphone subscribers in the US by 2000 – to be compared with the actual number of 109 million cellphone subscribers that year.

It is not easy to foresee the forces of disruption. We often misjudge their direction and timing because of present-day biases and because of an inability to see beyond our current context. We disregard emerging trends because they seem too "out there" to be a threat. Or we discount them because we are reluctant to acknowledge the changes they would force upon our businesses.

Disruptions are caused by four core drivers – by technologies becoming cheaper to use; by technologies intersecting and combining; by consumers' preferences and demand shifting; and by entrepreneurs creating new business models to exploit the potential opportunities.

## How companies need to change

While Digital Disruption and Transformation are main topics of newspapers, conferences and internal company memos; in reality only a small minority of industries have so far been impacted with significance. The industries where digital disruption has had a major negative impact on profits are few – mainly retail, film distribution, music, taxi and newspapers – and in those industries profits have fallen circa 50 percent from peak levels. But these sectors represent less than 5 percent of total company profit across the society. The major disruptions are ahead of us.

Why did Nokia not commercialize the smartphone? Why did Kodak not win in digital film and camera? Why did Sony not build from their Walkman to own the MP3 player and digital music? Why do most major innovations based on new technology and new business models – Airbnb, Uber, Amazon, Spotify – come from startups instead of from the organizations which already hold vast amount of knowledge, capital and customers?

Or – let us rephrase the question; how do large companies need to change in order to become the innovative leaders of building the future?

Let us get right to the big picture answer: If you want to win in digital disruption, technology is second, people and culture are first.

## How to win

Culture and people will create the winners. In short, large companies need to learn traits from startups while leveraging their advantages of current assets and scale.

Winners are moving away from the hierarchical organization. Away from linear thinking, classical risk controlling management, once-a-year strategy plans, laborious capital allocation processes, and competency models. Towards networked organizations with agile leadership and a multipliers mindset. Towards combining customer obsession and digital acumen. From data – towards insights. Towards divergent thinking and experimenting and pivoting faster. From a "career for life" to a growth mindset with people who help their teams learn faster than the pace of change of their environment.

Some large businesses are already successfully making this digital transformation happen, achieving impressive business results. Here are examples from the financial sector – they also happen to be customers of BTS - DBS from Singapore, ING from Holland and Fidelity from the US.

## Our Opportunity

For the New Digital World, every company has an evolving strategy – or should have one.

Companies are investing significantly in their people to shift the culture and accelerate their evolving strategy and transformation. At BTS, we are helping many companies to build the future-state alignment, leadership culture and digital acumen required to change the way their people work.

Unlike traditional consulting firms, who have prioritized strategy and process over people, BTS has been passionate about and 100 percent focused on the people-side of business for over 30 years.

Unlike the traditional training and leadership industry, which has been overly reliant on academics, theory, and generic best practices, BTS has been our client's leadership partner with only one lens: to equip leaders to turn strategy into action.



# disruption

As a result, we have a strong ability to get the tools and experiences to be fully in sync with our client's unique strategies, evolving business models and culture.

Unlike an overly-fragmented talent function and market for talent services that have left CEOs underwhelmed by the return of those investments ranging from selection, to succession, to onboarding to development and coaching, BTS fights for integrated simplicity. This ensures that all people have clarity of expectations, know what GREAT looks like for them in their roles, and feel equipped to do the best work of their lives serving their company's strategy, and culture.

We have a lot of the capabilities businesses are asking for:

- We are global
- We are digital
- We produce real results and impact
- We have integrated practices of business acumen, leadership, innovation, sales, assessment and coaching.

## Results for our Customers

In the brave new world we are entering, the nice to have consulting and training will disappear; businesses will demand real results. And since everything is being digitized, measurements are expected.

BTS's focus on results for our customers is relentless. We are clear with our customers about the expected business results, we drive them through each project, and we leverage digital tools to enforce and measure. Let me share a few examples.

- An international bank asked us to develop 1,300 branch managers to focus on the optimal customer/product opportunities – resulting in a USD 100 million higher yearly profit.
- A global software firm asked us for a two year journey covering all 7,000 leaders at all levels building a modern and effective leadership culture. During the two years employee engagement climbed 3.4 percent and the leadership trust score doubled.
- An entertainment program producer facing digital disruption asked us to develop a culture of innovation and speed across the company. Results; 200 new valuable ideas, 8 in commercial phase and a new prototyping method increasing speed and saving costs significantly.

These are three examples from hundreds of results – when we help our clients to turn strategies into action through their people.



## A record year and two key acquisitions

During 2017, our revenues grew 12 percent.

Our earnings grew 19 percent; with continued significant R&D investments in digital solutions of circa 4 percent of revenue.

At the end of the year we completed two important acquisitions: establishing ourselves in a large new market and securing the opportunity to offer our customers a connected service with great potential.

Coach in a Box is a global leader in coaching, and has grown by over 25 percent per year over the last five years. It has an approach that is virtual, affordable, scalable, and research-based. Our combined services make us a stronger partner for our customers and provide many opportunities for growth.

MTAC in Cologne has a great track record of serving large demanding German and international businesses, resulting in long and deep customer relationships. It gives BTS a base in German-speaking countries, which is Europe's by far largest market.

## Outlook 2018

Our growth and investments during 2017, and the two strategic acquisitions, put us in a position for a very positive development in 2018 and the years to follow. Profit before tax for 2018 is expected to be better than last year.

Stockholm, April, 2018

A handwritten signature in blue ink, appearing to read 'Henrik Ekelund'.

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 30 years, we've been designing fun, powerful experiences that have a profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success. It's strategy made personal.

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## 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 planet.

## 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 15 percent.
- An equity ratio that does not fall below 50 percent over extended periods.

## Strategic Principles

# The BTS Group's 11 strategic principles

### Focus

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

### Internationalization

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

### Organic growth complemented by acquisitions

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

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

### Top clients and long-term partnerships

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

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

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

### Differentiation – higher value and premium position

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

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

### Offer solutions and IP – not sell time

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

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

### Network-oriented sales and marketing

BTS continuously increases the quantity of, and improves the quality of, resources dedicated to client contacts and sales.

These are key drivers of growth for BTS. Our priorities:

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

### Value chain – focus on strategic assets and high value

BTS owns and sources internally:

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

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

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

### One company – one best practice

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

### Innovate – and develop close to the customer

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

### The people and the company spirit

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

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





# Practice Areas

Strategic Alignment and Business Acumen	10–12
Leadership and Management Development	13–14
Sales	15–17
Innovation	18–20
Assessment	21–23
Coaching	24–25



## Strategic Alignment and Business Acumen

# Turning strategy into action for better results, faster

Conventional wisdom holds that poor strategies rarely yield positive results. But good strategies can fail as well. The most common reason for failure is that firms don't recognize, or develop, the three core drivers of exceptional execution.

### Our strategy execution framework: E=AMC

Through working with many of the world's leading companies over the past 30+ years, BTS has developed a framework that captures the inner architecture of exceptional strategy execution.

Strategy execution is defined as the practice of bringing a strategy to fruition. The three forces that power exceptional execution (E) are Alignment, Mindset and Capability (AMC). You achieve better and faster results when people understand the strategy and its implications at an individual level (alignment), when they are excited and passionate about the strategy (mindset), and when they have the skills and confidence (capability) to execute. These forces are influenced by how much pressure to perform is perceived within the environment.

### Customized business simulations make strategy personal

A research report from BTS and the Economist Intelligence Unit, titled "Mindsets: Gaining Buy-in to Strategy," revealed that firms typically find it difficult to drive buy-in of strategic direction among middle- and lower-ranked employees, but that top-performing companies (defined as those reporting above-average profitability relative to peers) regularly achieve widespread buy-in at all levels of the organization.

BTS helps organizations increase buy-in and win the hearts and minds of their employees through customized business

simulations and experiential learning tools designed to engage people more deeply in the strategy, and support the skill development and behavioral change necessary for execution.

### Business acumen: critical to effective strategy execution

Another recent study from BTS and the Economist Intelligence Unit, *Skills Mismatch: Business Acumen and Strategy Execution*, reports that two-thirds of corporate executives believe a lack of business skills or business acumen inhibits their company from meeting strategic priorities.

“A study by the Boston Consulting Group showed that focusing on strategy alignment could result in an increase in Return on Equity of as much as 12.5 percent.”

### BTS E=AMC Strategy Execution Framework

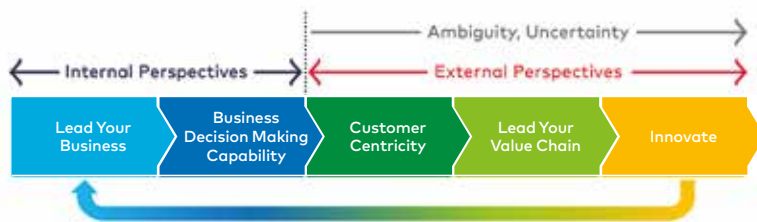




## Business Acumen for the 21<sup>st</sup> Century

To help executives address this problem and think about the critical capabilities and leadership skills needed to navigate intensely competitive markets, we have developed Business Acumen for the

21<sup>st</sup> Century, a framework laid out by Dan Parisi in the *foundational article of the same title*. Business Acumen for the 21<sup>st</sup> Century is a robust, adaptive approach with five distinct pillars:



1. **"Lead Your Business"** is, at its core, understanding how a company makes money and the levers that can be pulled to create value. It is also the capability to see the bigger picture of your business outside of your function.
2. **"Business Decision Making Capability"** captures the fact that there are hundreds of tactical decisions across functions, management layers and budgets that must be mastered for a strategy to succeed.
3. **"Customer Centricity"** is a marked shift from internal to external business perspectives. Customer centricity is about understanding the customer's business with the intention of being a better partner and increasing customer loyalty and market share.

4. **"Lead Your Value Chain"** is about having a deep understanding of and navigating the uncertain and unpredictable aspects of your broader industry value chain or ecosystem. This value chain or business ecosystem includes suppliers, customers and important other alliance partners.
5. **"Innovate"** is about developing the adaptive capabilities and innovation leadership skills needed to thrive in 21st-century markets. If you don't refresh and disrupt your organization's cherished beliefs, someone else will. This last pillar is about product, process and business model innovation, which, in turn, cycles back to Lead Your Business and creates sustainable growth.

## The BTS Results Assurance Process

BTS Strategic Alignment and Business Acumen Programs blend consultant-led workshops, online learning and interactive business simulations to create the optimal learning environment for individuals and organizations. These highly customized designs are in service of one thing: business results.

The BTS Results Assurance Process starts with a discovery process to identify what results are most meaningful in the context of a business. Some clients measure results in terms of increased cash flow, others in terms of market share growth, and others in terms of employee engagement or customer loyalty. Whatever the desired result, the entire BTS learning journey is designed to drive that result.

BTS uses proprietary technology and collaboration with our clients to turn learning into action. These actions are often driven through "learning cohorts" that meet once per month after a BTS experience, creating an execution cadence that turns the learning into doing, and doing into measurable results.



## CLIENT STORIES

### Owning the Business at a U.S. Multinational Banking & Financial Services Firm

A leading U.S. multinational banking and financial services company needed its senior leaders to understand all parts of the business — how they interact and how collaborating across units leads to better results — as well as develop an ownership mindset and a sense for the complexity of the business.

The organization partnered with BTS to give leaders a holistic perspective of setting strategy and leading the execution of strategy across all parts of the business. Through a customized simulation, leaders experienced what it was like to operate as the executive committee of a bank, as well as manage the P&L, balance sheet and risk factors. Simultaneously, BTS partnered with them on the sales side of the organization to help specialists who support financial advisors become more client-centric and more effective partners.

### Empowering Country Managers to Drive Growth

Despite excellent business performance, JF Hillebrand, a global logistics company with a loyal customer base and a reputation for service quality, was concerned that ongoing economic volatility and rising competition could spell tougher times ahead. As a decentralized company with a network across 91 countries, the leadership at JF Hillebrand decided to make an effort to align Country Managers to mediate this issue and ensure continued business success.

JF Hillebrand partnered with BTS to craft a three-day experience that would enable Country Managers to:

- Practice gathering and evaluating market data to prioritize business opportunities

- Create actionable business plans for growth and align their resources accordingly
- Take short-term risks for long-term development of the business
- See the value and long-term payoff from comprehensive and data-driven business plans

The experience included leadership-led knowhow sessions; a robust, customized business simulation; application sessions and more.

As a result, Country Managers were able to work together, learn from one another, and experience firsthand how business planning is an essential prerequisite for sustainable growth. The workshop helped Country Managers become more supportive of the business planning process, and created excitement about the next opportunity to go through the steps in reality.

JF Hillebrand's leadership team knew immediately after the training that it was crucial for changing behavior in the long term. There were two main areas where the Country Managers had seen noticeable change: mindset and common language. The Managers described how business planning is now seen as a core and integral part of their role, rather than a separate administrative task, and as one of the Area Directors observed: "We are speaking the same language irrespective of our countries, which is very good. It [business planning] was not a top priority; this is not the case anymore."

As Frank Dam, Group Head of Leadership Development summarized, "The program has helped us to build the foundation for driving growth in the future. It is up to us now to develop this further into an embedded sustainable process."



# Learning and development as a strategic differentiator

### Accelerating Strategy Execution Capability and Delivering Results

Leadership and management are essential to the success of any organization. No matter what measure you use, companies with effective leaders execute better, reduce the time to value of new strategies and then go on to deliver stronger long-term business results. In fact, high-performing organizations that have continually invested in their leaders have "generated nearly 60 percent improved business growth, reported a 66 percent increase in bench strength, and showed a 62 percent improvement in employee retention."<sup>1</sup>

As constant organizational change has become the new normal, today's leaders face an increasingly steep uphill battle in their attempt to inspire, align and motivate their employees. In a world where a meager average of 32 percent of employees are fully engaged in their jobs (Gallup, 2017), leaders need to be able to recharge their people's commitment and sense of optimism to boost their organizations' competitiveness. Leaders must make strategy personal, simultaneously gaining and maintaining their people's emotional and mental commitment to achieve the organizational strategy and work with change.

### The BTS Approach: Disrupting Leadership Development

The BTS approach to developing leadership and management combines over 25 years of experience working with world-class organizations, and leveraging proprietary research and the findings of leading authorities. We work with business and talent leaders

to develop their people at all levels using customized leadership development programs, business simulations, and experiential learning tools.

In an increasingly Volatile, Uncertain, Complex and Ambiguous (VUCA) environment, leaders take a pivotal role linking strategy and execution. Our tried-and-true approaches to leadership and management interlace the personal aspects of leadership with strategic application through forward-facing simulations, observation and personalized feedback. To sustain momentum and cascade the implementation of strategy through the organization in an inspiring way, we leverage action planning and one-on-one coaching. This is how we make strategy personal.

To maximize the impact of leadership development programs, BTS engages leaders over time, building critical leadership capabilities and behaviors through comprehensive Learning and Execution Journey processes.

Our Define, Assess, Experience, and Execute Great Approach helps organizations determine what "great" leadership looks like for their company and brings that to life at every level. While each Learning and Execution Journey is unique, the flow generally involves a series of engaging, blended experiences tailored to the individual and company's business needs. Leveraging leader involvement, high-impact experiential learning tools and a results-assurance process, BTS closely links skill building and behavior changes to organizational goals and priorities.

The result: leadership becomes a source of strategic differentiation and competitive advantage. This has

proven successful for a diverse array of companies such as SAP, Deutsche Bank, Chevron, ING, National Australian Bank, Unilever and VMware.

### CLIENT TESTIMONIAL

"We have partnered BTS on key leadership programs in the last four years with great success and feedback. Last year, we worked with them for our Group Leadership Offsite hosted by our CEO Piyush Gupta, for about 250 senior Managing Directors in DBS. The customized case studies and new learning methodology deployed resulted in multi-dimensional perspectives to the issues and led to impactful discussions. Through the innovative learning methodology, and the close partnership with BTS, we had a very meaningful engagement with the senior leaders. The engagement brought to surface fundamental challenges which we will tackle as a team as DBS pursues its strategic intent. Many thanks to BTS for their out-of-the box thinking and for being part of DBS' transformational journey."

*Lee Yan Hong, Head, Group Human Resources, DBS Bank*

<sup>1</sup> Bersin & Associates, High-Impact Leadership Development for the 21<sup>st</sup> Century, 2011.



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## CLIENT STORIES

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### Igniting Global Culture Change

A multinational investment banking and financial services company, faced with a rapidly-changing industry and increasing customer expectations, needed to accelerate a cultural shift and make sure every leader in its organization was set up with the proper mindset and skills needed to navigate these changes.

Following two years of solutions to align directors to the new strategy and drive ethical leadership, the company's executive team again partnered with BTS to drive cultural change throughout the organization's 41,000 leaders. A 12-month journey focused around the seven biggest cultural challenges leaders face every day, the solution consisted of a senior leader offsite, 200+ leader-facilitated in-person sessions, and live virtual sessions for 1,000+ users at a time.

At the end of this global rollout, over 264 senior leaders – included the CEO and his direct reports – had facilitated programs in 84 cities across 48 countries for over 40,000 participants. The impact did not stop there, however; six out of every 10 employees in the entire global organization are directly influenced by the leaders who participated in this program.

### Aligning Talent for Excellence

Faced with some challenging emerging trends and significant potential for disruption, a world-leading provider of credit ratings knew it needed to harness talent in order to maintain their status as a leader in the field.

To align leaders to the talent strategy and overcome some key organizational and cultural obstacles, we created a cascaded learning experience that started with an offsite for the top 200 leaders. At the offsite, senior leaders worked through a leadership scenario simulation and became familiar with the new talent strategy, defined what "excellence" looks like in their roles, built networks and cross-functional relationships, and identified post-event actions they could take to bring the new strategy to life.

The learnings and material from the event are now being cascaded to the rest of the organization to align them to the strategy and inspire the behaviors and actions that will set the organization up for sustained success.

## Sales

# Changing behavior, driving execution

A multinational technology firm wanted to outsell their competition at the same time that they were rolling out an innovative and industry-leading technology. We built 20 simulations around selling into different industries and trained 12,000 salespeople over the course of two weeks. The result: record revenue and profitability even as they transitioned to a new business model.

### Our approach

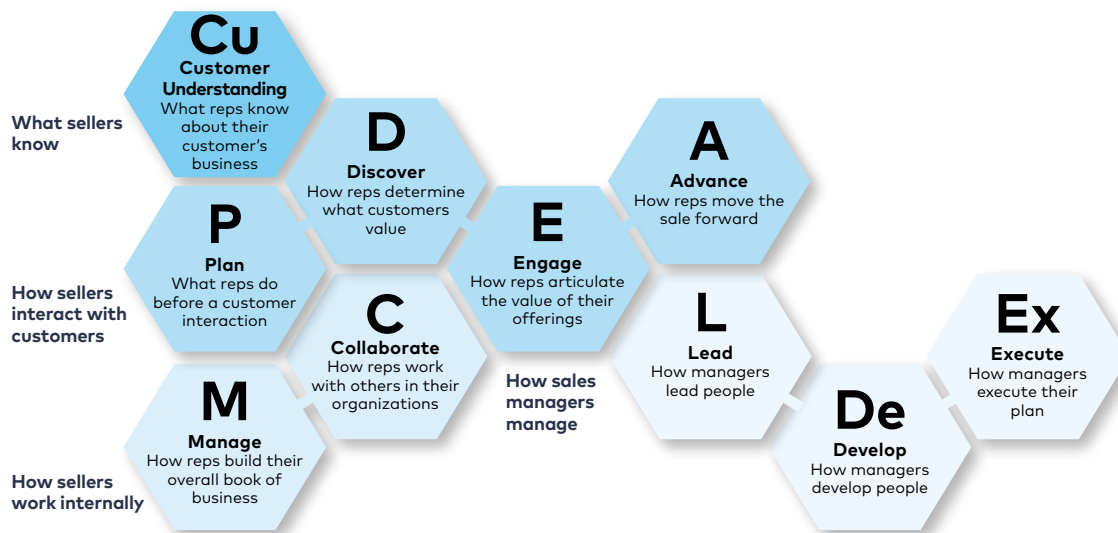
We view each sales execution project through three lenses:

- Top performers: We study what our clients' top-performing salespeople and sales managers do differently
- BTS research: We lead quantitative and qualitative research into what customers expect from salespeople today
- Client strategy: We incorporate our clients' strategies into the programs, so that our programs drive alignment and mindset, as well as capability

We use the Great Framework to identify and scale what is unique about our clients' high-performing sellers and sales managers:

- Define Great: We codify what our clients' great people do and enhance this with an external perspective. Example: Role profiles and playbooks
- Assess Great: We evaluate knowledge, skills, behaviors and mindsets for feedback, development plans, and job selection. Example: Online assessments valid for both selection and development

- Experience Great: We create powerful experiences that enable people to practice with new approaches, tools, behaviors and actions. Example: Simulation that lets your reps run your customer's business
- Execute Great: We provide tools that allow sellers to achieve higher performance consistently. Example: Coaching-as-a-service

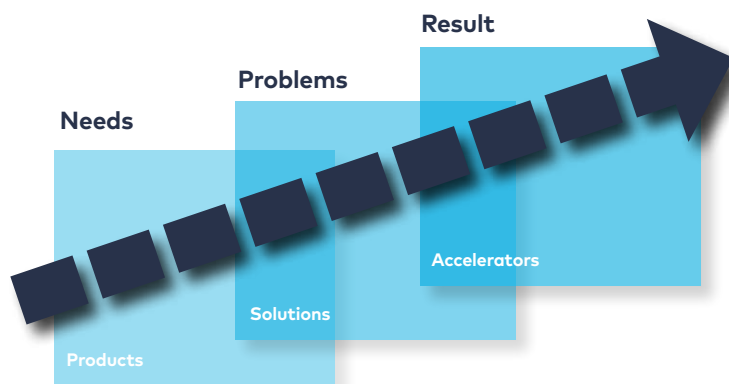




### How we deliver

Clients come to us at different places on their path to sales excellence, so how we assist them varies. Some of our methods include:

- Sales Transformation
- Sales Consulting
- Assessment
- Sales Training
- Simulations
- Results Analytics
- Execution Platform
- Sales Conferences
- Research



### The Evolution of Sales

The emphasis in sales moved over the last decade from a focus on products to solution selling. Today's world-class sales forces are evolving to the next stage, where they focus on accelerating the customer's overall business results.



### CLIENT STORY

#### Certifying Greatness in Banking

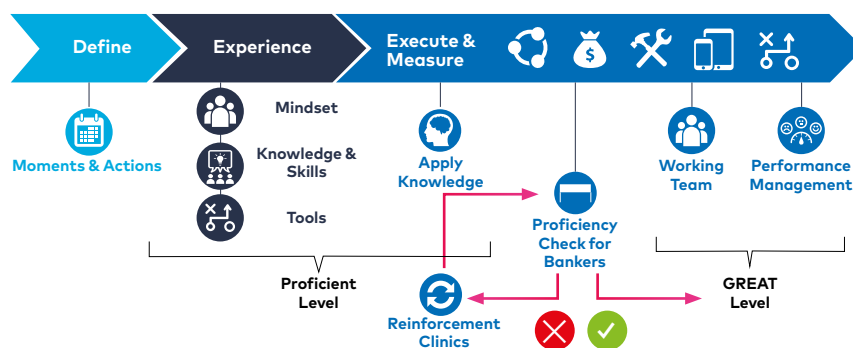
Not content with past success, the leadership team of a bank with almost 2,000 branches made a renewed push towards growing profitability. They partnered with BTS to create this transformative experience. BTS was tasked with improving the existing bankers' sales productivity and driving low-cost incremental sales by up-selling existing clients.

First, we examined how their bankers were spending their time. BTS identified that the bankers didn't have activity targets, so they weren't having as many sales conversations as they expected, and weren't confident enough to initiate the conversations. Furthermore, the bankers didn't have adequate knowledge to justify their prices, and as a result, were discounting heavily. BTS honed in on two key in-process metrics that needed improvement: the number of sales conversations bankers were having and the number of discounts that bankers were giving.





## Transformation Plan



In terms of up-selling, we identified that a low percentage of customers were buying across lines of business (banking, credit, treasury services), and that many bankers weren't proactively identifying accounts that made sense to up-sell, despite the fact that they had internal profitability analysis tools to do so. Bankers who used these tools had much higher rates of cross and up-selling, and identified the use of the tool as a main in-process metric.

After gaining a better understanding of how bankers were spending their time and working towards up-selling, BTS collaborated with bank leaders to design a transformation plan that focused on building the capabilities necessary to drive profitability metrics.

BTS designed the experience around what Great Selling would look like moving forward. This meant focusing on improving storytelling and deploying a pitch planning tool, so that bankers felt more prepared to have more strategic

conversations. To increase the number of up-sales, bankers were trained to use an existing profitability analysis tool and put a reminder to use the tool into their workflow.

Following the kickoff, bankers went through a certification process made up of a series of e-learning modules and proficiency checks to ensure they were capable of selling in the new way. The journey was deployed via the BTS

Changr app, allowing bankers to build skills and track progress in one place.

Over the course of the year, the results of the program were obvious. Bankers who completed each proficiency check and were certified dramatically outperformed those who didn't complete the certification in incremental up-sales and profitability.

SEGMENT	Incremental Up-sales	YoY Increase in profit (USD) per banker
Corporate	0.9%	50,000
Commercial	4.2%	8,500
SMB	2.4%	4,000
Key Accounts	0.3%	–
Government	6.2%	15,000

# A new way to do business

**“Innovation has nothing to do with how many R&D dollars you have. It's about the people you have, how you're led, and how much you get it.” Steve Jobs**

**Innovation is the discipline of serving needs in new ways that create value. It is a core capability that allows firms to sustain competitive advantage and grow. It is a skill that can be learned, practiced and mastered.**

The most consistently creative and innovative organizations exhibit a unique level of comfort working in uncertain conditions. These organizations view innovation as more than just a process or a budget consideration – it's a culture that permeates the way they think and execute every single day. It requires looking at customers and markets in new ways, and an ability to simultaneously scale today's business model while directing resources to discover tomorrow's. Most of all, innovation

requires a willingness to challenge the foundations upon which the company built past success. BTS Innovation Practice solutions help firms build the critical leadership capabilities needed to create and advance a culture of innovation at the individual, team, business unit and enterprise level.

### **The BTS Experience**

BTS Innovation solutions are fast-paced, hands-on experiences that combine a

## **CLIENT TESTIMONIALS**

### **Outcomes You Can Expect**

“The workshop was perfect for reflecting on the three key pillars for successful Innovation: a clear strategy, a good customer understanding and, last but not least, collaboration through strong leadership. The scenarios directly matched situations that members of my organization confront on a daily basis, making the solutions very powerful for direct implementation when returning to work. The workshop was above all inspiring, effective and fun to do.”

*Senior Manager – Innovation & Strategic Marketing, Global Chemical Company*

“The program challenged my thought process and directed me and my group to instill a disciplined approach when coordinating creative plans. By the middle of the second day, every person was trained in making conscious decisions based upon careful analysis of data we had on hand.

With the constant change in our market place, this course was beneficial in that it trained our minds to research properly, identify consumer behavior, find the gaps, and shift the action into creating an effective initiative. With the tools at hand, and the help of our bright colleagues, I feel that we can better influence consumers' needs into profitable opportunities for this company.”

*Vice President, Global Marketing, Global Media Company*



sequence of short mini-lecture sessions, hands-on "table top" workshop exercises, and a customized innovation simulation that compresses the months and years of high-risk innovation projects into a few short hours.

Through the designed learning experiences, ranging from one to five days long, participants learn the essential principles, techniques and tools needed to:

- Generate unique customer insights and apply human-centered design thinking

- Use insights to ideate and refine novel solutions to customer (both internal and external) problems
- Execute and manage a portfolio of innovation projects by running disciplined experiments
- Practice and internalize the critical leadership behaviors required in the organization to create a culture in which innovation can flourish

Our learning experiences are customized to reflect the client's unique context.

Our solutions reflect the internal and external tensions that employees are experiencing today, and those they are likely to face as they advance in their careers. Regardless of length, all programs provide a visceral understanding of the interactions and challenges leaders are most likely to face as they lead innovation within their firms.

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"As part of my corporate Leadership Development Program, we went through the Innovation workshop. It provided me with an outside-the-box thinking that is often missing in the corporate world, especially within the often very conservative insurance industry, and has really expanded the way I think about things. I cannot reiterate enough how much I recommend this program; the more employees who can learn these tools and ways of thinking, the better. BTS has provided a real turning point in my thought capacity and allowed me to find an area of business that I am truly interested in and excited to explore more."

*Innovation Delivery Lead, Leading Multinational Insurance Organization*



### Cultivating Innovation in an Execution Culture

At a multinational healthcare company, we took a group of highly technical, detail-oriented and execution-focused engineering leaders on a five-month journey to create an environment that enabled their teams to produce more breakthrough solutions – not just incremental process improvements.

This group of 30 cross-functional engineering leaders was responsible for everything from building maintenance and operations to supply chain and IT, but they needed to be more than executors. They needed to be innovators, and the journey built the confidence, know-how and agility necessary to create a culture of innovation.

We began the five-month journey with a 360-degree behavioral assessment of the leaders' ability to foster a more innovative culture, conducted a two-day classroom

workshop, and followed up with five months of post-classroom peer coaching. Leaders had the chance to practice with the tools and techniques that are both strategically relevant to their business and tactically practical for them to apply immediately on the job. Peer coaching calls following the workshop focused on successes and failures in applying these tools and techniques through a series of "go-try" experiments.

Following this experience, the leaders reported two significant results: nearly 600 hours of cost avoidance and more than USD 70 million in potential impact to the organization's business. Even more exciting was that engineering leaders from across the company recognized the cultural and mindset shifts occurring on their teams as a result of their efforts to practice the tools and techniques learned in the classroom.



### Balancing Today's Business with Tomorrow's through Innovation Leadership

With today's rate of change, staying relevant is a significant challenge that companies face on a daily basis. Organizations must balance delivering on today's core business

while discovering tomorrow's business to drive the company into the future. This balance requires an organization to question the ideas, concepts, products, services and ways of working that have generated success in the past.

To address this need, BTS created an exercise called Insight Fusion that gives leaders a framework to experiment with the potential

convergence of seemingly disparate trends that are shaping the world. It's a simple yet powerful framework that forces participants to challenge their assumptions about tomorrow's reality by asking "what if" and "how might this happen" questions. It is up to the leaders of organizations to balance the

challenge of performance today while transforming for tomorrow, and to do so, they must think *differently*.

For one leading company in branded generic drug manufacturing, Insight Fusion was used to reimagine global innovation priorities at an annual executive offsite.

Participants spent one-and-a-half days learning about technologies and ideas that are redefining what is possible in healthcare. This included exhibitions on 3D printing, customized digital labels, infinitely scalable science with cloud technologies, and advancements in understanding the individual patient microbiome. Participants then went through a two-hour BTS-facilitated experience where they used Insight Fusion to explore what the implications could be for their own business. The outcome was a distilled list of five key innovation priorities for 2018 that energized the group.



## Assessment

# Identify the business and people leadership capabilities necessary for success

### The BTS Assessment Framework: Helping Clients Define, Assess, Develop & Execute Great

The BTS Assessment Practice develops and delivers custom, execution-enabling initiatives that are behavior-focused and high-impact. Applying an innovative, contextually-rich approach and a deep data-focused methodology, BTS helps clients define what great execution looks like within their organization; assess talent and developmental gaps; identify and select great talent; and provide the experiences and tools to help people become great.

BTS's comprehensive suite of assessment solutions will ensure that an organization has the right people in the right roles with the right skills making the right decisions.

### Continuing Investments in BTS's Assessment Solutions Increases Capabilities

Over the past several years, BTS has made significant investments in a number of digital product and service capabilities to deliver leading solutions to clients across the practice areas. The build out of assessment capabilities on the Pulse digital platform has enabled the introduction of video-capable and mobile assessment learning and development solutions. As we have moved new and ongoing client assessments to the Pulse platform, we have delivered even more engaging and graphically rich virtual assessment experiences that mirror today's work environments and the tools that employees use.

One such solution is Practice with an Expert, which leverages the new Pulse assessment platform and is modeled upon the TASL experiential learning offering that BTS acquired with Fenestra. Built in collaboration between the Assessment practice and other practice areas, Practice with an Expert allows participants the opportunity to learn critical new manager skills and practice them in a risk-free environment with a seasoned instructor. This high-touch, cloud-based leadership experience includes short eLearning bursts to build new skills, simulation-based role plays with our coaches, feedback and more guided practice.

For selecting a new hire or evaluating current employees for transition into a new role, BTS developed Job and Culture Fit Assessments to improve retention, save costs and increase overall performance. Finding the right person for a role or a particular organization is difficult, but the importance of having proper job fit is becoming more apparent every day. Studies have shown that turnover due to poor culture fit can cost an organization between 50 to 60 percent of that person's annual salary. Choosing candidates with the right skills is critical to success of the hiring organization – and, of course, for the candidates. BTS Job and Culture Fit assessments provide scalable, cost-effective and legally defensible measurements, evaluating how well-suited a particular individual is for a particular job or organization.

#### BTS Great Framework



BTS's comprehensive suite of assessment solutions will ensure that an organization has the **right people** in the **right roles** with the **right skills** making the **right decisions**.





### Leveraging Custom Business Simulations for Impactful Assessment Experiences and Results

While directly competing with traditional assessment firms, we continue to offer new solutions that directly leverage BTS's expertise in customized business simulations. One highly differentiated solution is the Individual Executive Assessment, an assessment protocol of comprehensive, reliable and valid exercises within the context of a business simulation that allows us to accurately assess the business and leadership capabilities required for ultimate success in a target role.

Substantial research tells us that observing behavior in contextually relevant situations is the best predictor of

on-the-job behavior, which in turn helps pinpoint strength and development areas at the individual and organizational levels. Placing people in a context that mirrors the reality of the client organization is the best method for evaluating how important capabilities, such as those needed for successful culture fit, are actually displayed on the job. These behaviorally based assessments, built to reflect realistic and relevant work situations and identify the situations where applicants will thrive, are powerful predictors of job performance, employee fit and retention.

### BTS's assessment solutions address today's challenges

As experts in the areas of individual and workforce assessment, the BTS Assessment Practice develops and delivers custom, execution-enabling initiatives that are behavior-focused and high impact. Our solutions include:



Great Profiles



180° and 360°  
Surveys



Great Playbooks



Strategy Execution  
Diagnostics



Executive  
Assessments



The High Potential  
Talent Challenge



Virtual Assessments  
for Selection and  
Development



Job and Culture  
Fit Assessments



Practice with  
an Expert



Coaching



## CLIENT STORIES

### Assessing Great: The Key to Excellent Communication

A world-leading multinational food and beverage company had internally identified the need for improvement in communication among senior executives. They came to BTS for help building a communications assessment that would allow them to support executive development in Communications and three other associated capabilities: Inspirational Leadership, Collaboration and Composure.

We worked closely with a communications and rhetoric subject matter expert to build an assessment consisting of multiple exercises (an external speech, an internal speech and a crisis communication), all scored against empirically validated communications behaviors. The one-hour virtual assessment involves a BTS assessor working with the company executive throughout the experience on webcam, engaging in the multiple exercises and recording the role plays. Assessors then review the recorded videos, score them, and provide feedback to the executive by annotating the video at relevant points.

The results are included in the company's senior leadership development center, which consists of multiple assessment components, and guide the leader's future development

and consideration for the top 12 roles at the organization.

### Increasing Effectiveness of Hiring Financial Advisors at a Leading Investment Firm

The transition of the financial services industry from a model of transactional business to one of providing advisory wealth management services has increased the need to hire financial advisors with greater skills and a different focus.

For a leading investment firm, running "day-in-the-life" assessments has significantly helped improve the hiring of financial advisors and reduce the high costs associated with turnover and the lost revenue opportunities due to current hiring practices.

With 4,500 assessments annually over the past few years, advisors hired at the recommendation of the assessment have each, on average, brought in USD 1.8 million more in assets, and turnover within the first six months on the job has been reduced by 25 percent.

### Accelerating Transformation at a Leading Global Financial Services Firm

A leading global financial services firm is executing on a significant transformation towards increasing the use of digital technology and

implementing goals-based client conversations.

To align the executive and field leadership team around executing this transformation, we built two solutions – one for the headquarters team and complex managers, one for branch managers – that develop the mindset and capabilities needed for successful implementation.

Highly customized to fit the context of the business, both solutions leveraged business simulations that focused on running the existing business while driving transformation and identifying the management actions and behaviors that will have maximum impact during the critical moments of that transformation.

Simultaneously, the *BTS Assessment* practice is defining what "great" looks like for the branch manager role, and running assessment centers for branch manager selection. This one-day solution is a hybrid assessment in which candidates execute the new strategy in a simulated branch, making business decisions using technology and interacting in role plays with various branch personnel played by assessors.

The assessment is used to select future branch leadership and identifies whether a candidate is ready now, ready within 12–18 months, or is not recommended at all for a branch manager track.

## Coaching

# Turning Coaching on its Head

For too long coaching has been seen as expensive, highly personalised, challenging to scale, operating in a 'black box' and difficult to measure. BTS Coach was set up to democratise coaching and unlock its power as a tool to drive strategy. This means businesses can make strategy personal through thousands of powerful one to one coaching conversations.

The BTS Coach Proposition is built on five principles

**1 Targeted Conversations – Making Every Minute Count**

Our goal is to eliminate wasted time and go fast in each coaching conversation to the 'penny dropping moment'. To do this we build remote learning journeys using insight packs to prepare coaches for each session, and to focus actions afterwards. These journeys allow us to build coaching solutions that focus directly on a client's change priorities.

**2 Mindset – Accessible to the leader not the psychologist**

From the data of over 100,000 coaching conversations we know which challenges leaders struggle

with and which tools most enable them to change (see box). We introduce these to the coachee in simple, understandable language before each session.

**3 Global Quality. 27 languages, 36 countries one amazing standard**

Our promise to clients is that the same quality conversation will take place in Bangkok as San Francisco. We hire experienced, qualified coaches and put them through ca 160 hours of accreditation followed by an extensive program of ongoing learning and supervision.

**4 The Many. Seamless execution at scale**

Coaching is notoriously difficult to scale. We make this easy. Our PM

teams, located in each continent, take the stress away for clients. Our technology automates the whole process.

**5 Data Driven. Tapping into the data from 1000s of coaching conversations**

There is a treasure trove of data within each coaching conversation but traditionally over-rigid definitions of confidentiality have turned it into a 'black box'. We seek to use this data both to create insight for clients – and to constantly enhance the impact of our work.

## The 12 Shifts™ Evidence based research

We have data from over 100,000 coaching conversations. These show us the behaviours leaders find the most difficult to adopt and the mindsets that unlock them.



“Finally, a global business that can take great quality coaching to the masses”

Rob Lauber,  
Chief Learning Officer,  
McDonalds





### Four Core Solutions ...

We offer four core solutions ...

- 1. Learning journeys.** We create targeted virtual journeys that integrate content, action, one to one coaching and pods (small groups) to build flexible and personalised solutions to a business need. These can easily be integrated with other elements (eg BTS workshops) to create a compelling proposition.
- 2. Coaching provider of choice.** We seek to become client's preferred provider for coaching. We do this by offering remarkable value for money, innovative applications and single, transparent reporting and management service.
- 3. Coaching culture.** As coaching experts, we are uniquely positioned to build line manager's capability as coaches and have a range of face to face and virtual solutions to do this.
- 4. Coaching leadership teams.** At the moment we offer this in North America, but our coaching integrates powerful personal work with business savvy and knowledge of what the team needs to change to achieve its strategic goals.

## CLIENT STORIES

### Nando's

In 2016 the Nando's UK business set out a clear Purposeful Leadership Strategy to support their leaders to put the company purpose at the heart of what they do.

They partnered BTS Coach to create and build some of the interventions to do this. BTS Coach provided;

- Ongoing consultancy
- One to one coaching for all members of the Leadership team and other selected leaders
- Team coaching for the top team and some of their functional intact teams
- Learning intervention for the top 70 leaders on Quality Conversations
- Trained HR partners to deliver powerful development conversations using the 12 Shifts™ map which was researched and developed by BTS Coach

The results: Since 2016 the business has outperformed its peers on like for like sales by 3.6%. It delivers industry leading margins whilst people engagement continues to rise by 4% in 2017 to 86% and customer satisfaction has risen by 5.5% over the year. These results are even more remarkable given the UK casual dining market is going through a challenging time.

Like for like sales growth in restaurants has been declining over the past ca 18 months and is running below the rate of cost inflation (currently around ca 5% p.a.) Source: Deloitte consumer tracker.

The Nando's team put their success down to unwavering confidence in their purpose, values and direction of travel. With a strong and united leadership that holds its nerve.

### Heineken

With the acquisition of SABMiller by ABInBev Heineken found itself facing a vastly larger competitor. As part of its strategic response, Heineken redefined its leadership expectations, and used BTS Coach's mindset research to build a map and a diagnostic to help leaders identify the most critical changes they could make.

One such leader, faced with extremely stretching target was the newly appointed Chief Procurement Officer. On the back of the map and diagnostic BTS Coach was commissioned as their partner to help them become a high performing team. Each individual leader received six hours of personal coaching from a professional coach and as a team they had two team interventions; a one-day session followed by another two days. The team made a significant shift in their ability to collaborate and trust each other resulting in them hitting not only their target of delivering GBP 300 million in both savings and cash but they also made a +3 and +6 shift on the engagement and performance enablement indexes respectively.

They demonstrated in one year that you can impact the 'what' and the 'how' by becoming an effective global team.





# Business Model and Clients

Business Model	28–29
Digital Services	30–33
Our Clients and Industries	34–35
Growth, Profitability and Acquisitions	36–37



Strategy made personal

# World-leading capabilities are shaped in partnership with our clients

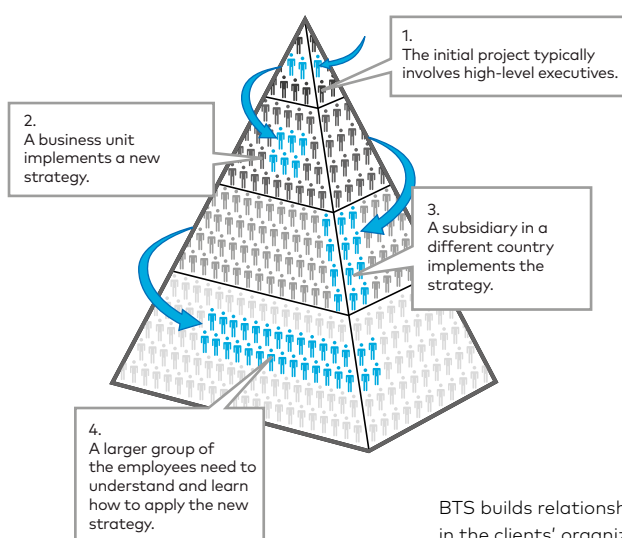
The foundation for growth lies in BTS's ability to create long-lasting customer relationships at different levels in the customer organization. An initial BTS assignment is often designed for, and implemented with, the client's senior executives and managers. This customization process is carried out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



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

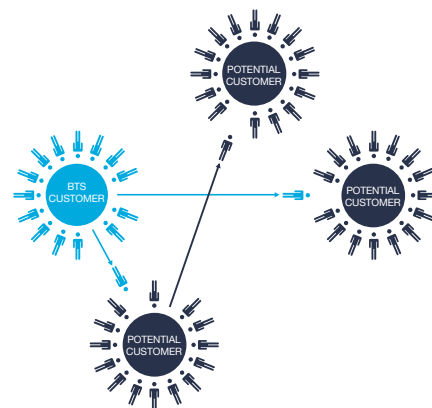
### Multi-market expansion with limited risk

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

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

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

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







### Acquisition strategy

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

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

### Development

#### 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.

#### Development efficient customizations

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

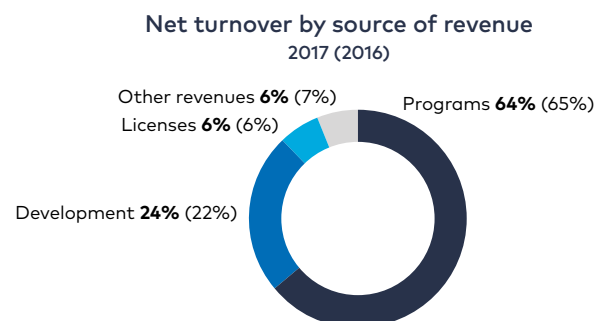
When BTS develops solutions for corporations in new industries, the cost of customization is initially high. With the later reuse of experience and skills, however, these costs subsequently fall.

### Programs – the majority of revenues

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

### Increased licensing revenue

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





## Digital Services

# Immersive and interactive experiences

**BTS Digital focuses on personalizing strategy and changing behavior through digital-enabled events, in-person workshops, virtual experiences, and online and mobile solutions. We leverage BTS IP while collaborating and innovating with organizations to create stories, challenges and experiences in the context of specific business environments. BTS Digital is comprised of a global team with a full range of expertise and innovative industry leadership.**

Over the past couple of years, our Digital offerings have expanded greatly, reflecting the rapidly growing, constantly shifting and increasingly digital nature of the world we live in. We have launched a new series of capabilities, simulations and platforms compatible across modern devices in iOS, Android and Windows.

Using our Pulse and Isomer technology platforms, we work with clients to transform conference events into cutting-edge interactive experiences. It allows all participants to contribute actively, facilitating knowledge, idea sharing and action planning in real time. Through this approach, large meetings become transformational, not just informational. Digital technology makes big feel small. The Pulse platform's comprehensive processes, methods and activity templates can be easily adapted or custom developed to almost every meeting purpose and set-up. In 2017, our clients used Pulse at over 70 digital-enabled events for more than 30,000 participants.

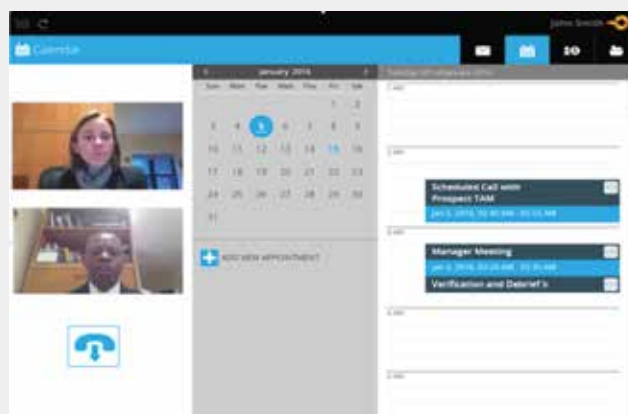
Our Pulse and Isomer platforms also enable the simulations, apps and tools that make up the BTS digital ecosystem. These experiences set up participants for success in learning experiences and daily on-the-job execution, with features designed to:

- **Prime:** Pre-work, pre-reads, program info
- **Engage:** Simulations, debriefs, coaching, role plays, knowledge sessions, crowd-sourcing
- **Sustain:** Nano sims, reference apps, go-do activities, action planning, measuring impact

Pulse can be set up with various experiences and apps depending on an organization's needs – for strategy alignment, leadership development, sales or innovation or a mix of these topics.

**The following are some of the experiences recently added to BTS's digital portfolio**

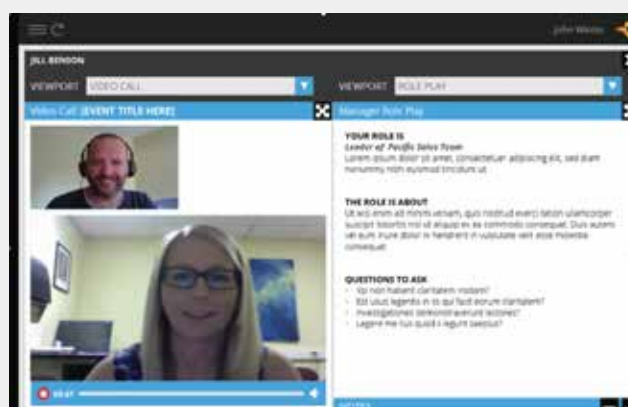
**Virtual Assessments:** The full upgrade of our virtual assessment platform has been live for over a year, enabling us to provide industry-leading assessment experiences. The new platform is mobile-enabled, allowing users to participate in assessments via iPad as well as other tablets and computers. Its new modern interface has enhanced the user experience for both the participants and assessors. During its first year, more than 5,000 participants went through assessments on the platform. And because the virtual assessment platform is now on our Pulse technology, we can better serve clients by combining assessments with other simulations and digital solutions, and vice versa.



**The KTB Gateway:** Our new Know The Business online/mobile learning gateway focuses on business and financial acumen. It includes video-based learning bursts, timed quizzes, practice exercises and simulations – with a gamification layer to help spur engagement. The KTB Gateway is an ongoing business acumen resource that combines macro- and micro-learning. It can be personalized by the user. And it follows a mobile-first paradigm for bite-sized, on-demand, on-the-go learning. Soon the KTB will be available in seven languages in addition to English, including Chinese (simplified), French, German, Japanese, Portuguese, Russian and Spanish.



**Practice with an Expert:** In this blended learning experience, participants learn about leadership topics such as feedback and delegation and then schedule a 90-minute virtual role-play session with an expert or coach for deep skill practice. Our Pulse platform enables two-way video calling integrated with role-play scripts and evaluation forms used by the expert/coach. Practice with an Expert is a cutting edge, high-touch experience that can be scaled to thousands of participants in an organization.



The following are some of the experiences recently added to BTS's digital portfolio, cont.

**Moments That Matter:** Our flagship Moments-based Leadership simulations enable participants to face the pivotal moments that leaders deal with every day on the job. Because leadership is relentlessly contextual, this simulation is customized with a storyline that is true to life with relevant and critical situations, tradeoffs and choices. Participants practice what "great" looks like in those moments that matter. The team-based digital experience runs on iPads, with two to three tablets per group of five to seven participants. It can also be delivered in a virtual-facilitated format. We will have our Multipliers version of the simulation ready for 2018.



**Winning In Business:** A robust business and financial acumen experience, clients use the Winning In Business simulation for team-based workshops delivered in-person, as well as self-paced online. We've now upgraded the experience to work on iPads and tablets and to support highly interactive team-based virtual workshops. It is typically customized to our client's business and fits well in a one-day facilitated workshop as well as in two half-day virtual facilitated sessions. In a self-paced mode, Winning In Business makes for a rich two- to three-hour participant experience. There is also a standard version in which participants run global a high-tech products and services company. A "lite" one-hour version will be available in multiple languages for 2018.



**Strategy Simulation:** When clients want their leaders and people to understand the strategy and trends of the business without diving deep into the financial details, they use our Strategy Simulation platform. These customized solutions provide a multi-branched experience in which participants "create their own adventure." Each choice they make – investments, initiatives, new products and leadership choices in critical moments – triggers new information and decisions. Like the rest of our portfolio of flagship digital experiences, the Strategy Sim is now mobile-enabled, allowing it to be used on iPads and also to be deployed flexibly by clients in offline, online and virtual formats. Clients also use Strategy Sims to help salespeople step into the shoes of their customers and deepen understanding of their customers' strategic business opportunities and challenges.





The following are some of the experiences recently added to BTS's digital portfolio, cont.

**Business Decision Tools:** To enable business leaders to apply business acumen learning to their daily jobs, we provide clients with digital decision tools. Participants learn about the tools in a workshop and then use them as takeaways afterwards. These tools enable leaders to walk a mile in another person's shoes and see the interrelationships between different groups in an enterprise. They can also create an experience to visualize levers that have higher overall magnitude and are actionable by the firm. Finally, these tools allow managers and employees to conduct a "what-must-be-true" conversation to identify and eliminate barriers to execution. Our custom decision tools have enhanced decision making and led to measurable business results.



## CLIENT STORIES

### Upskilling the Sales Organization at a Global Software Company

A leading software solution provider needed to upskill its sales organization by tuning in more closely to the customer's needs.

BTS created an intensive one-day experience for the client, including delivery of 15 customized industry versions of our Sales Team role-play simulation. Deployed via our Pulse system to maximize speed and efficiency, the program rolled out to some 14,000 participants at five events held in different locations around the world. During the simulations, participants gathered information about the client, prepared for internal and client meetings, and ultimately role played these meetings. The role-plays were evaluated and scored in real time, enabling high fidelity feedback in the moment.

### Accelerating Strategy Onboarding at an Information Services Company

Experiencing rapid organic and acquisition-driven growth, a leading consumer information services company turned to BTS to help it deploy an experience to align managers and front-line employees to its strategy and new business model.

We designed a one-day interactive experience for 4,000 employees and a manager day focused on being a

Multiplier. Orchestrated through our Pulse technology platform, these digital experiences were led by client faculty in almost 40 events held in local markets around the world. Participants prepared for the experience by completing highly interactive pre-work via our Pulse Gateway.

### Implementing Go-to-Market Strategy at a Multinational Software Company

Transitioning to a subscription business model, a multinational software company needed to communicate to customer-facing talent the need to shift towards buyers. The organization partnered with BTS to bring this transition to life.

Employees gained access to a mobile web app deal configurator, where they could determine the best solution for each customer using real time dashboards. In a BTS simulation, participants were able to practice configuring the optimal deal for each customer through role plays, viewing the impacts on both customer and company metrics, and then positioning the solution to the customer. Participants then took this decision tool on the job after the workshop.

### Using Virtual Solutions to Drive Leadership and Ethics at a Global Bank

A large global bank wanted to align and engage leaders around the world

on its leadership principles and ethics imperatives. Its goal was to reach an audience of tens of thousands in a short period of time with these two initiatives.

Using our Pulse platform, BTS developed a highly interactive, leader-led experience for sessions of more than 1,000 participants each. With streaming video delivered side-by-side with Pulse-based interactive exercises, we helped the client deliver a compelling experience without need for additional virtual classroom infrastructure.

## CLIENT TESTIMONIAL

### Strategy Made Personal

"The incredible use of technology in this program has changed the way we come to work and communicate going forward. We have become more efficient in every sense of the word. It has become a catalyst to bring people together in a cost-effective way. A great springboard to execution – don't be afraid, embrace change, use technology, be collaborative and look to the future."

*CEO, Leading Global Bank*

## Our Clients and Industries

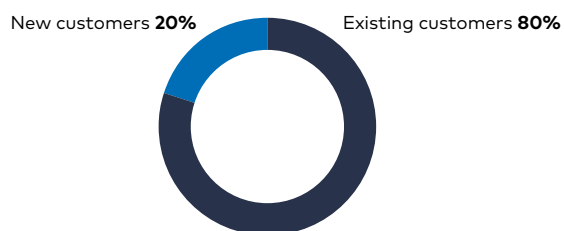
# Delivering better results, faster

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

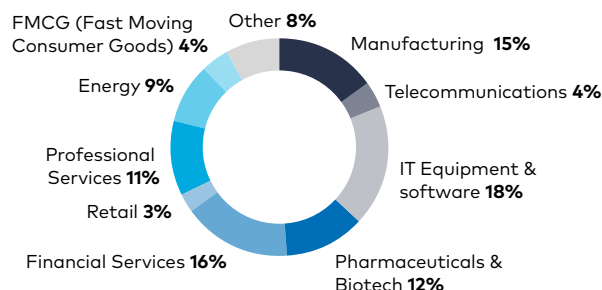
During the 1990s, BTS grew rapidly in the Manufacturing, Telecom, and Information Technology Industries, with major global companies such as Philips, Ericsson, and HP as valued customers. During the early 2000s, BTS expanded its positions by entering four additional industries: Financial Services,

Pharmaceuticals & Biotech, Retail, 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



## CLIENT STORIES

### Accelerating a Global Journey towards Strategic Transformation

Three years ago, a top credit reporting agency experienced a change of hands, from one CEO to another, and began the pursuit of a new vision of what the company could be. Under a revitalized structure, the new leadership at the organization shifted the focus from their legacy credit reporting business to a new, technology-enabled business rooted in advanced analytics of consumer data. The organization developed a core growth strategy, bringing these analytics to new markets, new verticals and industries. While employees were excited by the organization's new strategy, a survey revealed that almost half of associates felt they were not adequately equipped with the skills and tools they needed to do their jobs effectively. BTS developed

a two-day experience that would be attended by all 4,500 managers and associates around the world. As a result of the discussions, simulations, and learning sessions, each team in the organization left with an action plan to develop their capabilities and enable the new growth strategy.

### Improving Leadership through Assessments and Performance Coaching

Breaking USD 1 billion in revenues is a critical threshold for small-cap technology companies, many of whom either struggle to scale or get acquired before they reach the milestone. In an acknowledgement to the importance of leadership competence in the journey to USD 1 billion, the CEO and CHRO of a leading semiconductor design and manufacturing company invested in

an assessment and coaching journey for all of the company's rising VPs. The experience began with a rigorous in-person assessment center, where participants were observed both in responding to individual business challenges and working with teammates through a one-and-a-half-day simulation. Following this experience, they paired up with peers and an executive coach for five months of coaching around their company's newly codified "playbook" of great leadership behaviors as well as their own leadership challenges and gaps. During the time in which BTS began working with the company, the stock price rose 4X and revenues doubled. Since then, coaching and leader development programs were scaled up to the C-Suite and down to all mid-level leaders.

## Where we work – Industries

<b>Financial Services</b> <ul style="list-style-type: none"> <li>• Bancomer</li> <li>• DBS</li> <li>• JP Morgan Chase</li> </ul>	<b>Pharmaceuticals &amp; Biotech</b> <ul style="list-style-type: none"> <li>• GSK</li> <li>• Merck</li> <li>• Takeda</li> </ul>	<b>IT Equipment &amp; Software</b> <ul style="list-style-type: none"> <li>• Microsoft</li> <li>• SAP</li> <li>• Salesforce.com</li> </ul>
<b>Telecommunications</b> <ul style="list-style-type: none"> <li>• T Mobile</li> <li>• Telstra</li> <li>• Verizon</li> </ul>	<b>Professional Services</b> <ul style="list-style-type: none"> <li>• EY</li> <li>• KPMG</li> <li>• Schlumberger</li> </ul>	<b>Retail</b> <ul style="list-style-type: none"> <li>• Gap</li> <li>• Nike</li> <li>• Unicomer</li> </ul>
<b>Energy</b> <ul style="list-style-type: none"> <li>• Chevron</li> <li>• Gas Natural</li> <li>• Repsol</li> </ul>	<b>FMCG (Fast Moving Consumer Goods)</b> <ul style="list-style-type: none"> <li>• Coca-Cola</li> <li>• Mondelez</li> <li>• Unilever</li> </ul>	<b>Manufacturing</b> <ul style="list-style-type: none"> <li>• ABB</li> <li>• Atlas Copco</li> <li>• Eaton</li> </ul>

### Driving a Leadership Transformation in the Face of Disruption

Both the financial services industry and the information technology profession are changing rapidly, facing tumultuous disruption. For leaders in this space, such as those in the Business Technology group of one of the largest banking and credit card brands in the U.S., dealing with these changes requires a fundamental mindset and skill shift. To jump-start this transformation, BTS created a moments-based program that started with officers and was cascaded down through multiple levels of leadership. During the program, leaders worked through a series of scenarios and role-plays where they faced transformational moments from their future state. Feedback was provided both in group and individual sessions to help build insight around the

new set of capabilities needed to thrive and succeed in these moments. The aggregate results were used to build a roadmap to forge and support the right mindset and behaviors to help mitigate the gaps found across leaders.

### Increasing Sales Productivity and Growing Profitability

BTS partnered with a prominent global bank with about USD 100 billion in assets, almost 2,000 branches, and 50,000 employees as they renewed their push towards growing profitability. BTS was tasked with improving the existing bankers' sales productivity and driving low cost incremental sales by up-selling existing clients. We designed a kickoff experience to improve bankers' customer understanding and confidence in telling the bank's story,

and let them practice analyzing the profit potential of their accounts and up-selling the right targets.

Following the kickoff, bankers went through a certification process, comprised of a series of e-learning modules and proficiency checks to ensure they were capable of selling in the new way. The journey was deployed via the BTS Changr app, allowing bankers to build skills and track progress in one place.

The results from the experience have been powerful. Across all segments, each certified banker has individually delivered an average of USD 15,500 in incremental profit over the course of 7 months.

# Growth and profit year after year

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

---

### Continuous growth and profit

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

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

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

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

### New initiatives

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

### Increasing profits

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

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

### Organic growth

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

### Acquisitions in 2005 and 2006

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

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

### The 2008–2009 recession

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

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

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





## Growth 2010–2017

During the years 2010–2017 BTS's revenues grew by an average of 8 percent annually (currency adjusted) with growth in all regions, and at high speed in Asia and Latin America.

We grow the average size of our projects by offering global services and more complete solutions delivering increased results for our customers.

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

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

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

In 2016 BTS acquired all business operations in the Italian companies Cesim Italia and Design Innovation, which significantly strengthen BTS's position in southern Europe,

through the addition of several major Italian customers, and also reinforce BTS's Italian operation by supplementing it with further expertise and innovative solutions. Furthermore, the acquisitions also provide a good opportunity to help many of the major Italian companies globally.

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

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

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





# Organization and Culture

Organization	40
Core Values	41
Our People and Culture	42–43
Sustainability	44–45
Corporate Social Responsibility	46–47



Strategy made personal

## Organization

# 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

Austin, Chicago, Los Angeles, New York, Philadelphia, Phoenix and, San Francisco.

#### BTS Europe

Amsterdam, Brussels, Cologne, London, Paris, and Stockholm.

#### BTS Other markets

Bangalore, Bangkok, Bilbao, Buenos Aires, Costa Rica, Dubai, Johannesburg, Madrid, Melbourne, Mexico City, Milan, Mumbai, Portsmouth, Sao Paolo, Seoul, Shanghai, Singapore, Sydney, Taipei, and Tokyo.

### 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 Way<sup>SM</sup> implementation process.

### Product-specific units

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

### BTS Digital Services

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

### BTS Board Simulations

BTS Board Simulations is responsible for manual board business simulations.

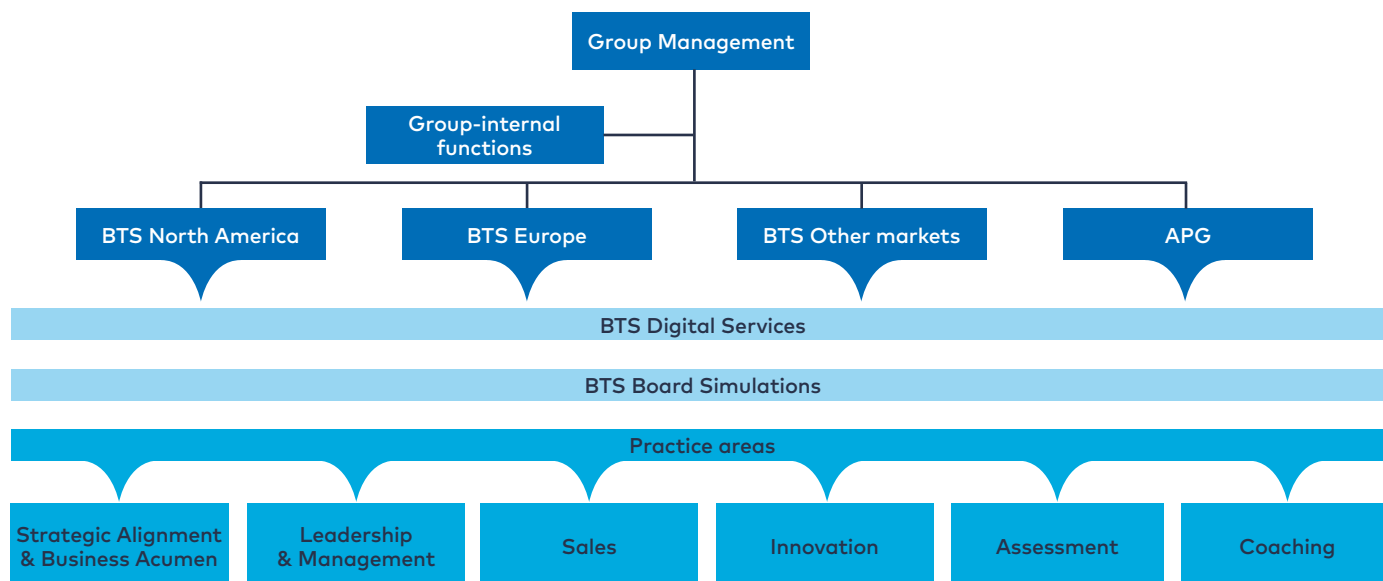
### Practice areas

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

- Strategic Alignment & Business Acumen
- Leadership & Management
- Sales
- Innovation
- Assessment
- Coaching

### Group-internal functions

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



## Core Values

# We live and embrace: P E O P L E

### **P** Positive spirit and fun

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

### **E** Honesty and integrity

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

### **O** Opportunities based on merit

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

### **P** Putting the team first

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

### **L** Lasting value for clients and people

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

### **E** Excellence through professionalism

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





## Our People and Culture

# Great place to work

During the year, we expanded our employee base to almost 600 professionals. We work hard to develop, engage and retain our employees. Our culture is the key reason why world-leading companies do business with us and it is why our employees consider BTS a great place to work. Our success is built upon teams of highly talented and diverse professionals who develop and deliver innovative solutions to our global client base.



### Fun & Adventure

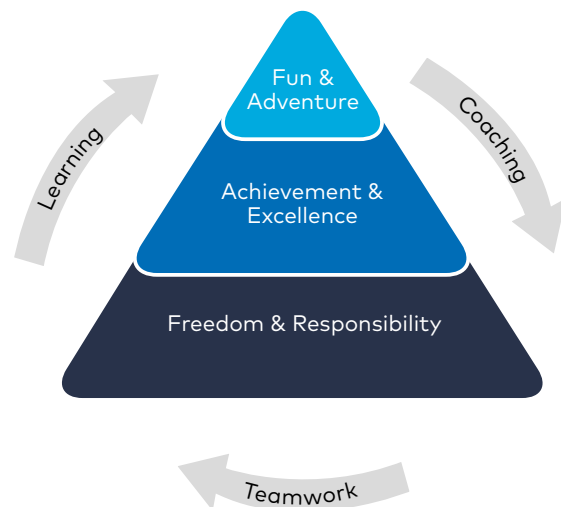
The very nature of our work is fun. We engage in sophisticated, bottom-line-oriented business simulations with some of the smartest people in the business world; our clients are managers and executives of leading companies across the globe. Leading 25 top executives through a two-to-three day simulation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

### Achievement & Excellence

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

### Freedom & Responsibility

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





## TESTIMONIALS

"I truly believe the reason we are able to bring exceptional results to our clients is because of our culture. There is a strong sense of collaboration at BTS – whether across offices around the globe or with your colleague sitting right next to you. It's an empowering and motivating feeling to know your colleagues want you to succeed, and this enables us to bring that attitude to clients. Today, culture is such a big buzz word, but at BTS, we don't talk about it – we live it."

"BTS culture has a unique combination of intelligence, drive, and community that I haven't encountered before in my professional life. We work hard, and we play hard, and we support one another in both of those spaces. I'm grateful to be encouraged and inspired on a daily basis by people I truly respect, admire, and consider friends. What a gift!"

"I feel very lucky to have found a company that not only has so many great and talented people around the world, it has enabled me to grow in multiple ways; as a professional, as a leader, and as a person. The flexibility that BTS offers is outstanding and it has made it possible for me to have an international and rewarding career while raising a family."

"My colleagues are the great differentiator at BTS. The work we do is competitive with that of other firms, but the people that I get the privilege of working with everyday are what truly make our workplace so dynamic. Not only are my coworkers bright, thoughtful, and creative, they are also people I can grab a drink with after a long day – people I like, respect, and admire. Not everyone gets the opportunity to collaborate with such awesome people, and I feel fortunate that BTS is a home for us to grow and learn together."

KEY FIGURES, EMPLOYEES	2017	2016	2015	2014	2013
Number of employees at the end of the year	596	523	463	405	370
Of whom women, % <sup>1</sup>	50	48	44	40	40
Net turnover per employee, KSEK	2,268	2,224	2,394	2,035	1,830

<sup>1</sup> Yearly average number









## Sustainability

# Offsetting our carbon footprint continues

**At BTS, we identify environmental sustainability as a pressing priority, and we continue to take action towards creating a greener planet. We are committed to reducing greenhouse gas emissions from daily operations and embedding sustainability into our communities.**

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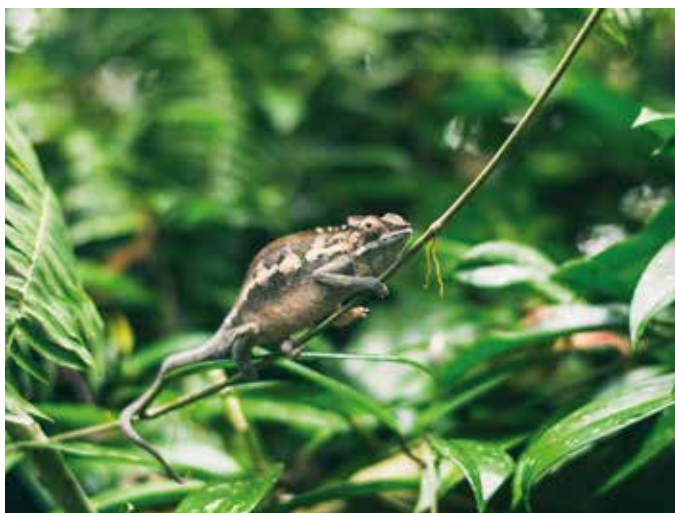
Since 2010, BTS USA has partnered with Rainforest Trust, a leading organization in the protection of tropical ecosystems and wildlife, on sustainability campaigns to preserve threatened rainforest and offset our carbon emissions. Rainforests are one of the largest carbon sinks on the planet and they are disappearing at an alarming rate. Our annual donations have helped to establish the 1,772-acre Las Tangaras Nature Reserve in Colombia, one of the most vital rainforest sites on earth and home to a high concentration of biodiversity. In addition to safeguarding the habitat and exotic species, the Las Tangaras Nature Reserve will also protect the watershed of the Rio Atrato, the region's most important river, which serves as a vital economic resource for tens of thousands of inhabitants living in poor, rural communities.

This year, for the second year in a row, BTS also supported the #SkiptoSave campaign. By giving up an unnecessary daily activity and sharing it on Twitter with the hashtag #SkiptoSave, supporters had an acre of rainforest protected in their honor. For example, the USD 3 someone pocketed by not purchasing a morning cup of coffee saved real acres of rainforest.

Over the years, BTS donations have also assisted with expanding Colombia's El Jaguar Reserve by 5,421 acres and protecting 2,933 acres of lowland Sumatran rainforest within the Bukit Tigapuluh ecosystem.

In 2016, Rainforest Trust announced their SAVES Challenge, which means that every dollar that BTS donates to any of their conservation projects will be doubled by a generous friend of Rainforest Trust. This means that BTS's impact on saving the rainforest has been doubled in both 2016 and 2017, and will continue to be doubled until 2020. Thanks to the SAVES Challenge, BTS's donations have helped to protect 1,120 acres in Congo's Balanga Forest Reserve and 18,018 acres in Airo Pai Communal Reserve in Peru.

"BTS continues to be a leader in conservation efforts and is a highly valued partner of Rainforest Trust," said Dr. Paul Salaman, CEO of Rainforest Trust, "We are grateful for BTS's support that has a positive impact on the protection of rainforest ecosystems."



# Education and entrepreneurship for every community

At BTS, we believe that companies have the same moral responsibilities to a community that individuals have. This belief has guided us for more than 25 years, and it continues to shape our social and environmental policies and efforts today. Our CSR efforts are spread from BTS offices all around the world in larger and smaller community donations and actions. Below, we will focus on describing larger initiatives.

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We actively seek to make real, lasting changes in people's lives. This is why we have our One for One Ambition: For every participant we educate at BTS, we offer a person in a transitioning or developing region free training using our learning materials.

## **Our strong partnership with Savings Banks Foundation for International Cooperation**

In partnership with Savings Banks, BTS has created a number of business simulation programs to teach business and financial acumen in developing nations. As of December 2017, such programs had been held for more than 64,000 participants in 12 countries. This year, 725 seminars were held globally.

In 2010, BTS launched a solution called "Get to Know the Numbers," featuring a board simulation on how to start an orange juice shop and manage money while building the business. The program focuses on five key categories: record keeping, employment of staff, banking, investments, and separation of family and business accounts. The results of the program have shown significant, measurable impacts, and we are excited to continue to implement this program in more communities and countries worldwide.

In 2015, BTS and Savings Banks launched the "Savings Game," a program developed to target savings mobilization

and financial literacy amongst students, private individuals, and young households. The goal of the program is to educate participants on the role of savings and family economics over a lifetime. After a successful pilot in Armenia, the program has been run in Kazakhstan, Ecuador, the Philippines and Russia.

To ensure that local trainers are set up for success and can lead the solutions themselves, the developers of the program have been focusing on making the programs available in a variety of languages and organizing "train-the-trainer" programs.

In 2017, BTS and Savings Banks also launched a program for African farmers, which helps them manage cash flow while expanding their business into multiple crops and livestock. The program first launched in Zambia in April 2017, but the ambition is to reach farmers on all continents.

## **Community Offerings through AVO Vision**

In March 2015, BTS acquired AVO Vision, a leading South Africa-based company focused on corporate and community learning and development. During 2017, the ownership transferred to another company with a better fit to AVO Vision's business model, but BTS still has still part ownership of the company.





AVO Vision's community-focused offerings are designed to empower people in both urban and rural communities through building leadership, management, self-mastery and sales execution skills, which are a key part of the AVO Vision business portfolio. Approximately 100,000 individuals have been trained through different programs – including tens of thousands of women and schoolchildren.

#### **Supporting Ester – a Non-Profit Organization in Sweden**

During 2017, BTS partnered with Ester, a non-profit organization in Sweden that helps immigrant women identify opportunities to start a business. This allows women to decrease their dependency on subsidies and take control of their lives. Different solutions in the BTS portfolio have been translated into Swedish and will be delivered to targeted audiences during 2018.



# Helping leaders lead, sellers sell and businesses flourish

Advantage Performance Group specializes in helping organizations accelerate positive business results by focusing on three main areas:

**1. Helping Leaders Lead: Getting everyone aligned around top priorities and executing maximum results**

**2. Helping Sellers Sell: Developing a winning team, able to blast past sales targets year after year**

**3. Helping Businesses Flourish: Creating a business-savvy organization capable of outperforming the competition**

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Advantage Performance Group (APG) is a wholly owned subsidiary of BTS in North America that serves clients in complementary ways to the traditional BTS organization and consulting team. APG is organized around a multitude of client needs mostly connected to shifts in their business.

In addition to offering many of BTS's core competencies, APG has a team of highly experienced consultants and additional relationships with thought leaders and resources that allow clients to gain more value from our collaborations. For example:

- Behavioral change and competency development solutions
- Engagement models like work-for-hire projects, individualized coaching solutions, and turnkey assessment platforms
- Curriculum-based training and development needs with standard or tailored solutions
- The flexibility to support customers both large and mid-sized
- A very focused, nimble and cost-effective approach to support initiatives with large and small teams alike

- 30 Advantage consultants in markets throughout the U.S. to provide dedicated, local support.

## Differentiators

APG's key differentiators, as defined by our clients, are:

- An **insightful** organization that serves as a single source of world-class thought leadership. We orchestrate expertise to deliver business results
- A **creative** organization that brings inspired ideas to life through imaginative, yet practical, solutions
- A business that is relentless in its pursuit to become our clients' most **accountable** partner; continuously delivering what we promise and being the first call they make when they have a need—and now in our 26th year.

## Creating positive business results

Over a decade ago, we partnered with Dr. Robert Brinkerhoff around his groundbreaking work on High Impact Learning and Success Case Methodologies. This partnership has grown over the years and resulted in

APG acquiring the full rights to the Advantage Way<sup>SM</sup> system: a piece of proprietary content owned by APG and leveraged by BTS.

The Advantage Way<sup>SM</sup> methodology creates measurable business impact from every learning initiative. When clients implement the Advantage Way<sup>SM</sup> system, their organizations achieve documented business results as well as improved job performance. They are able to measure the business impact of the implementation of various solutions—solid proof of its value to their organization.

The Advantage Way<sup>SM</sup> continues to evolve at APG and BTS. In addition to laying the groundwork for how we do business and deliver results, we are actively working on building out a set of digitally based execution tools that can accompany any learning or change initiative in an organization. There are more exciting things to come in the future as we partner with our clients to build out Advantage Way<sup>SM</sup> 2.0.

## Strategic direction for 2018

APG's 2018 strategic direction will focus on three aspects of the current business



environment that are a particularly good fit for the firm:

1. Continued collaboration and partnership with our colleagues at BTS to meet client needs best suited for each organization's talents, capabilities and business models. It is our shared vision that we deliver exceptional results to our customers—together.

2. Refined focus and an emerging point of view relative to high potential leaders within organizations. Advantage's unique business model has exposed us to a multitude of insights and implementations, providing us with a holistic view of emerging leaders across levels and industries. During 2018, we will look to leverage that expertise for the benefit of the market, in addition to our direct customers.

3. The growth of our team. Over the last four years, we have made significant investments into the systems, tools, processes and intellectual property that allow our partners to better serve the needs of all of our clients. The addition of great team members to help us deliver the key business results required by our customers will be our top priority this year.

## CLIENT TESTIMONIALS

"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*

"Being a not-for-profit organization, we need to look very carefully at our return on people development when making investments. Advantage has proven to be a true partner, providing both flexibility and, most importantly, organizational impact."

*CFO, North American Retail Marketing Association*

"We consider Advantage 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 working with competing vendors, it's always collaborative. There's a huge level of trust in our relationship."

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

[www.advantageperformancegroup.com](http://www.advantageperformancegroup.com)



# Financial information

Five-Year Summary.....	51-53
BTS Share information .....	54-56
Management Report.....	56-59
Consolidated Income Statement.....	60
Consolidated Statement of Comprehensive Income.....	60
Consolidated Balance Sheet .....	61
Changes in Consolidated Equity .....	62
Consolidated Cash Flow Statement.....	63
Parent Company's Income Statement .....	64
Parent Company's Statement of Comprehensive Income.....	64
Parent Company's Balance Sheet .....	65
Parent Company's Cash Flow Statement .....	66
Changes in Parent Company's Equity.....	67
Notes to the Annual Report.....	68-83
Audit Report .....	84-87



# Five-Year Summary

## Income statement

Consolidated income statements in summary

SEK millions	2017	2016	2015	2014	2013
Net sales	1,242.6	1,107.6	1,043.9	781.5	688.2
Operating expenses	-1,091.8	-982.1	-922.5	-690.0	-610.4
Depreciation of property, plant, and equipment	-9.9	-8.0	-7.7	-6.5	-6.3
Amortization of intangible assets	-8.6	-5.8	-4.3	-2.6	-1.7
Operating profit (EBIT)	132.3	111.7	109.5	82.4	69.8

## Net sales per operating unit

SEK millions	2017	2016	2015	2014	2013
BTS North America	573.7	534.7	528.6	362.2	311.5
BTS Europe	204.0	191.6	178.9	153.8	134.1
BTS Other markets	350.9	270.7	222.7	168.4	151.1
APG	114.1	110.7	113.7	97.1	91.5
<b>Total</b>	<b>1,242.6</b>	<b>1,107.6</b>	<b>1,043.9</b>	<b>781.5</b>	<b>688.2</b>

## Operating profit (EBITA) per operating unit

SEK millions	2017	2016	2015	2014	2013
BTS North America	73.7	58.9	60.6	42.5	35.6
BTS Europe	17.9	25.0	23.3	19.8	22.7
BTS Other markets	47.6	32.9	27.3	20.1	13.8
APG	1.7	0.7	2.6	2.6	-0.6
<b>Total</b>	<b>140.9</b>	<b>117.5</b>	<b>113.8</b>	<b>85.0</b>	<b>71.5</b>

## Operating Units

**BTS North America** consists of BTS's operations in North America excluding APG.

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

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

**APG** consists of operations in Advantage Performance Group.

## Balance sheet

Consolidated balance sheets in summary

SEK millions	2017	2016	2015	2014	2013
<b>Assets</b>					
Non-current assets	549.1	346.1	278.9	261.4	181.4
Accounts receivable	335.1	361.0	276.8	239.0	156.0
Other current assets	141.4	101.1	115.8	67.2	72.6
Cash and cash equivalents	199.9	135.4	139.5	114.3	108.8
<b>Total assets</b>	<b>1,225.6</b>	<b>943.7</b>	<b>811.0</b>	<b>681.9</b>	<b>518.9</b>
<b>Equity and liabilities</b>					
Equity	580.6	543.1	483.3	434.5	355.8
Interest-bearing liabilities	125.6	25.3	16.7	–	–
Non-interest-bearing liabilities	519.5	375.3	311.0	247.4	163.1
<b>Total equity and liabilities</b>	<b>1,225.6</b>	<b>943.7</b>	<b>811.0</b>	<b>681.9</b>	<b>518.9</b>

## Cash flow

Consolidated cash flow in summary

SEK millions	2017	2016	2015	2014	2013
Cash flow from operating activities	98.2	47.5	57.9	44.8	47.6
Cash flow from investing activities	–80.2	–26.5	–19.0	–21.0	–15.7
Cash flow from financing activities	54.7	–36.5	–16.3	–32.9	–12.6
<b>Cash flow for the year</b>	<b>72.6</b>	<b>139.5</b>	<b>114.3</b>	<b>108.8</b>	<b>94.9</b>
Cash and cash equivalents, start of year	135.4	–15.5	22.6	–9.1	19.3
Translation differences in cash and cash equivalents	–8.2	11.4	2.6	14.6	–5.4
<b>Cash and cash equivalents, end of year</b>	<b>199.9</b>	<b>135.4</b>	<b>139.5</b>	<b>114.3</b>	<b>108.8</b>

## Financial ratios for the Group

SEK millions	2017	2016	2015	2014	2013
Net sales	1,242.6	1,107.6	1,043.9	781.5	688.2
Operating profit (EBIT)	132.3	111.7	109.5	82.4	69.8
Operating margin (EBIT margin), %	10.6	10.1	10.5	10.5	10.1
Operating profit (EBITA)	140.9	117.5	113.7	85.0	71.5
Operating margin (EBITA margin), %	11.3	10.6	10.9	10.9	10.4
Profit margin, %	0.0	6.7	7.0	7.2	7.0
Earnings per share, SEK	5.20	3.96	3.89	3.01	2.57
Return on equity, %	17.5	14.4	15.8	14.2	14.0
Return on operating capital, %	28.2	28.2	32.2	29.1	29.3
Operating capital	506.2	432.9	360.4	320.2	246.9
Equity	580.6	543.1	483.3	434.5	355.8
Equity per share, SEK	30.74	29.13	25.92	23.30	19.14
Equity/assets ratio, %	47.4	57.6	59.6	63.7	68.6
Dividend per share, SEK	2.80 <sup>1</sup>	2.50	2.35	1.75	1.75
Cash flow	72.6	-15.5	22.6	-9.1	19.3
Cash and cash equivalents	199.9	135.4	139.5	114.3	108.8
Number of employees at year-end	596	523	463	405	370
Average number of employees	548	498	436	384	376
Annual net turnover per employee	2.3	2.2	2.4	2.0	1.8

<sup>1</sup> Proposed dividend.

## Definitions

### Operating margin (EBIT margin)

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

### Operating margin (EBITA margin)

Operating profit before amortization of intangible assets 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.

### Return on equity

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

### Return on operating capital

Operating profit as a percentage of average operating capital.

### Operating capital

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

### 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.

# 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 6,295,684, distributed among 853,800 Class A shares and 18,033,251 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, 2017, there were 1,412 (1,177) shareholders in the Company. Since 2002, BTS Group AB has worked to promote depth in share trading. As part of this strategy, a market maker has been engaged to work to increase interest and trading in BTS's shares.

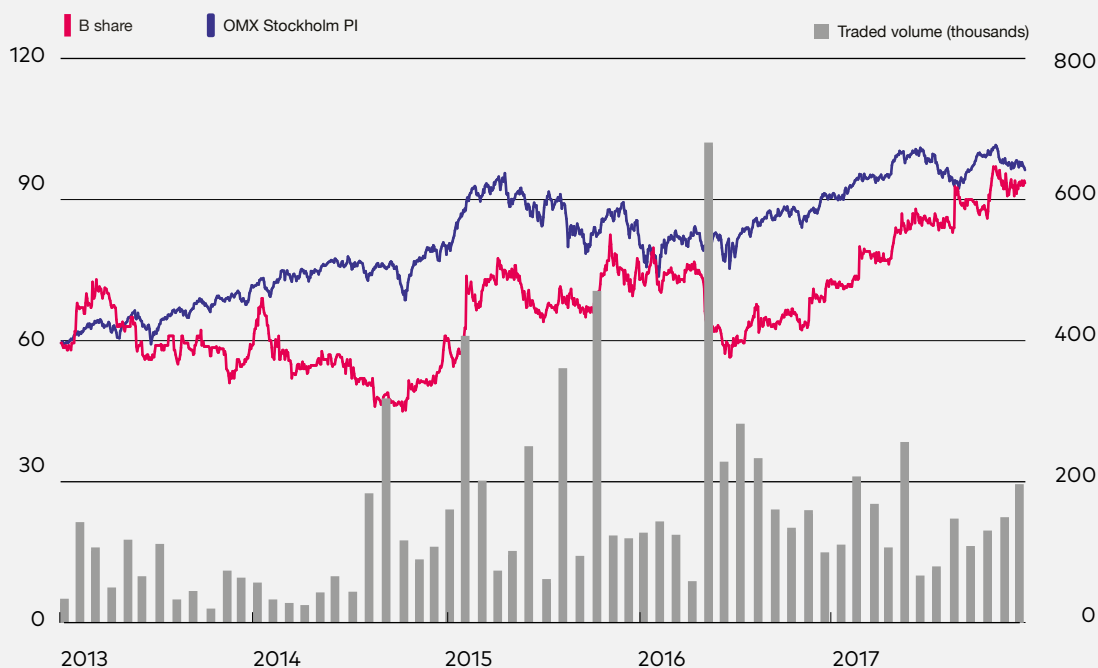
## Dividend policy

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

SEK	2017	2016	2015	2014	2013
Share price at December 31	93.50	72.00	77.50	59.50	59.00
Earnings per share	5.20	3.96	3.89	3.01	2.57
Price/earnings ratio, December 31	18.0	18.2	19.9	19.8	23.0
Cash and cash equivalents per share, December 31	10.58	7.26	7.48	6.13	5.85
Equity per share, December 31	30.74	29.13	25.92	23.30	19.14
Dividend per share	2.80 <sup>1</sup>	2.50	2.35	1.75	1.75

<sup>1</sup>Proposed dividend.

## BTS Group AB share price 2013–2017





## 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

## 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	3,189,034	4,005,034	21.2	42.7
Nordea funds		3,007,188	3,007,188	15.9	11.3
Stefan af Petersens incl. companies	37,800	2,292,095	2,329,895	12.3	10.0
Lannebo funds		1,838,993	1,838,993	9.7	6.9
Swedbank Robur funds		1,371,230	1,371,230	7.3	5.2
Third Swedish National Pension Fund (AP3)		947,803	947,803	5.0	3.6
Stefan Hellberg incl. companies		893,994	893,994	4.7	3.4
Elementa		445,105	445,105	2.4	1.7
AMF funds		384,007	384,007	2.0	1.4
La Financière de l'Echiquier		275,000	275,000	1.5	1.0
<b>Total for 10 largest shareholders</b>	<b>853,800</b>	<b>14,644,449</b>	<b>15,498,249</b>	<b>82.0</b>	<b>87.2</b>
<b>Other shareholders</b>	<b>–</b>	<b>3,388,802</b>	<b>3,388,802</b>	<b>18.0</b>	<b>12.8</b>
<b>Total</b>	<b>853,800</b>	<b>18,033,251</b>	<b>18,887,051</b>	<b>100.0</b>	<b>100.0</b>

# 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 2017. 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 more than 30 years, BTS has been creating motivational and effective programs which make a profound and lasting impact on the participants and their careers by inspiring new ways of thinking and enhancing the critical capabilities that employees and leaders need to achieve improved corporate performance.

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

## Revenue and profit

BTS's net sales increased by 12% during the year, to SEK 1,242.6 million (1,107.6). Adjusted for changes in exchange rates, revenues increased by 12%.

Operating profit (EBITA) increased by 20% during the year, to SEK 140.9 million (117.5). Operating profit was charged with SEK 8.6 million (5.8) for amortization of intangible assets attributable to acquisitions. Operating profit (EBIT) increased by 18% to SEK 132.3 million (111.7).

The operating margin (EBITA margin) was 11% (11). The operating margin (EBIT margin) was 11% (10). Consolidated profit before tax for the year increased by 19%, to SEK 131.4 million (110.9).

Net sales for BTS's operations in North America totaled SEK 573.7 million (534.7) in 2017. Adjusted for changes in exchange rates, revenues increased by 7%. Operating profit (EBITA) totaled SEK 73.7 million (58.9) for the year. The operating margin (EBITA margin) was 13% (11).

Net sales for Europe totaled SEK 204.0 million (191.6) in 2017. Adjusted for changes in exchange rates, revenues

increased by 9%. Operating profit (EBITA) totaled SEK 17.9 million (25.0) for the year. The operating margin (EBITA margin) was 9% (13).

Net sales for BTS Other markets totaled SEK 350.9 million (270.7) in 2017. Adjusted for changes in exchange rates, revenues increased by 27%. Operating profit (EBITA) totaled SEK 47.6 million (32.9) for the year. The operating margin (EBITA margin) was 14% (12).

Net sales for APG reached SEK 114.1 million (110.7) in 2017. Adjusted for changes in exchange rates, revenues increased by 3%. Operating profit (EBITA) totaled SEK 1.7 million (0.7) for the year. The operating margin (EBITA margin) was 1% (1).

## Financial position

At the end of the period, cash and cash equivalents were SEK 199.9 million (135.4). The Group's interest-bearing loans, attributable to previously completed acquisitions, totaled SEK 125.6 million (25.3) at the end of the period. Equity totaled SEK 580.6 million (543.1) at year-end, and the equity/assets ratio was 47% (58). BTS's cash flow from operating activities for the year was SEK 98.2 million (47.5).

## Business acquisitions

In 2017 BTS acquired the shares of Coach in a Box Holdings Ltd. and its subsidiaries. Coach in a Box was established to help leaders, at all levels, improve and change using an approach that is virtual, affordable, scalable and fast. This approach successfully disrupted the market by changing coaching from being a service for senior leaders into a practical tool to turn strategy into action across the organization. Coach in a Box's pioneering research and data driven approach allows for mindset shifts at scale in clients. BTS and Coach in a Box's combined services strengthen the customer offering and make the companies a stronger partner on the market, thus creating synergies and significant growth opportunities.

Also in 2017, the shares of MTAC GmbH were acquired. The acquisition provides BTS with a base in German-speaking countries, which easily makes it the largest market in Europe. It also allows us to serve our existing global BTS clients better, and it creates significant growth potential. In addition, MTAC adds top knowledge in the area of marketing expertise, which is a potentially new practice area for BTS. Furthermore, the acquisition also provides favorable opportunities to help many of the major German companies globally.

For more detailed description, see Note 22 Business acquisitions.

### The Board's proposed guidelines for determining salaries and other compensation to senior executives

The Board of Directors proposes that the 2018 Annual General Meeting does not change the guidelines for deciding on salaries and other compensation to the CEO and other senior executives. For the guidelines decided by the 2017 AGM, see Note 6.

### Employees

The number of employees in BTS Group AB at December 31, 2017 was 596 (523). The average number of employees during the year was 548 (498).

The total increase in staff during the year depends entirely on the acquisitions, and the number of employees in general are unchanged. BTS Other markets net recruited during the year, and other parts have decreased.

### Shareholders

The total number of shares outstanding is 18,887,051, consisting of 853,800 Class A and 18,033,251 Class B shares. Each Class A share entitles the holder to 10 votes per share, each Class B one vote per share. In 2017, 240,681 class B shares were newly issued as part payment of acquisitions during the year, of which 214,725 shares at a price of SEK 88.00 per share and 25,956 shares at a price of SEK 90.50 per share. The Company's articles of association contain no restrictions on the transfer of shares. The Company has three shareholders, Henrik Ekelund, Nordea Fonder and Stefan af Petersens, whose holdings each exceeded 10% of votes at year-end 2017. 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 2.3 million (2.1), and profit after financial items SEK 47.9 million (42.6). Cash and cash equivalents were SEK 0.2 million (0.2).

### Outlook for 2018

Profit before tax is expected to be better than the preceding year's.

### Market trends

The market for BTS's services was stable during 2017 and unchanged compared with the previous year.

### Sustainability Report

In accordance with the Annual Accounts Act, Chapter 6, paragraph 11, BTS has chosen to establish the statutory Sustainability Report as a report separate from the Annual Report. The Sustainability Report has been submitted to the auditor at the same time as the annual report.

The description of the sustainability work can be found on the pages 88–91 of the Annual Report.

### Information about risk and uncertainty

#### Market risks

##### *Sensitivity to economic conditions*

Demand for training is sensitive to economic fluctuations. Slower growth and costcutting 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 25% (26) of its sales in 2017. 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*

46% (48) of BTS's sales in 2017 were in the operating unit BTS North America, BTS Other markets represented 28% (25), BTS Europe accounted for 17% (17) and APG 9% (10). In recent years, BTS has enhanced its presence in markets in Asia, Australia, South Africa, and Latin America, which in the long run will reduce dependency on North American and European markets.

##### *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 consultants 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 intensive recruiting 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 insure 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.

## Multiple-year review

Performance for the past five fiscal years is presented below.

SEK thousands	2017	2016	2015	2014	2013
Sales	1,242,591	1,107,644	1,043,900	781,454	688,234
Operating expenses	-1,091,837	-982,121	-922,473	-690,035	-610,439
Depreciation of property, plant, and equipment	-9,887	-8,016	-7,688	-6,464	-6,267
Amortization of intangible assets	-8,574	-5,808	-4,286	-2,568	-1,685
<b>Operating profit (EBIT)</b>	<b>132,292</b>	<b>111,699</b>	<b>109,452</b>	<b>82,387</b>	<b>69,842</b>
Operating margin (EBIT margin) %	11	10	10	11	10
Number of employees at year-end	596	523	463	405	370
Average number of employees	548	498	436	384	376
Net sales per employee	2,268	2,224	2,394	2,035	1,830

Financing and risk management have been gathered under the Group finance function. The subsidiaries manage all foreign exchange dealings and credit to clients within the framework of the policy. For details, see Note 2, Significant accounting policies, and Note 18, Financial instruments and financial risk management.

### Foreign exchange risks

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

	Percentage change	Change* KSEK
SEK/USD	+/-10%	10,411
SEK/EUR	+/-10%	1,832
SEK/GBP	+/-10%	1,271

\* Based on 2017 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 15,504 thousand (33,088), 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.

### Research and development

The development that BTS has conducted during the year is essentially related to customer-specific product development, which has been expensed directly. Any research has not occurred. For a more detailed description, see Note 2 Accounting principles.

### Multiple-year review

Performance for the past five fiscal years is present below.

### Proposed appropriation of earnings Parent Company

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

	SEK
Profit brought forward	36,061,260
Profit for the year	47,088,887
<b>Total</b>	<b>83,150,147</b>

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

To be distributed to shareholders: SEK 2.80 per share totaling <sup>1</sup>	52,883,743
To be carried forward	30,266,404
<b>Total</b>	<b>83,150,147</b>

<sup>1</sup> The total amount of the proposed dividend is based on the number of outstanding shares as of April 20, 2018.

The Board proposes a dividend of SEK 2.80 per share, to be paid in an amount of SEK 1.40 on two occasions. The dividend is proposed to be paid on May 23, 2018 and November 21, 2018 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 26%, and the Group's equity/assets ratio to 45%. 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 and to the cash flow statements and accompanying notes.

# Consolidated Income Statement

SEK thousands	NOTE	2017	2016
<b>Net sales</b>	9	<b>1,242,591</b>	<b>1,107,644</b>
<i>Operating expenses</i>			
Other external expenses	3, 4, 5	-498,007	-442,601
Employee benefit expenses	6	-593,831	-539,520
Depreciation of property, plant, and equipment and amortization of intangible assets	7, 8	-18,461	-13,824
<b>Total operating expenses</b>		<b>-1,110,299</b>	<b>-995,945</b>
<b>OPERATING PROFIT</b>	9	<b>132,292</b>	<b>111,699</b>
<i>Financial items</i>	10		
Financial income		479	364
Financial expenses		-1,478	-1,157
<b>Total gain/loss on financial items</b>		<b>-999</b>	<b>-792</b>
Affiliated companies, profit after tax		135	-
<b>PROFIT BEFORE TAX</b>		<b>131,429</b>	<b>110,907</b>
Tax on profit for the year	11	-33,295	-37,088
<b>PROFIT FOR THE YEAR</b>		<b>98,134</b>	<b>73,818</b>
Profit for the year attributable to: Parent Company's shareholders		98,134	73,818
<b>Earnings per share</b> (profit for the year attributable to Parent Company shareholders)	12		
Earnings per share, before dilution, SEK		5.20	3.96
No. of shares at year-end		18,887,051	18,646,370
Proposed dividend per share, SEK	13	2.80	2.50

## Consolidated statement of comprehensive income

SEK thousands	NOTE	2017	2016
<b>PROFIT FOR THE YEAR</b>		<b>98,134</b>	<b>73,818</b>
<b>Other comprehensive income</b>			
<i>Items that later could be reclassified to profit or loss</i>			
Translation differences in equity	17	-38,154	28,531
<b>Other comprehensive income for the year, net after tax</b>		<b>-38,154</b>	<b>28,531</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>59,980</b>	<b>102,349</b>
portion attributable to Parent Company shareholders		59,980	102,349

# Consolidated Balance Sheet

SEK thousands	NOTE	12-31-17	12-31-16
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Goodwill	7	421,374	272,488
Other intangible assets	7	86,899	41,448
<b>Total intangible assets</b>		<b>508,273</b>	<b>313,936</b>
<i>Property, plant, and equipment</i>			
Equipment	8	29,638	22,009
<i>Financial assets</i>			
Deferred tax assets	15	3,694	1,953
Other non-current receivables	18	7,512	8,215
<b>Total financial assets</b>		<b>11,206</b>	<b>10,168</b>
<b>Total non-current assets</b>		<b>549,117</b>	<b>346,112</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Accounts receivable	18	335,132	361,021
Other receivables	18	6,892	14,048
Prepaid expenses and accrued income	16	134,550	87,044
<b>Total current receivables</b>		<b>476,573</b>	<b>462,113</b>
Cash and cash equivalents		199,876	135,433
<b>Total current assets</b>		<b>676,449</b>	<b>597,547</b>
<b>TOTAL ASSETS</b>		<b>1,225,566</b>	<b>943,659</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	17		
Share capital		6,296	6,215
Other paid-in capital		46,102	46,812
Reserves		-6,870	30,573
Retained earnings, including profit for the year		535,028	459,494
<b>Total equity</b>		<b>580,555</b>	<b>543,094</b>
<b>Non-current liabilities</b>			
	18, 19		
Other liabilities		84,839	26,813
Accrued tax liabilities	15, 18	32,860	47,512
Other provisions	18	186,859	33,484
<b>Total non-current liabilities</b>		<b>304,558</b>	<b>107,810</b>
<b>Current liabilities</b>			
Accounts payable	18	31,058	26,492
Tax liabilities		4,971	3,067
Other current liabilities	18, 19, 20	68,845	49,776
Accrued expenses and prepaid income	21	235,579	213,421
<b>Total current liabilities</b>		<b>340,453</b>	<b>292,756</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,225,566</b>	<b>943,659</b>

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

# Changes in Consolidated Equity

Attributable to Parent Company

SEK thousands	NOTE 17	Share capital	Other paid-in capital	Reserves	Retained earnings including profit for the year	Total equity
<b>Opening balance at January 1, 2016</b>		6,215	46,540	2,314	428,186	483,255
<b>Comprehensive income</b>						
Profit for the year					73,818	73,818
<b>Other comprehensive income</b>						
Translation differences			272	28,259		28,531
<b>Total comprehensive income</b>		0	272	28,259	73,818	102,349
<b>Transactions with shareholders</b>						
Share-based payment according to IFRS 2					1,309	1,309
Dividends to shareholders					-43,819	-43,819
<b>Total transactions with shareholders</b>		0	0	0	-42,510	-42,510
<b>Closing balance at December 31, 2016</b>		6,215	46,812	30,573	459,494	543,094
<b>Opening balance at January 1, 2017</b>		6,215	46,812	30,573	459,494	543,094
<b>Comprehensive income</b>						
Profit for the year					98,134	98,134
<b>Other comprehensive income</b>						
Translation differences			-710	-37,443		-38,154
<b>Total comprehensive income</b>		0	-710	-37,443	98,134	59,980
<b>Transactions with shareholders</b>						
New issue		80			21,165	21,245
Share-based payment according to IFRS 2					974	974
Dividends to shareholders					-46,616	-46,616
Other					1,878	1,878
<b>Total transactions with shareholders</b>		80	0	0	-22,600	-22,520
<b>Closing balance at December 31, 2017</b>		6,296	46,102	-6,870	535,028	580,555



# Consolidated Cash Flow Statement

SEK thousands	NOTE	2017	2016
<b>Operating activities</b>			
Operating profit		132,292	111,699
Adjustments for non-cash items			
Depreciation and amortization		18,461	13,824
Financial items	10	-810	-712
Tax paid for the year		-50,563	-24,923
<i>Cash flow from operating activities before changes in working capital</i>		<i>99,380</i>	<i>99,888</i>
<i>Cash flow from changes in working capital</i>			
Change in accounts receivable		10,285	-71,263
Change in other operating receivables		-13,838	14,894
Change in accounts payables and other operating liabilities		2,370	3,966
<i>Cash flow from changes in working capital</i>		<i>-1,182</i>	<i>-52,404</i>
<b>Cash flow from operating activities</b>		<b>98,198</b>	<b>47,485</b>
<b>Investing activities</b>			
Acquisition of property, plant, and equipment	8	-17,720	-13,283
Acquisition of intangible assets	7	98	-
Acquisitions of companies after deduction of cash and cash equivalents	22	-64,724	-13,187
Change in other financial assets		2,129	-
<b>Cash flow from investing activities</b>		<b>-80,217</b>	<b>-26,470</b>
<b>Financing activities</b>			
Repayment of loan		-4,419	-4,166
Borrowings		105,696	11,488
Dividends to shareholders		-46,616	-43,819
<b>Cash flow from financing activities</b>		<b>54,661</b>	<b>-36,498</b>
<b>Cash flow for the year</b>		<b>72,642</b>	<b>-15,482</b>
Cash and cash equivalents, start of year		135,433	139,547
Translation differences in cash and cash equivalents		-8,200	11,369
<b>Cash and cash equivalents, end of year</b>		<b>199,876</b>	<b>135,433</b>

# Parent Company's Income Statement

SEK thousands	NOTE	2017	2016
<b>Net turnover</b>	3	<b>2,315</b>	<b>2,075</b>
<i>Operating expenses</i>			
Other external expenses	3, 4	-380	-674
Employee benefit expenses	6	-1,379	-1,235
<b>Total operating expenses</b>		<b>-1,759</b>	<b>-1,909</b>
<b>OPERATING PROFIT</b>		<b>556</b>	<b>166</b>
<i>Financial items</i>	10		
Gains/losses on other securities and receivables held as non-current assets		47,869	42,481
Interest income and similar profit/loss items		700	626
Interest expenses and similar profit/loss items		-1,213	-724
<b>Total gain/loss on financial items</b>		<b>47,355</b>	<b>42,384</b>
<b>PROFIT BEFORE TAX</b>		<b>47,911</b>	<b>42,550</b>
Tax on profit for the year	11	-822	-747
<b>PROFIT FOR THE YEAR</b>		<b>47,089</b>	<b>41,803</b>

## Parent Company's statement of comprehensive income

SEK thousands	NOTE	2017	2016
<b>PROFIT FOR THE YEAR</b>		<b>47,089</b>	<b>41,803</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>47,089</b>	<b>41,803</b>
Attributable to Parent Company shareholders		47,089	41,803

# Parent Company's Balance Sheet

SEK thousands	NOTE	12-31-17	12-31-16
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Financial assets</i>	14		
Participations in Group companies		279,378	101,976
Receivables from Group companies		21,670	11,480
<b>Total non-current assets</b>		<b>301,048</b>	<b>113,457</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables from Group companies		52,789	21,061
Other receivables		–	55
Prepaid expenses		454	129
<b>Total current receivables</b>		<b>53,243</b>	<b>21,245</b>
Cash and cash equivalents		246	182
<b>Total current assets</b>		<b>53,489</b>	<b>21,427</b>
<b>TOTAL ASSETS</b>		<b>354,537</b>	<b>134,884</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	17		
<i>Restricted equity</i>			
Share capital		6,296	6,215
Statutory reserve		41,390	41,390
<b>Total restricted equity</b>		<b>47,685</b>	<b>47,605</b>
<i>Non-restricted equity</i>			
Retained earnings		36,061	19,710
Profit for the year		47,089	41,803
<b>Total non-restricted equity</b>		<b>83,150</b>	<b>61,513</b>
<b>Total equity</b>		<b>130,836</b>	<b>109,118</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	18, 19	84,116	4,552
Provisions		88,836	–
<b>Total non-current liabilities</b>		<b>172,952</b>	<b>4,552</b>
<b>Current liabilities</b>			
Accounts payable		13	60
Tax liabilities		71	65
Other current liabilities	18	50,332	20,728
Accrued expenses and prepaid income	21	333	360
<b>Total current liabilities</b>		<b>50,749</b>	<b>21,214</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>354,537</b>	<b>134,884</b>

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

# Parent Company's Cash Flow Statement

SEK thousands	NOTE	2017	2016
<b>Operating activities</b>			
Operating profit		556	166
Financial income and expense	10	-513	-98
Tax paid for the year		-817	-792
<i>Cash flow from operating activities before changes in working capital</i>		-775	-724
<i>Cash flow from changes in working capital</i>			
Change in operating receivables		-31,998	-5,591
Change in accounts payables and other operating liabilities		-4,968	389
<i>Cash flow from changes in working capital</i>		-36,966	-5,202
<b>Cash flow from operating activities</b>		<b>-37,740</b>	<b>-5,926</b>
<b>Investing activities</b>			
Dividends received from subsidiaries		44,174	39,156
Acquisition of companies after deduction of cash and cash equivalents		-64,724	-
<b>Cash flow from investing activities</b>		<b>-20,551</b>	<b>39,156</b>
<b>Financing activities</b>			
Group contributions		3,695	3,325
Repayment of loan		-4,419	-4,166
Borrowings		105,696	11,488
Dividends to shareholders		-46,616	-43,819
<b>Cash flow from financing activities</b>		<b>58,356</b>	<b>-33,172</b>
<b>Cash flow for the year</b>		<b>64</b>	<b>58</b>
Cash and cash equivalents, start of year		182	124
<b>Cash and cash equivalents, end of year</b>		<b>246</b>	<b>182</b>



# Changes in Parent Company's Equity

SEK thousands	NOTE 17	Share capital	Statutory reserve	Retained earnings	Profit for the year	Total equity
<b>Opening balance at January 1, 2016</b>		<b>6,215</b>	<b>41,390</b>	<b>24,224</b>	<b>39,305</b>	<b>111,134</b>
By AGM proposed appropriation:						
Transfer to retained earnings				39,305	-39,305	0
Comprehensive income for the period					41,803	41,803
<b>Transactions with shareholders</b>						
Dividends to shareholders				-43,819		-43,819
<b>Closing balance at December 31, 2016</b>		<b>6,215</b>	<b>41,390</b>	<b>19,710</b>	<b>41,803</b>	<b>109,118</b>
<b>Opening balance at January 1, 2017</b>		<b>6,215</b>	<b>41,390</b>	<b>19,710</b>	<b>41,803</b>	<b>109,118</b>
By AGM proposed appropriation:						
Transfer to retained earnings				41,803	-41,803	0
Comprehensive income for the period					47,089	47,089
<b>Transactions with shareholders</b>						
Dividends to shareholders				-46,616		-46,616
New issue		80	21,165			21,245
<b>Closing balance at December 31, 2017</b>		<b>6,296</b>	<b>62,554</b>	<b>14,897</b>	<b>47,089</b>	<b>130,836</b>

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

The annual report and consolidated financial statements were approved for publication by the Board of Directors on April 20, 2018.

## 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, and 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.

### New and amended accounting principles applied by the Group

None of the amended standards applied from 2017 have had an impact on the use of the Group's financial statements.

### New standards, amendments and interpretations of existing standards not applied prospectively by the Group

A number of new standards and interpretations are effective for annual periods beginning after January 1, 2017 – to BTS from the fiscal year 2018 – have not been applied in preparing these financial statements. These new standards and interpretations are expected to affect the consolidated financial statements as follows:

### IFRS 9 Financial instruments

IFRS 9 deals with classification, measurement and recognition of financial assets and liabilities and introduces new rules for hedge accounting. The full version of IFRS 9 was issued in July 2014. It replaces the parts of IAS 39, which deals with the classification and measurement of financial instruments and introduce a new impairment model.

The rules for derecognition have been transferred from IAS 39 Financial Instruments, and has not changed.

The new model for calculating loan loss reserves is based on expected losses, rather than as previous losses occurred in IAS 39, which may result in earlier recognition of credit losses. The model should be applied to financial assets carried at accrued acquisition value, debt instruments measured at fair value through other comprehensive income, contract assets under IFRS 15 Revenue from contracts with customers, lease receivables, loans and certain financial guarantees.

BTS has analyzed IFRS 9 and found that it will not have any significant effects on the Group's results or classification, valuation or accounting of Group financial assets and liabilities:

The debt instruments currently classified as financial assets that can be sold meet the conditions for valuation at fair value in other comprehensive income based on the company's business model for these assets.

The Group's reporting of financial liabilities will not change as the new requirements only affect the accounting of financial liabilities recognized at fair value through the income statement. The only financial instruments the Group currently holds that is subject to valuation at fair value with changes of the value in the income statement, are provisions for conditional supplementary purchases. The reporting of these provisions is consistent with IFRS 9 and IAS 39.

The new standard also introduces expanded disclosure requirements and changes in presentation, and it applies from January 1, 2018.

### IFRS 15 Revenue from Contracts with Customers

IFRS 15 is the new standard for revenue recognition. IFRS 15 supersedes IAS 18 Revenue and IAS 11 Construction Contracts.

IFRS 15 is based on the principle that revenue is recognized when the customer obtains control over the sold goods or services – a principle which replaces the previous principle that revenue is recognized when the risks and benefits have been transferred to the buyer.

A company can choose between "full retroactivity" or prospective application with additional information.

BTS has completed the review of the effects of the transition to IFRS 15 for financial reporting, and finds that current revenue reporting is essentially in accordance with IFRS 15. The new standard therefore does not mean any change to BTS's current revenue accounting, and thus will not have an impact on the Group's earnings or financial position.

The standard applies from January 1, 2018.

### IFRS 16 Leases

IFRS 16 was issued in January 2016. The implementation of the standard will mean that almost all the leases will be recognized in the balance sheet, as a distinction between operating and finance leases no longer will be made. Under the new standard, an asset

(the right to use a leased asset) and a financial commitment to pay leasing fees are reported. Contracts of short duration and contracts of lesser value are excluded. The accounting of the lessor will essentially be unchanged.

The standard will mainly affect the presentation of consolidated operating leases. BTS has not yet evaluated to what extent these commitments will be reported as assets and liabilities, and how this will affect the Group's results and classification of cash flows.

Some commitments may be covered by the exemption for short-term contracts and contracts of lesser value and some commitments may relate to events that will not be accounted for as leases in accordance with IFRS 16.

The standard is mandatory for application in the financial year beginning on January 1, 2019 and BTS does not intend to apply early application of IFRS 16.

No other issued IFRS or IFRIC interpretations not yet approved are expected to be relevant to the consolidated 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 control was transferred to the Group. They are excluded from the consolidated financial statements from and including the date 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 2017	December 31, 2017	Average 2016	December 31, 2016
USD	8.55	8.23	8.56	9.10
EUR	9.64	9.85	9.47	9.57
GBP	11.00	11.10	11.58	11.18
AUD	6.55	6.42	6.37	6.57
SGD	6.19	6.16	6.20	6.29
ZAR	0.64	0.67	0.58	0.67
MXN	0.45	0.42	0.46	0.44

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

### Revenue/Assignments in progress

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

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

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

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

### Research and development

Expenditure for customer-specific product development is expensed directly. Expenditure related to development projects (attributable to the development and testing of new or improved products) is capitalized as an intangible asset to the extent such expenditure can be expected to generate future economic benefits. The company has not conducted any research. The development normally conducted by BTS is customer-specific.

### Employee benefits

#### Pensions

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

#### Share-based payments

BTS Group Ab issued employee stock options to the Group's employees in 2015. The program enables employees to acquire stock in the company. The fair value of the allocated stock options

is recognized as an employee benefit expense with a corresponding increase in equity. The fair value of the allocated stock options is calculated using the Black-Scholes model and taking into consideration the conditions prevailing at the time of allocation. The cost recognized corresponds to the fair value of the estimated number of stock options and shares expected to be vested. Social security contributions attributable to share-based payments to employees as compensation for purchased services are expensed and distributed over the periods during which the services are performed. Provisions for social security contributions are based on the stock options' fair value at the time of the report. The fair value is calculated using the same valuation model and parameter values used when the stock options were issued.

During the first quarter of 2017, some of the major shareholders of BTS issued a total of 50,000 call options on market terms to Jessica Parisi, CEO of BTS North America. Utilization of the options requires employment and may occur after the options have been exercised January 1, 2020 through January 31, 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 2020 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 123,000 in 2017.

### **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**

When a lease entitles the Company as lessee to all financial benefits and risks attributable to the leased asset, the asset is recognized as a non-current asset in the balance sheet. The corresponding obligation to pay lease charges in the future is recognized as a liability. Assets are depreciated at a rate corresponding to their expected useful life.

A lease in which a significant portion of the risks and benefits associated with ownership are retained by the lessor is classified as an operating lease. Payments made during the term of the lease are expensed in the income statement on a straight-line basis over the period of the lease.

### **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.

#### **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).

#### **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).

#### **Customer contracts**

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

#### **Brands**

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

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



## Impairment

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

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

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

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

## Critical estimates and judgments

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

## Impairment tests on goodwill and intangible assets with indefinite useful life

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

## Determination of additional consideration

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

## Financial instruments

Financial assets and liabilities are recognized in the balance sheets whenever there is a contractual right or obligation to receive or remit cash or other financial assets from or to another party, or to exchange one financial instrument for another.

The Group classifies and measures financial instruments in the following categories:

## Loans and accounts receivable

Refers to non-derivative financial assets that are not listed on an active market but have payments that can be determined. These items are included in current assets unless due more than 12 months after the end of the reporting period, in which case they are recognized as non-current assets. BTS's loan and trade receivables are recognized at amortized cost using the effective interest method, less any provisions for impairment. Current receivables such as accounts receivable are deemed as nominal value and as reasonably approximate to their fair value, so they are not discounted to present value.

A provision is made for impairment of an account receivable when objective evidence indicates that BTS will not be able to secure payment of the entire amount due as per the original terms of the receivable. Significant financial difficulties of a debtor – for example the probability of the debtor declaring bankruptcy or undergoing a financial reconstruction – are regarded as indications of the possible impairment of an account receivable. The size of the provision is based on the difference between the carrying amount of the asset and the estimated future cash flows. Provisions are made for doubtful accounts receivable after tests in each individual case.

## Cash and cash equivalents

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

## Financial liabilities

Financial liabilities held during the year are measured at amortized cost using the effective interest method. Current liabilities such as trade payables are deemed reasonably approximate to their fair value, so they are not discounted to present value.

## 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 or 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 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 less than three months from the date of acquisition.

## NOTE 3 | Transactions with related parties

The Parent Company has a close relationship with its subsidiaries, see Note 14. Except for transactions between Group companies, related-party (the Board, the CEO and other senior executives) transactions took place as shown in Note 6.

The subsidiary in the UK has also acquired services from a related party with a value of SEK 16.9 (12.9) million on market terms and conditions.

### Purchases and sales between Group companies

#### Group

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

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

#### Parent Company

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

## NOTE 4 | Information about auditors' fees

### Fees and remuneration

SEK thousands	Group		Parent Company	
	2017	2016	2017	2016
<b>PwC</b>				
Audit assignments	622	526	407	379
Other assignments	3,099	–	–	–
<b>Other auditors</b>				
Audit assignments	1,414	1,115	–	–
Other assignments	680	324	–	–
	<b>5,815</b>	<b>1,965</b>	<b>407</b>	<b>379</b>

Of audit assignments, 622 refers to PwC Sweden. Of the fees relating to other assignments, 415 refers to PwC Sweden. Other assignments concern assistance with Due Diligence services in the acquisition of Coach in a Box Holding Ltd and its subsidiaries in the UK, Australia, India, Singapore and the United States.

## NOTE 5 | Leases and rental agreements

#### Group

The Group has no financial leases. Expenses for operating leases totaled till 34,091 (32,607) for the year. Future leasing and rental fees for operating leases are as follows.

SEK thousands	
2018	37,253
2019	33,677
2020	25,115
2021	16,993
2022	18,857
Later	42,057
<b>Total</b>	<b>173,952</b>

The majority of the Group's lease agreements concern premises and office and IT equipment. The Group's operating lease agreements do not contain any variable fees of material value. The agreements do not contain any restrictions.

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

### Average number of employees

Group	2017		2016	
	Number of employees	Of which men	Number of employees	Of which men
<b>Subsidiaries</b>				
Sweden	25	14	23	14
Denmark	1	1	1	1
Finland	–	–	3	2
Belgium	2	1	2	1
Germany	7	5	1	1
France	5	2	6	4
Switzerland	2	1	2	1
Spain	40	22	37	20
United Kingdom	52	24	38	20
The Netherlands	5	4	3	3
United States	210	111	217	118
Australia	24	12	23	13
Mexico	11	4	11	7
Brazil	9	4	7	3
Singapore	24	14	17	8
South Africa	33	11	31	9
Japan	6	4	5	3
India	34	16	32	19
South Korea	5	2	5	2
Taiwan	3	1	3	1
China	11	5	7	3
Thailand	1	1	1	1
Italy	40	18	21	9
Costa Rica	1	–	–	–
<b>Total for the Group</b>	<b>548</b>	<b>276</b>	<b>498</b>	<b>261</b>

### Distribution of senior executives by gender, %

	2017		2016	
	Women	Men	Women	Men
CEO and other senior executives (excl. the Board)	0	100	0	100
Board Parent Company	33	67	20	80
Board Group	10	90	6	94

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

#### Parent Company

The Parent Company had no employees in 2017.

### Salaries, other compensation, and social security contributions

Group	2017		2016	
	Salaries and compensation	Social security contributions of which pension expenses	Salaries and compensation	Social security contributions of which pension expenses
<b>SEK thousands</b>				
Subsidiaries	498,255	80,534	450,934	74,351
		<b>18,982</b>		<b>16,850</b>

Pension expenses for employees who are president of or a member of the board of a Group company totaled 3,213 (3,086). 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.

SEK thousands		2017	2016
Reinhold Geijer	Chairman of the Board	350	262
Michael Grindfors	Chairman of the Board	–	88
Mariana Burenstam			
Linder	Member	175	175
Stefan Gardefjord	Member	220*	220*
Dag Sehlin	Member	220*	220*
Anna Söderblom	Member	109	–
<b>Total</b>		<b>1,074</b>	<b>965</b>

\* of which committee fee 45 (45)

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

### Salaries and other compensation by country and divided between Board members and others

Group	2017		2016	
	Board and CEO	Other employees	Board and CEO	Other employees
<b>SEK thousands</b>				
<b>In Sweden</b>				
Parent Company	1,074	–	965	–
Subsidiaries	2,309	19,428	2,101	22,067
<b>Total Sweden</b>	<b>3,384</b>	<b>19,428</b>	<b>3,066</b>	<b>22,067</b>
<b>Outside Sweden</b>				
United States	12,119	287,460	9,822	264,474
Europe	11,178	43,227	12,582	39,236
Other	16,567	104,892	13,390	86,298
<b>Total outside Sweden</b>	<b>39,864</b>	<b>435,580</b>	<b>35,794</b>	<b>390,008</b>
<b>Total for the Group</b>	<b>43,248</b>	<b>455,007</b>	<b>38,860</b>	<b>412,075</b>

### Terms of employment and compensation for senior executives

#### Guidelines for compensation and other terms of employment for senior executives

The Company shall employ persons under conditions and at salaries commensurate with the market to be able to recruit and retain employees with excellent skills and of a high caliber to reach the Company's objectives. When employing persons outside Sweden, the Company shall comply with each country's generally accepted terms of employment and good practice.

Forms of compensation are intended to achieve a consensus on the long-term view of operations by rewarding performance that benefits the Company and thus the shareholders. Compensation paid to individual employees will be based on their position and tasks, performance, skills, and experience. Compensation will normally consist of a fixed basic salary and defined-contribution pension benefits, the latter no more than 35% of the fixed basic salary for the CEO of the Parent Company and no more than 30% of the fixed basic salary for other senior executives. When deemed appropriate, the basic salary and pension benefit can be augmented by variable compensation, other benefits, and participation in incentive programs.

The Board is entitled to deviate from the above policies in individual cases under special circumstances. The Board intends to propose to the AGM that the policies remain unchanged in 2018.

### Compensation and benefits of the senior executives

Compensation includes basic salary, other benefits, variable compensation, and pension expenses.

Other benefits consist exclusively of company cars. The sum total of compensation paid to senior executives was 9,567 (10,800), of which pension expenses were 2,188 (2,359). All pension plans are defined-contribution plans.

The CEO Henrik Ekelund was paid salary and other benefits totaling 4,990 (4,537), including 539 (82) in variable compensation. Variable compensation is calculated using a model that triggers payment when Group earnings exceed predefined profitability targets. The CEO has a defined-contribution pension entitlement equal to 35% (35) of his fixed salary, paid in the form of pension insurance entitling the CEO to a pension from the age of 65.

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

Other senior executives have been paid salaries and other benefits totaling 2,389 (3,905), of which variable remuneration was 269 (241). Variable compensation is based on targets achieved by the Company and the individual. Provisions to pensions are made individually at 13–30% of the fixed salary and paid in the form of pension insurance entitling the executive to a pension from the age of 65.

### Share-based payment

#### Employee stock option program 2015/2019

The 2015 Annual General Meeting resolved on an employee stock option program 2015/2019. Allocation to be a maximum of 40,000 stock options per employee. A maximum total of 150 people could be allocated stock options. Board members elected by the Annual General Meeting and who are not also employees of the company or another group company or the Parent Company's CEO, are not allocated any stock options.

The 2015/2019 employee stock option program comprises a maximum total of 840,000 stock options, entitling to acquisition of a corresponding number of Class B shares in BTS Group AB.

Each stock option allocated to an employee entitles the holder to acquire one Class B share in BTS at an exercise price of SEK 82.30. Each stock option is valid for four years. The options have vesting conditions such that they can be exercised successively for three years after the allocation, with normally 1/3 of the total number of allocated stock options per year, provided certain financial targets set by the Board are attained. The Company's Board has set as a target that the operating margin before amortization of intangible assets (EBITA margin) for each year shall amount to at least 12% for all the stock options for each year to be exercised. If the EBITA margin is less than 12%, the number of options available for exercise is reduced. If the EBITA margin is less than 10%, no exercise of the options will be allowed. Stock options that cannot be exercised are forfeited.

Exercise of stock options is contingent on continued employment on the exercise date and can take place after the options are exercisable between September 1, 2016 and June 30, 2019, both dates inclusive.

	2017		2016	
	Average exercise price per share	Stock options (thousands)	Average exercise price per share	Stock options (thousands)
Per January 1	82.30	491	82.30	685
Allocated	–	–	–	–
Exercised	–	–	–	–
Forfeited	82.30	–93	82.30	–194
Per December 31	82.30	398	82.30	491

The value of employee stock options has been calculated using the Black-Scholes valuation model based on the share price and other market conditions on July 6, 2015, without taking vesting limitations into account. Considering performance conditions and assuming an annual employee turnover of 5%, the compensation expense is estimated to total SEK 2.9 million which according to IFRS 2 is recognized in installments over the vesting period. The expense for the fiscal year amounted to SEK 851 (1,309) thousands. Other key parameters in the model were the volume-weighted average price paid during the 10 trading days prior to allocation of SEK 64.12, the above exercise price, volatility of 30%, anticipated dividend of SEK 2.0, as well as a risk-free interest of –0.35% for maturities of 2.5 years, –0.25% for 3.0 years and –0.15% for 3.5 years.

Social security contributions are recognized as an expense during the vesting period and a provision for these is accumulated as necessary during the vesting period. The value of this provision and thus the expense recognized are remeasured continuously based on changes in the value of the employee stock options. Employee stock options allocated to American employees may be ISO options, which means that this, according to current legislation, do not incur social security contributions.

To be able to carry out the employee stock option plan in a cost-effective and flexible manner and to cover future expenses, mainly social security contributions, the Annual General Meeting held on May 7, 2015, also resolved on a private placement of warrants with the wholly owned Swedish subsidiary BTS Sverige AB, reg. no. 556566-7127, carrying entitlement to subscribe for a maximum total of 966,000 Class B shares with a right and obligation for BTS Sverige AB to transfer or otherwise dispose of the warrants in order to fulfill the commitments of the Company or another employer company in the Group and to cover future costs resulting from the employee stock option plan.

Assuming that all warrants as above are exercised for subscription of new shares, the Company's share capital will increased by SEK 322,000 and result in a dilution equivalent to approximately 5% of the share capital and a maximum of approximately 4% of the voting rights for all shares.

## NOTE 7 | Intangible assets

Group SEK thousands	12-31-17	12-31-16
<b>Goodwill</b>		
Accumulated acquisition cost, opening balance	276,214	226,685
Purchases	169,736	33,230
Translation difference	–20,850	16,298
<b>Accumulated acquisition cost, closing balance</b>	<b>425,100</b>	<b>276,214</b>
Accumulated impairments, opening balance	–3,726	–3,726
<b>Accumulated impairments, closing balance</b>	<b>–3,726</b>	<b>–3,726</b>
<b>Carrying amount, closing balance</b>	<b>421,374</b>	<b>272,488</b>

## Other intangible assets

SEK thousands	12-31-17	12-31-16
<b>Franchise contracts</b>		
Accumulated acquisition cost, opening balance	11,248	10,327
Translation difference	–1,069	921
<b>Accumulated acquisition cost, closing balance</b>	<b>10,179</b>	<b>11,248</b>
Accumulated amortization, opening balance	7,701	6,382
Amortization for the year	704	705
Translation difference	–758	613
<b>Accumulated amortization, closing balance</b>	<b>7,648</b>	<b>7,701</b>
<b>Carrying amount, closing balance</b>	<b>2,531</b>	<b>3,547</b>

SEK thousands	12-31-17	12-31-16
<b>Technology, products &amp; software</b>		
Accumulated acquisition cost, opening balance	65,397	54,832
Purchases	27,482	4,731
Translation difference	–5,530	5,834
<b>Accumulated acquisition cost, closing balance</b>	<b>87,348</b>	<b>65,397</b>
Accumulated amortization, opening balance	45,403	39,492
Amortization for the year	3,543	2,274
Translation difference	–4,302	3,637
<b>Accumulated amortization, closing balance</b>	<b>44,644</b>	<b>45,403</b>
<b>Carrying amount, closing balance</b>	<b>42,704</b>	<b>19,995</b>

SEK thousands	12-31-17	12-31-16
<b>Customer contracts</b>		
Accumulated acquisition cost, opening balance	14,961	8,519
Purchases	19,312	5,431
Translation difference	–741	1,011
<b>Accumulated acquisition cost, closing balance</b>	<b>33,532</b>	<b>14,961</b>
Accumulated amortization, opening balance	5,894	4,097
Amortization for the year	2,376	1,372
Translation difference	–512	425
<b>Accumulated amortization, closing balance</b>	<b>7,757</b>	<b>5,894</b>
<b>Carrying amount, closing balance</b>	<b>25,775</b>	<b>9,067</b>

SEK thousands	12-31-17	12-31-16
<b>Brands</b>		
Accumulated acquisition cost, opening balance	19,998	15,755
Purchases	9,493	2,366
Translation difference	–1,557	1,877
<b>Accumulated acquisition cost, closing balance</b>	<b>27,933</b>	<b>19,998</b>
Accumulated amortization, opening balance	11,159	8,837
Amortization for the year	1,951	1,457
Translation difference	–1,065	865
<b>Accumulated amortization, closing balance</b>	<b>12,044</b>	<b>11,159</b>
<b>Carrying amount, closing balance</b>	<b>15,889</b>	<b>8,839</b>
<b>Total closing balance, carrying amount of other intangible assets</b>	<b>86,899</b>	<b>41,448</b>

### Impairment tests

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

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

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

The forecast operating margin has been determined based on past performance and expectations of future market developments. In order to extrapolate cash flows beyond the budget period, a growth rate of 1.5–3 (2–3) percent has been used, which is considered a conservative estimate. In addition, a discount rate in local currency before tax has been used in the calculations for each operating unit. The discount rate – the weighted average capital cost (WACC) – consists of risk-free interest, the market risk premium and a company-specific risk premium, as well as for each unit, a market capital structure. The discount rates used are for BTS North America 10.0 (10.0) percent, BTS Europe 10.8 (–) percent, BTS Other markets 10.5 (10.5) percent and APG 9.2 (9.2) percent. After impairment tests, it has been established that no impairment loss exists on 2017-12-31.

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

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

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

	BTS North America	BTS Europe	BTS Other markets	APG
10% lower operating margin	-9.7 (-10,7)	-9.6 (-)	-9.4 (-10.4)	-11.4 (-12.9)
10% lower long term growth	-2.9 (-2.9)	-2.6 (-)	-1.6 (-1.4)	-1.9 (-1.8)
10% higher discount rate	-13.0 (-14.1)	-12.9 (-)	-11.3 (-11.2)	-12.4 (-13.4)

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

### Distribution of goodwill and other intangible assets by segment

#### Group

12-31-17 SEK thousands	BTS North America	BTS Europe	BTS Other markets	APG	Total
Goodwill	179,540	169,736	44,132	27,967	421,374
Franchise contracts	–	–	–	2,531	2,531
Customer contracts	2,549	18,636	4,591	–	25,775
Technology, Products & Software	11,574	26,539	4,591	–	42,704
Brands	4,432	9,162	2,295	–	15,889
<b>Total</b>	<b>198,094</b>	<b>224,073</b>	<b>55,608</b>	<b>30,498</b>	<b>508,273</b>

12-31-16 SEK thousands	BTS North America	BTS Europe	BTS Other markets	APG	Total
Goodwill	198,662	–	42,922	30,905	272,488
Franchise contracts	–	–	–	3,547	3,547
Customer contracts	3,611	–	5,456	–	9,067
Technology, Products & Software	14,537	–	5,456	–	19,993
Brands	6,111	–	2,728	–	8,839
<b>Total</b>	<b>222,921</b>	<b>–</b>	<b>56,562</b>	<b>34,452</b>	<b>313,936</b>

### NOTE 8 | Property, plant, and equipment

#### Group

Equipment SEK thousands	12-31-17	12-31-16
Accumulated acquisition cost, opening balance	81,468	63,030
Acquired accumulated acquisition cost	4,481	1,349
Purchases	17,720	13,283
Disposals	-6,376	-3,952
Translation difference	-6,073	7,758
<b>Accumulated acquisition cost, closing balance</b>	<b>91,220</b>	<b>81,468</b>
Accumulated depreciation, opening balance	59,460	47,798
Acquired accumulated acquisition cost	3,466	704
Depreciation for the year	9,887	8,016
Disposals	-6,567	-3,321
Translation difference	-4,664	6,263
<b>Accumulated depreciation, closing balance</b>	<b>61,582</b>	<b>59,460</b>
<b>Carrying amount, closing balance</b>	<b>29,638</b>	<b>22,009</b>



## NOTE 9 | Segment reporting

### Group

The Group's operations are managed and reported by the operating units BTS North America, BTS Europe, BTS Other markets, and APG, who are the Group's segments. BTS North America consists of BTS's operations in North America excluding APG. BTS Europe consists of operations in Belgium, Finland, France, Germany, the Netherlands, Sweden and the UK.

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

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

SEK thousands	North America		Europe		Other markets		APG		Eliminations & unallocated		Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Income</b>												
External sales	573,670	534,664	203,978	191,627	350,887	270,665	114,057	110,688			1,242,591	1,107,644
Internal sales	57,624	70,667	48,090	41,107	13,335	15,111	1,243	1,660	-120,292	-128,545	0	0
<b>Total income</b>	<b>631,293</b>	<b>605,331</b>	<b>252,067</b>	<b>232,734</b>	<b>364,222</b>	<b>285,777</b>	<b>115,300</b>	<b>112,348</b>	<b>-120,292</b>	<b>-128,545</b>	<b>1,242,591</b>	<b>1,107,644</b>
<b>Operating profit</b>	<b>70,186</b>	<b>55,362</b>	<b>16,034</b>	<b>25,030</b>	<b>45,069</b>	<b>31,278</b>	<b>1,003</b>	<b>29</b>			<b>132,292</b>	<b>111,699</b>
Financial income									479	364	479	364
Financial expenses									-1,478	-1,157	-1,478	-1,157
Affiliated companies, profit after tax									135		135	0
Tax on profit for the year									-33,295	-37,088	-33,295	-37,088
<b>Profit for the year</b>											<b>98,134</b>	<b>73,818</b>
<b>Other information</b>												
Assets	519,431	552,579	425,219	151,817	299,382	257,512	36,901	48,168	-55,367	-66,418	1,225,566	943,659
Liabilities	187,921	224,055	359,432	138,717	132,078	76,167	20,948	28,044	-55,367	-66,418	645,012	400,565
Investments	4,184	10,989	74,435	296	1,598	15,185	-	-			80,217	26,470
Depreciation of property, plant, and equipment	-5,852	-5,003	-1,790	-854	-2,197	-2,104	-48	-55			-9,887	-8,016
Amortization of intangible assets	-3,520	-3,525	-1,850		-2,500	-1,577	-704	-705			-8,574	-5,808

The Group's total sales are distributed by the following sources of revenue: Development 301,140 (247,306), Program 783,806 (716,331), Licenses 80,118 (70,311) and Other revenues 77,528 (73,697).

The recognition of net sales by type of income was further developed as of the first quarter of 2017.

A new term, "program", has replaced the former term "seminars" to better reflect the terms used in the market.

Until 2016, the revenue type "licenses" comprised licensing revenue that is included in the delivery of "software." As of the start of 2017 and in future, "licenses" only includes such licensing revenue that is not included in the delivery of "software." The aim is to streamline revenue types for enhanced transparency.

34,186 (48,486) of the Group's total revenue refers to the domicile country, Sweden. The value of the Group's assets in Sweden amounted to 8 (16).

**NOTE 10 | Financial items**

Group SEK thousands	2017	2016
Interest income	479	364
<b>Total financial income</b>	<b>479</b>	<b>364</b>
Foreign exchange losses	-212	-269
Interest expenses	-1,266	-888
<b>Total financial expenses</b>	<b>-1,478</b>	<b>-1,157</b>
<b>Total gain/loss on financial items</b>	<b>-999</b>	<b>-792</b>

Group cash flow statement SEK thousands	12-31-17	12-31-16
Total gain/loss on financial items	-999	-792
Accrued interest	53	80
Affiliated companies, profit after tax	135	-
<b>Total</b>	<b>-810</b>	<b>-712</b>

**Parent Company's financial items**

Parent Company SEK thousands	2017	2016
<b>Gains/Losses on other securities and receivables held as non-current assets</b>		
Dividends from subsidiaries	44,174	39,156
Group contributions	3,695	3,325
	<b>47,869</b>	<b>42,481</b>
Interest income	700	626
Interest expenses	-1,213	-724
<b>Total gain/loss on financial items</b>	<b>47,355</b>	<b>42,384</b>

**NOTE 11 | Tax on profit for the year**

Group SEK thousands	2017	2016
Income tax as recognized in the income statement	-33,295	-37,088
Current tax expense	-44,812	-35,851
Current tax attributable to previous years	-192	237
Postponed tax income/expense (+/-)	11,709	-1,474
<b>Tax for the year</b>	<b>-33,295</b>	<b>-37,088</b>

Parent Company SEK thousands	2017	2016
<b>Current tax for the year</b>	<b>-822</b>	<b>-747</b>

**Reconciliation of effective tax**

Group SEK thousands	2017	2016
Profit before tax	131,429	110,907
Tax expense based on Swedish income tax rates, 22%	-28,914	-24,399
Effects of different tax rates	-3,692	-12,431
Non-deductible expenses	-2,793	-3,100
Non-taxable income	2,297	2,606
Tax attributable to previous years	-192	237
<b>Effective tax recognized</b>	<b>-33,295</b>	<b>-37,088</b>
<b>Effective tax rate</b>	<b>25.3%</b>	<b>33.4%</b>

**Parent Company  
SEK thousands**

	2017	2016
Profit before tax	47,911	42,550
Tax expense based on Swedish income tax rates, 22%	-10,540	-9,361
Dividends from subsidiaries	9,718	8,614
<b>Effective tax recognized</b>	<b>-822</b>	<b>-747</b>
<b>Effective tax rate</b>	<b>1.7%</b>	<b>1.8%</b>

**NOTE 12 | Earnings per share****Group**

Basic 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.

	2017	2016
Profit for the year attributable to Parent Company shareholders, SEK thousands	98,134	73,818
Earnings per share, before dilution, SEK	5.20	3.96
Total no. of shares, before dilution (thousands)	18,887	18,646
Earnings per share, after dilution, SEK	5.09	3.96
Total no. of shares, after dilution (thousands)	19,285	18,646

**NOTE 13 | Dividend per share**

Dividends paid in 2017 totaled SEK 46,616 thousand (SEK 2.50 per share). Dividends paid 2016 totaled SEK 43,819 thousand (SEK 2.35 per share). At the AGM to be held May 16, 2018, a dividend for fiscal 2017 of SEK 2.80 per share, to be paid on two occasions in the amount of SEK 1.40 per payment, totaling SEK 52,884 thousand, will be proposed. The total amount of the proposed dividend is based on the number of outstanding shares as of April 20, 2018, and is not recognized as a liability in these financial statements.

## NOTE 14 | Financial assets

### Parent Company Participations in Group companies

SEK thousands	No. of shares	Pctg. equity	Carrying amount 12-31-17	Carrying amount 12-31-16
<b>Parent Company holdings</b>				
BTS Sverige AB	5,000	100	7,456	7,456
Corp. id. no. 556566-7127				
Domicile: Stockholm				
BTS USA, Inc.	1,000	100	77,430	77,430
Corp. id. no. 06-1356708				
Domicile: Connecticut				
BTS in London Ltd.	5,000	100	6,833	6,833
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	237	237
Corp. id. no. 200811464Z				
Domicile: Singapore				
Business Training Solutions S.L.	1,031	100	7,911	7,911
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	177,402	–
Corp. id. no. 5379864				
Domicile: Portsmouth				
<b>Total shares in subsidiaries</b>			<b>279,378</b>	<b>101,976</b>

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

SEK thousands	12-31-17	12-31-16
Opening balance, net	1,953	3,120
Recognized change in profit for the year	803	-1,474
Acquisitions of Group companies	978	-
Translation differences	-40	307
<b>Closing balance, net</b>	<b>3,694</b>	<b>1,953</b>

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

**Deferred tax liabilities****Group**

SEK thousands	12-31-17	12-31-16
Opening balance, net	47,512	36,820
Recognized change in profit for the year	-11,709	6,971
Translation differences	-2,943	3,721
<b>Closing balance, net</b>	<b>32,860</b>	<b>47,512</b>

Due to a changed corporate tax rate in the United States, revaluation of deferred tax liability occurred, which reduced the deferred tax liability by SEK 10,521 thousand in 2017.

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

SEK thousands	12-31-17	12-31-16
Accrued income	95,391	60,249
Prepaid rent	3,864	2,456
Other items	35,295	24,339
<b>Total</b>	<b>134,550</b>	<b>87,044</b>

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

The share capital consists of 853,800 Class A shares and 18,033,251 Class B shares, totaling 18,887,051 shares with a total value of SEK 6,295,684. Each share has a quotient value of SEK 0.33. Each Class A share entitles the holder to ten votes per share, each Class B one vote per share.

The equity in all Group companies that have a functional currency different from the reporting currency is translated into the reporting currency (SEK). Translation differences arise if the SEK exchange rate for a functional currency at the end of the period is different from its rate at the start of the period. These translation differences have no effect on taxes. Closing accumulated translation differences recognized directly in equity totaled -7,309. Opening accumulated differences totaled 30,845.

**Proposed appropriation of earnings**

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

To be distributed to shareholders: SEK 2.80 per share totaling <sup>1)</sup>	52,883,743
To be carried forward	30,266,404
<b>Total</b>	<b>83,150,147</b>

<sup>1)</sup> The total amount of the proposed dividend is based on the number of outstanding shares as of April 20, 2018.

The Board proposes a dividend of SEK 2.80 per share, to be paid in an amount of SEK 1.40 on two occasions. The dividend is proposed to be paid on May 23, 2018 and November 21, 2018 respectively.

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

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

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

## Fair value of financial assets and liabilities

Group SEK thousands	12-31-17	12-31-16
Other non-current receivables	7,512	8,215
Accounts receivable	335,132	361,021
Other current receivables	6,892	14,048
Cash and cash equivalents	199,876	135,433
<b>Total financial assets</b>	<b>549,411</b>	<b>518,717</b>
Non-current liabilities	84,839	26,813
Deferred tax liabilities	32,860	47,512
Other provisions	186,859	33,484
Accounts payable	31,058	26,492
Other current liabilities	68,845	49,776
<b>Total financial liabilities</b>	<b>404,462</b>	<b>184,077</b>

## Financial assets

### Loan and accounts receivable

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 35% (43) of the Group's total accounts receivable. The table below shows the distribution of accounts receivable by currency.

Group SEK thousands	12-31-17	12-31-16
SEK	15,229	20,950
USD	136,661	169,549
GBP	62,726	64,579
EUR	59,134	44,773
Other currencies	61,382	61,170
<b>Total accounts receivable</b>	<b>335,132</b>	<b>361,021</b>

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.

At December 31, 2017, accounts receivable totaling 60,599 (66,887) were more than 30 days past due; this excludes accounts receivable for which provisions had been made. The structure of due dates is shown in the table below.

Group SEK thousands	12-31-17	12-31-16
Total accounts receivable	335,132	361,021
1-30 days overdue	57,586	52,203
more than 30 days overdue	23,476	24,821
more than 60 days overdue	37,123	42,066

## Cash and cash equivalents

At the end of the reporting period, there was only cash in hand and bank balances.

## Financial liabilities

Financial liabilities held during the year are measured at the amortized cost using the effective interest method. At year-end 2017 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, why they are not discounted to present value.

## 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 2017 income statement and should only be seen as an indication of the significance of the different currencies.

	Percentage change	Change in profit, 2017	Change in profit, 2016	Change in equity, 2017	Change in equity, 2016
SEK/USD	+/-10%	10,411	7,371	33,110	33,402
SEK/EUR	+/-10%	1,832	744	6,814	4,519
SEK/GBP	+/-10%	1,271	2,476	5,341	3,100

## Credit risk

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

The maximum credit risk exposure on accounts receivable at year end was 335,132 (361,021). 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 part 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, 2017
Interest bearing liabilities	+/-10%	127

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, which was done during the year. Interest risk for interest income is limited to the fluctuating return on cash and cash equivalents invested at variable rates.

Group SEK thousands	12-31-17	12-31-16
Cash and cash equivalents	199,876	135,433
Unutilized portion of bank overdraft facility	38,848	45,192
<b>Cash and cash equivalents available</b>	<b>238,723</b>	<b>180,625</b>

### Capital risk

BTS's goal for its capital structure is to safeguard the Group's ability to continue and expand its operations, so that they continue to generate a return for shareholders and benefit other stakeholders, at the same time as the cost of capital is kept 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 47% (58).

Reconciliation net liabilities SEK thousands	12-31-17	12-31-16
Cash and cash equivalents	199,876	135,433
Non-current loans	-84,839	-26,813
Current loans	-47,996	-25,649
<b>Net liabilities</b>	<b>67,041</b>	<b>82,971</b>

SEK thousands	Cash and cash equivalents	Current loans	Non-current loans	Total
<b>Net liabilities 01-01-2017</b>	<b>135,433</b>	<b>25,649</b>	<b>26,813</b>	<b>82,971</b>
Through acquisitions	38,432	-	-	38,432
Translation differences	-8,200	-432	-1,107	-6,660
Cash flow	34,211	21,277	80,000	-67,066
Non cash flow impact	-	1,503	-20,867	19,364
<b>Net liabilities 12-31-2017</b>	<b>199,876</b>	<b>47,996</b>	<b>84,839</b>	<b>67,041</b>

### NOT 19 | Non-current liabilities

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

SEK thousands	
2019	26,351
2020	21,603
2021	21,129
2022	20,655
<b>Total</b>	<b>89,739</b>

### NOTE 20 | Bank overdraft facility

Group SEK thousands	12-31-17	12-31-16
Approved credit limit	56,174	56,823
Unutilized portion	-38,848	-45,192
<b>Credit utilized</b>	<b>17,326</b>	<b>11,631</b>

Parent Company SEK thousands	12-31-17	12-31-16
Approved credit limit	40,000	40,000
Unutilized portion	-22,674	-28,369
<b>Credit utilized</b>	<b>17,326</b>	<b>11,631</b>

### NOTE 21 | Accrued expenses and prepaid income

Group SEK thousands	12-31-17	12-31-16
Accrued salaries incl. social security contributions	115,375	79,232
Prepaid income	80,270	98,761
Other items	39,934	35,428
<b>Total</b>	<b>235,579</b>	<b>213,421</b>

Parent Company SEK thousands	12-31-17	12-31-16
Other items	333	360

## NOT 22 | Business acquisitions

As communicated in a press release On October 23, 2017, BTS acquired the shares of Coach in a Box Holdings Ltd. and its subsidiaries, whereby 100 percent of the voting rights have now been acquired. The acquisition encompasses all operations including talent, technology, intellectual property, brands and equipment.

Of the initial purchase price, approximately 25 percent was paid in new BTS shares. An additional payment, which can partly be paid in new BTS shares, will be paid out in 2020 provided the business meets specific targets 2017–2020 based on the entire measurement period.

Coach in a Box was established to help leaders, at all levels, improve and change using an approach that is virtual, affordable, scalable and fast. This approach successfully disrupted the market by changing coaching from being a service for senior leaders into a practical tool to turn strategy into action across the organization. Coach in a Box's pioneering research and data driven approach allows for mindset shifts at scale in clients. BTS and Coach in a Box's combined services strengthen the customer offering and make the companies a stronger partner on the market, thus creating synergies and significant growth opportunities.

BTS has, as communicated in a press release of November 6, 2017, also acquired the shares of MTAC GmbH and its subsidiaries, whereby 100 percent of the voting rights have been acquired. The acquisition encompasses all operations including talent, technology, intellectual property, brands and equipment. Of the initial purchase price, approximately 8 percent was paid in new BTS shares. An additional payment, which can partly be paid in new BTS shares, will be paid out in 2021 provided the business meets specific targets 2017–2020 based on the entire measurement period.

MTAC was established in Germany and Switzerland in order to change the future of education. The company has been successful and works with some of the largest organizations in the German-speaking part of Europe with innovative education and simulation-based services for strategy implementation, business acumen, leadership and marketing.

The acquisition provides BTS with a base in German-speaking countries, which easily makes it the largest market in Europe. It also allows us to serve our existing global BTS clients better, and it creates significant growth potential. In addition, MTAC adds top knowledge in the area of marketing expertise, which is a potentially new practice area for BTS. Furthermore, the acquisition also provides favorable opportunities to help many of the major German companies globally.

### Preliminary acquisition calculations at the date of acquisition translated at the exchange rate prevailing on the balance sheet date of December 31, 2017:

SEK millions	CIAB	MTAC	Total
Tangible assets	0.8	0.4	1.1
Intangible assets	35.3	20.9	56.2
Financial assets	0.5	0.9	1.4
Receivables	41.2	13.4	54.7
Cash and cash equivalents	33.4	5.1	38.4
Current liabilities	-37.6	-6.3	-43.8
Identifiable assets	73.5	34.5	108.0
Goodwill	105.7	64.0	169.7
<b>Total purchase prices</b>	<b>179.2</b>	<b>98.5</b>	<b>277.7</b>
Fair value of issued shares	-19.4	-2.5	-21.9
Estimated additional purchase price	-8.9	-	-8.9
Provision for conditional purchase prices	-88.8	-64.5	-153.4
<b>Cash paid purchase prices for 2017 acquisitions</b>	<b>62.1</b>	<b>31.5</b>	<b>93.6</b>

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

The provisions for conditional additional purchase prices is included in the balance sheet item of Other provisions in the amount of MSEK 153.4. These additional purchase prices can amount to between MSEK 0 and a maximum of MSEK 202.6.

The estimated additional purchase price of MSEK 8.9 is included in the balance sheet item of Current liabilities.

Final acquisition calculations will be determined in 2018.

No acquisition costs were capitalized, but were instead expensed in their entirety. Expenses for carrying out the acquisitions including issue cost are included in the Group's operating expenses for 2017 in the amount of MSEK 5.1.

Acquisitions in 2017 contributed MSEK 38.8 to the Group's net sales and MSEK 5.3 to the Group's profit after tax. If the acquisitions had taken place on January 1, 2017, they would have contributed approximately MSEK 151.1 to net sales and approximately MSEK 12.0 to profit after tax.

### Group Cash Flow

The paid purchase price for the year for acquisitions of companies after deduction of cash and cash equivalents amounts to SEK 64.7 million, of which SEK 9.6 million relates to acquisitions of previous years.

## NOTE 23 | Pledged assets

Group SEK thousands	12-31-17	12-31-16
<b>Assets pledged for debts to credit institutions</b>		
Company mortgages	10,000	10,000

## NOTE 24 | Contingent liabilities on behalf of Group companies

Parent Company SEK thousands	12-31-17	12-31-16
Guarantee commitments on behalf of subsidiaries	4,631	5,117

## NOTE 25 | Events after the close of the fiscal year

No material events occurred after the close of the fiscal year up until the Board's signing of the annual report, thus none have affected the preparation of the balance sheets and income statements.

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 16, 2018.

Stockholm, Sweden, April 20, 2018

Reinhold Geijer  
Chairman of the  
Board

Henrik Ekelund  
Chief Executive Officer  
and Member of the Board

Mariana Burenstam  
Linder  
Member of the Board

Anna Söderblom  
Member of the Board

Stefan Gardefjord  
Member of the Board

Dag Sehlin  
Member of the Board

Our audit report was submitted on April 23, 2018.  
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 for the year 2017. The annual accounts and consolidated accounts of the company are included on pages 56-83 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 as of 31 December 2017 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 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

### Basis for Opinions

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

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

### Audit scope

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

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

The BTS group is comprised of approximately 35 units whereof a number of these are limited in size. All of the units in Sweden and both of the units in the US, one of the units in England, and all of the units in Australia, Singapore and Spain have been audited. The audit of the units in Sweden and of the largest unit 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 visited the subsidiary, APG, in the US and 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. 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
<p><i>Revenues and work in progress</i></p> <p>See also Note 2 (Accounting principles) and Note 16, respective Note 21.</p> <p>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 bookclosing. The group's balance sheet includes accrued revenue of KSEK 95,391 and deferred income of KSEK 80,270.</p>	<p>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.</p> <p>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.</p>
<p><i>Impairment testing of goodwill</i></p> <p>See also Note 2 (Accounting principles) and Note 7.</p> <p>The group's balance sheet includes goodwill totalling KSEK 421,374.</p> <p>We focused our audit on goodwill related to the North American operations, KSEK 198,662, as this amount comprises a significant portion of total goodwill and of the group's balance sheet total. Goodwill is not amortized but is subject to an annual impairment test. The valuation of goodwill is based on company management's subjective assessments regarding future cash flows and on assumptions regarding the yield requirement, etc. which implies that the valuation is, in its nature, characterized by uncertainty.</p> <p>As goodwill has an indefinite useful life and is thus not subject to regular amortization, we chose to focus on the valuation as impairment testing includes, amongst other things, subjective assessments of future developments and assumptions regarding the yield requirement.</p> <p>During the fourth quarter 2017, KSEK 169, 736 has been added to goodwill in conjunction with acquisitions. This goodwill is deemed to incur no impairment requirement but has, in spite of this, been included in the company's impairment testing as it is included as a portion of a cash-generating unit.</p> <p>The company's impairment testing has not resulted in a write-down.</p>	<p>Our audit of goodwill related to the American operations has taken place through our examination of company management's impairment testing and we verified that that the testing is documented and executed in accordance with the applicable accounting principles and generally accepted valuation models.</p> <p>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.</p> <p>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.</p> <p>We compared the values produced according to the above with the operating capital for the segment.</p>



*Significant business combinations*

As seen in the Administration Report and Note 22, during the fourth quarter 2017, the company acquired Coach in a Box Holdings Ltd for MSEK 179 and, via a subsidiary, MTAC GmbH, for MSEK 99.

The fair value of the transferred compensation, which includes cash payments, payments based on issued shares and the fair value of the conditional supplementary purchase price as at point of acquisition, as well as the identification of assets and assumed liabilities in the acquired group which are to be reported, has comprised one area which was discussed with company management and is an area requiring judgments on behalf of company management.

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

We have studied management's allocation of the compensation to identifiable assets and assumed liabilities. We studied management's judgments and documentation for calculating the fair value of the conditional supplementary purchase price as at point of acquisition and we challenged management in their judgments in this context. Finally, we checked the completeness and correctness of the disclosures provided in the annual financial statements.

We noted no significant deviations in conjunction with the executed audit which would require reporting to the Audit Committee.

**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 1-55 and 88-100. 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](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

**Report on other legal and regulatory requirements****Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of BTS Group AB for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the

proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### **Basis for Opinions**

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

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

### **Responsibilities of the Board of Directors and the Managing Director**

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

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

### **Auditor's responsibility**

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

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

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

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

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

Öhrlings PricewaterhouseCoopers AB, Stockholm, was appointed auditor of BTS Group AB by the general meeting of the shareholders on May 12, 2017 and has been the company's auditor since the February 22, 1999.

Stockholm April 23, 2018

Öhrlings PricewaterhouseCoopers AB

Magnus Thorling  
*Authorized Public Accountant*

# Sustainability report

This is BTS's first Sustainability Report and it applies to the 2017 fiscal year. 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.

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## General information about BTS

BTS Group AB is an international consulting and training company that focuses on the people side of strategic changes, working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. The Group serves a wide range of strategy execution and talent development needs, providing services that accompany the employee from talent selection and development to strategy alignment and execution initiatives. This is achieved through business acumen, leadership and sales training programs and encompasses business simulation and other forms of on-the-job learning, as well as application tools. Operations started in 1986 and BTS's customers are often leading multinational companies.

BTS aims to help customers and employees achieve success while simultaneously contributing to a better society. Sustainability work pertains to employees, customers, owners and members of the Board, suppliers and other stakeholders. In this context, "employees" also includes collaborating partners and subcontractors.

Sustainability work comprises environmental, economic and social responsibility. Our vision, our business concept and our values form the basis for sustainability work at BTS. BTS's sustainability and corporate responsibility work is governed by the company's sustainability policy.

A description of our business model is presented on pages 28–29 of the Annual Report.

## Environmental responsibility

As a service-sector company, without production or manufacturing, BTS's environmental impact is mainly limited to our offices and business travel. Nevertheless, the company works actively to minimize its environmental impact and contribute to a more sustainable society by optimizing its energy consumption, such as by using video-conferencing and other technologies rather than actual travel wherever possible and recycling consumable supplies used in the business.

BTS aims to limit the operation's environmental impact in order to contribute to sustainable social development by having its proprietary operations limit their negative environmental and climate impact by using suitable products and services, complying with laws and regulations and imposing requirements on our suppliers. The operations are to comply with the principles of efficient resource usage (optimized use of non-renewable resources) and must adopt an eco-cycle approach (recycling of resources).

Since such indicators as carbon emissions, energy consumption, water consumption, hazardous and non-hazardous waste are not material sustainability indicators for BTS with

its relatively limited environmental impact, the company has decided not to set specific environmental targets for these.

## Materiality analysis

The areas in which BTS has the greatest potential to make a difference in terms of sustainability are assigned priority and must, combined with the employees' commitment and involvement, be a natural feature of operations.

We have identified the following prioritized focus areas, which are of significance to the success of our business model and contribute to sustainable development and future profitability:

- Customer satisfaction and quality
- Satisfied employees and social responsibility
- External commitment and social sustainability

## Customer satisfaction and quality

Satisfied customers, a prerequisite for long-term sustainable success with recurring assignments, economic growth and healthy profitability are key sustainability topics for BTS.

Favorable long-term relations also reduce the financial and operational risk associated with the operations.

We always endeavor to achieve the utmost customer satisfaction – one of the company's most important quality ratios – which is attained by delivering or surpassing a high level of expected quality in every assignment. Customer satisfaction is measured regularly after implemented assignments and any improvement potential is carefully monitored. We regard the processes and structures to accomplish this, which have been in place for the past several years, as being well adapted to the mission. This is also apparent in the fact that approximately 80 percent of revenues during a fiscal year derive from recurring clients, which is a measure of the sustainability of the business.

For more than 30 years, BTS has created engaging and effective programs with depth and a lasting impact on the participants and their careers. This is achieved by inspiring new ways of thinking and strengthening the critical capabilities needed by employees and leaders to unleash business success. "It's strategy made personal". BTS serves a wide range of client needs, including:

- Strategy alignment and execution
- Business acumen and leadership programs
- Development of sales organizations
- Assessment centers for talent selection and development

Accordingly, BTS's programs are important for the client companies, but also for their participating employees who get to learn and train new abilities. Customer satisfaction should

therefore be viewed from the employee's perspective; when an employee changes employer and views BTS positively, this increases the probability of securing new assignments from the new employer. This also obviously applies in respect of employee rotation in major companies.

### **Satisfied employees and social responsibility Employees**

People make the difference – Within all enterprises, it is people who create value. Attracting talent and developing and keeping skillful employees is a prerequisite for BTS's ability to deliver favorable results and to achieve long-term success. This is especially evident in a service-sector company where the connection between the employees' energy and job satisfaction has a directly positive correlation with satisfied customers and profitability. That is why we consider being an attractive employer so important.

Today's labor market tends to be significantly more mobile than before. It also has a greater focus on individual development, based on such factors as the employees' more ambitious demands for their positions, which include development and a good work environment. As a result, employers have to make an effort to attract and retain the right competencies.

To be an attractive employer, BTS attaches considerable importance to leadership and employeeship in the relations that are created within the operations. Accordingly, such activities as continuous employee surveys are conducted to analyze the current status, development opportunities and formulate action plans.

BTS's six core values are of fundamental importance to the business and its management. Additional information about these is provided on page 41 of the Annual Report.

### **Social conditions, personnel and human rights**

Social conditions and employee-related issues are important sustainability indicators for a service-sector company such as BTS. The operations are based on the company's collective competencies and the fact that BTS is an attractive employer, can attract the most suitable employees and can also retain them. This includes offering development opportunities and an engaging corporate culture for the employees. These various factors are preconditions for a profitable and successful operation.

For us, social responsibility is about minimizing potential negative effects on people and the environment. We will achieve this by respecting all people and their human rights, naturally in addition to complying with labor law principles, environmental standards, etc.

It is fundamental that all employees – to the extent possible and without discrimination in respect of age, geographic origin, education and professional background – have the same opportunities for personal development and job satisfaction, enjoyment at work and an understanding of their role in the operations. In addition, employment conditions must not be discriminatory. BTS must also offer a workplace with a safe and healthy work environment characterized by equality, diversity and respect for the individual employee.

For long-term sustainability and dynamism in operations, the balance between the number of women and men in the organization is a high-priority issue. This is why it is so gratifying that compared with 2013, when the share of women was 40 percent, the proportion of female employees increased to 50 percent in 2017.

### **Anti-corruption**

BTS's employees are characterized by high business ethics and they observe generally acceptable business customs and practices. Everything that BTS has undertaken to do must also be implemented. If we do not consider that we can implement an assignment or fulfill a customer requirement, the assignment must not be accepted. Prevailing agreements with customers or another counterparty must be fulfilled – or terminated – in accordance with the contractual conditions. Nor should BTS offer benefits or the equivalent in breach of a law or other regulations or is not compatible with generally acceptable business customs and practices. Nor may employees accept payments from a third party who can influence, or be perceived to influence, objectivity when making business decisions.

Due to the control systems in place in the company, we assess the risk of bribery and corruption as extremely limited.



We regard having external commitments that are linked to sustainability as a natural feature of sustainability work, both in the form of pure contributions and by implementing our own non-profit training programs. A few examples of such activities that have been implemented by BTS are presented below: for more information, refer to pages 45–47 of the Annual Report.

### Rainforest Trust Cooperation

At BTS, we identify environmental sustainability as a pressing priority, and we continue to take action towards creating a greener planet. We are committed to reducing greenhouse gas emissions from daily operations and embedding sustainability into our communities. Since 2010, BTS has partnered with Rainforest Trust, a leading organization in the protection of tropical ecosystems and wildlife, driving sustainability campaigns to preserve threatened rainforest and offset our carbon emissions.

**"Over the last seven years, BTS has demonstrated an inspiring commitment to protecting our planet's most endangered species and the threatened forests that they depend upon for survival.**

**We applaud the strong example BTS sets for environmental action in the business community and look forward to continuing our conservation efforts with the company in the years to come."**

Christine Hodgdon  
International Conservation Manager for Rainforest trust

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### Our One-for-One Vision

We actively seek to make real, lasting changes in people's lives. This is why we have our One-for-One Ambition: For every participant we educate at BTS, we aim to offer a person in a transitioning or developing region free training using our learning materials. Some of the prioritized initiatives within One-for-One are presented below.

- In partnership with Savings Banks For International Cooperation, BTS has created a number of business simulation programs to teach business and financial acumen in developing nations. As of December 2017, such programs have been held for more than 64,000 participants in 12 countries. This year, 725 seminars were held globally.
- *The Micro Business Game* from 2009 is a board simulation on how to start an orange juice shop and manage money while building the business which focuses on: production issues and supply chain, employment of staff, banking, investments, and separation of family and business accounts. The results of the program have shown significant, measurable impacts, and we are excited to continue to implement this program in more communities and countries worldwide. Over 60,000 entrepreneurs in 12 countries have been reached so far.
- *The Savings Game* was developed in 2015, and already more than 4,000 participants have been through the simulation. The Savings game targets savings mobilization and financial literacy, specifically for students and other private individuals and young households. The goal of the program is to educate participants on the role of savings and family economics over a lifetime.
- *The Farmers Business Simulation* – a new solution for African farmers with Savings Bank – launched in Zambia in September 2017. The Farmers Business Simulation aims to bridge the gap between agriculture and finance by developing the financial acumen level needed to become bankable and build long term more stable cash flow. By placing the participants in a challenging, engaging, and fun educational environment, the business simulation allows the participants to strategically think about their real-world environment, and test out different approaches and strategies to develop their farm.
- We continue our cooperation with *Hand-in-Hand* supporting women running citizen centers. Women learn the economics around managing a citizen center that serves a village with different kinds of services; internet service, banking, astrology, telephone service, education, e-ticket, games, computer training. So far we have reached 1,300 women.
- We have a new cooperation with charitable organization *Aida* in APAC and for their entrepreneurship programs; *AidhaAccelerator Program* and for their financial literacy curriculum.
- We have also started a partnership with *Ester* a Swedish foundation that supports immigrant women to start own businesses and then also hasten the integration in the Swedish society. Initial target group 8 women, but with a large potential over the years to come in Sweden.
- *AVO Vision* is a leading South Africa-based BTS-company focused on corporate and community learning and development. Consumer Financial Education program for communities, delivered with 32 trainer partners, reaches 13,000 consumers.





### **BTS Spark**

BTS Spark was launched in March 2018 as BTS' newly branded education practice in Australia directed towards educational leaders. We aim to offer a spark to unlock people's natural leadership potential. Our programs help education leaders to develop their leadership – drawing on our leadership curriculum of 34 mindset shifts. We believe leaders should access professional learning when and where they need it – so we offer individual coaching, group coaching, webinars, online learning and different workshops.

Most of our work is centered in Australia and the UK reaching 2,000 educational leaders every year, with nearly one million schoolchildren in their care. Large global potential and we will develop a plan how to expand this initiative globally.

## **Auditor's report on the statutory Sustainability Report**

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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 2017 on pages 88–91 and that it has been prepared in accordance with the Swedish Annual Accounts Act.

### **The scope and extent of review**

Our examination of the statutory Sustainability Report has been conducted in accordance with FAR's auditing standard RevR 12 – Auditor's report on statutory Sustainability Report. This means that our examination of the statutory Sustainability Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing in Sweden. We believe that the examination provides us with a sufficient basis for our opinion.

### **Opinion**

A Sustainability Report has been prepared.

Stockholm, April 23, 2018  
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling  
Authorized Public Accountant

# Corporate Governance Report

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

Since 2008, BTS Group follows the Code in all essential parts, although some adjustments to the Company's smaller size has been assessed appropriately.

## 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 18,887,051, consisting of 853,800 Class A and 18,033,251 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, 2017, BTS Group AB had 1,412 shareholders. The ten largest shareholders had total shareholdings corresponding to 82.0% of shares and 87.2% of votes. A list of the largest shareholders is found on page 55 in the Annual Report.

## Annual General Meeting

BTS's highest decision-making body is the Annual General Meeting (AGM). Notice of the AGM shall be published no earlier than six weeks and no later than four weeks before the AGM and shall appear in Post- och Inrikestidningar and Svenska Dagbladet. All shareholders entered in the share register on the record date who have notified the Company in time of their intention to participate in the AGM may do so. Shareholders unable to attend can be represented by proxy.

The AGM elects the Company's Board and the Chairman of the Board. The business of the AGM includes

- adopting the income statement and balance sheet,
- determining the appropriation of the Company's earnings,

- determining whether to discharge the members of the Board and the CEO from liability to the Company,
- electing auditors,
- determining fees to be paid to the Board and auditors, and
- adopting guidelines for remuneration to senior executives.

## 2017 Annual General Meeting

The 2017 AGM was held on Tuesday, May 12, 2017, at the Company's offices in Stockholm. 28 shareholders attended, representing 78.2% of the number of shares outstanding and 84.5% 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 2016 were adopted.
- The proposed dividend of SEK 2.50 per share was approved.
- 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 1,050,000 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 350,000 shall be paid to the Chairman and SEK 175,000 each to other members. For work on Board committees, fees totaling SEK 90,000 shall be paid.
- Auditors' fees were approved to be paid based on approved invoices.
- Mariana Burenstam Linder, Henrik Ekelund, Stefan Gardefjord, Reinhold Geijer and Dag Sehlin were re-elected, and Anna Söderblom was newly elected, to the Board for the period until the next AGM. Reinhold Geijer subsequently was appointed Chairman of the Board.
- For the period until the next Annual General Meeting the accounting firm Öhrlings PricewaterhouseCoopers AB was re-elected as auditor who appointed Magnus Thorling as chief auditor for the audit.
- Instructions for the nominating committee were assumed, such that the committee be made up of representatives from the three shareholders controlling the most votes, based on Euroclear Sweden AB's data at September 30 respective year, and the Chairman of the Board, and is valid until the AGM decides otherwise.
- Guidelines for remuneration and other terms of employment for senior executives were determined.
- The Board of Directors was authorized to decide, during the period until the next AGM, whether to issue shares or convertible instruments that would result in a maximum of 1,200,000 Class B shares being issued for capital contributed in kind or as offsets. This authorization refers to corporate acquisitions.

## 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, when relevant
- Audit fees
- Election of auditor and deputy auditor, when relevant
- Adoption of a policy for appointing the nominating committee.

A nominating committee for BTS Group AB was appointed on October 25, 2017. BTS's three largest shareholders in consultation with Reinhold Geijer, Chairman of the Board, appointed Anders Dahl (representing Henrik Ekelund), Erik Durhan (appointed by Nordea Funds), Stefan af Petersens (own holdings) and Reinhold Geijer to the committee. Anders Dahl was appointed chairman of the nominating committee.

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

All of the nominating committee's candidates based on the above will be announced in the notice for the 2018 AGM. The nominating committee's statement supporting its proposal for the Board of Directors of BTS Group AB as well as the information about the candidates recruited by the committee will be published on BTS's web site when the proposal is announced.

## Board of Directors

The Board of Directors has ultimate responsibility for the Company's organization and management and is appointed by the shareholders at each AGM for the period from that AGM until the end of the next. BTS's Board decides on issues such as strategic direction, acquisitions, investments, financing, and Group-wide policies. BTS's Board shall also insure proper disclosure to BTS's various stakeholders.

The articles of association specify that BTS's Board shall consist of no fewer than three and no more than eight members. The AGM held on May 12, 2017, decided that for the period until the next AGM the Board would consist of six members and no deputy members.

## Composition and independence of the 2017 Board

Member	Position	Elected	Committee work	Independent	Board meeting attendance
Reinhold Geijer	Chairman of the Board	2016		Yes	12/12
Mariana Burenstam Linder	Member	2004		Yes	12/12
Henrik Ekelund	Member	1986		No <sup>1</sup>	12/12
Stefan Gardefjord	Member	2003	Audit committee	Yes	11/12
Dag Sehlin	Member	2003	Audit committee	Yes	12/12
Anna Söderblom	Member	2017		Yes	7/8

<sup>1</sup>Henrik Ekelund is the largest shareholder and is President and CEO of BTS Group.

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 page 96–97 in the Annual Report.

## The work of the Board of Directors

In addition to legislation and recommendations, a written set of procedures adopted annually governs the work of the Board. The Board's set of procedures is intended to clarify and regulate the Board's tasks and how it works as well as the division of responsibilities among the Chairman, other Board members, and the CEO. According to these procedures, the Board shall normally hold a minimum of four ordinary meetings. At each of these meetings, the Board deals with issues of material significance to the Company. In addition, the Board receives reports from senior management about current business conditions in the Group's market segments.

Board meetings are held periodically in connection with the Company's financial reports, and otherwise as required. The Board deals with the year-end report and proposed appropriation of earnings in February, interim reports in April–May, August, and October–November, and the budget for the coming year in December. Occasionally, an issue is delegated to the Chairman of the Board and the CEO for joint deliberation. The Company's CFO serves as Board secretary. During 2017, twelve meetings were held.

## Evaluation of the Board and the CEO

Every year the Board makes an evaluation of the work of the Board. The purpose of the evaluation is to get an opinion on the Board members' views on how the board work is conducted, and what measures can be taken to streamline the board work. The Nomination Committee has been informed of the content of the 2017 evaluation. The Board evaluates the ongoing CEO's work by following the development of the business towards set goals as well as through an annual CEO's evaluation.

## Compensation to the Board

The AGM held on May 12, 2017, approved a total of SEK 1,050,000 in fees to be paid to those Board members who



receive no salary from the Company or any of its subsidiaries, such that SEK 350,000 be paid to the Chairman and SEK 175,000 each to the members. The AGM also approved a total of SEK 90,000 in fees for work on Board 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. 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.

The Board will propose policies for compensation and other terms of employment for the Company's senior executives for the approval of the AGM on May 16, 2018.

More information about compensation to senior executives is found in Note 6 of the annual report.

### **Audit committee**

The Board has appointed an audit committee. The task of the audit committee is to prepare the Board's work assuring the quality of the Company's financial reports. The audit committee also adopts guidelines on services other than auditing that the Company may purchase from the Company's auditors. The committee is also tasked with providing the nominating committee with an assessment of the audit work and of assisting the nominating committee in preparing the nominating committee's proposal to the AGM regarding the election of auditors as well as the size of the audit fee. The Company's CFO, also the Board secretary, prepared the business for the meetings. The audit committee has had two meetings in 2017.

### **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 2017 AGM re-elected the registered public accounting firm

Öhrlings PricewaterhouseCoopers AB who appointed Magnus Thorling as managing auditor for the period until the end of 2018 AGM.

More information about compensation to auditors is found in Note 4 of the annual report.

For 2017, 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 determined to date that the additional costs of such reviews have not been justifiable.

### **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.

More information about senior executives is found on page 98 of the annual report.

### **Guidelines for compensation and other terms of employment for senior executives**

The AGM held on May 12, 2017, adopted policies for compensation to senior executives. These mean that BTS shall employ persons on terms and at salaries commensurate with the market to be able to recruit and retain employees with excellent skills and of a high caliber to reach the Company's goals. When employing persons in different countries, the Company shall comply with each country's generally accepted forms of employment and good practice.

Forms of compensation are intended to achieve a consensus on the long-term view of operations by rewarding performance that benefits the Company and thus the shareholders. Compensation paid to individual employees will be based on their position and tasks, performance, skills, and experience. Compensation will normally consist of a fixed basic salary and defined-contribution pension benefits, the latter no more than 35% of the fixed basic salary for the CEO of the Parent Company and no more than 30% of the fixed basic salary for other senior executives. When deemed appropriate, the basic salary and pension benefit can be augmented by variable compensation, other benefits, and participation in incentive programs. Only the CEO in the Parent Company is entitled to a severance package, corresponding to 12 months' salary if the Company terminates his employment contract.

The Board is entitled to deviate from the principles above in individual cases under special circumstances.

### **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 pub-

lished 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 authorization. To limit and control financial risk, the Board has adopted a financial policy.

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

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

### **Risk assessment and control activities**

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

### **Information and communication**

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

### **Follow-up**

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

BTS has no internal audit unit of its own, based on the assessment that there are no special circumstances in operating activities according to Group size, organization and reporting structure or other conditions to justify such a unit. The follow-up performed by the Board and management is considered to meet the need.

## **Auditor's report on the corporate governance statement**

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

### **Engagement and responsibility**

It is the Board of Directors who is responsible for the corporate governance statement for the financial year 2017 found on pages 92–95 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 RevU 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 23, 2018  
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling  
Authorized Public Accountant



# The Board of Directors and Auditor



REINHOLD GEIJER

## Reinhold Geijer

Born 1953.

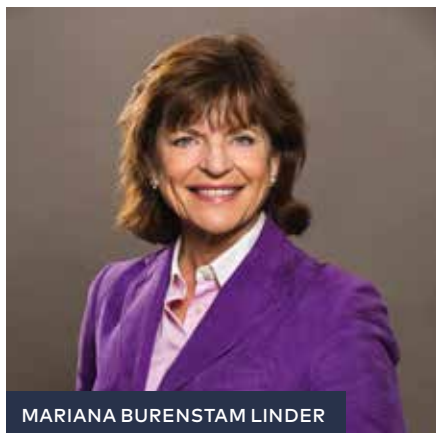
Chairman of the Board of directors of BTS Group AB since 2016.

Other assignments: Board member of Skandia, The Swedish Export Credit Corporation, Eterna Invest, Zacco A/S, The Sweden-American Foundation and The British-Swedish Chamber of Commerce.

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 FöreningsSparbanken (now Swedbank), worked within Ericsson, SSAB Swedish Steel and Weyerhaeuser Company in the United States. Reinhold Geijer graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.



MARIANA BURENSTAM LINDER

## Mariana Burenstam Linder

Born 1957.

Member of the Board of BTS Group AB since 2004. Other assignments: Chairman of Sweden-America Foundation. Member of the board of Latour AB and Resurs Holding AB.

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

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

Independent of the Company and its major shareholders.



STEFAN GARDEFJORD

## Stefan Gardefjord

Born 1958.

Member of the Board of BTS Group AB since 2003.

President and CEO of Swedish Space Corporation.

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

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

Independent of the Company and its major shareholders.



DAG SEHLIN

### Dag Sehlin

Born 1945.

Member of the Board of BTS Group AB since 2003, Chairman of the Board 2003–2008.

Shareholdings in BTS Group AB (including related parties): 16,000 Class B shares.

Dag Sehlin has long-term experience in senior positions in the Swedish financial sector. Previous positions include CFO and deputy CEO of Posten AB, deputy CEO of the OM Group, and prior to that various positions in accounting and finance at several Swedish companies. He also has long-term experience from work as an independent consultant and member of the board of various listed companies and other enterprises. Dag Sehlin graduated in business administration at the Stockholm School of Economics.

Independent of the Company and its major shareholders.



ANNA SÖDERBLOM

### Anna Söderblom

Born 1963.

Member of the Board of BTS Group AB since 2017.

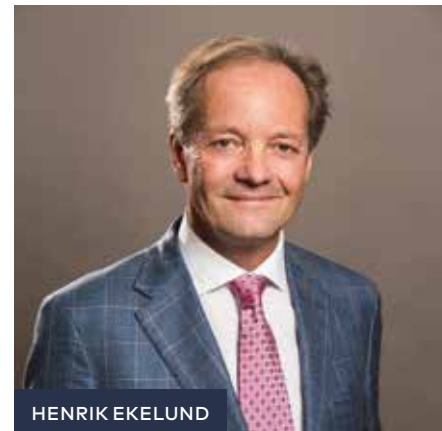
Teacher and researcher at the Stockholm School of Economics.

Other assignments: Chairwoman of Advenica AB and member of the board of directors of Poolia AB, Excanto AB, Almi Företagspartner AB and Länsförsäkringar Liv Försäkringsaktiebolag.

Shareholdings in BTS Group AB: 500 class B shares.

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

Independent of the Company and its major shareholders.



HENRIK EKELUND

### Henrik Ekelund

Born 1955.

President and CEO of BTS Group AB.

Shareholdings in BTS Group AB (including companies): 816,000 Class A shares, 3,189,034 Class B shares, totally 4,005,034 shares.

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

Not independent of the Company or its major shareholders.

### AUDITOR

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

The above information on shareholdings was correct at December 31, 2017.

# Senior Executives and Global Partners in BTS



**Henrik Ekelund**

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



**Stefan Brown**

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



**Jessica Parisi**

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



**Joel Sigrist**

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



**Philios Andreou**

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



**David Ackley**

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



**Rommin Adl**

Born 1964. Global Partner.  
Executive Vice President,  
Head of Global Marketing.  
Employee of BTS since 1994.



**Todd Ehrlich**

Born 1968. Global Partner.  
Executive Vice President,  
Global Head of Development  
Process and COO BTS North  
America. Employee of BTS  
since 1995.



**Stefan Hellberg**

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



**Peter Mulford**

Born 1968. Global Partner.  
Executive Vice President,  
Head of Innovation  
Practice. Employee  
of BTS since 1997.



**Dan Parisi**

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

Advantage  
Performance Group Inc.



**Lou Schachter**

Born 1964. Global Partner.  
Executive Vice President and  
Global Head of the BTS Sales  
Practice. Employee of BTS  
since 2006.



**Steve Toomey**

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



**Jonathan Hodge**

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

# Shareholder Information

## Annual General Meeting 2018

Shareholders in BTS Group AB (publ) are invited to the AGM on Wednesday, May 16, 2018, at 1.30 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 Wednesday May 9, 2018, and must have notified BTS Group AB no later than Wednesday May 9, 2018.

Shareholders may notify the Company by phone at +46 8 58 70 70 00, fax +46 8 58 70 70 01, or e-mail at [ir@bts.com](mailto:ir@bts.com).

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 re-register them with Euroclear Sweden AB under their own name. Any such re-registration request should be made well in advance of Wednesday May 9, 2018.

## Dividend

The Board of Directors proposes a dividend of SEK 2.80 per share to be paid on two occasions in the amount of SEK 1.40 per payment.

## 2018 reporting dates and financial information

Interim reports:

January–March	May 16, 2018
April–June	August 21, 2018
July–September	November 14, 2018
Year-end report	February 2019

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](mailto:ir@bts.com). Financial information from BTS Group AB is also published on [www.bts.com](http://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.*





Production: BTS Group AB.  
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Printer: Strokirk-Landströms, Lidköping, Sweden, April 2018.

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Strategy made personal

We create powerful experiences that help  
leaders build the future of their business

