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This is Nobina's Annual Report for the period 1 March 2018 to 28 February 2019. It includes the formal Annual Report, Corporate Governance Report and the statutory Sustainability Report with the GRI index. A more detailed presentation of the company, its operations, offering and sustainability focus, is also available in our corporate presentation on nobina.com.

THE YEAR IN BRIEF

- Net sales amounted to **SEK 9,734 (8,760) million**, an increase of **11.1 per cent**.
- Adjusted EBT¹⁾ amounted to **SEK 440 (391) million** and adjusted EBT margin was **4.5 (4.5) per cent**
- Proposed dividend of **SEK 3.80 (3.35)** per share.

KEY METRICS¹⁾

SEK million	2018/2019	2017/2018
Net sales	9,734	8,760
EBITA	578	530
EBIT	533	526
EBT	395	391
EBT, adjusted	440	391
Profit for the year	303	306
Cash flow for the year	288	-61
Equity/assets ratio, %	16.1	18.4
Shareholders' equity	1,454	1,436
Net debt	4,031	3,629
Net debt/EBITDA, times	3.1	3.0
Average number of employees	11,581	11,047

1) Information about, and definitions of, performance measures can be found on pages 101–102.

The financial information presented in the Annual Report pertains to continuing operations, unless otherwise stated. The divestment of Swebus Express AB was reported pursuant to IFRS 5 and is therefore adjusted in the current and the comparative periods and recognised at an aggregate amount under the line item "profit/loss from discontinued operations" in the consolidated income statement.

SIGNIFICANT EVENTS

FINANCIAL TARGETS MET

The financial targets that were launched in conjunction with the IPO in 2015 have been achieved. We have therefore launched new, ambitious financial targets for growth, profit margin and indebtedness. In 2018/2019, the total contract volume secured was SEK 10 billion.

FOCUS ON CORE BUSINESS

We have focused our operations on our core business: tendered contract traffic. The commercial express bus operations were divested and Samtrans in Sweden as well as De Blaa Omnibusser and Örslev in Denmark were acquired – all with contracts from the public sector.

"GREENER" FINANCING

We issued the first green bond linked to public transport in the Nordic region, for SEK 500 million, to finance, for example, electric buses and charging infrastructure. The bond was heavily oversubscribed. Our sustainability framework received the highest rating from the independent climate and environmental research institute Cicero. During the year, we received an investment grade rating from the credit rating agency Fitch Ratings.

LAUNCH OF BARKARBY

At Barkarbystaden, Northern Europe's largest urban development project, work is progressing as planned to create the world's most modern public transport service. During the year, our autonomous minibuses began operating regular services and work has begun developing a BRT²⁾ concept and autonomous systems with full-length buses.

2) BRT (bus rapid transit) is similar to a tram but without tracks, with high average speed, regularity and comfort, but with the flexibility of the bus. In 2014 Nobinas first BRT-concept launched in Malmö.

9,734
NET SALES, SEK MILLION

440
ADJUSTED EBT, SEK MILLION

4.5%
ADJUSTED EBT MARGIN

5.9%
DIVIDEND YIELD

THIS IS NOBINA

Our transport solutions increase mobility in society. Every day about one million people in the Nordic region travel with us, and our role is to make the journey a positive experience. We offer our passengers service and security at the same time as ensuring the journey is efficient and easy. It is through bus travel that we can bring together all of these components.

OUR VISION

EVERYONE WANTS TO TRAVEL WITH US

BUSINESS CONCEPT

WE SIMPLIFY EVERYDAY TRAVELLING FOR OUR CUSTOMERS

WE ACHIEVE OUR VISION BY BEING:

TRANSPARENT, INNOVATIVE AND RELIABLE

We succeed
by living
according to our values:

**WE RESPECT
EACH OTHER**

WE CARE

WE ARE GOOD LEADERS

3,600 BUSES

81%
RENEWABLE FUEL

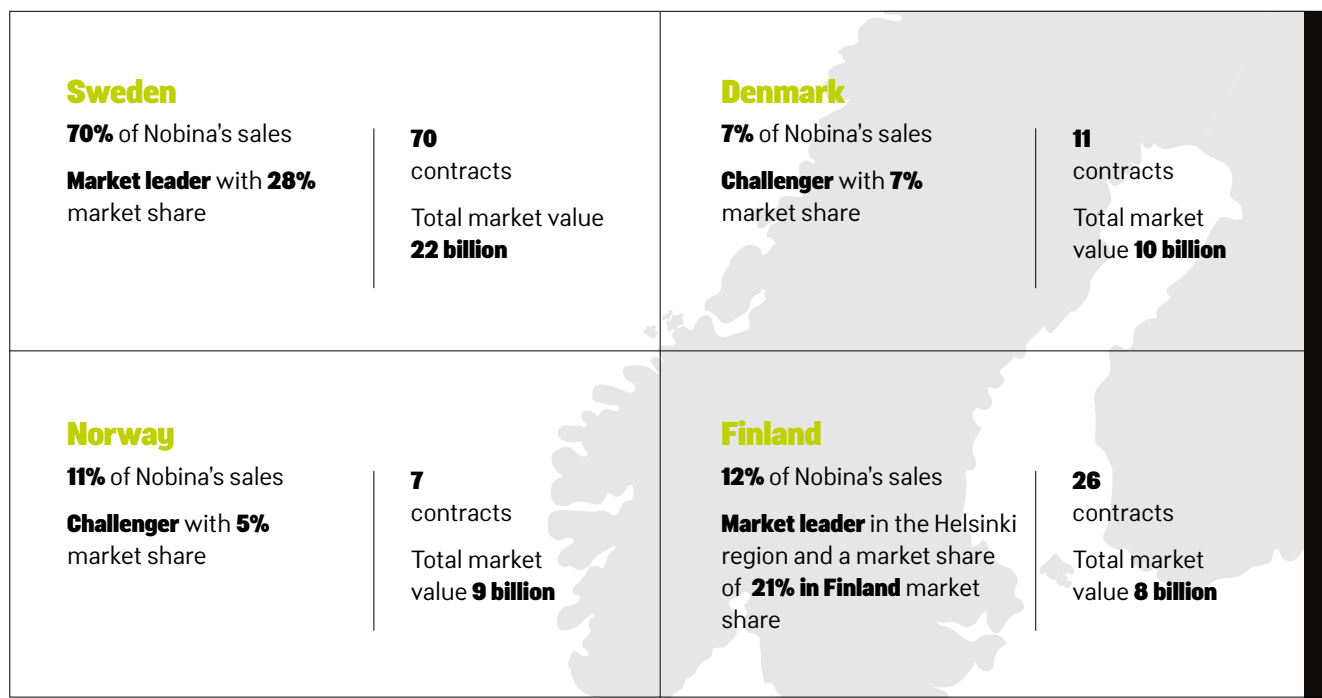
11,600
EMPLOYEES, OF WHOM
9,600 BUS DRIVERS

1 million
PASSENGERS EVERY DAY

20 TIMES NOBINA'S BUSES
TRAVEL AROUND THE
WORLD EVERY DAY

>100 CONTRACTS

4 COUNTRIES



MARKET TRENDS IN THE NORDIC REGION

- Expanding cities increase traffic volumes
- Increased public support for investments in public transport infrastructure
- More business models that focus on passengers
- Greater interaction with other industries
- Electric buses move from pilot projects to full-scale solutions
- Greater opportunity to leverage technology shifts

Society is increasingly interested in investing in public transport, particularly in areas with a high population density, where well-developed public transport is important for mobility in society.

Public transport is also high on the agenda for politicians as it is viewed as an important requirement for building a sustainable society. In the past year, new technology and electrification of the vehicle fleet have become increasingly important drivers in shaping the public transport of the future. There is a trend in all countries

towards more balanced compensation models where incentives based on travel and the quality experienced by the customers are increasingly common. This trend is supported by new technology and systems that enable analysis of passenger flows and more effective evaluation and reporting.

Through our offering, we strive to take proactive responsibility and become part of the solution to many of the challenges we see in today's society and help to strengthen the position of public transport in the Nordic region.



A SOLID FOUN- DATION AND A BRIGHT FUTURE



>> A growing number of people are becoming aware that bus travel is a transport solution of the future, not least in light of developments in recent years in electrification, autonomous systems and bus routes using the BRT concept. It is gratifying that we at Nobina are at the forefront in these developments in the Nordic region – for the good of society, and with continued focus on profitable growth for Nobina. As more people choose to travel in our fossil-free, quiet and safe buses, the environmental impact on society decreases, and we gain further resources to develop even more sustainable transport solutions. This creates a positive circle.

ANOTHER GREAT YEAR

The 2018/2019 fiscal year not only entailed all time high in growth and profitability for Nobina but also a streamlining of operations towards our core business – tendered contractual traffic services. We sold the commercial express bus operations and acquired Samtrans, De blåa Omnibusser (DBO) and Örslev – all of which with multi-year contracts from the public sector. We have continued to focus on developing bus solutions that complement the contract business and have added new supplementary products for even more flexible and appreciated travel, and that strengthen the position of our clients. Our knowledge and analysis of passenger flows and patterns form the basis of our profitable business and of the development of new solutions. Our Nobina Analytics tool ensures that we are at the forefront, whether it concerns adjusting routes in existing contracts or developing sustainable transport solutions in new areas. The latter is clearly illustrated in Barkarbystaden near Stockholm, where we are working together with the city, region and municipality to gradually create transport infrastructure that is beginning to serve as a model for cities around the world. In October 2018, we began regular services with autonomous electric buses, and before the end of the current year we will have increased the autonomous services and started BRT services with the same level of accessibility and capacity as the metro that is scheduled to be completed in 2025.

“YOU CAN EXPECT MANY NEW AND EXCITING SOLUTIONS FROM US AT NOBINA IN THE NEXT YEAR, AND THEREAFTER.”

WE WANT TO MAKE A DIFFERENCE

Barkarbystaden is an exciting project and a location where we can focus all of our cutting-edge expertise and experience from our 36 traffic areas in four countries. But we make the greatest difference for our passengers in the daily regular services. During the fiscal year, close to one million people travelled with us – every day. Our main priority is making their journeys into something that eases everyday situations, and this includes not only modern buses operated on renewable fuel but also a pleasant reception, punctuality, a high level of safety and service as well as new services for work, pleasure and security. I think we are succeeding rather well with this. Customer satisfaction is high in most of our traffic areas. But we will not rest on our laurels. We will continue to improve everything that can be improved. Such as the continuous streamlining of our resources and our planning, where the hard work and attention to detail has been one of Nobina's strengths for many years. It does not matter whether the bus is run on biogas or electricity, our focus is always on resource efficiency and offering the best transport solution for our customers.

These efforts also helped us to defend our market shares during a year when many of our contracts were subject to a tendering process. Moreover, we have secured new contracts in Lilleström and Linköping. During the current fiscal year, a small number of our existing contracts will expire, but there are still many other contracts to compete for. If the circumstances and terms are right, then we will take part. Given the strong focus among clients to encourage more travel, the trend towards greater responsibility for us operators should be reinforced – and in this respect we have a solid history to support us. We can increase the number of people travelling by bus through analyses, collaboration and new services. This is the most important objective.

NEW, AMBITIOUS GOALS

It is also important that we meet our established targets. In connection with our Capital Markets Day in October 2018, we announced that we have achieved the financial targets launched in conjunction with the IPO in June 2015 and therefore presented new, more ambitious targets. We are now aiming to achieve a margin before tax of 5 per cent, assuming a contract portfolio where the average contract age is 50 per cent of the average contract length. It will take time to reach this target, but we are firmly committed to achieve it. Continuing to develop new public transport solutions that convince more people to leave the car and take the bus will play a central role in this endeavour. You can expect many new and exciting solutions from us at Nobina in the next year, and thereafter. We want to increase awareness among passengers about bus travel as the best means of transport. In all weathers and in all surroundings. We are not quite there yet, but well on the way.

AN EXCITING FUTURE

Finally, I am pleased to note increased interest in Nobina as an investment. This includes the strong increase in the number of shareholders since the IPO in 2015, and the substantial interest among investors for the green bond we issued in early 2019 – the first in the Nordic region related to public transport and the rapid transition taking place with electric and fossil-free buses. Together with 11,600 dedicated employees in four Nordic countries, we will continue to develop the business within the scope of our strategy, and step by step make us even more competitive.

We have an exciting year ahead of us. It includes a number of large traffic start-ups and terminations, which may reduce profitability in the short term, but above all new opportunities for long-term growth in our business in a public transport market with favourable growth.

I would like to express my gratitude to all employees at Nobina who make this possible.

Stockholm, April 2019

Magnus Rosén
President and CEO

STRATEGY AND SUSTAINABILITY AGENDA

The strong trends influencing the development of society and thereby public transport, will offer Nobina favourable opportunities to create sustained profitable growth and contribute to positive societal development. We have launched a clear strategy for this work, which consists of four focus areas. The strategy also includes our sustainability agenda, where we have identified three overarching areas that are to help us achieve our vision and make a difference in society by convincing more people of the benefits of public transport and sustainable travel. More information, including about our strategy and sustainability agenda, is available in Nobina's Corporate Presentation.

STRATEGIC FOCUS AREAS



BUS SOLUTIONS

We shall develop bus solutions that strengthen our growth, competitiveness and long-term relevance in society.



CONTRACT MANAGEMENT

We shall be a proactive partner for our customers and endeavour to develop contracts and conditions throughout the contract cycle.



RESOURCE EFFICIENCY

We shall ensure resource efficiency and operational excellence to be competitive and contribute to a sustainable development of society.



EMPLOYEE DEVELOPMENT

We shall attract and develop people to ensure efficient delivery and to continue to develop the business.

SUSTAINABILITY AGENDA



1
Bus solutions
for a sustainable
society



2
Long-term
use of
resources



3
Responsible employer
and societal stake-
holder



Our sustainability agenda is an integrated part of our strategy and clarifies the focus and the areas that offer the best opportunities for making a positive difference. One important basis for the agenda is the UN's Sustainable Development Goals, and by analysing our strategic direction and our material sustainability aspects, we identified three prioritised goals on which we can focus our efforts.

KEY SUSTAINABILITY INDICATORS

The outcome for 2018/2019 of certain key sustainability indicators that we measure each year and follow up in our operations is presented below:

73%

Share of green kilometres, referring to kilometres driven using the Green Journey Eco-driving concept.

12 out of 16

Number of questions in which Nobina achieved good employee motivation in its Pulsen survey

233,000 tonnes

total carbon dioxide saving due to Nobina's operations and fuel mix compared with diesel.

FINANCIAL TARGETS

Long-term and enduring profitable growth is central in securing the necessary resources to invest in the continued development and to contribute to a sustainable development of society. Nobina has demonstrated a robust financial performance for many years and the financial targets established in connection with the IPO in June 2015 have been met. In October 2018, we presented new financial targets. These are designed to meet both market demands and changes in society.

GROWTH

Nobina's target is to achieve **5 PER CENT** accumulated annual average net sales growth with 2018/2019 as base year.

OUTCOME 2018/2019

9.4%

During the year, Nobina achieved a strong growth of 9.4 per cent, where the increase, excluding currency effects, comes from acquisitions, higher revenues in existing contracts, indexation revenues and extra traffic. 2018/2019 will now be the base year from which we will measure the annual growth target of 5 per cent going forward.

PROFIT MARGIN

Nobina's target is to achieve an EBT margin of **5 PER CENT** at average contract age being 50 per cent of average contract length.

OUTCOME 2018/2019

4.5%

The adjusted profit margin before tax amounted to 4.5 per cent at year-end. It was achieved at an average contract age of 56 per cent of the average contract length. The margin was positively affected by improved performance in existing contracts and profitable business outside the contracts, but negatively due to the fact that the metro replacement traffic in Helsinki ended in January 2018.

NET LEVERAGE RATIO

Under normal circumstances, Nobina aims to maintain a net leverage ratio of **3.0x TO 4.0x EBITDA** including strategic debt financing.

OUTCOME 2018/2019

3.1x

The net debt/EBITDA ratio amounted to 3.1x, which is within the lower end of the target range. The debt level, which is relatively low for Nobina, was a result of a fiscal year with very few traffic starts and thus a low need for financing.

DIVIDEND POLICY

Nobina expects to, under normal circumstances, pay a dividend of at least **75 PER CENT** of earnings after tax paid.

OUTCOME 2018/2019

76%

The Board of Directors proposes an increase in the dividend to SEK 3.80 per share, which corresponds to 76 per cent of profit after taxes paid. Nobina debt-finances its entire bus fleet, which means that the company does not need its cash for bus investments and thus can maintain a generous dividend policy.

THE SHARE

Nobina's share is listed on Nasdaq Stockholm's Mid Cap list under the category Industrial goods and services. For the 2018/2019 fiscal year, the Nobina share price rose 16 per cent and market capitalisation was SEK 5,668 million as of 28 February 2019.

Nobina's share performed strongly during the 2018/2019 fiscal year. The last traded price on 28 February 2019 was SEK 64.15, which is 16 per cent higher year-on-year. Total return since the IPO, meaning the share price trend including reinvested dividends, amounted to 141 per cent. The OMX Nordic Mid Cap GI benchmark index rose 61 per cent during the same period. The lowest price for the Nobina share was SEK 50.90 noted on 22 March 2018 and the highest price was SEK 75.10 on 27 June 2018. During the fiscal year, total turnover of Nobina shares on Nasdaq Stockholm was 79 million (79). This corresponds to a turnover rate of 90 per cent (90) and an average of 315,291 shares were traded each day.

SHAREHOLDERS

The number of shareholders amounted to 18,729 (18,338). The ten largest shareholders control 34 per cent of the capital and votes at the end of the fiscal year. JP Morgan Asset Management and Invesco were the largest shareholders in Nobina at the end of the fiscal year. The proportion of foreign shareholders amounted to 67 per cent of capital and votes, and 2 per cent of the number of shareholders.

ANALYSTS

Carnegie, Danske Bank, Kepler Cheuvreux¹⁾ and Pareto.

SHAREHOLDER INFORMATION

Financial information about Nobina is published on the company's website. Questions can also be sent directly to Nobina. Annual reports, interim reports and other information can be ordered from Nobina's head office, the website, via email or telephone.

Website: www.nobina.com E-mail: ir@nobina.com

Telephone: +46 (0)8 410 65 000.

MAIN SHAREHOLDERS²⁾

	Number of shares	Share of capital and votes, %
JP Morgan Asset Management	7,788,948	8.8
Invesco	4,969,706	5.6
Artemis	2,633,247	3.0
Otus Capital Management	2,518,313	2.9
Third Swedish National Pension Fund (AP3)	2,332,788	2.6
SEB Fonder	2,322,173	2.6
Danske Invest Fonder	2,074,938	2.3
Dimensional Fund Advisors	2,050,029	2.3
BMO Global Asset Management	1,733,970	2.0
Öhman Fonder	1,481,596	1.7
Others	58,449,974	66.2
Total	88,355,682	100

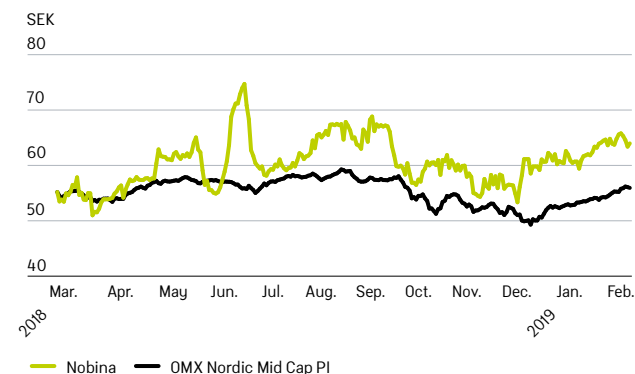
1) Kepler Cheuvreux initiated equity research coverage after end of fiscal year.

2) All shareholder information is accurate as of 28 February 2019.

TOTAL RETURN SINCE LISTING



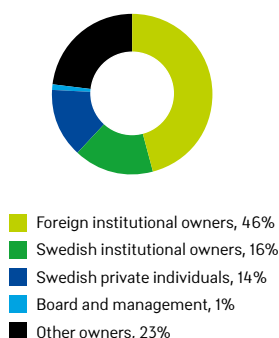
SHARE PRICE TREND 2018/2019



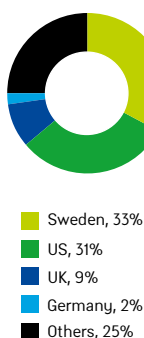
NOBINA AS AN INVESTMENT

Nobina is the Nordic region's largest and most experienced operator of public bus transport services. Our expertise in tendering and active management of traffic contracts in combination with long-term delivery quality makes us the industry leader in terms of profitability, development and initiatives that promote a healthier industry.

HOLDING BY CATEGORY



HOLDING BY COUNTRY



IR CONTACT

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Head of Treasury & IR

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mattias.gelinder@nobina.com

LONG-TERM GROWTH

Nobina operates in four markets in the Nordic countries, which have similar characteristics in terms of public transport services. Urbanisation, growing environmental awareness, public-sector investments and greater mobility are strong forces driving long-term growth in the Nordic public transport market. By winning and actively managing the right contracts in the right traffic areas, making complementary acquisitions and developing value-creating services and bus solutions, we aim to continue growing faster than the market.

OPERATIONAL EFFICIENCY

Nobina is striving to proactively influence the design of contracts to ensure fair terms and conditions and the development of balanced compensation models. At the same time, long contract periods entail favourable conditions for analysis and profitability improvements over the contract period. We are also studying how each individual contract fits in relation to our depots and traffic management centres, and ensure that optimal use is made of the vehicle fleet and other resources within the Group.

OPTIMISED CAPITAL STRUCTURE

Nobina strives to maintain a net leverage ratio of between 3.0 and 4.0 times EBITDA, including strategic debt financing. A higher net debt is often a result of the start of new contracts and the procurement of new buses. Because most buses are purchased when new contracts are planned for start-up, the higher indebtedness is a result of Nobina growing via new contracts which, given our ambition to only win profitable contracts, will eventually lead to improved profitability. Nobina mainly finances buses over ten years at 10 per cent residual value.

HIGH LEVEL OF DIVIDENDS

Nobina's new dividend policy means that Nobina, under normal circumstances, annually will distribute at least 75 per cent of profit after tax paid. Over the past three fiscal years, an average of 76 per cent of earnings after tax paid has been distributed. Dividends increased from SEK 2.60 in 2015/2016 to SEK 3.35 in 2017/2018. For the 2018/2019 fiscal year, the Board of Directors has proposed a dividend of SEK 3.80, corresponding to 76 per cent of earnings after tax paid and a dividend yield of 5.9 per cent based on the closing price on 28 February 2019.

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ADMINISTRATION REPORT

The Board of Directors and CEO of Nobina AB (publ), corporate registration number 556576-4569, domiciled in Stockholm, hereby present the annual report and consolidated financial statements for the fiscal year 1 March 2018 through 28 February 2019.

All items are expressed in SEK million unless otherwise stated. The fiscal year covered by this annual report ended on 28 February 2019 and is referred to as 2018/2019. The results of the year's operations for the Nobina Group and the Parent Company are presented in the following income statements and balance sheets, cash flow statements, statements of changes in equity and notes.

OPERATIONS

Nobina AB is engaged in the provision of public bus transport, and the company's business concept is to simplify everyday travelling. The scope of the business comprises regional public transport and service transport under contract to local authorities in the Nordic region. Operations also includes interregional, express bus services conducted by the company, primarily in Sweden, until 2 May when it was divested. Nobina is a Group comprised of wholly owned subsidiaries. In Sweden, operations are conducted through the subsidiaries: Nobina Sverige AB and Samtrans Skol och Handikapptransporter AB, and in the other Nordic countries, through the subsidiaries: Nobina Norge AS, Nobina Finland Oy and Nobina Danmark A/S and De Blaa Omnibusser A/S. During the year, Swebus Express was divested on 2 May, Samtrans Skol- och Handikapptransporter AB was acquired on 1 October and DBO Busser Holding A/S, De Blaa Omnibusser A/S, DBO Leasing af 2014 ApS and DBO Vaerksted Aps were acquired on 30 November. In some cases, the operating companies have subsidiaries for parts of their operations. All operations require operating permits for passenger transport. All subsidiaries hold the required permits.

All intra-Group services, such as IT, accounting, personnel administration, etc. have been organised under one of the subsidiaries, Nobina Europe AB. During the year, Nobina conducted centralised management of its bus fleet through the subsidiaries: Nobina Fleet AB incl. subsidiaries in Finland and Norway, Nobina Busco AB incl. subsidiaries in Finland and Norway, Nobina Fleet Danmark ApS, Nobina Fleet Danmark nr 1 ApS, Nobina Fleet Danmark nr 4 ApS, Nobina Fleet Danmark nr 5 ApS, Nobina Fleet Danmark nr 6 ApS, Nobina Fleet Danmark nr 7 ApS, Nobina Fleet Danmark nr 8 ApS and DBO Leasing af 2014 ApS. These companies lease buses to the operating companies. In Denmark, all of the companies are owned by the holding companies, Nobina Danmark Holding ApS and DBO Busser Holding A/S, which are both subsidiaries of Nobina AB. Nobina AB also has a subsidiary, Nobina Technology AB, which works with innovations in public transport.

SEK million	2018/ 2019	2017/ 2018	2016/ 2017	2015/2016 before IPO costs	2015/2016 after IPO costs	2014/ 2015
Net sales	9,734	8,760	8,499	7,990	7,990	7,512
EBITDA	1,315	1,198	1,153	1,082	878	958
EBITA	578	530	500	468	264	415
Profit before tax (EBT)	395	391	356	298	1	177
Adjusted EBT	440	391	356	298	1	177
Adjusted EBT margin (%)	4.5	4.5	4.0	3.6	0.0	1.9
Net debt	4,031	3,629	3,753	4,022	4,022	3,867
Net debt/ EBITDA	3.06	3.03	3.25	3.72	4.58	4.04

MARKET

Nobina AB is the Nordic region's largest operator of tendered public bus transport and, measured in number of buses, had a market share of 16 per cent of tendered traffic (16 per cent the preceding year) at the end of the fiscal year. In addition, interregional express bus services under the Swebus brand were conducted in free competition until 2 May, primarily in Sweden. Since 1 October, tendered service transport is conducted in the form of transport services for persons with special needs by Samtrans. With approximately 320 million passengers per year, Nobina is one of the ten largest public transport companies in Europe.

In Sweden, Norway, Finland and Denmark, all public transport is operated either under contract allocated through public tendering processes or through the remaining award of concessions. In all of the Nordic countries, the trend is no longer to allocate traffic assignments through concessions but rather through announced tenders. This trend is in line with the applicable EU regulations and will eventually mean that more contracts will be subject to competition via tendering after 2019. All of the Nobina Group's contracts have been won through public tender processes and, accordingly, the Group has no concessions.

Market share based on number of buses exposed to competition

Number of buses	Nobina	Keolis	Nettbuss	Arriva	Transdev	Tide	Others	Total	Share tendered (%)
Sweden	2,159	1,347	550	722	653	–	2,399	7,830	95
Norway	340	–	1,953	–	–	1,278	2,919	6,490	100
Finland	453	–	–	–	74	–	1,672	2,199	75
Denmark	221	375	–	802	–	217	1,552	3,167	98
Total regional traffic	3,173	1,722	2,503	1,524	727	1,495	8,542	19,686	94

Market share based on number of buses exposed to competition

Buses, %	Nobina	Nettbuss	Arriva	Keolis	Tide	Transdev	Others	Total
Sweden	28	7	9	17	–	8	31	100%
Norway	5	30	–	–	20	–	45	100%
Finland	21	–	–	–	–	3	76	100%
Denmark	7	–	25	12	7	–	49	100%
Nordics	16	13	8	9	8	4	42	100%

TENDERING PROCESSES, START-UP AND COMPLETION OF TRAFFIC DURING THE YEAR

During the fiscal year, Nobina started transport services comprising 61 buses under new contracts. During the fiscal year, contracts were concluded for 98 buses. This led to increased operations in Finland, unchanged operations in Sweden and Denmark and reduced operations in Norway. Nobina participated in tender processes for 2,090 buses during the fiscal year, of which contracts were won for a total of 521 buses (25 per cent). Tender outcomes and the start-up and completion of traffic assignments by country is presented in the summary below.

Traffic starting in the March 2019–February 2020 period

Nobina will start traffic involving 428 buses, all of which new, coming fiscal year. In general, the tender outcomes during the fiscal year

have no or limited impact on the scope of operations or on earnings since new contracts often start nine months or later after allocation. Traffic start-ups by country is presented in the summary below.

Traffic to be concluded in the March 2019–February 2020 period

Nobina will conclude traffic involving 608 buses in the next 12 months. All traffic contracts have a termination date, when the traffic assignment under the old contract ceases to apply and the assignment is awarded to an operator under a new contract, either the same operator or a new operator. The majority of traffic assignments have options to extend, normally for a period of one to three years in most contracts through mutual agreement between clients and the operator. Following any optional extension, the traffic assignment comes to a definitive end. Traffic contracts concluded by country are presented in the summary below.

Tenders and traffic changes by country

Number of buses	Tenders during the period			Traffic changes during the period	
	Submitted	Won	Not won	Started	Ended
Sweden	885	249	636	2	–
Norway	868	127	741	–	72
Finland	296	145	151	59	26
Denmark	41	–	41	–	–
Total traffic	2,090	521	1,569	61	98

Traffic starts by country in the next 12 months

	Clients	No. of years	Start of service	Number of buses	No. of new buses
Sweden	Västtrafik	10	March 2019	13	13
Denmark	Movia	6	April 2019	20	20
Sweden	Västtrafik	10	June 2019	23	15
Norway	Ruter	8	June 2019	127	127
Finland	HSL	1	August 2019	59	–
Finland	HSL	7	August 2019	56	48
Sweden	LT Sörmland	10	August 2019	130	58
Total traffic				428	281¹⁾

1) of which 51 are electric buses

Traffic concluded by country in the next 12 months

	Clients	End of service	Number of buses
Sweden	Västtrafik	June 2019	23
Sweden	Skånetrafiken	June 2019	79
Norway	Ruter	June 2019	27
Sweden	LT Sörmland	August 2019	119
Finland	HSL	August 2019	122
Norway	TFT	August 2019	127
Sweden	LT Örebro	September 2019	100
Denmark	Movia	December 2019	11
Total traffic			608

FISCAL YEAR

In the 2018/2019 fiscal year, operations continued to demonstrate a positive trend:

Record-high net sales were posted due to growth for continuing operations of 11.1 per cent, of which 1.7 per cent was through positive foreign-exchange effects and 3.9 per cent was generated from acquisitions.

Operating profit (EBIT) amounted to SEK 533 million (526), an increased of SEK 7 million or 1.3 per cent.

Profit before tax amounted to SEK 395 million (391), which was slightly higher compared with the preceding year. Operating profit and profit before tax for the year included acquisition-related expenses of SEK 25 million and amortisation of acquired intangible assets of SEK 20 million.

Cash flow amounted to SEK 324 million (–94), of which SEK 288 million (–61) for continuing operations, should be reported consistently. The SEK 418 million increase includes a rise in cash flow from operations of SEK 30 million and change in working capital of SEK 70 million. Within investing activities, cash investments in intangible and tangible non-current assets increased by SEK 931 million compared with the preceding year, primarily due to the refinancing of existing financial leases in Sweden financed with term loans valued at SEK 679 million. Disposal of non-current assets decreased by SEK 22 million. The divestment of the Swebus Express AB subsidiary raised SEK 46 million and payment for the acquisitions of Samtrans and De Blaa Omnibusser amounted to SEK 521 million during the year. Net investments in buses amounted to SEK 803 million (1,194).

Cash flow from financing activities was substantially affected by new loans in the form of a SEK 500 million green bond, financing of acquisitions amounting to SEK 315 million and refinancing of leases with loans of SEK 679 million. A dividend of SEK –296 million (–274) was paid during the year.

SIGNIFICANT EVENTS DURING THE YEAR

- Extension of two contracts with Ruter in Oslo and investment in electric buses. The extensions run from 2019 through 2022 and 2023 respectively and comprise a total of 92 scheduled buses, of which 20 are new electric articulated buses. The total value of the extensions is estimated at approximately NOK 800 million
- New traffic contract with Ruter in Romerike in the north of Oslo, comprising 141 buses, of which 22 are electric buses, with a contract value of around NOK 2.7 billion. The contract starts in July 2019 and extends over eight years with a three-year extension option.
- Entrusted once again by Sörmlandstrafiken to operate bus services in Sörmland, comprising 145 buses, with a contract value of around SEK 2.6 billion. The contract starts in August 2019 and extends over ten years.
- The wholly owned express bus company, Swebus Express AB, was sold to the travel company, FlixBus Sverige AB, for EUR 10.2 million (SEK 108 million equivalent). The divestment encompasses Swebus's commercial operations, brand and most of the vehicle fleet.
- The 2017/2018 AGM approved the Board's proposed dividend of SEK 3.35 per share, and a resolution was taken to introduce a performance-based share saving scheme for 60 key employees. Bertil Persson was elected as a new director of the board
- Entrusted once again by Västtrafik to operate bus services in Ale, comprising around 20 buses, with a contract value of around SEK 500 million. The contract starts in June 2019 and extends over ten years.
- Unique public transport agreement between Nobina, Stockholm County Council and Järfälla Municipality with a goal of creating the world's most modern city transport in Barkarbystaden. The initiative includes fully electrified bus services with autonomous buses used in scheduled services from fall 2018.

- Agreement signed to acquire Samtrans AB, the leading player in special public transport in the Stockholm region. The purchase price comprises a fixed consideration of SEK 225 million and a potential additional purchase price of up to SEK 225 million. In 2017, Samtrans reported turnover of SEK 746 million and a profit before tax of SEK 106 million. The acquisition was conditional on the approval of the Swedish Competition Authority, which has now been obtained, and is expected to be concluded in the third quarter of 2018.
- Following the approval of the Swedish Competition Authority, Nobina concluded the acquisition of the leading player in special public transport services in the Stockholm market, Samtrans AB, on 1 October.
- In conjunction with the interim report for the second quarter, it was concluded that all of the financial targets set in connection with the IPO in 2015 had been met and at the company's Capital Markets Day on 9 October, new financial targets were presented (see page 9).
- In October and November, Nobina repurchased 1,246,654 treasury shares for a total amount of approximately SEK 74 million within the framework of the two Share Saving Schemes, covering about 60 senior executives and key employees in total, as resolved by the Annual General Meetings in 2017 and 2018.
- Nobina has again been entrusted by HSL and defended contracts in the Helsinki region, where the total value of the six contracts is estimated at SEK 1.2 billion over the contract periods. Two contracts have tenors of seven years, four contracts have tenors of one year and all of them have the option to extend by three years. Traffic is scheduled to start in August 2019 and comprises a total of 115 scheduled buses.
- At 30 November, Nobina concluded an agreement to acquire the public transport company DBO Busser Holding A/S "De Blaa Omnibusser" in Denmark and as a result secured three new contracts with annual sales of about DKK 160 million. The company reported sales of DKK 158 million in 2017 with an EBT margin of about 16 per cent. The total purchase price was DKK 210 million on a cash and debt-free basis.
- On 18 December, Nobina AB received an investment grade credit rating of BBB- with a stable outlook from the international credit rating agency Fitch Ratings.
- In January, Petri Auno was appointed new Managing Director of Nobina Finland and member of Nobina's group management. He joins from VR Group and a position as Senior Vice President. Petri will take up his new position not later than 18 June 2019.
- Nobina has been awarded a new ten-year contract by Östgötrafiken to operate and work jointly to develop bus services in Linköping, both city and regional transport services. The agreement is worth approximately SEK 2.6 billion and involves 87 scheduled buses. The contract includes an initiative using electric-powered articulated buses, new routes and more frequent services.
- In February, Nobina AB issued its first green bond of SEK 500 million with a coupon rate of 1.55 per cent. The proceeds from the bond will be used to finance green investments including electric buses, buses run on biofuel as well as charging infrastructure.

SIGNIFICANT EVENTS AFTER THE END OF THE FISCAL YEAR

- In March, Nobina was awarded two new contracts for Västtrafik in Sjuhärad with a total contract value of SEK 1.4 billion over the contract period, spanning over 10.5 years. Traffic is scheduled to start in June 2020 and involves a total of 70 scheduled buses.
- On 12 March, Nobina's green bond was listed in the market for sustainable bonds on Nasdaq Stockholm and thereby became available for trade on the same day.
- The Board of Directors has proposed a dividend of SEK 3.80 (3.35) per share for payment in June 2019, which is an 13 per cent increase compared with the preceding year.

REVENUE AND PROFIT FOR THE NOBINA GROUP

Revenue for continuing operations increased by SEK 974 million, or 11.1 per cent, from SEK 8,760 million for 2017/2018, to SEK 9,734 million for 2018/2019, driven by acquisitions (+3.9 per cent), currency effects (+1.7 per cent) and organic growth in regional traffic (+5.4 per cent).

Operating profit (EBIT) for continuing operations increased by SEK 7 million, or 1.3 per cent, from SEK 526 million in 2017/2018 to SEK 533 million in 2018/2019. Operating profit (EBIT), adjusted for acquisition-related expenses of SEK 45 million, increased by SEK 52 million, or 9.9 per cent, from SEK 526 million in 2017/2018 to SEK 578 million in 2018/2019. Swedish contract operations accounted for most of the improvement in operating profit, contributing SEK 62 million.

Fuel, tyres and other consumables

Costs for fuel, tyres and other consumables increased by SEK 165 million, or 10.3 per cent, from SEK 1,604 million in 2017/2018 to SEK 1,769 million in 2018/2019. The increase in costs primarily reflects changes in traffic production and acquired operations but is also in part a result of Nobina's focus on "The Green Journey" initiative, which leads to a more fuel-efficient way of driving.

Other external expenses

Other external expenses mainly comprise operating lease expenses, rents, and costs for contracted consultants, auditing, financial, legal services and advertising. Other external expenses increased by SEK 292 million, or 25.0 per cent, from SEK 1,168 million in 2016/2017 to SEK 1,460 million in 2017/2018. The increase in expenses consists mainly of costs linked to acquired operations, business development and IT.

Personnel costs

Personnel costs increased by SEK 400 million, or 8.4 per cent, from SEK 4,790 million for 2017/2018 to SEK 5,190 million for the 2018/2019 fiscal year. This was mainly due to increased salaries and payroll overheads driven by rising contractual salary increases but also includes the effects of changes in traffic production and acquired operations.

Development expenses

Nobina does not conduct research operations but does conduct development operations within public transport, for instance, within Nobina Technology, at a cost of SEK 46 million in 2018/2019, compared with SEK 43 million in 2017/2018. All costs in 2018/2019 have been charged to the result.

Capital gains/losses from the disposal of non-current assets

During the year, Nobina divested 147 buses (244) valued at SEK 40 million (65). The divestment resulted in a capital loss of SEK –32 million (–7).

Depreciation/amortisation and impairment

Depreciation and impairment of PPE increased by SEK 44 million, or 6.7 per cent, from SEK 661 million in the 2017/2018 fiscal year, to SEK 705 million in the 2018/2019 fiscal year. Depreciation and impairment of PPE mainly comprise a value decline of buses but also include a value decline of other vehicles, equipment, tools, fixtures and fittings, and buildings. The cost increase was driven by a rise in capital tied-up in non-current assets, primarily due to acquired operations. Amortisation and impairment of intangible assets increased by SEK 16 million, from SEK 4 million in the 2017/2018 fiscal year, to SEK 20 million in the 2018/2019 fiscal year and are mainly linked to acquisition-related intangible assets.

Profit from net financial items

Interest income and similar profit/loss items amounted to SEK 0 million in 2017/2018 and 2018/2019.

Interest expense and similar profit/loss items increased SEK 3 million, or 2.2 per cent, from SEK 135 million in 2017/2018, to SEK 138 million in 2018/2019. Interest on leases decreased SEK 10 million due to improved financing terms and lower market rates. Nobina's realised and unrealised exchange rate gains and losses amounted to SEK 9 million (3).

Income tax

Nobina's income tax comprises the change in estimated deferred tax expense and amounted to SEK –92 million in 2018/2019, compared with SEK 85 million in 2017/2018. Deferred tax was calculated using the tax rates that have been enacted, or which are expected to apply when the related deferred tax asset is realised or the tax liability is settled. The deferred tax asset that pertains to deductible temporary differences and unutilised loss carryforwards has been reported to the extent that it is expected to be utilised in the foreseeable future, and doing so is deemed probable. Current tax for Nobina amounted to SEK –5 million (–6), and the change in assessed deferred tax assets and deferred tax liabilities has impacted profit for the fiscal year by SEK –83 million (–80). The effective rate of tax was –21.4 per cent (–21.7).

Analysis of the Group's performance trend

The key indicators shown in the following table set out the accumulated outcomes from the preceding year to the current year and pertain to net sales, operating profit before net financial items and taxes

(EBIT), and profit before tax (EBT). The performance analysis is partially based on qualitative analyses and assessments, and therefore its exactness and completeness cannot be guaranteed.

SEK million	Revenue	Adjusted EBT
Period from 1 March 2017–28 February 2018	8,760	391
Price and Volume	+688	+115
Contract migration	+14	+31
Indexation and efficiency (net)	+272	–52
Other	–	–43
Net financial items	–	–2
Period from 1 March 2018–28 February 2019	9,734	440

Price and volume, in current contracts, positive impacts were made on sales in an amount of SEK 688 million, and on EBIT and EBT of SEK 115 million. These were primarily driven by extra traffic, incentive revenue and the effects of acquisitions.

Contract migration positively impacted net sales in an amount of SEK 14 million as the new contracts started consisted of greater volumes than the old contracts discontinued during the year. Profit before tax was positively impacted by SEK 31 million. Contract migration, comprising the start and conclusion of contracts with a positive impact, was carried out during the year, mainly in Sweden and Norway.

Indexation and efficiency covers the net of cost indexation and efficiency of personnel resources, traffic planning, maintenance, damage minimisation and fuel consumption, and posted a negative trend of SEK –52 million. This was primarily driven by increased costs for vehicle maintenance and damage, primarily in Sweden.

Other resulted in an increase in costs of SEK 43 million in charges to EBIT and EBT, and includes residual value losses and costs for acquisition activities and share saving programmes (LTIP).

Net financial items declined by SEK –3 million as profit for the year was adversely impacted by unrealised currency losses.

ANALYSIS OF NET SALES AND EBIT BY OPERATING SEGMENT Nobina Sweden

Nobina is the largest operator in Sweden, with a market share of around 28 per cent, measured in the number of tendered buses. Nobina currently has a presence in more than a hundred towns and cities across the country. The largest clients are in the three major metropolitan areas: Stockholm, Gothenburg and Malmö. The regional traffic contracts differ considerably both in terms of the responsibilities and the commercial terms and conditions. There is an increasing trend toward tender processes that include quality evaluation and contracts with an incentive element. The contract terms are developing in a more positive direction and relevant monthly indexing models are the norm.

Revenue in Sweden increased by SEK 717 million, or 11.7 per cent, from SEK 6,146 million in 2017/2018, to SEK 6,863 million in 2018/2019. The increase reflected the contribution from the acquired operations of Samtrans and the start-up of new traffic contracts and the full-year effect of major new contracts started in the preceding year. Volume growth under existing contracts had a positive impact on the sales trend in parallel with the extra traffic operated for rail replacement bus services.

Operating profit in Sweden increased by SEK 63 million, or 13.5 per cent, from SEK 466 million in 2017/2018 to SEK 529 million in 2018/2019. Operating profit was positively impacted by the acquired operation Samtrans and the divestment of Swebus Express as well as by the migration of the contract portfolio related to the start and conclusion of contracts. However, an increase in maintenance and damage costs had an adverse impact on profit. The index trend remained positive.

Significant events during the year in Sweden

Participated in six tender processes, winning two of these.

Successful start-up of new contract with Skånetrafiken.

- The wholly owned express bus company, Swebus Express AB, was sold to the travel company, FlixBus Sverige AB, for EUR 10.2 million (SEK 108 million equivalent). The divestment encompasses Swebus's commercial operations, brand and most of the vehicle fleet.
- Entrusted once again by Sörmlandstrafiken to operate bus services in Sörmland, comprising 145 buses, with a contract value of around SEK 2.6 billion. The contract starts in August 2019 and extends over ten years.
- Entrusted once again by Västtrafik to operate bus services in Ale, comprising around 20 buses, with a contract value of around SEK 500 million. The contract starts in June 2019 and extends over ten years.
- Unique public transport agreement between Nobina, Stockholm County Council and Järfälla Municipality with a goal of creating the world's most modern city transport in Barkarbystaden. The initiative includes fully electrified bus services with autonomous buses used in scheduled services from fall 2018.
- Agreement signed to acquire Samtrans AB, the leading player in special public transport in the Stockholm region. The purchase price comprises a fixed consideration of SEK 225 million and a potential additional purchase price of up to SEK 225 million. In 2017, Samtrans reported turnover of SEK 746 million and a profit before tax of SEK 106 million. The acquisition was conditional on the approval of the Swedish Competition Authority, which has now been obtained, and is expected to be concluded in the third quarter of 2018.
- Following the approval of the Swedish Competition Authority, Nobina concluded the acquisition of the leading player in special public transport services in the Stockholm market, Samtrans AB, on 1 October.
- Nobina has been awarded a new ten-year contract by Östgötrafik to operate and work jointly to develop bus services in Linköping, both city and regional transport services. The agreement is worth approximately SEK 2.6 billion and involves 87

scheduled buses. The contract includes an initiative using electric-powered articulated buses, new routes and more frequent services.

- In March, Nobina was awarded two new contracts for Västtrafik in Sjuhärad with a total contract value of SEK 1.4 billion over the contract period, spanning over 10.5 years. Traffic is scheduled to start in June 2020 and involves a total of 70 scheduled buses.

Nobina Denmark

The Danish market for regional traffic is divided into five regions and is continuing to develop in a positive direction in terms of contract terms and incentive elements. A large number of minor operators are active at local level. Monthly indexing of revenue is standard. In total, there are six potential clients. Nobina currently operates regional traffic for two of these. The trend in Denmark is the same as in Sweden, i.e. increasingly moving toward incentive contracts, which in the Danish agreements reflect the number of passengers, customer satisfaction and punctuality.

Nobina's Danish business has about 7 per cent in market share. Nobina operates a total of six contracts. Traffic trended in a positive direction in 2018/2019.

Revenue from bus services in Denmark increased by SEK 104 million, or 19.1 per cent, from SEK 544 million in 2017/2018 to SEK 648 million in 2018/2019.

Operating profit declined slightly, by SEK 2 million, from SEK 16 million in 2017/2018 to SEK 14 million in 2018/2019. The main reason for this was costs for acquisition activities. All contracts in Denmark performed well in comparison to the targets and operational efficiency remains high.

Significant events during the year in Denmark

Participated in three tender processes, winning one.

- At 30 November, Nobina concluded an agreement to acquire the public transport company DBO Busser Holding A/S "De Blaa Omnibusser" in Denmark and as a result secured three new contracts with annual sales of about DKK 160 million. The company reported sales of DKK 158 million in 2017 with an EBT margin of about 16 per cent. The total purchase price was DKK 210 million on a cash and debt-free basis.
- After the end of the fiscal year, Ørsløv Holding Aps was acquired. The acquisition encompasses a business with approximately 16 buses in tendered regular services on South Zealand and 21 minibuses for special needs transportation. The purchase price corresponds to DKK 15.5 million on a cash and debt-free basis.

Nobina Norway

The market in Norway is divided between a number of midsize players and distinguished by fierce competition for market shares. Nobina has a market share of around 5 per cent and eight ongoing traffic assignments, most of which are in the area surrounding Oslo. In recent years, the proportion of contracts subject to tender processes has increased significantly at the cost of concessions (see Glossary on page 112) and now accounts for about 100 per cent of the market. The contract terms are being developed in connection with this, moving from production contracts, mainly paid by kilometre,

to payments distributed between kilometre, hours and buses. Indexation over six-month and quarterly periods is predominant in new contracts. Improvements towards more balanced contract terms is a clear trend where incentives are also becoming increasingly common.

The key focus area in Nobina's Norwegian operations is enhancing operational efficiency.

Revenue from regional bus services in Norway increased by SEK 23 million, or 2.2 per cent, from SEK 1,024 million for the 2017/2018 fiscal year to SEK 1,047 million for the 2018/2019 fiscal year. The increase was attributable to bus-for-rail services and expanded production in existing contracts but was negatively impacted by the completion of the contract in Nordhordland in August.

Operating profit grew from SEK 1 million for 2017/2018 to SEK 15 million in 2018/2019. The earnings trend was due to greater efficiency for public transport in Oslo. The Tromsø traffic contract remains a challenge for Nobina Norway but will end in August 2019.

Significant events during the year in Norway

Participated in two tender processes winning one.

Concluded the traffic contract in Nordhordland in August 2018.

- Extension of two contracts with Ruter in Oslo and investment in electric buses. The extensions run from 2019 through 2022 and 2023 respectively and comprise a total of 92 scheduled buses, of which 20 are new electric articulated buses. The total value of the extensions is estimated at approximately NOK 800 million
- New traffic contract with Ruter in Romerike in the north of Oslo, comprising 141 buses, of which 22 are electric buses, with a contract value of around NOK 2.7 billion. The contract starts in July 2019 and extends over eight years with a three-year extension option.

Nobina Finland

Unlike the other Nordic countries, contracts in Helsinki are often tendered for specific routes rather than entire traffic areas, which are more common in the rest of Finland. Currently, 75 per cent of the Finnish market is tendered traffic, and the trend is towards a larger share of tenders. This follows binding legislation that states that old concession contracts must be subject to competition from 2019 and the concessions (see Glossary on page 112) will be phased out. The contract terms are relatively undeveloped outside of Helsinki, which applies favourable terms with monthly indexing. Incentive contracts are rare, but exist to a certain extent in the Helsinki region's contracts in the form of bonuses for customer satisfaction and there are also green tenders where operators can receive extra compensation if they change to renewable fuels. Nobina's Finnish operations are primarily in the capital region, which is also the largest market for tendered public transport contracts. Nobina is the largest public transport service provider in the Helsinki area with a total of 25 traffic contracts ongoing and is one of Finland's largest operators with a market share of about 21 per cent of tendered traffic.

Revenue from regional bus services in Finland increased by SEK 108 million, or 10.1 per cent, from SEK 1,070 million for the 2017/2018 fiscal year to SEK 1,178 million for the 2018/2019 fiscal year. This increase was largely a result of the full-year effect of growth, indexation and an expanded contract portfolio. Operating

profit decreased by SEK 49 million, or 53.8 per cent, from SEK 91 million in 2017/2018 to SEK 42 million in 2018/2019. The profit decrease is mainly due to the end of bus-for-rail services for the Helsinki metro in January 2018.

Significant events during the year in Finland

Participated in three tender processes in Helsinki, winning one.

Start-up of two new contracts

- Nobina has again been entrusted by HSL and defended contracts in the Helsinki region, where the total value of the six contracts is estimated at SEK 1.2 billion over the contract periods. Two contracts have tenors of seven years, four contracts have tenors of one year and all of them have the option to extend by three years. Traffic is scheduled to start in August 2019 and comprises a total of 115 scheduled buses.
- In January, Petri Auno was appointed new Managing Director of Nobina Finland and member of Nobina's group management. He joins from VR Group and a position as Senior Vice President. Petri will take up his new position not later than 18 June 2019.

CENTRAL FUNCTIONS AND OTHER ITEMS

Central functions and other items comprise expenses related to the head office and the results from fleet operations, which manages the bus fleet. Net cost (EBIT) increased for these by SEK 19 million, or 39.6 per cent, from SEK -48 million in 2017/2018 to SEK -67 million in 2018/2019, impacted by with a poorer fleet result of SEK 25 million as well as acquisition costs and costs for the share saving programmes (LTIP).

INVESTMENTS

Nobina's investments during the year consisted primarily of bus acquisitions. 137 (245) buses were acquired through finance leases, while 18 (60) buses were financed via cash or credit. In total, Nobina acquired 155 (305) buses during the year. Cash-financed investments during the year amounted to SEK 164 million (172) and loan-financed investments totalled SEK 943 million (4). The cash-financed investments consisted primarily of buying-out buses from expiring leasing agreements. Loan-financed investments included the refinancing of finance leases in the amount of SEK 679 million. Through its subsidiary, Nobina Fleet AB, Nobina entered into finance leases for an acquisition cost of SEK 289 million (540). These are classified as non-current assets in the balance sheet. The lease commitment was recognised as a liability in the balance sheet. Depreciation and interest expenses are recognised in profit or loss.

FINANCING, LIQUIDITY AND VALUATION

Nobina has adopted a strategy of only taking up loans and credit facilities to finance non-current assets. During the 2017/2018 fiscal year, Nobina has signed loan agreements for acquisition financing of SEK 315 million beyond those recognised for financing buses.

Nobina has bank credit facilities of SEK 300 million, of which SEK 0 was utilised as of 28 February 2019.

Over the year, cash and cash equivalents increased SEK 338 million, from SEK 720 million at 28 February 2018, to SEK 1,058 million at 28 February 2019. The equity/assets ratio for the Group was 16.1 (18.4) per cent and for the Parent Company 46.9 (55.0) per cent.

The methods and assumptions applied by Nobina when calculating fair value for financial instruments are described in Note 30. No transfers were made between any of the valuation levels during the period.

FINANCIAL TARGETS

Nobina's Board has adopted financial targets for the business operations, which are presented together with outcome below:

- Net sales growth: Nobina's target is 5 per cent accumulated annual average net sales growth with 18/19 as base year.
- EBT margin: Nobina's target is to achieve an EBT margin of 5 per cent at average contract age being 50 per cent of average contract length.
- Target debt/equity ratio: Under normal circumstances, Nobina aims to maintain a net leverage ratio of 3.0x to 4.0x EBITDA, including strategic debt financing.

DIVIDEND POLICY

Under normal circumstances, Nobina expects to pay a dividend of at least 75 per cent of earnings after tax paid.

FINANCIAL MANAGEMENT

Since traffic contracts primarily contain given, fixed revenue, in addition to occasional revenue from variable incentives, the offer price becomes critical to profitability in the cases where Nobina wins traffic contracts. In the respective tenders that are submitted to win new traffic contracts in conjunction with tender processes, Nobina sets a yield requirement for capital employed.

When submitting a tender, Nobina simultaneously negotiates binding offers with bus suppliers and financing, to secure the company's ability to start services if Nobina wins the tender process. A traffic start ties up a substantial amount of capital, which is why Nobina evens out cash flow during the contract period by using debt financing. Delivering a return that meets the yield requirement necessitates efficient operation, in addition to risk minimisation and negotiations regarding possible traffic changes. This is carried out based on highly developed traffic plans that ensure optimised capacity utilisation of drivers and buses. Operations are carried out based on these plans with the support of several key figures to measure efficiency, such as overtime, sick leave, maintenance cost per kilometre, damage cost per kilometre, fuel consumption cost per kilometre, etc. Efficiency is typically at its lowest in a newly started traffic contract and improves over time, while the value of the invested capital for buses declines over time as the buses age. Nobina is utilising green financing for an increasing part of its fleet.

EMPLOYEES

During the period, the average number of employees was 11,581 (10,816) and the number of employees recalculated as FTEs was 10,547 (9,468). In all countries where Nobina AB has operations, collective agreements are applied in accordance with the trade union that represents employees in the industry where each company is active. Between the employee representatives and the company,

well-established practices are in place for the way in which working hours, compensation terms, information and cooperation are negotiated and applied. Nobina uses programs focusing on values and employee relations to boost staff motivation at work and thus improve the quality of services to customers.

ENVIRONMENTAL PERFORMANCE

New buses are equipped with engines of the latest emissions class that produce the lowest possible emissions from combustion. They are equipped with exhaust emission control systems and thus comply with future emissions standards, which are also expressed as requirements in traffic contracts. Renewable fuels with a carbon-neutral impact in the form of biogas and biodiesel are becoming increasingly common and, at the same time, electric power is expected to grow in extent over the next few years. At its fixed facilities, Nobina invests in environmental improvements such as new and enhanced cleaning equipment in the bus-washing facilities. Total emissions are minimised by upgrading engine classes and checking tyre pressures and wheel alignment, as well as transitioning to renewable fuels. Nobina is working to reduce fuel consumption and new and improved fuel products are continuously evaluated. Nobina conducts notifiable operations in accordance with the Swedish Environmental Code (SFS 1998:808) for depots that operate bus washing facilities and for its own workshops. These activities impact the environment primarily through the discharge of water from bus-washing facilities. When setting up or shutting down depots, environmental inspections are conducted to determine the company's environmental responsibility and impact. The operating companies perform minor decontamination measures as required. To date, no significant decontamination liability in relation to Nobina's own operations has been established.

STATUTORY SUSTAINABILITY REPORT

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Nobina has decided to present the statutory sustainability information and Sustainability Report separate from the official annual accounts. The sustainability information and Sustainability Report encompass all subsidiaries and are presented on pages 72–83.

SEASONALITY

Nobina's operations are affected by seasonality. For regional traffic, operations run according to timetables that are drawn up by the Public Transport Authority (PTA). These timetables contain a lower traffic volume during weekends and the summer vacation period. Accordingly, sales and earnings are lower during these periods and the effect is more noticeable when longer holidays occur midweek. Capacity utilisation is key to profitability levels in the respective quarters. For regional operations, the third quarter is the strongest due to higher traffic volumes, a larger number of working days, and high levels of travel activity for the general public, while the second and fourth quarters are weaker due to lower traffic volumes during vacation and public holiday periods and higher costs during the winter.

For commercial bus services, seasonality has a different pattern. Traffic volume is adjusted in line with demand and the demand for express bus services is greatest during major holidays and the summer vacation period, which means that the second quarter is the strongest quarter.

REMUNERATION PRINCIPLES FOR SENIOR EXECUTIVES

These remuneration principles were applied for the fiscal year and are proposed to continue to apply moving forward. Remuneration to senior executives is comprised in part of fixed salary, which as a rule is reviewed once per year and should take into consideration the individual's responsibility and performance. The fixed salary must be competitive. Variable remuneration is to be based on the individual's performance and the company's performance in relation to predetermined and established targets. Evaluation of these targets will take place annually. The variable remuneration for the CEO consists of a cash bonus that is decided by the Board. In the event of termination of employment, senior executives in the Nobina Group are entitled to not more than 18 months' remuneration. As a basic principle, a six-month mutual termination period applies between the company and the CEO. For other executives a shorter period than six months may be permitted. In addition, a maximum of six months' remuneration is payable should employment be terminated by the company. More information about the application of the remuneration principles is available in Note 8.

DISPUTES

Litigation was initiated by Nobina Finland Oy AB against HSL, the PTA in Helsinki, regarding the application of limits to the allocation of won contracts and also during the year, litigation regarding a less favourable depot location. During the year, Nobina Sweden initiated litigation against Länstrafiken Örebro regarding faulty gas quality.

NOBINA'S SHARE AND OWNERSHIP STRUCTURE

The company is a public limited liability company (corporate registration number 556576-4569, domiciled in Stockholm) and listed on Nasdaq Stockholm. The share is listed in the Mid Cap segment and is held by a total of about 18,000 shareholders. The ten largest owners are JP Morgan Asset Management, Invesco, Artemis, Otus Capital Management, the Third Swedish National Pension Fund (AP3), SEB Fonder, Danske Invest Fonder, Dimensional Fund Advisors, BMO Global Asset Management and Öhman Fonder, who together represent 33.8 per cent of the votes and capital as of 28 February 2019. For further information, see pages 8–9.

PROVISIONS IN THE ARTICLES OF ASSOCIATION

The Articles of Association contain no separate provisions pertaining to the appointment or removal of Board members or the amendment of the Articles of Association.

Incentive programme

In conjunction with Nobina's AGM on 31 May 2017, the meeting resolved on an incentive programme of a total of 342,087 shares, that encompasses 22 senior executives, including the CEO. The incentive programme will run for three years from 1 March 2018.

The Board was also authorised to acquire up to 427,096 own shares to enable the implementation of the share saving programme and to transfer such own shares to Nasdaq Stockholm to cover costs for social security contributions that may arise in connection with the share programme.

In conjunction with Nobina's AGM on 31 May 2018, the meeting resolved on an incentive programme of a total of 900,985 shares, that encompasses 60 senior executives, including the CEO. The incentive programme will run for three years from 29 June 2018.

The Board was also authorised to acquire up to 1,551,977 own shares to enable the implementation of the share saving programmes resolved at the AGMs on 31 May 2017 and 31 May 2018 and to transfer such own shares on Nasdaq Stockholm to cover costs for social security contributions that may arise in connection with the share programme.

Significant agreements between the company and the Board and the CEO

Remuneration to the Board is established at the AGM or at an extraordinary general meeting. No special remuneration is paid if the assignment as Board member is terminated prematurely. In the event of termination of employment by the company, the CEO is entitled to salary during the notice period, which amounts to 12 months. With regard to other information on directors' fees, and salaries and remuneration to senior executives, refer to Note 8.

Significant agreements between the company and suppliers

To conduct operations, Nobina's subsidiaries are dependent on certain suppliers, primarily in the vehicle and energy sectors. Purchasing agreements are signed mainly at Group level. Individual subsidiaries only enter into agreements with specific local suppliers for diesel supplies. These agreements exist because no functioning retail business exists in the Nordic region for fuels and the subsidiaries are extremely dependent on regular fuel deliveries to conduct reliable traffic. Change of control clauses exist in certain agreements with leasing companies.

SIGNIFICANT RISKS, UNCERTAINTIES AND RISK MANAGEMENT

The risks that can arise with an impact on the financial reporting pertain to the valuation of assets, liabilities, revenue and costs or deviations from disclosure requirements as well as other risks relating to material errors in the financial accounts. One example could be if the actual economic life of buses did not correspond with the depreciation period. The company may also be affected by fraud, loss or embezzlement of assets, and undue preference in favour of another party at the company's expense. In addition to the information below, refer to the section Nobina's risk management on pages 84–86 and the Corporate Governance Report pages 87–99.

OPERATIONAL RISKS

The ability to secure new traffic contracts and extend existing contracts with PTAs

During the 2018/2019 fiscal year, Nobina's contracts with PTAs accounted for most of its total net sales. Opportunities to secure new contracts are largely dependent on Nobina's ability to tender with competitive pricing. Pricing is largely dependent on Nobina's ability to increase operational efficiency and realise potential economies of scale. Consequently, competitiveness is closely aligned with efficient management of the bus fleet and existing contracts. A decline in Nobina's competitiveness would affect the ability to win new contracts with PTAs, which in turn could have a considerable negative impact on Nobina's operations, financial position and operating profit.

Assumptions and risks associated with tender pricing in the tender process

Every traffic contract is awarded following a formal competitive tender process. If any of Nobina's assumptions for price determination are incorrect, Nobina could secure contracts with low profit margins or contracts that must be performed at a loss. Such contracts can result in a loss in the short term, or throughout the entire duration of the contract. Typically, Nobina enters contracts with PTAs for a period of five to ten years, whereby such factors as price, price index and operational scope are established when signing the contract. There are generally no, or limited, opportunities to renegotiate contract conditions after a contract has been signed. A loss-making contract may thus cause substantial damage to Nobina over time. Signing a contract with a low margin, or a loss-making contract, would have a negative impact on Nobina's revenue and operating profit, which would have a significantly negative impact on the financial position and operating profit. In recent years, incentive contracts have become more prevalent in tendering processes. These types of contracts offer incentives based on the number of passengers who use public transport. With an incentive contract, the service provider becomes more dependent on revenue that is based on passengers' interest in using public transport.

Ongoing management of terms and conditions, and invoicing

Nobina receives requests from PTAs on an ongoing basis for changes in traffic conditions, either in accordance with or outside of the applicable contract terms. It is important, firstly to ensure the adjustment of remuneration in line with the terms for contract amendments and, where the changes are outside of the contract terms, negotiate the adjustment of remuneration. All traffic changes and adjustments of remuneration need to be identified and included in daily invoicing in a secure manner to ensure profitability is maintained in the actual traffic contracts.

Levels of appropriation to PTAs

Demand for Nobina's services from PTAs is highly dependent on county budgets, and the funds that are allocated for public transport. A deterioration of county finances could reduce budgets for the PTAs that are responsible for allocating and financing many of Nobina's contracts. This means that the available market could decrease.

Access to bus drivers

The company is highly dependent on access to bus drivers in the countries in which Nobina operates. There are several factors that could lead to Nobina suffering a temporary or long-term shortage of bus drivers, such as competition for qualified drivers in the transport sector or a decline in the number of people who choose to drive buses as a profession.

Maintenance costs for buses

Maintenance costs could rise in the event of a decline in the quality of new bus deliveries or increased complexity in the technology applied in the construction and production of buses. This could, in turn, lead to an increase in complaints and compensation claims with individual bus suppliers. Maintenance costs could also increase if the skills and procedures needed for maintenance are not equal to the technology in and complexity of the buses included in the fleet.

New laws and directives, or new interpretations of existing laws and directives

Nobina's operations are subject to and covered by both national regulations and rules as well as EU directives. Additional laws and directives, or new interpretations of existing laws and directives, that affect Nobina may be proposed periodically, which could imply additional costs, requirements or restrictions for Nobina's operations. The adoption of such new laws, or new interpretations of existing laws and directives, could have a considerable negative impact on Nobina's operations, financial position or operating profit.

PROSPECTS FOR 2019/2020

Ahead of the 2019/2020 fiscal year, continued sales growth is expected, firstly from the full-year effect from traffic starts and acquisitions in 2018/2019 and, secondly from customary volume growth and the indexation of existing contracts. Earnings will be positively impacted by underlying improvements in older contracts that are expected to balance the negative impact of contract migration from contracts that expire and new contracts starting up. The impact of such contract migration is expected to be significant in the 2019/2020 fiscal year when 608 buses are covered by completed contracts and 428 buses are included in new contracts. As a result of extensive start-ups of new contracts in recent years, the bus fleet will become, on average, younger over the coming year. Tied-up capital is expected to increase through new investment in 281 new buses for newly started contracts. The company does not provide any forecasts.

PARENT COMPANY

The Parent Company has 15 (11) employees who participate in the overall management of the Nobina Group, including financial analysis, follow-up and financing.

Net sales for the fiscal year, which were comprised entirely of internal services, amounted to SEK 44 million (46) and profit before tax to SEK 311 million (86). Cash and cash equivalents amounted to SEK 1,043 million (686) at the end of the fiscal year. Investments in PPE and intangible assets amounted to SEK 0 million (0) for the full

year. On 28 February 2019, the Parent Company's shareholders' equity was SEK 2,547 million (2,676). The equity/assets ratio was 47 per cent (55).

DIVIDEND PROPOSED BY THE BOARD

The Board of Directors has proposed to the Annual General Meeting (AGM) a dividend for 2018/2019 of SEK 3.80 (3.35) per share, which is in line with the dividend policy. The proposed dividend corresponds to a dividend yield of 5.9 per cent based on the share price of SEK 64.15 on 28 February 2019.

Proposed appropriation of profits (SEK)

Funds available for appropriation by the Annual General Meeting:

Share premium reserve	1,335,198,568
Profit brought forward	658,636,107
Profit for the year	235,039,605
Total	2,228,874,280
Dividend to shareholders (SEK 3.80 per share)	-335,751,592
To be carried forward	1,893,122,688

Observations of the Board regarding the proposed dividend

Given the Board's proposed distribution of profits above, the Board is hereby obliged to make the following statement in accordance with Chapter 18 Section 4 of the Swedish Companies Act (2005:551). As set out in the Board's proposed distribution of profits, unappropriated earnings of SEK 2,228,874,280 are at the disposal of the AGM. Provided the 2019 AGM resolves in accordance with the Board's proposed distribution of profits, SEK 1,893,122,688 will be carried forward. Following the proposed distribution, there will still be full coverage for the company's restricted equity. The proposed dividend amounts to 13.0 per cent of the company's equity and 22.7 per cent of the Group's equity. Following the proposed distribution, the company's and the Group's respective equity/assets ratios will amount to 43.5 per cent and 12.9 per cent. Equity has neither increased nor decreased due to the valuation of assets and liabilities in accordance with Chapter 4, Section 14 a of the Swedish Annual Accounts Act.

The Board has taken into account the company's and the Group's consolidation requirements and liquidity through a comprehensive assessment of the company's and the Group's financial positions and their ability to meet their commitments. The proposed dividend does not compromise the company's ability to make the investments considered necessary. The company's financial position is such that it does not suggest any other assessment than that the company can continue its operations and be expected to meet its obligations in the short and long term. In addition to the assessment of the company's and the Group's consolidation requirements and liquidity, the Board also considered all other known conditions that could have significance for the company's and the Group's financial positions.

Given the above, the assessment of the Board is that the dividend is justifiable with reference to the requirements imposed by the nature, scope, risks and economic conditions on the size of the company's and the Group's equity and equity/assets ratio, and the com-

pany's and the Group's consolidation requirements, liquidity and position otherwise.

The Group's and the company's profit and financial position in general are presented in the following income statements, balance sheets, cash flow statements and notes to the accounts.

NOBINA'S NOMINATION COMMITTEE

In accordance with a resolution adopted at the AGM, Nobina will have a Nomination Committee comprising one representative for each of the three largest shareholders in terms of votes who wish to participate in the Nomination Committee, in addition to the Chairman of the Board.

The members of the Committee were appointed based on the ownership structure as of 30 September 2018, and comprise: Nuno Caetano, Invesco Limited, Johan Strandberg, SEB Fonder, Mattias Cullin, Danske Capital and Chairman of the Board Jan Sjöqvist.

The Nomination Committee is tasked with the preparation and submission of proposals to the 2019 AGM regarding a chairman of the meeting, directors, the Chairman of the Board, directors' fees and any compensation for committee work, auditors and auditor's fees. In addition, the Committee prepares and submits to the AGM proposals regarding principles for the composition of the Nomination Committee.

The AGM will be held at the World Trade Center in Stockholm at 2 p.m. on 29 May 2019.

The Group's and the company's profit and financial position in general are presented in the following statements of income and comprehensive income, balance sheets, cash flow statements and notes to the accounts, which form an integral part of this annual report.

CONSOLIDATED INCOME STATEMENT

	Note	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Continuing operations			
Net sales	1, 2, 3	9,734	8,760
Operating expenses			
Fuel, tyres and other consumables	4	–1,769	–1,604
Other external expenses	4, 6, 7	–1,460	–1,168
Personnel expenses	4, 8	–5,190	–4,790
Acquisition-related income and costs	5	–25	–
Capital gains/losses from the disposal of non-current assets	9	–32	–7
Amortisation/impairment of intangible assets	10	–20	–4
Depreciation/amortisation of PPE	10	–705	–661
Operating profit	1, 2	533	526
Profit from net financial items			
Financial income	11	–	–
Financial expenses	12	–138	–135
Net financial items		–138	–135
Profit before tax		395	391
Income tax	17	–92	–85
PROFIT FOR THE YEAR FOR CONTINUING OPERATIONS		303	306
Discontinued operations			
Profit/loss for the period from discontinued operations	29	56	–28
PROFIT FOR THE YEAR		359	278
Profit for the period attributable to Parent Company shareholders		359	278
Earnings per share before dilution (SEK), attributable to continuing operations	23	3.44	3.46
Earnings per share before dilution (SEK), attributable to discontinued operations	23	0.62	–0.31
Earnings per share before dilution (SEK), attributable to Parent Company shareholders	23	4.06	3.15
Earnings per share after dilution (SEK), attributable to Parent Company shareholders	23	4.03	3.15
Average number of shares before dilution (000s)	23	88,356	88,356
Average number of shares after dilution (000s)	23	89,054	88,356
Number of shares outstanding at end of period (000s)	23	87,109	88,356

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

	Note	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Profit for the year		359	278
Other comprehensive income		359	278
Items not to be reclassified to profit or loss			
Revaluation of defined-benefit pension plan	24	–	–
Tax on items that will not be reclassified to profit or loss for the period	17	–	–
Items that can later be reclassified to profit or loss			
Exchange-rate differences in foreign operations		23	11
Other comprehensive income, net after tax		23	11
Comprehensive income for the year		382	289
COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		382	289

CONSOLIDATED BALANCE SHEET

	Note	28 Feb 2019	28 Feb 2018
ASSETS			
Non-current assets			
Intangible assets			
Goodwill		785	581
Other intangible assets		495	6
Total intangible assets	13	1,280	587
Property, plant and equipment			
Costs for leasehold improvements		178	32
Equipment, tools, fixtures and fittings		152	93
Vehicles		4,902	5,093
Total property, plant and equipment	14	5,232	5,218
Financial assets			
Deferred tax assets	17	179	253
Assets for pension commitments	24	17	18
Other non-current receivables		4	5
Total financial assets		200	276
Total non-current assets		6,712	6,081
Current assets			
Inventories	18	51	44
Trade receivables	19	663	549
Other current receivables		253	48
Deferred expenses and accrued income	20	316	365
Cash and cash equivalents	21	1,058	720
Total current assets		2,341	1,726
TOTAL ASSETS	1, 2	9,053	7,807

CONSOLIDATED BALANCE SHEET, CONT.

	Note	28 Feb 2019	28 Feb 2018
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		318	318
Other contributed capital		3,212	3,212
Translation differences		62	39
Profit/loss brought forward		-2,138	-2,133
Total equity attributable to Parent Company shareholders	22	1,454	1,436
Non-current liabilities			
Borrowing	26	4,270	3,582
Deferred tax liabilities	17	256	143
Provision for pensions and similar commitments	24	33	41
Other provisions	25	63	40
Total non-current liabilities		4,622	3,806
Current liabilities			
Accounts payable		597	543
Borrowing	26	786	726
Other current liabilities	27	430	192
Accrued expenses and deferred income	28	1,164	1,104
Total current liabilities		2,977	2,565
Total liabilities		7,599	6,371
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1, 2, 31	9,053	7,807

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other contributed capital	Translation differences	Profit/loss brought forward	Total equity attributable to Parent Company shareholders
Opening equity, 1 Mar 2017	318	3,212	28	-2,137	1,421
Profit for the year	-	-	-	278	278
Other comprehensive income	-	-	11	-	11
Total comprehensive income for the year	-	-	11	278	289
Transactions with owners					
Dividend	-	-	-	-274	-274
Closing equity, 28 Feb 2018	318	3,212	39	-2,133	1,436
Profit for the year	-	-	-	359	359
Other comprehensive income	-	-	23	-	23
Total comprehensive income for the year	-	-	23	359	382
Transactions with owners					
Repurchase of treasury shares	-	-	-	-74	-74
Share-based remuneration	-	-	-	6	6
Dividend	-	-	-	-296	-296
Closing equity, 28 Feb 2019	318	3,212	62	-2,138	1,454

There are no non-controlling interests.

CONSOLIDATED CASH FLOW STATEMENT

	Note	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Cash flow from operating activities			
Profit after financial items		385	355
(of which, attributable to continuing operations)		395	391
(of which, attributable to discontinued operations)	29	–10	–36
Adjustment for non-cash items			
– Depreciation/amortisation and impairment	10	725	665
– Capital gain/loss from the disposal of non-current assets	9	32	7
– Unrealised exchange gain/losses		5	–
– Financial income	11	–	–
– Financial expenses	12	132	135
– Changes in provisions, pensions, etc.		–4	–43
– Other items		–	–
Cash flow from operating activities before changes in working capital		1,275	1,119
(of which, attributable to continuing operations)		1,285	1,155
(of which, attributable to discontinued operations)		–10	–36
Cash flow from changes in working capital			
Change in inventories		–6	4
Changes in operating receivables		–115	–53
Changes in operating liabilities		199	57
Total changes in working capital		78	8
(of which, attributable to continuing operations)		78	5
(of which, attributable to discontinued operations)		–	3
Received interest income	11	–	–1
Tax paid	17	–5	–6
Cash flow from operating activities		1,348	1,120
(of which, attributable to continuing operations)		1,358	1,153
(of which, attributable to discontinued operations)		–10	–33
Cash flow from investing activities			
Investments in PPE and intangible assets excl. financial leasing	15	–1,107	–176
Acquisitions	30	–521	–
Disposal of non-current assets	9	40	62
Divestment of subsidiary	29	46	–
Cash flow from investing activities		–1,542	–114
(of which, attributable to continuing operations)		–1,588	–114
(of which, attributable to discontinued operations)		46	–
Cash flow from financing activities			
Repayment by instalment of financial lease liability	26	–660	–653
Amortisation of other external loans	26	–79	–44
New borrowing, other external loans	26	1766	4
Financing costs for raising loans	26	–7	–
Repurchase of treasury shares	22,23	–74	–
Interest paid	11	–132	–133
Dividend		–296	–274
Cash flow from financing activities		518	–1,100
(of which, attributable to continuing operations)		518	–1,100
(of which, attributable to discontinued operations)		–	–
Cash flow for the year		324	–94
(of which, attributable to continuing operations)		288	–61
(of which, attributable to discontinued operations)		36	–33
Cash and cash equivalents at the beginning of the year		720	804
Cash flow for the year		324	–94
Exchange-rate difference		14	10
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	1,058	720

PARENT COMPANY INCOME STATEMENT

	Note	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Net sales	1	44	46
Operating expenses			
Other external expenses	4,6	–38	–22
Personnel expenses	4,8	–50	–37
Operating profit/loss	1	–44	–13
Profit from participations in Group companies	16	362	98
Financial income	11	8	5
Financial expenses	12	–15	–4
Net financial items		355	99
Profit before tax		311	86
Income tax	17	–76	–25
PROFIT FOR THE YEAR		235	61

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Note	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Profit for the year		235	61
Other comprehensive income		235	61
Items not to be reclassified to profit or loss			
Revaluation of net pension obligations	24	–	–
Tax on items that cannot be reclassified to profit or loss for the period	17	–	–
Other comprehensive income, net after tax		–	–
Comprehensive income for the year		235	61

PARENT COMPANY BALANCE SHEET

	Note	28 Feb 2019	28 Feb 2018
ASSETS			
Non-current assets			
Financial assets			
Participations in Group companies	16	4,647	3,678
Receivables from Group companies		500	–
Total financial assets		5,147	3,678
Total non-current assets		5,147	3,678
Current assets			
Receivables from Group companies		676	445
Other current receivables		6	1
Deferred expenses and accrued income	20	2	7
Cash and cash equivalents	21	1,043	686
Total current assets		1,727	1,139
TOTAL ASSETS	1	6,874	4,817
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		318	318
Statutory reserve		1	1
Total restricted shareholders' equity	22	319	319
Non-restricted shareholders' equity			
Share premium reserve		1,336	1,336
Profit brought forward		657	960
Profit for the year		235	61
Total non-restricted shareholders' equity		2,228	2,357
Total shareholders' equity	22, 35	2,547	2,676
Non-current liabilities			
Borrowing		867	–
Provision for pensions and similar commitments	24	6	8
Deferred tax liabilities	17	76	–
Total non-current liabilities		949	8
Current liabilities			
Accounts payable		5	2
Borrowing		55	–
Liabilities to Group companies		3,285	2,113
Other current liabilities	27	2	3
Accrued expenses and deferred income	28	31	15
Total current liabilities		3,378	2,133
Total liabilities		4,327	2,141
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1, 31	6,874	4,817

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Statutory reserve	Share premium reserve	Profit/loss brought forward	Profit/loss for the year	Total share-holders' equity
Opening equity, 1 Mar 2017	318	1	1,336	1,043	191	2,889
Profit for the year	–	–	–	–	61	61
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	61	61
Transactions with owners						
Dividend	–	–	–	–274	–	–274
Transfer of the preceding year's profit/loss	–	–	–	191	–191	–
Total transactions with owners	–	–	–	–83	–191	–274
Closing equity, 28 Feb 2018	318	1	1,336	960	61	2,676
Profit for the year	–	–	–	–	235	235
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	235	235
Transactions with owners						
Repurchase of treasury shares	–	–	–	–74	–	–74
Share-based remuneration	–	–	–	6	–	6
Dividend	–	–	–	–296	–	–296
Transfer of the preceding year's profit/loss	–	–	–	61	–61	–
Total transactions with owners	–	–	–	–303	–61	–364
Closing equity, 28 Feb 2019	318	1	1,336	657	235	2,547

PARENT COMPANY CASH FLOW STATEMENT

	Note	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Cash flow from operating activities			
Profit after financial items		311	86
Adjustment for non-cash items			
– Financial income and dividends	11, 16	–424	–103
– Financial expenses	12	8	3
– Unrealised exchange gains/losses		7	2
– Changes in provisions, pensions		–3	–
– Other items		–5	–2
– Reversal of recognised gain, Swebus Express AB		23	–
Cash flow from operating activities before changes in working capital		–83	–14
Cash flow from changes in working capital			
Changes in operating receivables		1	–7
Changes in operating liabilities		12	1
Total changes in working capital		13	–6
Received interest income	11	8	6
Cash flow from operating activities		–62	–14
Cash flow from investing activities			
Acquisitions	16, 30	–578	–1
Divestment of subsidiary	29	97	–
Investments in subsidiaries	16	–	–16
Cash flow from investing activities		–481	–17
Cash flow from financing activities			
Group contribution and dividends received	16	467	251
Group contributions paid		–198	–
Receivable, cash pool	21	–162	–18
Liability, cash pool	21	871	–35
Loans		–500	–
Repurchase of treasury shares	22,23	–74	–
Repayments		–16	–
New borrowing		824	–
Financing costs paid		–7	–
Interest paid	12	–8	–3
Dividend		–296	–274
Cash flow from financing activities		901	–79
Cash flow for the year		357	–110
Cash and cash equivalents at the beginning of the year		686	796
Cash flow for the year		357	–110
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	1,043	686

NOTES

NOTE 1 COMPANY INFORMATION AND ACCOUNTING POLICIES

Company information

Nobina AB is a public company (Corp. Reg. No. 556576-4569, domiciled in Stockholm) and is listed on Nasdaq Stockholm, Mid Cap, sector Industry. Nobina AB is the ultimate Parent Company of the Nobina Group (Nobina). The address of the head office is Armégatan 38, SE-171 71 Solna, Sweden.

Nobina AB's operations, which are conducted through subsidiaries, consist of the provision of scheduled bus services and special transportation under contract to PTAs in Sweden, Norway, Denmark and Finland. Nobina AB is a holding company whose primary asset comprises its investments in its subsidiaries. The income statement and balance sheet of the Parent Company and the consolidated income statement and balance sheet were approved for publication according to a Board decision on 26 April 2019. The income statement and balance sheet of the Parent Company and the statement of comprehensive income and consolidated balance sheet will be subject to adoption by the Annual General Meeting on 29 May 2019, in Stockholm. If no currency is presented, amounts are shown in millions of SEK (MSEK) or another specified currency and pertain to the period 1 March–28 February the following year for items related to income and cash flow statements and to 28 February for items related to financial position.

Applicable regulations

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and the application of RFR 1 "Supplementary Accounting Rules for Groups," associated interpretations issued by the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. The recommendation should be applied by legal entities whose securities, at the end of the reporting period, are listed on a Swedish exchange or an authorised marketplace. Furthermore, the applicable IFRS disclosure requirement rules and amendments should be specified given the provisions in the Swedish Annual Accounts Act. The annual report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 "Accounting for Legal Entities" and with statements issued by the Swedish Financial Reporting Board. The Parent Company applies the same accounting policies as the Group except for in those cases specified below under "Accounting policies of the Parent Company."

The differences that exist result from the limitations on applying IFRS in the Parent Company due to the Swedish Annual Accounts Act and, in certain cases, taxation purposes.

Compiling financial statements in compliance with IFRS requires the use of important estimates for accounting purposes. It is also necessary for management to make judgments in the application of the company's accounting policies and the going concern principle. The section "Judgments and estimates in the financial statements" includes those areas that are subject to a high degree of judgment or those areas where assumptions and estimates are of major significance to the consolidated financial statements. The effects of changed principles and assessments pertaining to the implementation of IFRS 15 and IAS 20, see Note 3.

Basis for valuation of the Parent Company and consolidated financial statements

Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities, which are measured at fair value or historical cost.

Transactions to be eliminated on consolidation

All intra-Group receivables and liabilities, income, expenses or unrealised gains or losses arising on intra-Group transactions are eliminated in their entirety when preparing the consolidated financial statements.

Transactions in foreign currency

Transactions in foreign currencies are translated to the functional currency at the rate of exchange in effect on the transaction date. The functional currency is the currency of the primary economic environments in which the Group conducts its operations. Monetary assets and liabilities in foreign currency are translated to the functional currency at the closing day rate. Exchange gains/losses arising on translation are recognised in profit or loss. For the financial statements of subsidiaries with a functional currency other than SEK, all balance sheet items are translated at the closing day rate of exchange. Income statement items are translated at the average rate during the year.

Assessments and estimates in the financial statements

When preparing the financial statements, company management and the Board of Directors must make assessments that affect the recognised amounts of assets, liabilities and income and expenses and thus associated information about contingent items. These assessments are based on historical experience and the various assumptions that management and the Board deem reasonable under the circumstances at hand. Thus, drawn conclusions form the basis for decisions regarding the carrying amounts of assets and liabilities, in cases where these cannot be determined with certainty based on information from other sources. The actual outcome may differ from these assessments if other assumptions are made or other circumstances are at hand, with a significant impact on Nobina's earnings and financial position. Certain assumptions about the future and certain estimates and assessments on the balance-sheet date are particularly significant for the measurement of assets and liabilities in the balance sheet. The risk of changes in carrying amounts during the coming year due to a possible need for changes in assumptions and estimates is considered to lie primarily in the following areas:

Revenue recognition

Revenue recognition is based on the applicable contract terms and conditions and for completed traffic production. Negotiations are held regularly concerning changes to delivery and compensation within certain contracts. Sometimes, the negotiations result in material changes in compensation. When the level of change is deemed reliable, based on the current negotiating position, this is reflected in revenue recognition. Retroactive change is often also considered.

Valuation of goodwill

The carrying amount of goodwill is tested for impairment annually and otherwise, whenever circumstances or events indicate that the carrying amount of an asset may not be recoverable. In determining the recoverable value of cash-generating units for assessment of whether goodwill is impaired, several assumptions about future conditions and estimates have been made. Forecasts of future cash flows are based on the best possible assessments of future revenue, which can be impacted by factors such as future changes in the terms and conditions applicable to traffic contracts, and the trend in operating expenses, which in turn are based on historical information, general market conditions and other available information. The forecasts are prepared on the basis of the Group's segments and are based on each company's profit/loss before amortisation/depreciation, including leasing costs for vehicles (buses). The present value of cash flow forecasts is calculated by applying a reasonable discount rate for the capital plus a reasonable risk premium at the valuation date, see Note 13.

Note 1 cont.

Value of other intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill if they fulfil the criteria for an intangible asset and fair value can be calculated in a reliable manner. The Group's starting point for acquisitions is that the brand, customer relations (relating to existing traffic contracts) and other intangible assets and so forth, have a limited useful life and are recognised at cost less accumulated depreciation. Brands and customer relations (existing traffic contracts) can be identified during company acquisitions. Brands capitalised to date are deemed to have an indefinite useful life and no amortisation is applied. The brand is measured on the basis of an estimate of discounted royalty payments that could have been avoided through ownership of the brand. Instead, impairment testing is conducted at least once per year as is the case with goodwill. Customer relations (pertains to existing traffic contracts) is measured using discounted cash flow from the acquired existing traffic contracts. Depreciation takes place straight line over the duration of the contract.

Excess vehicles (buses)

Before deemed as an excess vehicle, a number of assumptions are made about future alternatives for relocation. If a vehicle is deemed as excess, estimates are made about future resale value. Vehicles deemed as excess by management were impaired to fair value, see Note 14.

Useful life of vehicles (buses)

When assessing whether the useful life of standard vehicles (buses) is the same as the actual useful life, a number of assumptions are made about future conditions. Group management is of the opinion that the useful life corresponds to the average contract term, 8 years, which can be extended for another 6 years, i.e. a total of 14 years.

Tax assets

In assessing whether to measure previously accumulated loss carryforwards, refer to Note 17, Group management has decided to report a portion of the Group's current loss carryforwards. Deferred tax has been calculated using tax rates that have been enacted, or are expected to apply when the related deferred tax asset is realised or the tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised. Most of the loss carryforwards are attributable to countries with a long, or unlimited period of use. The deferred tax asset that pertains to deductible temporary differences and unutilised loss carryforwards has been reported to the extent that it is expected to be utilised in the foreseeable future, and doing so is deemed probable.

Provision for pensions

The most significant assumptions that management must make in connection with actuarial estimates of pension commitments and pension expenses concern the discount rate, expected rate of return on plan assets, expected rate of salary increases and future rate of pension increases.

The discount rate reflects the interest rate at which the pension commitments could be paid in full. The interest rate used to discount pension commitments is to be determined by referring to the market-based return on first-class mortgage bonds at the end of the reporting period. The expected annual return on plan assets reflects the expected annual return on existing investments.

The plan assets mainly comprise interest-bearing securities. The expected rate of salary increases reflects expected future salary increases as a composite effect of inflation and seniority. The assessment is based on historical information concerning salary increases and on the expected future rate of inflation. The future rate of pension increases is assessed on the basis of the current age distribution of employees and expected personnel turnover.

New accounting policies

New and revised material standards and interpretations that came into force in 2018/2019

- **IFRS 9** Financial Instruments. This standard is one part of a complete revision to the current standard, IAS 39. The standard reduces the number of valuation categories for financial assets. As a result the main categories are reported at cost (amortised cost) or fair value through profit or loss. This first part of the standard will be expanded with new requirements for impairment of financial assets measured at amortised cost, hedge accounting and offsetting in the balance sheet.
- **IFRS 15** is the new standard for revenue recognition. Revenue is recognised when the customer gains control over the sold good or service. A customer has control over a good or service when it is possible to direct the use of and obtain substantially all of the remaining benefits from the asset.
- **IFRS 2** Share-based Payment. Clarifies the effects of vesting conditions on cash-settled programmes, the classification of equity-settled programmes where deductions are made for employees' preliminary tax, and recognition when amended terms result in the reclassification of equity-settled programmes to cash-settled.

New and revised material standards and interpretations that are not yet in force in 2018/2019

- **IFRS 16** The new lease standard as adopted by the EU will replace the current IAS 17. The standard will primarily entail changes for the lessee through the removal of the division of leases into operating and finance leases. Pursuant to the new model, all leases entail that the lessee is granted control over an asset when the lease commences and, assuming that payments are made over time, to also receive financing. The lease period is defined as the non-terminable period plus the extension period that the lessee can be expected with reasonable probability to utilise. The new standard features a control model and minor relief rules (non-material leases), when it is time to determine which leases are covered by IFRS. The lessee is to recognise assets and liabilities for all leases with contractual terms exceeding 12 months and, when the underlying asset is of considerable value. Depreciation of leased assets and interest expenses in the income statement are recognised in profit or loss. The Nobina Group recognises most of its leases (buses) as finance leases (assets and liabilities in the balance sheet) in the consolidated financial statements, whereby a smaller proportion of the Group's remaining operating leases (buses), see Note 7, rents and property accessories, will be subject to IFRS 16. The impact of IFRS 16 is estimated to affect the Nobina Group's total assets by about SEK 900 million in increased value compared with the Group's current total assets. The Nobina Group's equity/assets ratio is expected to be negatively impacted by approximately 2-3 percentage points. The Nobina Group intends to implement IFRS 16 for the fiscal year beginning in March 2019 (2019/2020), with retroactive application of the 2018/2019 fiscal year, subject to adjustments of all periods presented.

SIGNIFICANT ACCOUNTING POLICIES

Consolidated financial statements

The consolidated financial statements comprise all companies in which Nobina AB directly or indirectly has more than 50 per cent of the votes or otherwise has a controlling influence. Subsidiaries are all companies (including structured companies) that the Group is able to control. The Group controls a company when exposed to, or when it has a right to variable returns from its holdings in the company and when it is able to affect the return via its influence over the company. Subsidiaries are consolidated as of the date when the Group obtains control. Subsidiaries are de-consolidated as of the date when the Group no longer has control. Consolidated financial statements are prepared using the acquisition method.

Note 1 cont.

Acquisitions

This means that acquired subsidiaries' assets and liabilities are recognised at fair values according to an acquisition analysis, prepared on acquisition date. If the cost for shares in the subsidiary and any non-controlling interest exceeds the fair value of the company's identifiable net assets according to the acquisition analysis, the difference will represent consolidated goodwill, which will be tested for impairment. For every acquisition, it is determined whether holdings with a non-controlling interest will be valued at fair value or the proportional share of the acquired operation's net assets. All acquisition-related costs are expensed. These costs are recognised in the Group on a line in the income statement called acquisition-related costs. Costs recognised on the line are transaction costs, revaluation of contingent considerations and acquisition-related liabilities. Nobina applies the acquisition method, IFRS 3, to account for business combinations. Revaluation of any deferred considerations and contingent considerations over and above which was assessed at the time of the acquisition are recognised through the income statement. When the final outcome is available, any effect of contingent consideration/repayment of consideration is recycled to the income statement. Only income arising after the acquisition date is included in the consolidated shareholders' equity. Income from the company that was acquired during the year is included in the consolidated financial statements from the date of acquisition. Companies divested during the year are included in the consolidated income statement with income and expenses for the period up to the date of divestment.

Discontinued operations

Swebus Express AB, which was divested during the year, is classified as discontinued operations pursuant to IFRS 5 and is therefore adjusted in the current and the comparative periods and recognised at an aggregate amount under the line item "profit/loss from discontinued operations" in the consolidated income statement.

Segment reporting

Nobina conducts contracted public transport services to society in most parts of Sweden and in metropolitan areas of Denmark, Norway and Finland. The largest portion of the Nobina Group's revenue is derived from contracts with PTAs representing the various counties. In nearly all cases, PTAs receive ticket revenue and contract companies receive a fixed amount as payment for the contracted services. The former segment Swebus was classified as discontinued operations pursuant to IFRS 5 and is therefore adjusted in the current and the comparative periods and recognised at an aggregate amount under the line item "profit/loss from discontinued operations" in the consolidated income statement. The acquisition of the company Samtrans Skol- och Handikapptransporter Stockholm AB (Samtrans) has been consolidated into Nobina from 1 October 2018 and is reported in the Sweden segment. The acquisition of the group of companies De Blaa Omnibusser has been consolidated into Nobina from 30 November 2018 and is reported in the Denmark segment.

The Group's operations are reported and managed in a manner consistent with the internal reporting, see Note 2, which is provided to the company's CEO. The accounting policies for the reporting segments are the same as those used in the consolidated financial statements. Nobina evaluates operations in each segment based on the operating result for each reporting operating segment, and normally recognises sales and transfers between operating segments on a third-party basis, meaning at market prices.

Central functions

Costs for Group-wide support functions such as IT, systems administration and legal services, etc., are allocated to the operating segments and countries according to their degree of utilisation. General administrative expenses from Nobina AB (head office) and other costs that arise at the central level and are attributable to the entire company are not included in the earnings of the operating segments. The head office consists of the Group management team, financial administration, controls, analyses and holding companies.

The operating assets included in each segment encompass all operating assets that are used in the business activities, primarily goodwill, intangible assets, PPE (Property, plant and equipment), financial lease assets (buses), inventories and accounts receivables. Most of these assets are directly attributable to the respective operating segment. The operating liabilities included in each operating segment encompass all operating liabilities that are used, accrued expenses and deferred income, as well as finance lease liabilities (buses) utilised by the respective segment. Most of these liabilities are directly attributable to the respective operating segment. Estimated deferred tax, external and internal loans, and cash and cash equivalents are not included in the operating segments' capital employed.

Revenue recognition

Revenue recognition according to IFRS 15 is to replace all current regulations with new joint regulations for revenue recognition. Revenue is recognised when control of the sold good or service is passed to the customer and the customer has control over the good or service when it is possible to direct the use of and obtain substantially all of the remaining benefits from the asset. The Nobina Group's current contract forms are **1) traffic contracts for tendered traffic** preceded by a tendered traffic contract that has been signed by both parties and that states the rights and obligations of the buyer and the seller, the delivery terms, bonus conditions, penalties for cancelled journeys and payment terms, etc. Payment terms vary between advances and arrears. This results in contract assets and contract liabilities, which are also presented in Note 3. The final settlement between the cash settlement amount and the actual production outcome is regulated in accordance with contract, either during the following month, quarter or year after the completion of traffic production. **2) Coach hire and other revenue** are currently covered by an accepted tender or invoiced amounts in conjunction with performance of the services by the Nobina Group. Payment terms for coach hire and other revenue can vary between advances, arrears with 10–30 days' terms of credit, depending on the customers' credit level.

Nobina's revenue streams for tendered traffic

Most of Nobina's income consists of remuneration for scheduled bus traffic and is attributable to contracts with PTAs that run for a term of five to eight years, with an extension option. The number of traffic contracts for tendered traffic currently amounts to 70 in Nobina Sweden, 6 contracts in Nobina Denmark, 7 contracts in Nobina Norway and 26 contracts in Nobina Finland. The option to extend traffic contracts does not provide any special benefit to either the PTA or the company, which is why the option is not assigned any value in the overall measurement of the contract value. Utilisation of the extension option is to be regarded as a new traffic contract based on the existing structure. Regardless of the payment streams for operations under a contract, Nobina reports its revenues when the services are provided and transferred to the customer. Contracts between an operator and a PTA include the parties' commercial terms and conditions, such as who is responsible for operating the traffic, service interruptions, reduced or expanded traffic volume and the extension option. The Nobina Group delivers most of the services in tendered traffic, which are to be regarded as a series of integrated services constituting the combined performance over time, whereby the customer can benefit from the services at each point in time. PTAs have the right to increase or decrease the agreed production volume in line with an agreed production interval. Changes to the applicable traffic production, within an agreed contract volume, do not provide any material benefit to the PTA, which is why all revenue is recognised as an undertaking for the operator. The Nobina Group may sometimes pay fines for cancelled journeys, etc. The fines are recognised as a revenue reduction unlike previous years when these were recognised as an expense in the Nobina Group's income statement, see Note 3. Fines are recognised in the corresponding period when the services are provided and transferred to the customer. The Nobina Group's payment formats for contracted traffic can be either production contracts or incentive contracts.

Note 1 cont.

Contract form – production contract

About 75 per cent of Nobina's contracts with PTAs are of the production-contract type, in which compensation is based exclusively on the number of kilometres or hours driven and is entirely unrelated to the number of passengers. The amount of compensation is often tied to certain cost indices in order to compensate the traffic companies for cost increases during the term of the contract. The compensation is adjusted during the term of the contract due to changes in these indices. Nobina adjusts its revenues during the contract period according to the agreed indexation formula.

Contract form – incentive contract

Nobina's contracts can also be designed so that all or part of the compensation is based on the number of boarding passengers. These are called incentive contracts, and account for about 20 per cent of total contract revenue. Revenue from these contracts is recognised on the date that the passenger travels with Nobina.

Variable revenue included in the production and incentive contract forms

In certain cases, the Nobina Group's traffic contracts also include variable increments for estimated and received quality and performance compensation for completed traffic production. Revenue recognition is estimated based on the most probable outcome amount. Cash settlement of allocated quality and performance compensation is effected either on a monthly, quarterly or annual basis retroactively, depending on the traffic contract's agreed conditions, where reconciliation is conducted between the Nobina Group and the PTA.

Other revenue streams

Coach hire

In addition to contracted public transport and passenger revenue, Nobina also conducts contracted needs-governed traffic, what we designate coach hire. This traffic complements the Nobina Group's other operations. The point of departure is that most of Nobina's traffic contracts usually include scope for freely using the vehicles encompassed by the traffic contract, subject to certain limitations, for commercial traffic, whereby the revenue can either derive from a client, private individual or a company. Revenue is recognised on the day when Nobina performs the traffic assignment and the services are transferred to the customer.

Other services

Other services may include letting of office premises, sales of fuel or maintenance services. All other revenue is recognised when the products are delivered or the services are performed. In cases where revenue is obtained through short-term coach hire, it is distributed evenly over the term of the contract.

Contract assets and liabilities

Contract assets consist of contract receivables excluding VAT and accrued income pertaining to traffic production performed. Contract liabilities concern deferred income for traffic production that is yet to be performed.

Operating expenses

The Group's operating expenses pertain primarily to fuel, tires, operating lease expenses for vehicles, personnel expenses, which include salaries, social security costs, pensions, costs for temporary bus drivers, and depreciation costs for vehicles under finance leases and owned vehicles.

Development costs

Nobina does not engage in any research and development that generates any material tangible assets. Some development activities are conducted, although these have not resulted in any material expense.

Acquisition-related costs

Acquisition-related costs recognises costs attributable to transaction costs, revaluation of deferred considerations, final effects of contingent considerations/repayments, in the Group as a separate item in the statement of income. The item includes acquisition-related costs attributable to ongoing, completed and discontinued acquisitions.

Government subsidies

Government subsidies received pertaining to compensation for an asset's cost, reduces the carrying amount for the asset concerned and is depreciated over its useful life. Subsidies received for New start initiatives, wage subsidies and sickness benefits are recognised as a reduction in the Group's personnel expenses. For previous periods, the Nobina Group has recognised subsidies for Nystartsjobb (New start jobs) and wage subsidies as revenue in the Nobina Group and other subsidies received as a reduction in the Group's personnel expenses. The Nobina Group is therefore changing accounting policy, IAS 8 p.14, so all subsidies received, IAS 20, are to be recognised as a cost reduction, in order to achieve a more uniform and accurate accounting, see Note 3.

Leases

In the consolidated financial statements, leases are classified as either finance or operating. Most of Nobina's leases are classified as finance leasing, see Note 14. In a finance lease, the main financial risks and benefits are transferred to the lessee. If this is not the case, the agreement is considered to be an operating lease. Finance leases are recognised as non-current assets in the balance sheet and the corresponding leasing commitment is recognised as a liability. Assets and liabilities at the beginning of a leasing agreement are measured at the lower of fair value and the present value of future lease payments. Assets held under finance leases are depreciated on a straight-line basis over their estimated useful lives in accordance with the principles used for similar asset groups. The useful life periods do not follow the payment periods in the lease contracts, since the company considers that the benefits from the leased vehicles extend longer than the related financial obligation. Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability to produce a constant periodic rate of interest on the remaining balance of the liability. In the income statement, the lease expenses are recognised as depreciation and interest expenses.

For operating leases, no assets or liabilities are recognised in the balance sheet. In the income statement, lease expenses are recognised on a straight-line basis over the term of the lease.

Share saving programme

The Annual General Meeting of Nobina AB resolved in May 2017 to introduce a share saving programme (LTIP 2017), encompassing a total of not more than 342,087 shares directed to 22 senior executives and other key employees of the Nobina Group. The share saving programme was based on personal investments and savings shares that could be purchased up until Wednesday, 28 February 2018. The Annual General Meeting of Nobina AB resolved in May 2018 to introduce a share saving programme (LTIP 2018), encompassing a total of not more than 656,435 shares directed to 60 senior executives and other key employees of the Nobina Group. The share saving programme was based on personal investments and savings shares that could be purchased up until Friday, 31 August 2018. The cost in accordance with IFRS 2 is recognised in the income statement when the bonus is earned. The share-based reserve is classified as a part of equity and not as a liability. At the conclusion of the programmes, any deviations from the original estimates are reported in the statement of income together with corresponding adjustments.

Note 1 cont.

Depreciation/amortisation

Depreciation/amortisation of PPE and intangible assets is based on the historic cost and estimated useful lives of different groups of non-current assets. Depreciation/amortisation takes place on a straight-line basis over the useful life of the assets to an estimated residual value. For assets acquired during the year, depreciation/amortisation is calculated from the acquisition date.

Applied useful lives

Goodwill	Not amortised
Other intangible assets	
Brand	Not amortised
Customer relations/traffic contracts	Over the term of the contract
Software development	3–5 years
Properties	
Properties	Individual valuation
	5 years, but not exceeding the term of the lease
Remodelling of leased premises	
Office equipment and furniture	
Office furniture	5 years
Computers	3 years
Tools, fixtures and fittings	5 years
Vehicles	
Standard buses	14 years
Special buses	Individual valuation

Capital losses from the disposal of non-current assets (buses)

Disposal of non-current assets (buses) is recognised at the sale amount minus the recognised residual value. Impairment of excess buses, not yet sold, is also recognised under this heading, see Note 9.

Financial income and expenses

Financial income and expenses consist of interest income on bank funds, funded pension assets and receivables, interest expense on loans, interest expense on vehicles under a finance lease, the interest portion of pension liability, plus realised and unrealised gains and losses attributable to financing. Interest income and interest expense are recognised in the period in which they arise.

Income taxes

The Group's income taxes consist of current tax and deferred tax. Income taxes are reported in the income statement, unless the underlying transaction is reported directly in equity or other comprehensive income. In such cases, the related tax effect is also recognised directly in equity or in other comprehensive income. Current tax refers to taxable profit or loss for the year. Deferred tax is calculated based on the temporary differences between the carrying amount and taxable values of assets and liabilities, as well as tax on the consolidated tax loss carryforwards. Deferred tax is calculated according to the applicable tax rate in each country. Deferred tax assets are recognised only to the extent that it is probable that they can be utilised against future taxable profits. Tax laws in Sweden and Finland permit provisions to special reserves and funds, which constitute temporary differences. Within specified limits, this enables companies to retain profits in the company without immediate taxation of these profits. The untaxed reserves are not subject to taxation until they are dissolved.

However, during years when the operations make a loss, the untaxed reserves can be utilised to cover losses without giving rise to any taxation. In the consolidated balance sheet, untaxed reserves for the individual companies are allocated between shareholders' equity and deferred tax liabilities. In the income statement, deferred tax is recognised as tax attributable to the change in untaxed reserves for the year. Deferred tax assets and tax liabilities are recognised net when there is a legal right to offset current tax assets against current tax liabilities and the deferred taxes refer to the same tax object and the same authority.

PPE and intangible assets

Goodwill

After initial recognition, goodwill is measured at cost, less deductions for any accumulated impairments. Goodwill is not amortised, but is tested annually, or more often if there are indications of a decrease in value. Impairment losses are never reversed. For the purpose of testing impairment requirements, goodwill is allocated to the Group's cash-generating units, which are the same as those used in the segment accounting. Recoverable amounts are determined based on calculations of the value in use. The recoverable amount is the highest of value in use and net realisable value. These calculations are based on an internal assessment of the next four years with various growth rates per segment area. Anticipated future cash flows in accordance with these assessments constitute the grounds for the calculation. Working capital changes and investment requirements have hereby been taken into account. If such an analysis indicates that the carrying amount is higher than the recoverable amount, which is the highest of fair value and value in use, the difference between the carrying amount of goodwill and the recoverable amount will be recorded as an impairment loss. The value in use is measured as the anticipated future discounted cash flow generated by the asset.

Other PPE and intangible assets

Other PPE and intangible assets are recognised at historical cost less amortisation/depreciation and any impairment losses. Cost consists of the purchase price as well as costs directly attributable to bringing and installing the asset to working condition for its intended use. Any discounts, bonuses or government subsidies are deducted from the cost amount. Other intangible assets consist of brands, customer relations (traffic contracts) and externally capitalised development costs, which are mostly software. Proprietary software and software maintenance are expensed as incurred. A PPE item is recognised as an asset when the cost can be calculated in a reliable manner and when, based on available information, it is probable that the future financial benefits connected with ownership will accrue to the company. An item of property, plant and equipment is recognised at the time of delivery, as stated on the invoice or packing slip. The carrying amounts of non-current assets are regularly tested for impairment. If, on the date of the year-end report, there is an indication that a non-current asset has declined in value, a calculation is made of the asset's net realisable value and value in use. The net realisable value consists of the price that is estimated to be received in the event of disposal of the asset less selling expenses. An impairment requirement is considered to exist when the present value of the future cash flow from these assets falls below their carrying amount. The impairment amount consists of the difference between the higher of the value in use or net realisable value and the carrying amount. For non-current assets that will be divested, the potential impairment amount is calculated as the difference between the estimated sales revenue less associated costs and the asset's carrying amount.

Inventories

Inventories include spare parts purchased mainly for the repair of the company's own or rented buses as well as stocks of fuel. Inventories are stated at the lower of cost and fair value, on a first in, first out basis. The necessary provisions are made for obsolescence, partly on a case-by-case basis and partly through collective assessment.

Note 1 cont.

Financial assets and liabilities and other financial instruments

Financial instruments are initially recognised at cost, corresponding to fair value including transaction costs for all financial instruments aside from those in the category of financial assets and liabilities measured at fair value through profit or loss. Accounting treatment of financial liabilities depends on how they are classified, as described below.

A financial asset or liability is recognised in the balance sheet when the company initially becomes party to the contractual provisions of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been issued. Financial liabilities are recognised when the counterparty has performed and there is contractual obligation to pay, even if no invoice has been received. Accounts payable are recognised when an invoice has been received.

A financial asset is derecognised from the balance sheet when the company's rights under the agreement are realised, expire or the company has relinquished control of the asset. The same applies to a part of a financial asset. A financial liability is derecognised from the balance sheet when the obligation specified in the agreement is discharged or otherwise extinguished. The same applies to a part of a financial liability. On each reporting date, the Group assesses whether there is objective evidence of impairment for a financial asset or group of financial assets. The Group has not applied hedge accounting for the 2018/2019 or 2017/2018 fiscal years.

Financial assets and liabilities measured at fair value through profit or loss

Assets and liabilities in this category consist of derivatives measured at fair value with fair value changes recognised through profit or loss. Fair values are based on prices listed in an active market, corresponding to IFRS Level 1.

Delineation between current and non-current items

Financial assets and liabilities with a maturity that exceeds one year after the close of the reporting period are recognised as non-current. Other financial assets and liabilities are recognised as current. Financial assets and liabilities are derecognised from the balance sheet in accordance with settlement date accounting method.

Loan and accounts receivable

Receivables are recognised at the amount in which they are expected to be received after deduction for doubtful debts, which are assessed individually. When the expected maturity is short, the receivable is recognised at nominal value without discounting. Impairment losses on receivables are recognised in operating expenses.

Cash and cash equivalents

Cash and cash equivalents consist of demand deposits at banks. Utilised overdraft facilities are recognised in the balance sheet as part of the item current interest-bearing liabilities. Nobina AB is the account principal for the Group cash pool. Receivables and liabilities within the Group's cash pool are recognised as current receivables and liabilities from/to Nobina AB.

Other financial liabilities

Liabilities are classed as other financial liabilities, which means that they are initially recognised at the amount received less transaction costs. Fees paid on long-term borrowings are expensed over the term of the loan.

After the acquisition date, liabilities are measured at amortised cost using the effective interest method. Accounts payable are classified as other financial liabilities. Accounts payable have a short expected maturity and are measured at nominal value without discounting.

Impairment of financial assets

Any impairment requirements of financial assets in the categories of held-to-maturity investments and loans and receivables measured at amortised cost are calculated as the present value of future cash flows discounted at the effective rate in force on initial recognition of the asset. Assets with a time to maturity of less than one year are not discounted. Impairment of held-to-maturity investments and loans and receivables recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event occurring after the date of the impairment loss.

Other provisions and provisions for pensions and contingent items

A provision is recognised in the balance sheet when the Group has a current legal or informal obligation that has arisen as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Where the effect of when a payment is made is significant, provisions are calculated through the discounting of the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the value of money.

Termination remuneration

A provision is recognised if the Group has decided to implement a major operational change, whereby the company is demonstrably committed to terminate a number of employment contracts before the normal retirement date. In the event of termination, the company draws up a detailed plan that, at a minimum, states the place of work, as well as the amount of compensation for each employee and the time of the plan's implementation.

Onerous contracts

A large share of the revenues is attributable to contracts with PTAs where the contracts extend for between five and ten years, with an extension option. The contractual terms commonly stipulate that the revenues shall be adjusted upwards in accordance with set indexes, either consumer price indexes or various producer price indexes. Due to changed conditions and because the costs increase more than the revenues, the contracts can become loss or onerous contracts, which is when the remaining contracted revenues are not enough to cover the costs attributable to the contracts to fulfil the contractual commitment. A provision for future losses is then made in the period that management identifies the contract as an onerous contract. The loss is estimated by including direct and indirect costs attributable to the contract, including depreciation of buses used to fulfil the commitment. The provision is made at the PTA level if there is a natural connection between the various contracts. In a tender process, tenders can be submitted for multiple contracts, where some are profitable and others entail a loss, but the transaction as such provides a surplus.

Third-party obligations

Provisions are made for damages that occurred to the Group's own vehicles that have not complied with traffic safety or contract requirements or against third parties. The provision must cover future obligations to third parties.

Environmental obligations

Provisions are made for existing and future environmental obligations on leased land and facilities that are, or have been, used in operations.

Note 1 cont.

Employee remuneration

Current employee remuneration is calculated without discounting and recognised as an expense when the related services were rendered.

Pensions

The Group has both defined-contribution and defined-benefit pension plans. The pension liabilities pertain to defined-benefit pensions, calculated annually in the Group in accordance with IAS 19 with assistance from an independent actuary. In the defined-contribution pension plans, Nobina pays a fixed contribution according to plan and has no further obligation to pay post employment contributions. Under the defined benefit plan for Nobina Europe AB, benefits are paid to former employees on the basis of final salary and years of service. The Group bears the risk of ensuring that the contractual benefits are paid.

Pension obligations for the Swedish operations are covered by a multi-employer, defined-benefit pension plan. The plan is insured in the mutual insurance company Alecta. The Group has not had access to sufficient information to report its proportional share of the defined-benefit obligation and of the plan assets and expenses. The plan is therefore recognised as a defined-contribution plan, which means that premiums paid are recognised as a personnel expense. In the Swedish operations, there is also a defined-benefit pension plan that is funded. The Group's obligations pertaining to other defined-benefit plans are determined separately for each plan according to the Projected Unit Credit Method. This means that the obligation is calculated as the present value of expected future pension payments. The obligation calculated accordingly is compared with the fair value of the plan assets that secure the obligation. The difference is recognised as a liability/asset with respect to accrued actuarial gains/losses. The calculation of the future payments is based on actuarial assumptions for life expectancy, future salary increases, employee turnover and other factors that influence the choice of discount rate. The net value of return on assets and interest expenses for pension liabilities are reported in financial income or expenses. Payroll tax attributable to actuarial gains and losses is weighted into the calculation of actuarial gains and losses. In some cases, endowment insurance has been used for former Board members and CEOs. Endowment insurance policies issued are recognised as financial assets and as obligations under provisions for pensions.

Contingent liabilities

A contingent liability is recognised when there is a possible commitment deriving from an occurred event whose existence can only be confirmed if one or more uncertain future events that are not fully within the control of the company occur or when there is a commitment that has not been recognised as a liability or entered as a provision because it is not certain that an outflow of resources will be required.

Earnings per share

Earnings per share for continuing and sold operations before dilution are calculated by taking the net profit attributable to Parent Company shareholders and dividing it by the average number of outstanding shares. Earnings per share after dilution is calculated by dividing the net profit attributable to the Parent Company shareholders by an adjusted average number of outstanding shares, if potential ordinary shares may give rise to dilution. Nobina's dilution is affected by the issued incentive programmes, LTIP 2017 and LTIP 2018.

Equity attributable to Parent Company shareholders

Equity attributable to Parent Company shareholders comprises share capital, other contributed capital, translation differences and losses brought forward, repurchased own shares and social security contributions for the incentive programmes LTIP 2017 and LTIP 2018. Share capital comprises the legally registered share capital in Nobina AB. Other contributed capital comprises contributions made by shareholders in the form of share premiums paid on new issues of shares. Dividends are proposed by the Board in accordance with the stipulations of the Swedish Companies Act and adopted by the AGM.

Cash flow

The cash flow statement has been prepared based on profit or loss and other changes between the opening and closing balances in the balance sheet, taking into account translation differences. The cash flow statement was prepared according to the indirect method. The recognised cash flow consists of transactions that generate deposits and payments. Cash and cash equivalents in the cash flow statement include cash in hand, driver cash and bank funds. Items that do not affect the cash flow include provisions, depreciation/amortisation and unrealised exchange-rate differences, since they are not cash-based items. Realised profits and losses in connection with the divestment of assets are recognised separately since the cash effect of divesting non-current assets is recognised under cash flow from investing activities. Interest paid, such as the interest increment of vehicles under a finance lease and interest on external short and long-term borrowings, is recognised under items from financing activities, while payments received for interest income are recognised in cash flow from operating activities.

Parent Company accounting policies

The financial statements for the Parent Company, Nobina AB, were prepared in accordance with the Annual Accounts Act, other Swedish legislation and recommendation RFR 2 "Accounting for Legal Entities". Any deviations that arise between the Parent Company and the Group's policies are due to limitations in the ability to apply IFRS in the Parent Company due to the Swedish Annual Accounts Act and, in some cases, tax reasons.

Group contribution for legal entities

In accordance with RFR 2 and IAS 27, Group contributions that Nobina AB receives from subsidiaries are recognised as financial income and Group contributions that Nobina AB pays to subsidiaries are recognised as participations in subsidiaries, in the same way as shareholders' contributions. Group contributions that are paid by, or received from, another company in the same Group are basically a method for reducing the Group's taxable income. Sometimes a Group contribution can also be placed on a par with a type of capital transfer between companies in the same Group, depending on the purpose.

Shares in subsidiaries

Participations in subsidiaries are recognised in the Parent Company according to the cost method including acquisition-related costs. All dividends from subsidiaries are recognised in the Parent Company income statement. In particular circumstances, such a dividend may indicate that the value of the shares has fallen and that an impairment test should therefore be carried out.

Pensions

Pension obligations are valued in accordance with the Swedish Pension Obligations Vesting Act.

NOTE 2 NOBINA'S OPERATING SEGMENTS

	Nobina Sweden	Nobina Denmark	Nobina Norway	Nobina Finland	Central functions and other items	Elimination within the Group	Total
Income statement 1 Mar 2018–28 Feb 2019							
Revenue	6,863	648	1,047	1,178	2	–4	9,734
EBITDAR	1,080	67	87	131	–26	–	1,339
Operational leasing expenses	–19	–5	–	–	–	–	–24
EBITDA	1,061	62	87	131	–26	–	1,315
EBITDA (%)	15	10	8	11	–	–	13.5
Capital gains/losses from the disposal of non-current assets	–30	–3	–5	–1	7	–	–32
Depreciation/amortisation of PPE	–485	–34	–67	–88	–31	–	–705
EBITA	546	25	15	42	–50	–	578
EBITA (%)	8	4	1	4	–	–	5.9
Amortisation/impairment of intangible assets	–12	–6	–	–	–2	–	–20
Acquisition-related costs	–6	–6	–	–	–13	–	–25
EBIT	528	13	15	42	–65	–	533
EBIT (%)	8	2	1	4	–	–	5.5
Net financial items	–89	–6	–20	–17	–6	–	–138
Profit/loss before tax	439	7	–5	25	–71	–	395
Income tax	–4	–4	–	–1	–83	–	–92
Profit/loss for the year	435	3	–5	24	–154	–	303
Balance sheet 28 Feb 2019							
Intangible assets	833	275	128	29	15	–	1,280
Property, plant and equipment	3,549	265	477	724	217	–	5,232
Other assets	881	129	133	130	1,268	–	2,541
Total assets	5,263	669	738	883	1,500	–	9,053
Total liabilities	4,415	352	627	780	1425	–	7,599
Other information							
Investments in intangible assets, PPE and financial assets for the year	1,025	50	30	117	174	–	1,396
Average number of employees	7,995	864	1,258	1,323	141	–	11,581
Number of employees translated to FTEs	7,711	778	812	1,107	139	–	10,547

Note 2 cont.

	Nobina Sweden	Nobina Denmark	Nobina Norway	Nobina Finland	Central functions and other items	Elimination within the Group	Total
Income statement 1 Mar 2017–28 Feb 2018							
Revenue	6,146	544	1,024	1,070	6	–30	8,760
EBITDAR	938	52	69	170	2	–	1,231
Operational leasing expenses	–28	–5	–	–	–	–	–33
EBITDA	910	47	69	170	2	–	1,198
EBITDA (%)	14.8	8.6	6.7	15.9	–	–	13.7
Capital gains/losses from the disposal of non-current assets	–	–	–	–	–7	–	–7
Depreciation/impairment of PPE	–444	–31	–68	–79	–39	–	–661
EBITA	466	16	1	91	–44	–	530
EBITA (%)	7.6	2.9	–	8.5	–	–	6.0
Amortisation/impairment of intangible assets	–	–	–	–	–4	–	–4
Acquisition-related costs	–	–	–	–	–	–	–
EBIT	466	16	1	91	–48	–	526
EBIT (%)	7.6	2.9	–	8.5	–	–	6.0
Net financial items	–93	–7	–22	–17	4	–	–135
Profit/loss before tax	373	9	–21	74	–44	–	391
Income tax	–1	–	–	–6	–78	–	–85
Profit/loss for the year	372	9	–21	68	–122	–	306
Balance sheet 28 Feb 2018							
Intangible assets	424	–	124	29	10	–	587
Property, plant and equipment	3,637	237	468	642	234	–	5,218
Other assets	816	143	238	144	661	–	2,002
Total assets	4,877	380	830	815	905	–	7,807
Total liabilities	4,246	343	712	731	339	–	6,371
Other information							
Investments in intangible assets, PPE and financial assets for the year	535	1	80	29	71	–	716
Average number of employees	7,451	674	1,302	1,245	144	–	10,816
Number of employees translated to FTEs	6,690	512	1,118	1,020	128	–	9,468

NOTE 3 NET SALES

Net sales by segment for continuing operations

(SEK million)	Full year	
	Mar 2018–Feb 2019	Mar 2017–Feb 2018
Nobina Sweden	6,863	6,146
Production contracts	4,642	4,152
Incentive contracts	2,069	1,781
Other revenue	152	213
Nobina Denmark	648	544
Production contracts	563	519
Incentive contracts	3	7
Other revenue	82	18
Nobina Norway	1,047	1,024
Production contracts	1,009	946
Incentive contracts	8	5
Other revenue	30	73
Nobina Finland	1,178	1,070
Production contracts	1,154	1,050
Incentive contracts	19	18
Other revenue	5	2
Total	9,736	8,784
Production contracts	7,368	6,667
Incentive contracts	2,099	1,811
Other revenue	269	306
Central functions and other items	2	6
Elimination of sales within the Group	–4	–30
Total net sales	9,734	8,760

Nobina's revenue streams for tendered traffic

Most of Nobina's income consists of remuneration for scheduled bus traffic and is attributable to contracts with PTAs that run for a term of five to eight years, with an extension option. The number of traffic contracts for tendered traffic currently amounts to 70 in Nobina Sweden, 6 contracts in Nobina Denmark, 7 contracts in Nobina Norway and 26 contracts in Nobina Finland. The option to extend traffic contracts does not provide any special benefit to either the PTA or the company, which is why the option is not assigned any value in the overall measurement of the contract value. Utilisation of the extension option is to be regarded as a new traffic contract based on the existing structure. Regardless of the payment streams for operations under a contract, Nobina reports its revenues when the services are provided and transferred to the customer. Contracts between an operator and a PTA include the parties' commercial terms and conditions, such as who is responsible for operating the traffic, service interruptions, reduced or expanded traffic volume and the extension option. The Nobina Group delivers most of the services in tendered traffic, which are to be regarded as a series of integrated services constituting the combined performance over time, whereby the customer can benefit from the services at each point in time. PTAs have the right to increase or decrease the agreed production volume in line with an agreed production interval. Changes to the applicable traffic production, within an

agreed contract volume, do not provide any material benefit to the PTA, which is why all revenue is recognised as an undertaking for the operator. The Nobina Group may sometimes pay fines for cancelled journeys, etc. The fines are recognised as a revenue reduction unlike previous years when these were recognised as an expense in the Nobina Group's income statement. Fines are recognised in the corresponding period when the services are provided and transferred to the customer. The Nobina Group's payment formats for contracted traffic can be either production contracts or incentive contracts.

Contract form – production contract

About 75 per cent of Nobina's contracts with PTAs are of the production-contract type, in which compensation is based exclusively on the number of kilometres or hours driven and is entirely unrelated to the number of passengers. The amount of compensation is often tied to certain cost indices in order to compensate the traffic companies for cost increases during the term of the contract. The compensation is adjusted during the term of the contract due to changes in these indices. Nobina adjusts its revenues during the contract period according to the agreed indexation formula.

Contract form – incentive contract

Nobina's traffic contracts can also be designed so that all or part of the compensation is based on the number of passengers. These are called incentive contracts, and account for about 20 per cent of total contract revenue. Revenue from these contracts is recognised on the date that the passenger travels with Nobina.

Variable revenue included in the production and incentive contract forms

In certain cases, the Nobina Group's traffic contracts also include variable increments for estimated and received quality and performance compensation for completed traffic production. Revenue recognition is estimated based on the most probable outcome amount. Cash settlement of allocated quality and performance compensation is effected either on a monthly, quarterly or annual basis retroactively, depending on the traffic contract's agreed conditions, where reconciliation is conducted between the Nobina Group and the PTA.

Other revenue – Coach hire

In addition to contracted public transport and passenger revenue, Nobina also conducts contracted needs-governed traffic, what we designate coach hire. This traffic complements the Nobina Group's other operations. The point of departure is that most of Nobina's traffic contracts usually include scope for freely using the vehicles encompassed by the traffic contract, subject to certain limitations, for commercial traffic, whereby the revenue can either derive from a client, private individual or a company. Revenue is recognised on the day when Nobina performs the traffic assignment and the services are transferred to the customer.

Other revenue

Other services may include letting of office premises, sales of fuel or maintenance services. All other revenue is recognised when the products are delivered or the services are performed.

Major clients

Sales to three (three) major clients in the Nobina Sweden segment represent 43 (45) per cent of Nobina's sales and in the Nobina Finland segment, sales to one (one) major client represents 12 (12) per cent of Nobina's sales.

Note 3 cont.

Contract reconciliation and cash flow statement	Nobina Sweden	Nobina Denmark	Nobina Norway	Nobina Finland	Central functions, other items and eliminations	Total	Note reference
Contract receivables and accrued income on 28 Feb 2018	418	46	132	80	–	676	19, 20
Deferred contract revenue on 28 Feb 2018	–231	–	–38	–1	–2	–272	28
Contract receivables net on 28 Feb 2018	187	46	94	79	–2	404	
Revenue from contract agreements	6,711	566	1,017	1,173	–	9,467	3
Payments for the period from contract agreements	–6,620	–544	–1,049	–1,154	8	–9,359	
Contract receivables and accrued income on 28 Feb 2019	529	68	101	98	6	802	19, 20
Deferred contract revenue on 28 Feb 2019	–251	–	–39	–	–	–290	28
Contract receivables net on 28 Feb 2019	278	68	62	98	6	512	
Other receivables and accrued income on 28 Feb 2018	22	3	2	–	3	30	19, 20
Deferred other receivables on 28 Feb 2018	–4	–	–	–	–	–4	28
Other receivables net on 28 Feb 2018	18	3	2	–	3	26	
Revenue from other receivables	152	82	30	5	–2	267	3
Payments for the period from other receivables	–156	–83	–28	–5	3	–269	
Other receivables and accrued income on 28 Feb 2019	14	2	4	–	4	24	19, 20
Deferred other receivables on 28 Feb 2019	–	–	–	–	–	–	28
Other receivables net on 28 Feb 2019	14	2	4	–	4	24	

Contract receivables excluding VAT are recognised in the item trade receivables and deferred expenses in the balance sheet as well as deferred contract revenue under the item accrued expenses and deferred income.

Contract reconciliation and cash flow statement	Nobina Sweden	Nobina Denmark	Nobina Norway	Nobina Finland	Central functions, other items and eliminations	Total	Note reference
Contract receivables and accrued income on 28 Feb 2017	393	36	108	85	14	636	
Deferred contract revenue on 28 Feb 2017	–208	–	–38	–	–1	–247	
Contract receivables net on 28 Feb 2017	185	36	70	85	13	389	
Revenue from contract agreements	5,933	526	951	1,068	–	8,478	
Payments for the period from contract agreements	–5,931	–516	–927	–1,074	–15	–8,463	
Contract receivables and accrued income on 28 Feb 2018	418	46	132	80	–	676	19, 20
Deferred contract revenue on 28 Feb 2018	–231	–	–38	–1	–2	–272	28
Contract receivables net on 28 Feb 2018	178	46	94	79	–2	404	
Other receivables and accrued income on 28 Feb 2017	22	4	2	–	3	31	
Deferred other receivables on 28 Feb 2017	–	–	–	–	–	–	
Other receivables net on 28 Feb 2017	22	4	2	–	3	31	
Revenue from other receivables	213	18	73	2	–24	282	3
Payments for the period from other receivables	–217	–19	–73	–2	24	–287	
Other receivables and accrued income on 28 Feb 2018	22	3	2	–	3	30	19, 20
Deferred other receivables on 28 Feb 2018	–4	–	–	–	–	–4	28
Other receivables net on 28 Feb 2018	18	3	2	–	3	26	

Note 3 cont.

Reclassification upon transition to IFRS 15 and adjustments to the policy for subsidy management in previous periods with respect to IAS 20, for continuing operations, comprehensive income

	1 Mar 2017 –28 Feb 2018	IFRS 15 adjustment	IAS 20	Restated
Net sales	8,857	–55	–42	8,760
Fuel, tyres and other consumables	–1,604	–	–	–1,604
External expenses	–1,223	55	–	–1,168
Personnel expenses	–4,832	–	42	–4,790
Capital gains/losses from the disposal of non-current assets	–7	–	–	–7
Depreciation/amortisation and impairment of PPE and intangible assets	–665	–	–	–665
Operating profit	526	–	–	526
Operating profit from net financial items				
Financial income	–	–	–	–
Financial expenses	–135	–	–	–135
Net financial items	–135	–	–	–135
Profit before tax	391	–	–	391
Income tax	–85	–	–	–85
Profit for the period	306	–	–	306

The introduction of IFRS 15

Revenue from Contracts with Customers did not entail any material impact on consolidated financial statements. No adjustments took place on the transition date. However, the transition did result in a reclassification between recognised revenue and other expenses (fines). The opening balance for 2018/2019 was not adjusted.

IAS 20, adjustments of the policy for subsidy management

For previous periods, the Nobina Group has recognised subsidies for Nystartsjobb (New start jobs) and wage subsidies as revenue in the Nobina Group and other subsidies received as a reduction in the Group's

personnel expenses. The Nobina Group is therefore changing accounting policy, IAS 8 p.14, so all government grants received, IAS 20, are recognised in a uniform and consistent manner.

Discontinued operations

Swebus Express AB, which was divested during the year, is classified as discontinued operations pursuant to IFRS 5 and is therefore adjusted in the current and the comparative periods and recognised at an aggregate amount under the line item "profit/loss from discontinued operations" in the consolidated income statement, see Note 29.

NOTE 4 OPERATING EXPENSES

	Group		Parent Company	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Fuel	1,224	1,097	–	–
Spare parts	226	202	–	–
Tyres and other consumables	319	305	–	–
Total fuel, tyres and other consumables	1,769	1,604	–	–
Leasing expenses	24	33	–	–
Other external expenses	1,436	1,135	38	22
Total other expenses	1,460	1,168	38	22
Payroll expenses	3,903	3,598	31	23
Employer's contributions	887	837	10	7
Pension expenses	333	293	7	6
Other personnel expenses	67	62	2	1
Total personnel expenses	5,190	4,790	50	37

NOTE 5 ACQUISITION-RELATED COSTS

	Group		Parent Company	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Acquisition-related income and costs				
Fair value adjustment of contingent considerations not paid	–5	–	–5	–
Acquisition-related costs	–20	–	–8	–
Total	–25	–	–13	–

	Group	
	1 Mar 2018– 28 Feb 2019	1 Mar 2017– 28 Feb 2018
Acquisition-related income and costs, by segment		
Nobina Sweden	–6	–
Nobina Denmark	–6	–
Nobina Norway	–	–
Nobina Finland	–	–
Central functions and other items	–13	–
Total	–25	–

	Group	
	1 Mar 2018– 28 Feb 2019	1 Mar 2017– 28 Feb 2018
Cash flow from acquisition-related costs		
Acquisition-related costs in income statement	25	–
Cash flow	–20	–
Adjustment for cash flow from acquisition-related costs	5	–

NOTE 6 REMUNERATION OF AUDITORS

	Group		Parent Company	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Fees and compensation to auditors, SEK thousand				
PwC				
Audit assignment	3,680	3,180	1,193	906
Audit-related activities in addition to audit assignment:	26	122	–	115
Tax advisory services	–	–	–	–
Other services	49	295	49	282
Total	3,755	3,597	1,242	1,303

Audit assignments pertain to a review of the Annual Report and accounts, including the administration by the Board of Directors and CEO and other work assigned to the company's auditors, and advice or other assistance required during the review or similar assignments. All other work is deemed audit operations in addition to the audit assignment. Of total

remuneration for the audit assignment of SEK 3,755,000, SEK 2,078,000 was invoiced by PricewaterhouseCoopers (PwC) in Sweden for the statutory audit. The remaining remuneration of SEK 26,000 and SEK 49,000, respectively, was invoiced by PwC in Sweden and pertains to accounting-related advisory services and reviews in addition to the standard audit.

NOTE 7 LEASING

Operating leases – buses

	Group	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Operating leases (vehicles)		
Fees for operating leases for the year	24	33
Number of operating leases	239	262
	Group	
	28 Feb 2019	28 Feb 2018
Future minimum leasing fees for non-cancellable operating leases		
Total future minimum leasing fees	106	130
Less interest charge	–5	–6
Present value of future minimum leasing fees	101	124

The grounds for how variable fees are established based on the lease terms. The leasing expenses are normally based on either straight-line amortisation or an annuity payment with variable amortisation over time. The proportion of contracts with annuity payments is approximately 95 per cent of the operating contracts. The durations of the operating contracts are divided into blocks where the first one is usually five years with a residual value of approximately 40 per cent and then extensions of up to seven years, with residual values down to 0 per cent. Interest expense is calculated as the contract interest rate on the outstanding liability at all times. The contract interest rate normally comprises a variable base interest rate such as STIBOR or EURIBOR with the addition of a fixed margin. At the end of the contracts, the buses are returned to the lessor. The lessor is responsible for the residual value. No substantial secondary leasing of leased buses took place during the fiscal year.

Operating lease expenses per segment	Group	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Nobina Sweden	19	28
Nobina Denmark	5	5
Nobina Norway	–	–
Nobina Finland	–	–
Total operating lease expenses	24	33

Nominal value of future minimum leasing fees per segment	Group	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Nobina Sweden	106	130
Nobina Denmark	–	–
Nobina Norway	–	–
Nobina Finland	–	–
Total nominal value of future minimum leasing fees	106	130

Present value of future minimum leasing fees for operating leases per segment	Group	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Nobina Sweden	101	124
Nobina Denmark	–	–
Nobina Norway	–	–
Nobina Finland	–	–
Total present value of future minimum leasing fees for operating leases	101	124

Present value of future minimum leasing fees for operating leases grouped by maturity date

Expected maturity 1 Mar 2019 and later	Q1	Q2	Q3	Q4	2020/2021	2021/2022	2022/2023	Later	Total
Future minimum leasing fees	5	5	5	5	20	20	18	28	106
Present value of future minimum leasing fees	5	5	5	5	20	19	17	25	101
Expected maturity 1 Mar 2018 and later	Q1	Q2	Q3	Q4	2019/2020	2020/2021	2021/2022	Later	Total
Future minimum leasing fees	6	6	6	6	25	22	20	39	130
Present value of future minimum leasing fees	6	6	6	6	25	22	19	34	124

Other operating leases – Group

	1 Mar 2019 –28 Feb 2020	2020/2021	2021/2022	2022/2023	Later	Total
Property rents	191	168	137	93	128	717
Leases for vehicles excluding buses	12	8	6	4	–	30
Other operating leases	1	–	–	–	–	1
Total nominal value of other operating leases	204	176	143	97	128	748
	1 Mar 2018 –28 Feb 2019	2019/2020	2020/2021	2021/2022	Later	Total
Property rents	215	182	152	136	210	895
Leases for vehicles excluding buses	6	3	1	–	–	10
Other operating leases	1	–	–	–	–	1
Total nominal value of other operating leases	222	185	153	136	210	906

NOTE 8 PERSONNEL

	Group		Parent Company	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Number of employees				
Average number of employees	11,581	10,816	15	11
of whom men	10,121	9,440	11	8
of whom women	1,460	1,376	4	3
Number of employees translated to FTEs	10,547	9,468	15	11
Sweden	8,136	7,595	15	11
of whom men	6,949	6,488	11	8
of whom women	1,187	1,107	4	3
Number of employees translated to FTEs	7,850	6,818	15	11
Denmark	864	674	–	–
of whom men	752	579	–	–
of whom women	112	95	–	–
Number of employees translated to FTEs	778	512	–	–
Norway	1,258	1,302	–	–
of whom men	1,169	1,193	–	–
of whom women	89	109	–	–
Number of employees translated to FTEs	812	1,118	–	–
Finland	1,323	1,245	–	–
of whom men	1,251	1,180	–	–
of whom women	72	65	–	–
Number of employees translated to FTEs	1,107	1,020	–	–

Personnel expenses

	Group 1 Mar 2018–28 Feb 2019			Group 1 Mar 2017–28 Feb 2018		
	Salaries and other remuneration	Payroll overheads	Of which pension expenses	Salaries and other remuneration	Payroll overheads	Of which pension expenses
Salaries and other remuneration						
Parent Company	31	17	7	23	13	6
Subsidiaries in Sweden	2,451	938	170	2,303	868	150
Total Sweden	2,482	955	177	2,326	881	156
Foreign subsidiaries						
Denmark	340	53	31	287	47	26
Norway	494	88	20	482	92	19
Finland	587	124	105	503	110	92
Total foreign subsidiaries	1,421	265	156	1,272	249	137
Total Group	3,903	1,220	333	3,598	1,130	293

	Group 1 Mar 2018–28 Feb 2019			Group 1 Mar 2017–28 Feb 2018		
	Group's senior executives	Of which bonus payments and similar remuneration	Other employees	Group's senior executives	Of which bonus payments and similar remuneration	Other employees
Distribution of salaries and other remuneration by country and between the Group's senior executives and other employees						
Parent Company	19	5	12	15	2	8
Subsidiaries in Sweden	15	2	2,436	11	1	2,292
Total Sweden	34	7	2,448	26	3	2,300
Foreign subsidiaries						
Denmark	3	1	337	2	1	285
Norway	4	1	490	2	–	480
Finland	3	1	584	2	1	501
Total foreign subsidiaries	10	3	1,411	6	2	1,266
Total Group	44	10	3,859	32	5	3,566

Note 8 cont.

Shareholdings of Directors and other senior executives

Number of shares	Group	
	28 Feb 2019	28 Feb 2018
Chairman of the Board		
Jan Sjöqvist	193,737	193,737
Directors		
Graham Oldroyd	34,375	34,375
Liselott Kilaas	–	–
Monica Lingegård	–	–
John Allkins	54,963	54,963
Bertil Persson	–	–
Ragnar Norbäck	–	700,000
Senior executives		
Magnus Rosén	52,000	30,000
Per Skärgård	217,878	217,878
Jan Bosaeus	210,913	210,913
Henrik Dagnäs	13,000	–
Tom Ward	–	112,066
Niels Peter Nielsen	54,005	79,005
Jan Volsdal	10,000	4,000
Martin Pagrotsky	40,000	66,844
Tomas Hansson	19,000	19,000
Anna Jonasson	7,000	5,900
Total number of shares	906,871	1,728,681

Remuneration to the CEO and other senior executives

Nobina's senior executives consist of the CEO, Managing Directors for subsidiaries (of whom one subsidiary's managing director is Deputy CEO), CFO (Deputy CEO), Director for HR, Senior Legal Counsel & Chief Compliance Officer and Director of Business Development & Group functions. The total remuneration to the CEO and other senior executives includes fixed salaries, short and long-term variable remuneration, pensions and other benefits. The CEO and other senior executives may also be offered to participate in various incentive programmes issued by Nobina AB on market conditions. The overall aim of such incentive programmes is to create shared interest between Nobina's senior executives and shareholders. In the event of termination of employment, the CEO of Nobina is entitled to not more than 18 months' compensation. As a basic principle, a six-month mutual termination period applies between the company and the CEO. For other senior executives, the notice period amounts to six months, but shorter periods of notice may be permitted. In addition, a maximum of six months' remuneration is payable should employment be terminated by the company.

Variable remuneration to the CEO

In addition to fixed remuneration, the CEO is entitled to a special bonus. Variable remuneration is based on the individual's performance and the company's performance in relation to predetermined targets. Evaluation

of these targets takes place annually. Variable remuneration consists of a cash bonus as determined by the Board and is capped at 60 per cent of fixed annual salary.

Variable remuneration to other senior executives

In addition to fixed remuneration, other senior executives are entitled to a separate bonus. Variable remuneration is based on the individual's performance and the company's performance in relation to predetermined targets. Evaluation of these targets takes place annually. Variable remuneration is capped at 60 per cent of fixed annual salary for managing directors of subsidiaries and is capped at 30 per cent of fixed annual salary for senior executives.

Performance-based share saving programme

Nobina's Board of Directors has resolved to introduce a long-term incentive programme to further motivate Nobina's key personnel, which is in turn expected to strengthen Nobina's opportunities to retain and recruit key personnel.

LTIP 2017

The Annual General Meeting of Nobina AB resolved in May 2017 to introduce a share saving programme (LTIP 2017), encompassing a total of not more than 342,087 shares directed to 22 senior executives and other key employees of the Nobina Group. The share saving programme was based on personal investments and savings shares that could be purchased up until Wednesday, 28 February 2018. Nobina has acquired shares through trading on Nasdaq Stockholm corresponding to the share saving programme. The acquired shares will be allocated to participants in 2021 on the condition that they are still employed by the Group, with the exception of cases when the employee has left their job due to retirement, fatality or protracted illness, when the employee may still be entitled to receive bonus shares.

LTIP 2018

The Annual General Meeting of Nobina AB resolved in May 2018 to introduce a share saving programme (LTIP 2018), encompassing a total of not more than 656,435 shares directed to 60 senior executives and other key employees of the Nobina Group. The share saving programme was based on personal investments and savings shares that could be purchased up until Friday, 31 August 2018. Nobina has acquired shares through trading on Nasdaq Stockholm corresponding to the share saving programme. The acquired shares will be allocated to participants in 2021 on the condition that they are still employed by the Group, with the exception of cases when the employee has left their job due to retirement, fatality or protracted illness, when the employee may still be entitled to receive bonus shares.

The total share-based remuneration is recognised as a bonus expense and social security contributions for the incentive programme are recognised as remuneration in equity. Valuation of savings shares outstanding was conducted using external expertise. Allocation has not yet occurred. Nobina has acquired a value corresponding to the total incentive remuneration. The number of shares acquired at this time was 1,246,654 (–) with a value of SEK 74 (–) million and an average cost of SEK 59.18 per share.

	Group		Parent Company	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Costs for share-based incentive programme; CEO, Group management and other employees				
Bonus expenses for incentive programme	–6	–	–4	–
Social security costs for incentive programme	–2	–	–1	–
Total	–8	–	–5	–

Note 8 cont.

Pension terms for the CEO

Pension expenses comprise a defined-contribution pension, for which the premium is capped at 35 per cent of pensionable salary. The retirement age for the CEO is 65. Pensionable salary refers to basic salary as long as the CEO remains employed by the company. Salary paid upon termination is pensionable. For the CEO, the defined-contribution pension expenses amounted to SEK 1.6 (1.4) million.

Pension terms for other senior executives

Pension expenses comprise a defined-contribution pension, for which the premium is capped at 35 per cent of pensionable salary.

Other employment benefits of the CEO

In addition to the taxable benefits described above, benefits include health insurance and holdings of shares in Nobina AB.

Vacation for the CEO and other senior executives

The CEO and other senior executives are entitled to 30 vacation days per year.

Remuneration of former Board members and CEOs

During the year, Nobina AB paid pension benefits to former Board members and CEOs equal to SEK 0 (0) million. Remuneration of former members of Group management amounted to SEK 8 (9) million on the balance-sheet date, and remuneration was paid through endowment insurance. Remuneration of former CEOs (with retirement at the age of 62) amounted to SEK 6 (8) million on the balance-sheet date. Nobina's commitment to former CEOs ends at the age of 65.

Remuneration to the Chairman of the Board and other Directors

Remuneration to the Chairman and other members of the Board is paid according to the decision of the Annual General Meeting. No remuneration is paid to the Board beyond that approved by the Annual General Meeting.

Recognition of remuneration of senior executives, 1 Mar 2018–28 Feb 2019

	Basic salary/ Directors' fees	Variable remuneration	Incentive programme, LTIP 2017 and 2018	Pension expenses	Other remuneration	Total
Jan Sjöqvist (Chairman)	0.9	–	–	–	–	0.9
Graham Oldroyd (Director)	0.5	–	–	–	–	0.5
Liselott Kilaas (Director)	0.5	–	–	–	–	0.5
Monica Lingegård (Director)	0.5	–	–	–	–	0.5
John Allkins (Director)	0.5	–	–	–	–	0.5
Bertil Persson (Director)	0.5	–	–	–	–	0.5
Magnus Rosén (CEO)	5.2	2.7	1.6	1.6	–	11.1
Other senior executives, 9 people ¹⁾	20.6	7.6	2.9	4.7	–	35.8
Total 2018–2019	29.2	10.3	4.5	6.3	–	50.3

1) Pertains to Martin Pagrotsky, Niels Peter Nielsen, Jan Volsdal, Tom Ward, Anna Jonasson, Per Skärgård, Jan Bosaeus, Henrik Dagnäs and Tomas Hansson.

Recognition of remuneration of senior executives, 1 Mar 2017–28 Feb 2018

	Basic salary/ Directors' fees	Variable remuneration	Incentive programme	Pension expenses	Other remuneration	Total
Jan Sjöqvist (Chairman)	0.9	–	–	–	–	0.9
Graham Oldroyd (Director)	0.5	–	–	–	–	0.5
Liselott Kilaas (Director)	0.3	–	–	–	–	0.3
Monica Lingegård (Director)	0.3	–	–	–	–	0.3
John Allkins (Director)	0.5	–	–	–	–	0.5
Ragnar Norbäck (CEO until 1 June 2017) (Director)	4.8	–	–	1.2	–	6.0
Magnus Rosén (CEO as of 1 June 2017)	4.6	1.0	–	1.4	–	7.0
Other senior executives, 10 people ¹⁾	15.3	4.0	–	5.8	–	25.1
Total 2017–2018	27.2	5.0	–	8.4	–	40.6

1) Pertains to Martin Pagrotsky, Niels Peter Nielsen, Jan Volsdal, Tom Ward, Anna Jonasson, Per Skärgård, Jan Bosaeus and Tomas Hansson (as of 1 Feb 2018). Annika Molander (until 31 Oct 2017), Joakim Palmqvist (until 31 Aug 2017), Annika Kolmert (until 31 Jan 2018), part of the management team.

	Group 28 Feb 2019		Group 28 Feb 2018	
	Number	of whom men	Number	of whom men
Directors and senior executives				
Board including CEO	7	71%	6	66%
Other senior executives	9	88%	10	70%

NOTE 9 CAPITAL GAINS/LOSSES FROM THE DISPOSAL OF NON-CURRENT ASSETS

	Group	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Sales proceeds with respect to buses sold during the year	40	65
Recognised residual value with respect to buses sold during the year	–61	–68
Impairment of available-for-sale buses	–11	–4
Total	–32	–7

NOTE 10 DEPRECIATION/AMORTISATION AND IMPAIRMENT OF PPE AND INTANGIBLE ASSETS

	Group	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Goodwill	–	–
Other intangible assets	20	4
Costs for leasehold improvements	8	7
Equipment, tools, fixtures and fittings	36	29
Vehicles	661	625
Total	725	665

NOTE 11 INTEREST INCOME AND SIMILAR PROFIT ITEMS

	Group		Parent Company	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Financial income	–	–	–	–
Interest income	–	–	–	–1
Interest income from Group companies	–	–	8	6
Total	–	–	8	5

The Group earns interest on its bank deposits according to an interest rate based on the bank's daily investment interest rates. Of the above interest income and similar profit items, SEK – (–1) million was received during the year.

NOTE 12 INTEREST EXPENSES AND SIMILAR LOSS ITEMS

	Group		Parent Company	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Interest expense, finance leases	–108	–118	–	–
Interest expenses on bond loan and other external loans	–13	–9	–3	–
Other financial expenses	–8	–5	–3	–1
Interest expenses to Group companies	–	–	–	–
Realised and unrealised exchange gains/losses, net	–9	–3	–9	–3
Total	–138	–135	–15	–4

Paid interest expenses amounted to SEK –132 (–133) million. The interest expenses pertain to liabilities that have been recognised at amortised cost.

NOTE 13 INTANGIBLE ASSETS

Goodwill

Goodwill is not amortised on an ongoing basis but measured at least once per year in accordance with IAS 36. The most recent measurement was in February 2019. Goodwill is distributed between cash-generating units, which for Nobina are the same as operating segments. Impairment testing is conducted therefore on the smallest shared unit. The recovery value was calculated according to value in use and based on the current assessment of cash flows for the next four years. Assumptions have been made of gross margin, overhead costs, working capital needs and investment needs. The parameters were set to correspond to the budgeted earnings for the fiscal year (2019/2020). The Nobina Group's extrapolation is based on existing contracts, our potential to defend existing contracts in a new tendering process and our ability to secure new traffic contracts, at the same level of profit as that set as a requirement by the Nobina Group when signing new traffic contracts. Our assessment of a growth rate for extrapolation beyond the forecast period is that we can secure new contracts with the same level of sales and profits, as existing traffic contracts, meaning our ability to defend our market position at the same level, without growth. We consider that zero per cent growth offers a true and fair

view of the Nobina Group. Cash flows were discounted using a weighted cost of capital corresponding to approximately 7.0 (7.0) before tax. We have used a higher discount rate in Nobina Sverige in the measurement of non-contract operations. Cash flows are based on operating earnings, with the addition of operating and finance lease expenses. Finance lease expenses include interest costs and repayments. Head office expenses are excluded from the company's operating profit. The weighted cost of capital was adapted to the prevailing level of interest rates. For the distribution of intangible assets by segment, see Note 2.

Other impairment testing

Every year, a test is conducted of the impairment need of brands and other intangible assets at segment level in accordance with the same principles and on the same date as testing of goodwill.

Sensitivity analyses

A sensitivity assessment shows the remaining goodwill value would continue to be justified if the discount rate and profit margin were raised by one percentage point or the long-term growth were to decline by one percentage point.

	Goodwill		Brand		Customer relations		Other intangible assets		Total	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Cost										
Opening cost	581	586	–	–	–	–	29	23	610	609
Procurement	–	–	–	–	–	–	11	6	11	6
Company acquisitions	205	–	174	–	276	–	47	–	702	–
Sales/disposals	–4	–	–	–	–	–	–1	–	–5	–
Translation differences	3	–5	–	–	2	–	–	–	5	–5
Closing cost	785	581	174	–	278	–	86	29	1,323	610
Accumulated amortisation										
Opening accumulated amortisation	–	–	–	–	–	–	–23	–19	–23	–19
Amortisation for the year	–	–	–	–	–15	–	–5	–4	–20	–4
Sales/disposals	–	–	–	–	–	–	1	–	1	–
Translation difference	–	–	–	–	–	–	–1	–	–1	–
Closing accumulated amortisation	–	–	–	–	–15	–	–28	–23	–43	–23
Residual value according to plan	785	581	174	–	263	–	58	6	1,280	587
Net residual value according to plan	785	581	174	–	263	–	58	6	1,280	587

	28 Feb 2019				28 Feb 2018		
	Nobina Sweden	Nobina Denmark	Nobina Norway	Nobina Finland	Nobina Sweden	Nobina Norway	Nobina Finland
Sales growth over four-year period	8.7%	0.0%	6.8%	2.6%	6.5%	1.1%	1.9%
Discount rate before tax for present value calculation of estimated future cash flows	7.9%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

	Costs for leasehold improvements		Equipment, tools, fixtures and fittings		Owned vehicles (buses)		Finance leases for vehicles (buses)		Total	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Cost										
Opening cost	62	57	228	197	612	562	7,715	7,392	8,617	8,208
Procurement	150	5	42	51	346	114	168	540	706	710
Company acquisitions	4	–	100	–	–	–	–	–	104	–
Refinancing	–	–	–	–	679	–	–679	–	–	–
Sales/disposals	–	–	–9	–22	–65	–78	–253	–248	–327	–348
Translation differences	2	–	4	2	17	14	96	31	119	47
Closing cost	218	62	365	228	1,589	612	7,047	7,715	9,219	8,617
Accumulated amortisation										
Opening accumulated amortisation	–30	–23	–135	–125	–200	–159	–3,030	–2,613	–3,395	–2,920
Amortisation for the year	–8	–7	–36	–29	–102	–66	–559	–559	–705	–661
Company acquisitions	–	–	–61	–	–	–	–	–	–61	–
Sales/disposals	–	–	18	21	31	30	186	152	235	203
Translation difference	–2	–	1	–2	–8	–5	–41	–10	–50	–17
Closing accumulated amortisation	–40	–30	–213	–135	–279	–200	–3,444	–3,030	–3,976	–3,395
Residual value according to plan	178	32	152	93	1,310	412	3,603	4,685	5,243	5,222
Accumulated impairment										
Opening accumulated impairment	–	–	–	–	–	–	–4	–4	–4	–4
Sales/disposals	–	–	–	–	–	–	4	4	4	4
Impairment for the year	–	–	–	–	–	–	–11	–4	–11	–4
Closing accumulated impairment	–	–	–	–	–	–	–11	–4	–11	–4
Net residual value according to plan	178	32	152	93	1,310	412	3,592	4,681	5,232	5,218

NOTE 15 NET INVESTMENTS FOR THE YEAR

Investments	Group	
	1 Mar 2018–28 Feb 2019	1 Mar 2017–28 Feb 2018
Other intangible assets	–11	–6
Costs for leasehold improvements	–150	–5
Equipment, tools, fixtures and fittings	–42	–51
Vehicles	–1,193	–654
Total investments	–1,396	–716
Lease-financed vehicles	289	540
Non-lease-financed investments	–1,107	–176
Of which loan-financed investments	943	4
Total cash investment for the year	–164	–172

NOTE 16 PARTICIPATIONS IN GROUP COMPANIES

	Parent Company		Profit from participations in Group companies, SEK million	Parent Company	
	28 Feb 2019	28 Feb 2018		1 Mar 2018–28 Feb 2019	1 Mar 2017–28 Feb 2018
Participations in Group companies					
Opening balance	3,678	3,685	Nobina Sverige AB, Group contribution	405	336
Capital infusion Nobina Fleet AB	154	71	Nobina Technology AB, Group contribution	–	3
Impairment of capital infusion Nobina Fleet AB	–84	–71	Nobina Fleet AB, impairment of Group contribution	–84	–71
Divestment Swebus Express AB	–23	–	Nobina Europe AB, Group contribution	11	7
Impairment of shares Nobina Sverige 3 AB	–92	–	Nobina Sverige 3 AB dividend and impairment	28	–
Impairment of shares Nobina Finland Oy	–30	–	Nobina Finland Oy, impairment	–30	–
Acquisition Samtrans Skol- and Handikappstransporter Stockholm AB	416	–	Swebus Express AB, sale/impairment of Group contribution	64	–45
Acquisition DBO Busser Holding AS	283	–	Nobina Norway, impairment	–32	–132
Group contribution Nobina Sverige 2 AB	137	–	Total	362	98
Group contribution Nobina Sverige 3 AB	208	–			
Capital infusion Nobina Norge AS	–	16			
Impairment of capital infusion and book value of Nobina Norge AS	–	–132			
Capital infusion Nobina Technology AB	–	3			
Intra-Group purchase of Nobina Fastigheter AB	–	2			
Capital infusion Swebus Express AB	–	46			
Impairment of capital infusion Swebus Express AB	–	–45			
Capital infusion Nobina Busco AB	–	103			
Closing, carrying amounts of participations in Group companies	4,647	3,678			

Note 16 cont.

	Corporate registration number	Business	Share- holders' equity	Number of shares	Profit for the year	Value of ownership share (%)	Share capital	Carrying amount, 28 Feb 2019
Subsidiaries of Nobina AB:								
Nobina Fleet AB (Stockholm)	556031-1812	Holding of buses	113	70,000	2	100	7	92
Nobina Sverige 3 AB (former Busco AB) (Stockholm)	556583-0527	Holding of buses	225	1,000	211	100	0	224
Nobina Technology AB (Stockholm)	556210-1500	Technology advances	3	2,500	0	100	0	3
Nobina Europe AB (Stockholm)	556031-8569	Service company	218	160,000	1	100	16	200
Nobina Sverige 2 AB (Stockholm)	556028-1122	Dormant com- pany	137	300	137	100	0	137
Nobina Omsorgsresor AB	559178-0902	Dormant com- pany	0	100	0	100	0	0
Nobina BusCo AB (former Nobina Nystiftat AB) (Stockholm)	559189-8241	Holding of buses	0	500	0	100	0	0
Nobina Fastigheter AB (Stockholm)	556416-2419	Property com- pany	2	1,000	0	100	0	2
Swedish commercial companies								
Nobina Sverige AB (Stockholm)	556057-0128	Regional traffic	466	3,000	-8	100	0	2,716
Samtrans Skol- and Handikappstransporter Stockholm Aktiebolag	559189-8241	Special transpor- tation	10	68,640	4	100	6	416
Foreign commercial subsidiaries								
Nobina Finland Oy (Helsinki)	0505988-8	Regional traffic	158	2,000	1	100	29	288
Subsidiaries of Nobina Finland Oy:								
Nobina Finland West Oy (Helsinki)	2175179-4	Regional traffic	68	2,600	7	100	0	
Nobina Finland South Oy (Helsinki)	2175178-6	Regional traffic	34	2,600	5	100	0	
Nobina Finland East Oy (Helsinki)	2175186-6	Regional traffic	10	2,600	1	100	0	
Nobina Fleet Finland Oy	2953344-1	Holding of buses	0	2,500	0	100	0	
Nobina Norge AS (Oslo)	915768237	Regional traffic	22	4,268	-12	100	37	79
Subsidiaries of Nobina Norge AS:								
Nobina Fleet Norge AS	921881894	Holding of buses	0	100	0	100	0	
Nobina Danmark Holding ApS (Glostrup)	36078480	Holding company	10	100	0	100	0	207
Subsidiaries of Nobina Danmark Holding ApS:								
Nobina Danmark A/S (Glostrup)	29513376	Regional traffic	84	10,001	34	100	1	
Nobina Danmark Service ApS (Glostrup)	38558420	Workshop ser- vices	-45	500	-16	100	0	
Nobina Ejendomme ApS (Glostrup)	400,478 67	Property com- pany	0	500	0	100	0	
Nobina Fleet Danmark ApS (Glostrup)	31586429	Holding of buses	-5	1,250	-1	100	0	
Subsidiaries of Nobina Fleet Danmark ApS:								
Nobina Fleet Danmark No 1 ApS (Glostrup)	36077719	Holding of buses	1	100	0	100	0	
Nobina Fleet Danmark No 4 ApS (Glostrup)	36558598	Holding of buses	-1	100	-1	100	0	
Nobina Fleet Danmark No 5 ApS (Glostrup)	37422983	Holding of buses	1	100	0	100	0	
Nobina Fleet Danmark No 6 ApS (Glostrup)	38127543	Holding of buses	1	100	0	100	0	
Nobina Fleet Danmark No 7 ApS (Glostrup)	39491974	Holding of buses	1	100	0	100	0	
Nobina Fleet Danmark No 8 ApS (Glostrup)	39875640	Holding of buses	1	100	0	100	0	
DBO Busser Holding AS	305,133 63	Holding company	38	100	-1	100	1	283
Subsidiary of DBO Holding AS:								
Dee Blaa Omnibussre A/S	7311 1714	Regional traffic	114	100	45	100	1	
DBO Vaerksted ApS	27673082	Workshop ser- vices	-1	100	-1	100	0	
DBO Leasing af 2014 ApS	36085843	Holding of buses	30	100	0	100	0	
Total								4,647

NOTE 17 TAXES

	Group		Parent Company	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Current tax on profit for the year	–7	–5	–	–
Adjustments to previous years' tax	–2	–	–2	–
Total current tax	–9	–5	–2	–
Deferred tax				
Recognition of prior, unrecognised deferred taxes, continuing operations	3	4	–	–
The period's change through profit or loss, continuing operations	–86	–	–74	–25
Change in comprehensive income for the period	–	–	–	–
Total deferred tax continuing operations	–83	–80	–74	–25
Total income tax	–92	–85	–76	–25

The corporate tax rate in Norway is about 24 per cent, in Denmark about 22 per cent, in Finland about 20 per cent and in Sweden about 21 per cent. The Group's tax expense amounted to a negative SEK –92 million (–85), of which SEK –2 (–) million pertains to an adjustment from previous years, –23.3 (–21.7) per cent of profit for the year. Current tax amounted to SEK 9 (5) million.

Tax assets and tax liabilities	Group		Parent Company	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Deferred tax assets, gross				
Postponed depreciation/amortisation, impairment and adjustments to fair value, other PPE	10	11	–	–
Postponed expenses for provisions	7	2	–	–
Doubtful debts	–	–	–	–
Other deferred tax assets attributable to pensions	2	2	–	–
Tax loss carryforwards	312	372	–	–
Total	331	387	–	–
Deduction for unrecognised, deferred tax assets	–152	–134	–	–
Total deferred tax assets	179	253	–	–
Deferred tax assets, net				
Opening carrying amount	253	306	–	25
The period's change through profit or loss of prior unrecognised deferred taxes	3	4	–	–
The period's change in contributed capital	–	–	–	–
Other deferred tax assets attributable to acquisitions	9	–	–	–
Change in tax rate through profit or loss	–6	–	–	–
The period's change through profit or loss	–80	–57	–	–25
Closing carrying amount, net	179	253	–	–
Deferred tax liabilities, gross				
Faster rate of depreciation/amortisation and adjustments to fair value, other PPE	–256	–143	–74	–
Total deferred tax liabilities	–256	–143	–74	–
Deferred tax liabilities, net				
Opening carrying amount	–143	–124	–	–
The period's change through profit or loss	–6	–19	–74	–
Other deferred tax liabilities attributable to acquisitions	–111	–	–	–
Change in tax rate through profit or loss	4	–	–	–
Reserved offset of tax liabilities/assets, other reclassification	–	–	–	–
Closing carrying amount, net	–256	–143	–74	–
Total net tax assets and tax liabilities	–77	110	–74	–
Net increase (+)/net decrease (–) of tax assets/liabilities	–187	–72	–49	–25

Note 17 cont.

Unrecognised, deferred tax assets	Group		Parent Company	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Opening non-recognised amount	134	148	–	–
Addition of previously non-capitalised loss carryforwards	12	1	–	–
Change in applicable tax rates	–	–1	–	–
Change for the period, recognised through profit or loss	–	–	–	–
Exchange-rate difference	6	–14	–	–
Total deferred non-recognised tax assets	152	134	–	–
Offset of deferred tax liabilities	–	–	–	–
Total deferred non-recognised tax assets	152	134	–	–

Expected maturity of both recognised and unrecognised tax loss carryforwards	Group		Parent Company	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
2019/20	–	–	–	–
2020/21	–	–	–	–
2021/22	–	–	–	–
2022/23	–	–	–	–
2023/24	–	–	–	–
Unlimited	1,454	1,658	–	–
Total	1,454	1,658	–	–

Deferred, net, tax loss carryforwards by country	Group		Parent Company	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Sweden	169	242	–	–
Denmark	10	11	–	–
Norway	–	–	–	–
Finland	–	–	–	–
Total deferred tax loss carryforwards, recognised	179	253	–	–

The Group's theoretical tax expense amounts to 21.4 per cent of its profit before tax. The difference between the reported tax expense and expected tax expense is explained below. The Group has not recognised any deferred tax assets for Nobina Norway, since the business plan moving forward (four years) is not currently assessed as having a proven ability to generate sufficient taxable surpluses to be offset against previous tax loss carryforwards.

	Group		Parent Company	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Profit before tax	395	391	311	86
Average income tax rate (21.4 per cent)	–85	–85	–66	–19
Tax effect of:				
Non-taxable revenue and non-deductible expenses	–1	1	1	–
Other temporary differences	–1	1	–11	–6
Exchange-rate fluctuations	–2	–	–	–
Temporary differences in deferred tax assets	–1	–	–	–
Capitalisation of previously unrecognised loss carryforwards	3	4	–	–
Unrecognised loss carryforwards	–5	–6	–	–
Total	–92	–85	–76	–25
Effective income tax rate (%)	–23.3	–21.7	–24.4	–29.1

NOTE 18 INVENTORIES

	Group	
	28 Feb 2019	28 Feb 2018
Spare parts	28	26
Fuel	23	18
Total	51	44

Spare parts includes material purchased, primarily for the repair of Nobina's or leased vehicles. The year's purchases of spare parts and fuel are recognised at cost. The year's consumption of spare parts and fuel is detailed in Note 4. There were no impairments for obsolescence

NOTE 19 ACCOUNTS RECEIVABLE

	Group	
	1 Mar 2018–28 Feb 2019	1 Mar 2017–28 Feb 2018
Trade receivables	664	550
Provision for doubtful debts	–1	–1
Total	663	549

Accounts receivable aging analysis, 28 Feb 2019	Not due	Fall due within <30 days after the due date	Fall due within 31–60 days after the due date	Fall due within 61–90 days after the due date	Fall due within 91–120 days after the due date	Fall due more than 120 days after the due date	Total
Anticipated loss level, contract assets (%)	0	0	0	0	0	0	0
Recognised amount trade receivables – gross	640	10	1	0	0	13	664
Recognised amount contract assets – gross	617	9	0	0	0	11	637
Provisions for credit losses, contract assets	0	0	0	0	0	0	0

Accounts receivable aging analysis, 28 Feb 2018	Not due	Fall due within <30 days after the due date	Fall due within 31–60 days after the due date	Fall due within 61–90 days after the due date	Fall due within 91–120 days after the due date	Fall due more than 120 days after the due date	Total
Anticipated loss level, (%)	0	0	0	0	0	0	0
Recognised amount trade receivables – gross	539	0	2	0	1	8	550
Recognised amount contract assets – gross	510	0	1	0	1	7	519
Provisions for credit losses	0	0	0	0	0	0	0

Nobina's credit rating model uses a two-stage model (three-stage model in accordance with IFRS 9), where reporting is based on expected credit losses in conjunction with issuing an invoice. Stage 1 entails that the company is to recognise a provision corresponding to expected credit losses resulting from the suspension of payments, within the next 12 months. If credit risk has increased substantially since initial recognition, in Stage 2 we are to recognise a provision corresponding to the expected credit losses throughout the period. According to IFRS 9, a financial asset has a need for impairment when one or more events occur that have an adverse impact on the financial asset's expected future cash flow. Most of Nobina's outstanding trade receivables and contract assets concern the sales of contracted public transport with PTAs, meaning municipalities or county councils and according to Swedish public procurement acts.

Provision for doubtful debts	Group	
	28 Feb 2019	28 Feb 2018
Opening balance	–1	–1
Reversals for the year	–	–
Credit losses	–	–
Provisions for the year	–	–
Total closing balance	–1	–1

Provisions for doubtful debts are based on an individual assessment of the risk of loss per contract or customer.

NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Accrued transport income	205	197	–	–
Other prepaid expenses	111	168	2	7
Total	316	365	2	7

Accrued transport income primarily pertains to earned, but not yet invoiced compensation for transport services rendered.

NOTE 21 CASH AND CASH EQUIVALENTS AND RESTRICTED BANK ACCOUNTS

	Group		Parent Company	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Cash and cash equivalents	1,058	720	1,043	686

The item cash and cash equivalents recognises holdings in company accounts, including the Group account. Nobina AB is the account principal for the Group cash pool. Nobina AB has receivables from Group companies, via the Group's cash pool, amounting to SEK 259 (97) million and liabilities of

SEK 2,786 (1,915) million. These are recognised as a component of Nobina AB's receivables from Group companies, an amount of SEK 676 (445) million, and liabilities to Group companies, an amount of SEK 3,285 (2,113) million. Receivables and liabilities within the Group's cash pool are recognised as current transactions with subsidiaries.

NOTE 22 EQUITY

Reconciliation of number of shares 28 Feb 2019		Reconciliation of number of shares 28 Feb 2018	
	Ordinary shares		Ordinary shares
Opening balance	88,355,682	Opening balance	88,355,682
Closing balance	88,355,682	Closing balance	88,355,682

Translation differences

The translation reserve includes all foreign exchange differences that arise in the translation of financial statements from foreign operations including changes regarding the translation of goodwill in local currency.

Dividend

Dividends are proposed by the Board in accordance with the stipulations of the Swedish Companies Act and adopted by the Annual General Meeting. Dividends are recognised in the Parent Company as a reduction in non-restricted equity only at the time of payment to shareholders.

Repurchase of own shares

Nobina has acquired own shares corresponding to the total value of the incentive remuneration, see Note 8. The number of shares acquired amounts to 1,246,654 (–) with a value of SEK 74 million (–) and an average cost of SEK 59.18 per share

Capital management

The aim of the Group's capital management is to secure Nobina's financial stability, manage financial risks and hedge the Group's short and long-term capital requirements. Nobina defines capital as shareholders' equity in the same way that it is recognised in the balance sheet. The company's aim is to generate a profit for shareholders by increasing the value of assets under management. There are no external capital requirements apart from those stipulated by the Swedish Companies Act.

NOTE 23 EARNINGS PER SHARE

	Group	
	1 Mar 2018–28 Feb 2019	1 Mar 2017–28 Feb 2018
Total number of shares	88,355,682	88,355,682
Number of treasury shares	–1,246,654	–
Total number of shares outstanding at end of period	87,109,028	88,355,682
Number of shares after dilution	89,053,769	88,355,682
Earnings per share (SEK) before dilution attributable to continuing operations	3.44	3.46
Earnings per share (SEK) before dilution attributable to discontinued operations	0.62	–0.31
Earnings per share (SEK) before dilution attributable to Parent Company shareholders	4.06	3.15
Earnings per share (SEK) after dilution attributable to Parent Company shareholders	4.03	3.15

Earnings per share are calculated by dividing profit for the year by the average number of ordinary shares before and after dilution.

NOTE 24 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

	Group		Parent Company	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Commitments and pension expenses				
Present value of pension commitments	–33	–41	–6	–8
Fair value of plan assets	17	18	–	–
Net provisions (+)/assets (–) for pension commitments	–16	–23	–6	–8
Of which recognised as provisions	–33	–41	–6	–8
Of which recognised as assets	17	18	–	–

	Group		Parent Company	
	1 Mar 2018–28 Feb 2019	1 Mar 2017–28 Feb 2018	1 Mar 2018–28 Feb 2019	1 Mar 2017–28 Feb 2018
Pension expenses are included in personnel expenses and comprise the following:				
Cost pertaining to services rendered during the current period	–	1	–	1
Interest expense	–	–	–	–
Expected return on plan assets	–	–	–	–
Deductions from pension obligations due to changes in terms	–	–	–	–
Social security contributions	–	–	–	–
Pension expenses, net	–	1	–	1

Significant actuarial assumptions

In accordance with IAS 19, the defined benefit plans are calculated by an actuary, tasked by Nobina, and include the Group's pension liability and the amounts to be set aside for pensions for former employees of the Group. The pension plans encompass retirement pension, disability pension and family pension. The calculation takes place individually and is based on salary, previously earned pensions and expected remaining term of service. The defined-contribution plans encompass retirement pension, disability pension and family pension. The premiums are paid on a continuous basis during the year to independent legal entities. The size of the pension premium is based on salary for the employee and cost and the premium is recognised on an ongoing basis through profit or loss. According to a statement from the Swedish Financial Reporting Board, a commitment is safeguarded through insurance with Alecta, concerning retirement pension and family pension for salaried employees in Sweden in a defined-benefit plan that covers several employers. For 2018/2019, Nobina does not have access to such information that would enable it to recognise this plan as a defined-benefit plan, which is why the plan is recognised as a defined-contribution plan. Alecta's consolidation level was 142 (154) per cent on 31 December 2018.

The actuarial calculation of pension commitments and pension expenses is based on the following significant assumptions: The discount rate is based on the estimated discount rate on the yield of mortgage bonds in Sweden. An increase in the discount rate of +1 per cent would impact the pension obligation by a negative SEK –2 (–2) million, while a decrease of –1 per cent would have a positive impact of SEK 2 (2) million.

The annual rate of salary increases reflects expected future salary increases as a combined effect of inflation and seniority. The future rate of pension increases reflects the expected percentage of employees, by age group, who will leave the company through natural attrition. Change in the rate of salary increases when calculating pension obligations does not have a significant impact on Nobina's information.

The expected average remaining term of service is estimated based on the employees' current age distribution and the expected employee turnover rate. Indexation of pension benefits reflects the rate of inflation in Sweden. Nobina's pension expenses, not including actuarial gains (losses), which are recognised in the statement of consolidated comprehensive income, amounted to SEK 333 (293) million, of which defined benefit plans account for SEK –(1) million. The Group's pension plans are described in more detail in Note 1, Company information and accounting policies.

Note 24 cont.

The key actuarial assumptions used in calculating the pension liability were as follows:	Sweden	
	28 Feb 2019	28 Feb 2018
Discount rate	1.0%	1.1%
Expected rate of salary increases	–	–
Future rate of pension increases	1.5%	1.5%

Present value of pension commitments	Group		Parent Company	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Opening balance	–41	–46	–8	–10
Benefits vested during the year	–	–	–2	–1
Interest expenses	–	–	–	–
Benefits paid	8	5	4	2
Actuarial gains (-)/losses (+)	–	–	–	1
Social security contributions	–	–	–	–
Total at year-end	–33	–41	–6	–8

Fair value of plan assets	Group	
	28 Feb 2019	28 Feb 2018
Opening balance	18	20
Expected return on plan assets	–	–
Funds contributed by employer	1	–
Funds paid	–2	–2
Actuarial gains (+)/losses (-)	–	–
Total at year-end	17	18

Net assets/provisions for pension commitments	Group		Parent Company	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Opening balance	–23	–26	–8	–10
Benefits paid	8	4	4	2
Funds contributed by employer	1	1	–2	–1
Funds paid	–2	–2	–	–
Actuarial losses/gains (net)	–	–	–	1
Social security contributions	–	–	–	–
Closing balance, net assets (-)/provisions (+) for pension commitments	–16	–23	–6	–8

Actual market value of plan assets on the balance-sheet date	Group		Group	
	28 Feb 2019	%	28 Feb 2018	%
Interest-bearing securities, cash and cash equivalents	17	100%	18	100%
Shares and other investments	–	–	–	–
Total	17	100%	18	100%

Allocation of plan assets and pension obligations by segment	Group			
	Plan assets		Pension obligations	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Nobina Sweden	17	18	33	41
Nobina Denmark	–	–	–	–
Nobina Norway	–	–	–	–
Nobina Finland	–	–	–	–
Total plan assets	17	18	33	41

The pension liabilities are secured through credit insurance. Given the applied actuarial assumptions, the Nobina Group expects the following paid benefits over the next five-year period.

Future net payments	Group					
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	Later
Expected net paid benefits	7	6	4	3	3	6

NOTE 25 OTHER PROVISIONS

Other provisions ¹⁾	Group		Provision for damage to vehicles and third-parties	Group	
	28 Feb 2019	28 Feb 2018		28 Feb 2019	28 Feb 2018
Provision for onerous contracts	19	–	Opening balance	30	46
Provision for damage to vehicles and third-parties	34	30	Reversals for the year	–	–130
Provision for environmental commitments	10	10	Provisions for the year	4	114
Total	63	40	Exchange difference	–	0
			Closing balance	34	30

1) It is therefore not possible to provide detailed information on the timing of out-flows from provisions.

Provision for onerous contracts	Group		Provision for environmental commitments for leased land and facilities	Group	
	28 Feb 2019	28 Feb 2018		28 Feb 2019	28 Feb 2018
Opening balance	–	–	Opening balance	10	10
Reversals for the year	–	–	Reversals for the year	–	–
Company acquisitions	19	–	Provisions for the year	–	–
Provisions for the year	–	–	Closing balance	10	10
Closing balance	19	–			

NOT 26 FINANCE LEASE LIABILITIES AND OTHER LOANS

Maturity of finance lease liabilities and other loans ¹⁾	Group 28 Feb 2019			Group 28 Feb 2018		
	Other external loans	Finance lease liability	Total	Other external loans	Finance lease liability	Total
2018/19	–	–	–	38	688	726
2019/20	225	561	786	35	587	622
2020/21	232	650	882	34	507	541
2021/22	273	850	1,123	22	479	501
2022/23	309	889	1,198	20	371	391
Later	1,022	45	1,067	99	1,428	1,527
	2,061	2,995	5,056	248	4,060	4,308
Of which short-term repayment by instalment of portion of the Group's borrowings	113	673	786	38	688	726
Of which long-term portion	1,948	2,322	4,270	210	3,372	3,582
Total liability	2,061	2,995	5,056	248	4,060	4,308

1) The maturity date does not include interest or the agreed residual value.

Loan currency	Group 1 Mar 2018–28 Feb 2019			Group 1 Mar 2017–28 Feb 2018		
	Nominal amount	Amount SEK million	Interest, weighted average (%)	Nominal amount	Amount SEK million	Interest, weighted average (%)
Other external loans in SEK	1,500	1,500	1.2	7	7	2.1
Other external loans in NOK	50	55	4.9	57	60	4.7
Other external loans in DKK	359	506	1.2	133	181	2.6
Financial lease liability in SEK	2,115	2,115	3.0	3,157	3,157	2.8
Finance lease liability in EUR	52	550	2.5	50	503	2.7
Finance lease liability in NOK	314	314	4.0	366	382	4.0
Finance lease liability in DKK	11	16	3.4	14	18	3.5
Total loan liability		5,056			4,308	

All liabilities outstanding are attributable to the financing of buses and equipment used in operations.

Note 26 cont.

During the year, the Group entered into finance lease agreements for SEK 168 (540) million via the subsidiary Nobina Fleet AB, and signed a financial lease of SEK 121 (–) million, a total of SEK 289 (540) million. Assets held under finance leases are depreciated in accordance with the same depreciation principles as owned assets. The grounds for how the company's fees are established are based on the lease terms. The leasing expenses are normally based on either straight-line amortisation or an annuity payment with variable amortisation over time. The proportion of straight-line amortisation amounts to approximately 46 per cent. Nobina's standard contracts for bus financing have a duration of 10 years down to 10 per cent residual value. Interest expense is calculated as the contract interest rate on the outstanding liability at all times. The contract interest rate normally comprises a variable base interest rate such as STIBOR with the addition of a fixed margin. Nobina is liable for the remaining residual value at the end of the agreement. No substantial secondary leasing of leased buses took place during the fiscal year.

Assets held under finance leases by segment	Group	
	28 Feb 2019	28 Feb 2018
Nobina Sweden	2,627	3,539
Nobina Denmark	25	28
Nobina Norway	385	451
Nobina Finland	686	624
Swebus	–	43
Total assets held under finance leases	3,723	4,685

Finance lease liabilities by segment	Group	
	28 Feb 2019	28 Feb 2018
Nobina Sweden	2,115	3,110
Nobina Denmark	16	18
Nobina Norway	314	382
Nobina Finland	550	503
Swebus	–	47
Total finance lease liabilities	2,995	4,060

Leasing fees for finance leases by segment	Group	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Nobina Sweden	583	570
Nobina Denmark	4	4
Nobina Norway	79	84
Nobina Finland	101	104
Total finance lease fees	767	762

Depreciation of assets held under finance leases by segment	Group	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Nobina Sweden	426	414
Nobina Denmark	3	3
Nobina Norway	52	58
Nobina Finland	78	72
Total Depreciation of assets held under finance leases	559	547

Interest expenses for finance lease liabilities by segment	Group	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Nobina Sweden	80	86
Nobina Denmark	1	1
Nobina Norway	14	16
Nobina Finland	13	14
Total interest expenses for finance lease liabilities	108	117

Present value of future minimum leasing fees for finance leases grouped by maturity date

Expected maturity 1 Mar 2019 and later	Q1	Q2	Q3	Q4	2020/2021	2021/2022	2022/2023	Later	Total
Future minimum leasing fees	162	190	148	128	516	466	416	1,062	3,088
Present value of future minimum leasing fees	161	187	145	124	492	430	372	906	2,817

Expected maturity 1 Mar 2018 and later	Q1	Q2	Q3	Q4	2019/2020	2020/2021	2021/2022	Later	Total
Future minimum leasing fees	198	214	196	230	836	625	538	1,586	4,423
Present value of future minimum leasing fees	197	212	192	224	804	583	488	1,360	4,060

Future minimum leasing fees for finance lease liabilities and their present value	Group	
	28 Feb 2019	28 Feb 2018
Total future minimum leasing fees	3,088	4,423
Less interest charge	–271	–363
Present value of future minimum leasing fees	2,817	4,060

Note 26 cont.

The year's change in borrowing in terms of bond loans and other liabilities	Contingent considerations		Other loans		Finance lease liabilities	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018	1 Mar 2018–28 Feb 2019	1 Mar 2017 –28 Feb 2018	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Opening balance	–	–	248	280	4,060	4,231
The year's new borrowing	116	–	1,088	4	289	540
The year's repayments	–	–	–79	–44	–660	–653
Loan refinancing buses	–	–	679	–	–679	–
The year's early redemption of financial borrowings on the sale of buses	–	–	–	–	–55	–75
Fair value adjustment	5	–	–	–	–	–
Translation difference	–	–	11	8	40	17
Capitalised financing costs	–	–	–7	–	–	–
Closing balance	121	–	1,940	248	2,995	4,060

NOTE 27 OTHER CURRENT LIABILITIES

	Group		Parent Company	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Employee withholding taxes	161	165	1	1
Current financing of bus refinancing	199	–	–	–
Other current liabilities	268	27	1	2
Total	430	192	2	3

NOTE 28 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Deferred income	290	276	–	–
Accrued salaries	496	447	8	3
Other accrued personnel expenses	178	144	7	5
Accrued interest expense	–	–	–	–
Other accrued expenses	200	237	16	7
Total	1,164	1,104	31	15

NOTE 29 DISCONTINUED OPERATIONS

	Mar 2017–Feb 2018
Net sales	237
Fuel, tyres and other consumables	–47
Other external expenses	–139
Personnel expenses	–87
Depreciation/amortisation of PPE and intangible assets	–
Operating profit	–36
Income tax	8
Loss for the period	–28

During the spring of 2017, Nobina initiated a strategic review of Swebus's operations, which resulted in a number of changes and greater integration into Nobina's other operations. Swebus conducted interregional express bus services and its operations consist of about 10,000 departures per week and more than 1.5 million passengers per year. On 31 May 2018, Nobina resolved to divest its holding in the wholly owned express bus company, Swebus Express AB, to the travel company, FlixBus Sverige AB. During the fiscal year ending on 28 February 2018, Swebus reported sales of SEK 237 million and operating loss of SEK –36 million. Sales for the 1 March 2018 to 31 May 2018 period amounted to SEK 36 million and operating loss of SEK –10 million.

	Carrying amount
Net gain in Nobina AB	
Purchase price	106
Shares in discontinued operations	-23
Selling expenses	-19
Net gain in Nobina AB	64
Sold assets and liabilities in discontinued operations	
Goodwill	-4
Vehicles	-30
Other receivables	-13
Cash and cash equivalents	-37
Total	-84
Borrowing	34
Other liabilities and accrued expenses, deferred income	17
Accrued expenses and deferred income	25
Total	76

	Carrying amount
Net total in discontinued operations	-8
Purchase price minus sales costs	87
Profit/loss for the period	-28
Group adjustment of value	5
Net total in discontinued operations before tax	56
Impact on consolidated cash flow	
Purchase price	106
Sale of leased vehicles	-14
Selling expenses	-19
Cash and cash equivalents in the divested company	-37
Total effect on cash flow	36
Selling expenses not paid	10
Total effect on cash flow for the period	46

NOTE 30 ACQUISITIONS

Preliminary acquisition calculation — acquisition of Samtrans

Purchase price	404
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	Fair value
Acquired assets and liabilities	
Goodwill	97
Brand	174
Customer relations	114
Property, plant and equipment	41
Other current assets	122
Cash and cash equivalents	42
Deferred tax liabilities	-76
Provisions	-35
Other operating liabilities	-75
Total	404

Effect of acquisitions on cash flow

Purchase consideration including contingent consideration	-404
Contingent consideration	117
Cash and cash equivalents in the acquired company	42
Purchase consideration paid	-245

Effects of acquisitions completed, net sales	1 Mar 2018– 28 Feb 2019	1 Mar 2017– 28 Feb 2018
Nobina Sweden		
Production contracts	188	–
Incentive contracts	104	–
Other revenue	7	–
Nobina Denmark		
Production contracts	55	–
Incentive contracts	4	–
Other revenue	–	–
Total impact on the Group	358	–

Preliminary acquisition calculation – De Blaa Omnibusser:

Purchase price	276
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	Fair value
Acquired assets and liabilities	
Goodwill	108
Customer relations	162
Property, plant and equipment	60
Other current assets	26
Cash and cash equivalents	0
Deferred tax liabilities	-48
Other operating liabilities	-32
Total	276

Effect of acquisitions on cash flow

Purchase consideration	-276
Cash and cash equivalents in the acquired company	0
Purchase consideration paid	-276

Samtrans:

On 1 October, Nobina concluded the acquisition of the leading player in special public transport services in the Stockholm market, Samtrans. Nobina acquired 100 per cent of the shares. The acquisition will create growth and is in line with Nobina's strategy to expand its business in public transport and to develop its offering to both society and customers. The company has approximately 100 employees in administration and order booking and 175 affiliated passenger carriers with about 750 vehicles and drivers. In 2017, the company reported sales of SEK 746 million distributed between 24 contracts, where it performs, administrates and coordinates travel for individuals with special needs and school transport services. During the fiscal year, the acquisition contributed sales of SEK 299 million and earnings of SEK 13 million. Earnings include acquisition-related expenses and amortisation of intangible assets of SEK 18 million. Had the company been fully owned throughout the year, sales would have amounted to approximately SEK 670 million and earnings SEK 15 million.

Note 30 cont.

Earnings include acquisition-related expenses and amortisation of intangible assets of SEK 35 million. The purchase price is SEK 225 million on a cash and debt-free basis, with a potential contingent consideration of up to SEK 225 million, which is based on the outcome of certain predefined financial targets and forecasts and will be paid in instalments during the period 2019–2020. The acquisition will be consolidated into Nobina from 1 October 2018 and be reported in the Sweden segment. The acquisition analyses are preliminary and subject to final adjustment not later than one year after the date of acquisition. Goodwill, the brand and customer relations (traffic contracts) arising in connection with the acquisition are primarily attributable to market, synergies, values linked to the company's personnel, the Samtrans brand and agreed traffic contracts. Any future impairment of goodwill is not tax deductible.

De Blaa Omnibusser

On 30 November, Nobina concluded the acquisition of the public transport company DBO Busser Holding A/S "De Blaa Omnibusser" in Denmark. 100 per cent of the shares in Nobina's operations in Denmark are currently concentrated to Zealand where the acquisition of De Blaa Omnibusser will strengthen Nobina's market share and improve Nobina's opportunity to provide qualitative and scalable bus solutions to society and customers.

The acquisition encompasses a business with approximately 65 buses and 225 employees in tendered regular services in north Zealand. De Blaa Omnibusser is a privately-owned public transport company with a stable and profitable contract portfolio with an average EBT margin of 16 per cent over the past five years. The company reported sales of DKK 158 million in 2017 and a contract portfolio that extends until 2026. During the fiscal year, the acquisition contributed sales of SEK 59 million and earnings of SEK 1 million. Earnings include acquisition-related expenses and amortisation of intangible assets of SEK 12 million. Had the company been fully owned throughout the year, sales would have amounted to approximately SEK 248 million and earnings SEK 25 million. Earnings include acquisition-related expenses and amortisation of intangible assets of SEK 30 million. The purchase price of DKK 210 million on a cash and debt-free basis was paid in cash on the date of the transfer of holdings. The acquisition will be consolidated into Nobina from 30 November 2018 and be reported in the Denmark segment. The acquisition analyses are preliminary and subject to final adjustment not later than one year after the date of acquisition. Goodwill and customer relations (traffic contracts) arising in connection with the acquisition are primarily attributable to market, synergies, values linked to the company's personnel and agreed traffic contracts (customer relations). Any future impairment of goodwill is not tax deductible.

NOTE 31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Pledged assets				
Chattel mortgages	150	150	–	–
Other pledged assets				
Other pledged assets	–	–	379	406
Contingent liabilities				
Guarantee of lease obligations and other obligations	5,069	4,054	5,048	4,033
Total	5,219	4,204	5,427	4,439

Nobina AB has pledged Parent Company guarantees to lessors, and has also provided a Parent Company guarantee for purchases of fuel for Nobina Norge AS through UnoX Energi AS for a total of NOK 35.5 (35.5) million. Nobina AB has pledged counter-guarantees for the guarantees issued by Atradius in favour, for example, of the Norwegian and Danish

PTAs, and the Norwegian tax authorities amounting SEK 340 (369) million, as well as the unlimited Parent Company guarantee to SL pertaining to the E23 (Södertörn) and Södertälje on behalf of Nobina Sverige AB. Nobina Sverige AB has issued a floating charge of SEK 150 (150) million as collateral for a credit facility at Danske Bank.

NOTE 32 FINANCIAL RISKS AND RISK MANAGEMENT

All risk management is handled centrally in accordance with a finance policy established by the Board of Directors. Nobina uses derivative instruments when needed, as part of its financial risk management to limit currency, interest rate and diesel price exposure. During the year, the company had outstanding diesel derivatives, but no electricity, interest rate or currency derivatives. Nobina is mainly exposed to the following financial risks:

- Liquidity risk
- Interest risk
- Refinancing risk
- Credit and counterparty risk
- Currency risk
- Raw material risk
- Indexation risk
- Residual value risk

Liquidity risk

Liquidity risk is defined as the risk that cash and cash equivalents are not available or that financing cannot be obtained when required. Nobina has a working capital facility expiring on 31 December each year. The credit facility is of a 364 days nature, when it is generally extended by the bank after credit approval. Available credit facility was SEK 300 (150) million as of 28 February 2019.

Hedging policy

The company's hedging policy is designed to ensure predictability and reduce volatility in liquidity and operating expenses in a cost-efficient manner. The hedging policy, which is part of the Finance Policy, states that the company may enter into hedge contracts for fuel, currency and interest rate exposure.

Interest risk

Interest rate risk refers to the risk that fluctuations in market interest rates will negatively affect the Group's net interest income. The rate at which interest rate fluctuations affect net interest income depends on the fixed interest period of the financing agreements, which is generally 90 days. The Group is primarily exposed to interest rate risk through the company's finance and operating leases, and through loans for bus financing, since these financing agreements are based on a variable market rate of interest plus a fixed interest rate margin. An increase in the variable interest rate by 1 percentage point would increase the Group's interest expense by approximately SEK 50 million before the effect of index compensation. At present, the interest rate is negative in certain markets, such as Sweden, while a number of financing agreements have a market rate floor of zero per cent. As a result, an increase in interest expense will not impact consolidated profit until the market interest rate becomes positive. Interest rate risk is partially compensated by the inflation component of revenue indexation in the traffic contracts, and also via a specific interest rate component in the index basket of some traffic contracts.

Refinancing risk

No refinancing risk exists for Nobina's bus financing, since the lease contracts and the loans are both for ten years and Nobina intends to purchase the buses when the lease contracts expire. New tender submissions always include offers for available bus financing through banks, finance companies, vehicle suppliers' finance companies or the bond market. For more information on the maturity structure, refer to Notes 7 and 26.

Credit and counterparty risk

The Group's financial transactions give rise to credit risks in relation to financial counterparties. Nobina's finance policy states that credit risk shall be limited by only accepting counterparties with high credit ratings and through established limits. Commercial credit risks are limited in that the Group has a diversified client base with high credit ratings, primarily comprising municipal and county council-owned PTAs. Provisions have been made for accounts receivable deemed to be doubtful and this has had a negative impact of SEK -1 (-1) million on operating profit/loss.

Parent Company liquidity management

Nobina AB conducts its liquidity management via intra-Group receivables, liabilities and the Group's cash pool. Nobina AB is the account principal for the Group cash pool.

Currency risk

Currency exposure arises in connection with payment flows in foreign currency (transaction exposure) and with the translation of foreign subsidiaries' income statements and balance sheets to SEK (translation exposure). The Group's finance policy states that currency exposure may be hedged. The subsidiaries receive all revenues and pay all major expenses in local currency, including payments under lease agreements, which are entered centrally, on behalf of the subsidiaries, but in local currency.

The Group is also exposed to exchange rate fluctuations through its purchases of diesel, which is traded in the international commodities markets in USD. This currency risk can be hedged by entering into diesel derivatives in local currency. See also the section, Raw materials risk.

Nobina AB's currency exposure on translation of foreign subsidiaries is normally not hedged. The exchange-rate difference in foreign subsidiaries recognised in comprehensive income was SEK 23 (11) million for the year. A weakening/strengthening of the SEK by 10 per cent when translating the income statements of foreign subsidiaries would affect the Group's profit after financial items by approximately SEK 4 million.

Raw material risk

The Group is exposed to fluctuations in the prices of raw materials through its purchases of fuel, whereby the price trend is usually based on the trend in oil prices in the global market. The raw material price accounts for less than half of the total diesel price and the remainder pertains to taxes, transports and refinement. For regional traffic, the Group is compensated for changes in the price of diesel fuel via a revenue index in its traffic contracts. In certain cases, the index may be based on the diesel price trend, while the contract requires the buses to be run on another fuel, such as RME. This risk is limited through careful risk evaluation in the tender process. However, Nobina hedges its purchase prices by purchasing commodity options corresponding to the portion of the diesel cost not covered by indexes, such as time lags in revenue indexation. Nobina has not entered into any hedging contracts during the fiscal year. The company had no outstanding diesel derivatives as per 28 February 2019.

Indexation risk

A contract with a client compensates Nobina for providing bus services along the routes, and according to the timetables, set out in the contract. The amount of the compensation is adjusted regularly based on a basket of indices aimed at offsetting changes in Nobina's costs during the term of the specific contract. The price-adjustment indexes that are used encompass the trend in labour costs, fuel prices, the consumer price index and, in certain contracts, other elements, such as interest rates. The index weighting in Nobina's contract portfolio may differ from Nobina's actual cost structure, and the index-based price adjustments may not fully offset Nobina's costs. The index baskets used in traffic contracts are relatively well matched to the structure of fixed costs. Depending on the specifications in each contract, index adjustment occurs following a certain time lag on a monthly, quarterly, biannual or annual basis and applies to future contract periods and not retroactively for the preceding contract period. This has a negative effect on profit when costs rise and a positive effect on profit when costs decline during the period of time lags.

Residual value risk

Nobina applies a depreciation period for buses that is intended to correspond to the actual economic life based on the buses' technical life and usability in the operation's ongoing traffic contracts. The technical life normally exceeds usability under traffic contracts. Should the period when the buses are usable under traffic contracts decrease, Nobina could be impacted by higher annual depreciation costs or, alternatively, increased capital losses on disposal of older buses.

NOTE 33 FINANCIAL INSTRUMENTS

Group Financial assets	Fair value hierarchy	Carrying amount	
		28 Feb 2019	28 Feb 2018
Loan and accounts receivable			
Non-current receivables		4	5
Trade receivables		663	549
Other current receivables		253	48
Cash and cash equivalents		1,058	720
Financial assets measured at fair value through profit or loss	2	–	–
Electricity derivatives. Fair value is determined in accordance with prices listed on an active market, which corresponds to Level 1 in IFRS 7.	1	–	–
Total Group		1,978	1,322

Parent Company Financial assets	Fair value hierarchy	Carrying amount	
		28 Feb 2019	28 Feb 2018
Loan and accounts receivable		500	–
Receivables from Group companies, interest-bearing		676	445
Other current receivables		6	1
Cash and cash equivalents		1,043	686
Financial assets measured at fair value through profit or loss	2	–	–
Total Group		2,225	1,132

Group Financial liabilities	Fair value hierarchy	Carrying amount	
		28 Feb 2019	28 Feb 2018
Other financial liabilities			
Interest-bearing liabilities, loans		5,089	4,349
Accounts payable		597	543
Other current liabilities		430	192
Financial liabilities measured at fair value through profit or loss	2	–	–
Total Group		6,116	5,084

Non-adjusted official market quotes on active markets for identical assets and liabilities (level 1).

Observable data for the assets or the liabilities, other than market quotes included in level 1, either directly according to market quotes or indirectly derived from market quotes (level 2).

Data for the assets or the liabilities that is not based on official market quotes (level 3).

Parent Company Financial liabilities	Fair value hierarchy	Carrying amount	
		28 Feb 2019	28 Feb 2018
Other financial liabilities		928	8
Liabilities to Group companies, interest-bearing		3,285	2,113
Accounts payable		5	2
Other current liabilities		2	3
Financial liabilities measured at fair value through profit or loss	2	–	–
Parent Company		4,220	2,126

Fair value

The carrying amounts of financial assets and liabilities essentially correspond to their fair values. The fair values of finance lease liabilities are calculated using floating interest rates with an unchanged credit margin, which means that the carrying amounts of the liabilities correspond to their fair value. Fair value for contingent consideration not paid is calculated using the prevailing discount factor and earnings period. Changes in fair value are recognised in profit or loss, see Note 5

NOTE 34 RELATED PARTY TRANSACTIONS

The ten largest shareholders in Nobina AB are presented on page 8. Internal services in the Nobina Group are sold and purchased on the basis of current price lists and terms for non-related parties. Agreements for ser-

vices with intra-group companies are met on a cost-plus basis, plus a 3–5 per cent profit margin.

Related party transactions	Group		Parent Company	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
Sales of services to intra-Group companies			44	46
Purchase of services from intra-Group companies			–11	–5
Personnel expenses				
Board of Directors	–3	–3	–3	–3
Senior executives	–41	–29	–16	–12
Pension expenses	–6	–8	–4	–2
Social security contributions	–14	–14	–6	–3
Total related party transactions	–64	–54	4	21
Profit from participations in intra-Group companies	–	–	298	98
Interest income from intra-Group companies	–	–	8	6
Interest expenses to intra-Group companies	–	–	–	–

Related party transactions	Group		Parent Company	
	28 Feb 2018	28 Feb 2017	28 Feb 2018	28 Feb 2017
Receivables from intra-Group companies	–	–	1,176	445
Liabilities to intra-Group companies	–	–	–3,285	–2,113

NOTE 35 PROPOSED APPROPRIATION OF PROFIT (SEK)

Funds available for appropriation by the Annual General Meeting:

Share premium reserve	1,335,198,568
Profit brought forward	658,636,107
Profit for the year	235,039,605
Total	2,228,874,280
Dividend to shareholders (SEK 3.80 per share)	–335,751,592
To be carried forward	1,893,122,688

NOTE 36 EXCHANGE RATES

Exchange rates	Average		Closing day	
	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018	1 Mar 2018 –28 Feb 2019	1 Mar 2017 –28 Feb 2018
EUR	10.320	9.927	10.521	10.075
NOK	1.072	1.026	1.082	1.044
DKK	1.384	1.333	1.410	1.353

SIGNATURES OF THE BOARD OF DIRECTORS

The Board of Directors and the CEO give their assurances that the Annual Report was prepared in accordance with Swedish GAAP and that the consolidated financial statements were prepared in accordance with international accounting standards, IFRS, as adopted by the EU ordinance of July 19, 2002 concerning the application of international accounting standards, and that they provide a fair view of the development of the Parent Company's and the Group's position and earnings, and that the Administration Report

gives a fair impression of the development of the Parent Company's and the Group's operations, position and earnings, while also describing the significant risks and uncertainties facing the companies included in the Group.

The Annual General Meeting on 29 May 2019 will resolve on the adoption of the Parent Company's and the Group's income statements and balance sheets.

Stockholm, 26 April 2019

Jan Sjöqvist
Chairman of the Board

Graham Oldroyd
Director

John Allkins
Director

Liselott Kilaas
Director

Bertil Persson
Director

Monica Lingegård
Director

Magnus Rosén
CEO

Our auditors' report was issued on 26 April 2019

PricewaterhouseCoopers AB

Michael Bengtsson
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Nobina AB (publ), corporate identity number 556576-4569

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Nobina AB (publ) for the financial year March 1, 2018 to February 28, 2019. The annual accounts and consolidated accounts of the company are included on pages 11–67 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 February 28, 2019 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 February 28, 2019 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 audit committee 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 my (our) knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

Audit scope

Nobina AB is engaged in the provision of public bus transport and operates in the Nordic countries through wholly owned subsidiaries. The administration within the group is to a large extent allocated to a shared service center. This also apply to the bus fleet which consists of around 3 600 busses which are accounted for in the balance sheet. Nobinas customer contracts are awarded through public tenders, the contractual party is the Public Transportation Authority ("PTA") (counterparty in the respective commune/county) and the agreements run over a period of up to ten years. The bus fleet and the contract portfolio are areas of focus within our audit of Nobina.

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. Our audit consist of these main activities:

- Planning activities and related
- Audit of managements administration, internal control and routines and procedures
- Limited review of the Nobina Q2-report
- Audit procedures needed to issue this audit opinion on the annual report of the parent company and the group. In connection to this we also performed the examinations needed to issue our statement over the compliance to senior management remuneration guidelines.

The audit is directed by Michael Bengtsson and the central group audit team for Nobina, and the audit of the subsidiaries is performed by audit teams incorporated in the PwC global network. The procedures and audit scope imply that we have performed an audit that include all entities in the Nobina Group that are deemed to have an significant impact on the revenues, result and assets respectively.

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

KEY AUDIT MATTER
Completeness, cut-off and valuation of revenue

The accounting of revenues are described in note 1 Company information and accounting principles. Risk management are described in the Management administrative report and on page 84–86 and in note 32 Financial risks and risk management.

The volume of revenue from individual PTA-agreements is significant. The agreements are often unique in their structure due to lack of a common practice in the business. Agreements can also be complex. Combined with a unique structure this leads to difficulties to develop uniform invoicing procedures for the contracts why the revenue accounting is calculated and invoiced manually.

Changes in traffic conditions can lead to change in Nobinas remuneration. If the changes are made outside of the stipulated contractual terms this may lead to a negotiation regarding the remuneration. The accounting of revenues based on PTA-negotiations are partly based on estimates.

Manual routines, compared to automatic, increase the risk for errors and estimates increase the subjective nature of the accounting which in turn also lead to a higher risk for accounting errors. Due to this this is a key audit matter

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

The main activities performed in our audit are:

- Through data analysis we have examined revenue, accounts receivable and ingoing payment transaction to assess that the accounting of these follow the expected transaction flow
- Walk-through procedures have been performed of the use of standardize templates, routines and procedures for revenue calculations and invoicing
- Sample testing of invoicing versus PTA-agreements, calculations and index adjustments
- Examination of the monthly production and/or number of verified paying passengers reports versus invoicing
- Discussions with management to understand their assessments and estimations of ongoing negotiations revenue.

Assumptions supporting the accounting of revenues which involve elements of negotiations are assessed to be within reasonable intervals. No significant matters have been reported to the audit committee as a result of our procedures.

Valuation of the bus fleet

The accounting related to the bus fleet is described in note 1 Company information and accounting principles and in note 7 Leasing. Risk management is described in the Management Administration report and on page 84–86 and in note 32 Financial risks and risk management.

The accounting related to the bus fleet is described in note 1 Company information and accounting principles and in note 7 Leasing. Risk management is described in the Management Administration report and on page 84–86 and in note 32 Financial risks and risk management.

The value of Nobinas bus fleet amounts to about 4,9 billion which is about 54 per cent of the total assets of the Group. The depreciation period for the busses is assessed in order to, in the extent possible, be in line with the fair actual lifetime of the asset. The actual lifetime is based on the technical lifetime and the possibility to use the asset in the contracts. In the event that the time which the busses can be used in the contracts are reduced this can lead to increased cost of depreciation or higher realization losses. Due to the size of these balance sheet items this is a key audit matter in our audit.

The main activities performed in our audit are:

- The main activities performed in our audit are:
- Sample testing of registered lease contracts in order to verify ingoing data in the company's lease calculation
- Taking part of Nobinas documented assessment regarding the bus fleet and it's depreciation periods
- Examination of ingoing data to the assessment of depreciation period against Nobinas operational system and performed our own spot check calculations of the accounted figures.

These procedures have not resulted in significant issues being reported to the audit committee.

influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the 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.

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 1–10, 81–86, 100–104. Such other information is also presented in the separate document “This is Nobina”. 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 intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director’s responsibilities and tasks in general, among other things oversee the company’s financial reporting process.

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 Revisorsnämnden’s website: 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 Directors of Nobina AB (publ) for the financial year March 1, 2018 to February 28, 2019 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 Directors 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 fulfil 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 Revisorsnämnden's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Nobina AB (publ.) by the general meeting of the shareholders on the 31 May 2018 and has been the company's auditor since 2014.

Stockholm the 26 April 2019
PricewaterhouseCoopers AB

Michael Bengtsson
Authorized public accountant

DETAILED SUSTAINABILITY REPORT

GLOBAL CHALLENGES

People across the world are continuing to move to cities, large and small, for the sake of proximity and convenience. If we are to achieve a good urban environment, we need to become less dependent on cars and instead walk, cycle or use public transport services.

Urbanisation and lack of space

Cities are expanding worldwide, resulting in challenges in the form of congestion, housing shortages and local air quality problems. Moreover, increasing prosperity means more people are buying cars, which could create further problems. The development has led to an acute need for sustainable solutions, for example, to increase accessibility.

Air quality and quality of life

The rising traffic volume in cities is increasing fatalities and diseases related to poor air quality. According to the World Health Organization (WHO), one in eight fatalities today is caused by poor air quality. Noise and congestion also have a major detrimental effect on people's health. The situation is not as bad in Europe and the Nordic region, but the lives of many are negatively impacted by traffic.

Reducing the carbon footprint

Despite the growing popularity of the electric car in recent years, passenger cars and freight transports will continue to have a considerable need for fossil fuels for a long time to come. The situation is different for public transport. For example, in the Nordic region the transition to renewable fuel has already made a great deal of progress. To achieve a fast and sustainable reduction in carbon dioxide emissions, people must begin to use more public transport, throughout the world.

NOBINA'S OFFERING

Nobina is the Nordic region's largest public transport company with operations in Sweden, Finland, Denmark and Norway. Through our offering, we strive to take proactive responsibility and become part of the solution to some of the greatest challenges society is currently facing. Nobina's offering is clear and relevant and helps to

strengthen the position of public transport in the Nordic region by increasing the number of people who choose to travel by bus rather than car – both today and tomorrow.

Our main products are tendered scheduled bus services for journeys within cities centres and regional transport for journeys to, from and between cities. Currently, Nobina has approximately 110 contracts for city transport and regional transport spread across 36 traffic areas.

Nobina Services complements city and regional transport services and consists of a number of customised passenger solutions for different requirements. One example is special needs transportation, which offers safe public transport for people with special needs. Other examples include replacement traffic that means traffic continues to run even when rail traffic has stopped and event travel, which offers customised solutions during events and festivals.

We are also at the leading edge in developing tomorrow's public transport. For example, we provide solutions that address the entire public transport system as cities and districts emerge, and where we serve as a natural bridge to coordinate plans and collaborate with various stakeholders. We also develop digital services that increase mobility and comfort for people using public transport. Through Nobina Electrical Solutions, we provide a comprehensive undertaking in relation to the delivery and operation of electric buses. At the end of 2019, we will operate a total of 147 electric buses in 13 cities, where urban transport in the cities of Norrtälje, Landskrona, Lidköping, Nyköping and Katrineholm will be completely electric. We also provide transport solutions using our own autonomous buses. In recent years, we have conducted trials in Sweden and Norway, and from 2019 also in Denmark. Since October 2018, three of our autonomous buses operate regular services in Barkarbystaden as the first of its kind in Europe.

We use Nobina Analytics as a basis for all development and adaptation – in existing traffic and when developing new transport solutions. Nobina Analytics analyses passenger flows and other data in order to adapt our services and products in the best possible way to the requirements of our customers, and thereby create the greatest possible societal benefits in the transport solution.

ABOUT THE SUSTAINABILITY REPORT

For the seventh consecutive year, Nobina is reporting its sustainability efforts in accordance with the international reporting standard, Global Reporting Initiative (GRI). This report has been prepared in accordance with GRI Standards: Core option and has not been externally assured. The reporting cycle is one year and follows the fiscal year. The current sustainability report is for the 2018/2019 fiscal year.

The latest sustainability report was published on 9 May 2018. For more information about Nobina's sustainability agenda and its sustainability report, please contact Magnus af Petersens, Director of Strategy and M&A, magnus.afpetersens@nobina.com

NOBINA'S SUSTAINABILITY AGENDA

To ensure sustainable and profitable development, we focus our efforts on four strategic areas in which a sustainability perspective is naturally integrated (read more on page 6).

In 2018, we drafted a sustainability agenda to support these strategic focus areas and in response to the global challenges as well as Nobina's own impact on society. This consists of three parts and clarifies the focus and the areas that offer the best opportunities for

producing a positive effect. The agenda was drawn up by analysing our strategic direction and our material sustainability aspects. One key starting point has been Nobina's contribution to the UN Sustainable Development Goals. By analysing all 17 goals and the 169 interim targets, we identified three goals with a major, direct impact and linked these to the respective sustainability agenda's areas.



1. Bus solutions for a sustainable society

Nobina is endeavouring to develop the public transport of today and tomorrow. In this area – developing and delivering an attractive service to convince more people to choose bus rather than car travel – Nobina can have the greatest effect on climate and society. Already today, some 320 million passengers use our buses every year to reach their daily destinations efficiently and comfortably. In addition to convincing more people to make this choice and thereby reducing emissions, we are also enabling the development of expanding urban areas.



Goal 11 Sustainable cities and communities aims to make cities and human settlements inclusive, safe, resilient, and sustainable. The goal consists of seven interim targets where Nobina's greatest contribution is linked to target 11.2 on providing safe, affordable, accessible and sustainable transport systems for all. This also includes improved road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

2. Long-term use of resources

We are one of the largest fuel consumers in Sweden and the Nordic region with our approximately 3,600 vehicles. By actively working towards responsible resource use, we can minimise our impact on the external environment. In addition to the practical measures we apply in our operations, we also make demands on, and challenge our suppliers to ensure, efficient and responsible resource utilisation. We are also an active partner for our clients and are proactive in suggesting resource-saving measures in traffic.



Goal 12 Responsible consumption and production aims to ensure sustainable consumption and production patterns. The goal consists of eight targets where one of the most important for Nobina is the target 12.2, which concerns achieving sustainable management and efficient use of natural resources.

3. Responsible employer and societal stakeholder

When operating in a labour-intensive industry such as public transport, it is particularly important to both attract new employees and motivate our existing staff. Nobina is a major employer, at a Nordic and national level, and also locally in specific locations. We create jobs and strive to offer job satisfaction, development opportunities and well-being to our employees both at work and outside of work. We take responsibility and employ people who are new to, or were far from the Nordic labour market, and take social responsibility for integration and for a welcoming approach.



Goal 8 Decent work and economic growth aims to promote sustained and sustainable economic growth, full and productive employment and decent work for all. Of the goal's 10 targets, Nobina contributes to 8.4 to improve global resource efficiency in consumption and production as well as 8.8 to protect labour rights and promote safe and secure working environments for all workers.

REGULATIONS THAT GOVERN NOBINA'S SUSTAINABILITY AGENDA

Nobina's sustainability agenda is based on external frameworks, legislation and certifications as well as internal values and guidelines.

External regulations

- UN's Global Compact
- The OECD's Guidelines for Multinational Enterprises
- Environmental and work environment legislation
- National safety and vehicle regulations
- The REACH regulation
- ISO 9001, 14001 and 39001
- Global Reporting Initiative Standards

Internal regulations

- Nobina's values
- Nobina's sustainability agenda
- Anti-corruption instructions
- Specifications for suppliers including the Code of Conduct

INTEGRATED SUSTAINABILITY WORK

Sustainability issues are integrated into Nobina's development process and its operating activities. Through the management process's development work, new issues are identified, solution developed and converted into methods that the entire Group can benefit from. Goals and ambitions that are driving efforts in the sustainability agenda are updated as part of work on the business plan at Group level. Subsidiaries and their traffic areas then implement the goals into their own local business plans and run their businesses in accordance with them. The goals and outcomes are followed up at monthly performance meetings at Group, company and traffic area levels. In 2018/2019, a review began of the Group's sustainability targets in conjunction with the development of the sustainability agenda.

As part of the business planning process, Nobina's goals and strategies are communicated once per year at meetings between members of Group management and the European Works Council. The Council is a Group-trade union collaboration that assembles employer representatives from the subsidiaries and provides them with an insight into the Group's work. Regular, minuted local meetings are held with trade union representatives at traffic area level.

SYSTEMATIC IMPROVEMENT EFFORTS AND RISK MANAGEMENT

The Group takes an integrated approach to quality, work environment, the environment and safety (KAMS). There is a Nordic KAMS forum that is made up of the subsidiaries' quality, environmental and safety managers who meet on a regular basis to formulate, communicate and gain support for the goals and promote the implementation of procedures. The operational activities are evaluated through regular in-house checks and internal audits. Each year, Nobina holds a theme day within the Group, when we analyse the business from the perspective of quality, work environment, environment and safety. These theme days are in the form of a dialogue with traffic areas and are coordinated by Nobina's internal auditors which then share good examples throughout the organisation. A preventative working procedure, due to the KAMS method, helps to minimise major risks in operations, including air emissions and environmental impact from depots.

Together with the KAMS functions, Nobina's integrated approach to risk and risk management further contributes to systematic improvement efforts. Risk management is an integrated part of decision-making throughout the Group and risk assessments encompass for example business risks, financial risks and risks linked to Nobina's material sustainability issues. Work is taking place at all levels of the Group. Risks are identified, assessed, managed, monitored, reported and followed up. These measures strive to address the risks in the best possible way by accepting, reducing, eliminating, transferring the risk or capitalising on the potential opportunities identified. Read more about our risk management on page 84–86.

MATERIAL SUSTAINABILITY ASPECTS

Work with our material sustainability aspects clarifies the sustainability issues that are most important for Nobina and our stakeholders. This helps us to prioritise and focus our initiatives and is crucial for efficient sustainability work.

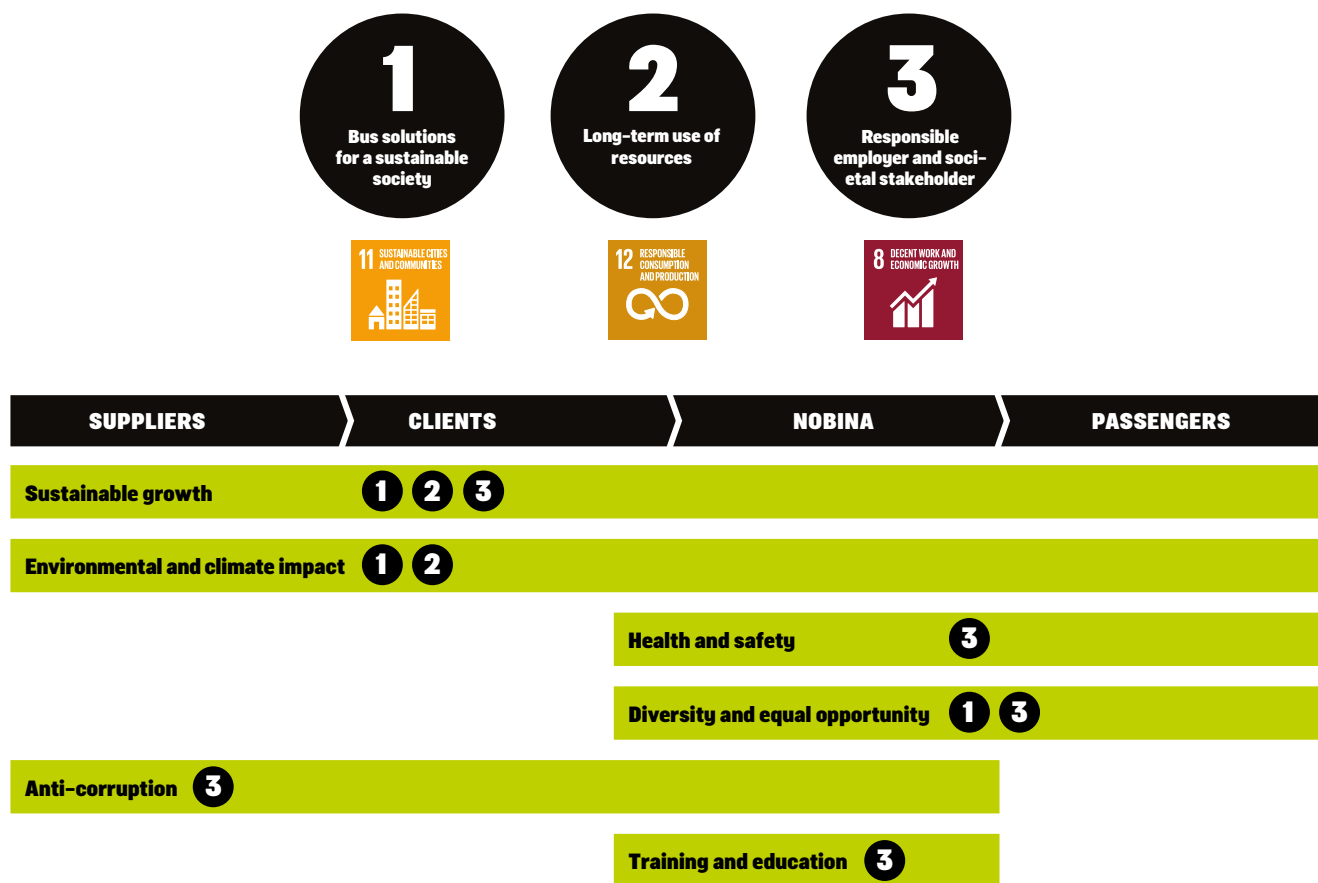
The work is based on a detailed materiality analysis conducted among senior executives and managers at Nobina in 2016/2017. The analysis was a first step in ensuring that the focus is on the right sustainability issues in the business plan and business management and was based on our stakeholder analysis with identified key stakeholders and their material sustainability issues.

The materiality analysis was endorsed by company management and forms an important component of our new sustainability agenda, which was prepared in 2018/2019. Using this agenda, we have continued to develop the strategic governance of sustainability activities.

In connection with formulating the sustainability agenda, we developed our material sustainability aspects in order to more clearly steer these towards the UN Sustainable Development Goals. Our material sustainability aspects include:

- Sustainable growth
- Environmental and climate impact
- Health and safety
- Diversity and equal opportunity
- Anti-corruption
- Training and education

The model below illustrates how our material sustainability aspects are linked together with the sustainability agenda and the Sustainable Development Goals we identified where we can make the best contribution. The model also shows the impact of the material sustainability aspects in Nobina's value chain.



SUSTAINABLE GROWTH

Economic performance

Long-term, profitable growth is key to obtaining the necessary resources to invest in the continued development of the offering and to contribute to a sustainable development of society. Nobina has demonstrated a robust financial performance in recent years and the financial targets set up in connection with the IPO in June 2015 have been met. In October 2018, new financial targets were presented. The information provided below shows the economic value generated and distributed at Group level.

Generated and distributed value

Amount SEK million	2018/2019	2017/2018	2016/2017
Revenue – net sales	9,734	8,760	8,858
Other revenue ¹⁾	54	64	161
Total value generated	9,788	8,824	9,019
Operating expenses	-4,051	-2,614	-2,999
Salaries and remuneration to employees including employer's contributions	-5,190	-4,790	-4,656
Payments to financiers, banks	64	-824	-784
Dividend to shareholders	-297	-274	-230
Payments to the public sector – excise duty	-308	-338	-333
Total value distributed²⁾	-9,782	-8,840	-9,002
Retained economic value	6	-16	17

1) Includes disposal of non-current assets (buses) and received interest income.

2) Includes payment of taxes and social security contributions of SEK 1,221 million for the 2018/2019 fiscal year, SEK 1,157 million for the 2017/2018 fiscal year and SEK 1,168 million for the 2016/2017 fiscal year.

Suppliers

Nobina's operations include major purchases, primarily of products but also of services. The Group actively monitors activities, both within its own organisation and at suppliers and partners, to ensure the products and services purchased are produced under sustainable and responsible conditions. All purchasing categories are also anal-

ysed using a risk analysis that provides supporting documentation ahead of supplier audits. Suppliers must sign Nobina's Code of Conduct, which is based on the UN's Global Compact, UN Sustainable Development Goals, the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. As planned, three supplier audits were conducted in 2018/2019, of prioritised suppliers.

Certified quality and environmental work

Nobina takes responsibility for quality and environmental work, applies a precautionary approach and strives for continuous improvement. To systematise efforts and to strengthen the Group's competitiveness, large sections of our operations, including the head office, are certified in accordance with the ISO 9001:2015 quality management certificate and the ISO 14001:2015 environmental management certificate. In 2015, the traffic area Skaraborg was certified in line with the ISO 39001 road traffic safety standard and traffic area Värmland received the same certification in 2017. Nobina is monitoring the development of ISO 39001 and more traffic areas may receive the certificate in the future, as part of efforts to achieve vision zero for personal injuries in the Group.

Work with certified management systems enables Nobina to maintain a structure where internal audits help traffic areas to share good examples and to systematically identify and rectify areas of improvement. In 2018, Nobina had 12 trained internal auditors.

Number of Nobina's traffic areas certified in accordance with ISO 14001

	2018/2019	2017/2018	2016/2017
Sweden ^{1) 2)}	11 of 17	10 of 17	9 of 17
Denmark ³⁾	5 of 5	5 of 5	5 of 5
Norway ¹⁾	6 of 7	7 of 7	7 of 7
Finland ¹⁾	3 of 3	3 of 3	3 of 3
Total	25 of 32	25 of 32	24 of 32

1) Also certified in accordance with the ISO 9001 quality standard.

2) Three traffic areas in Sweden are also certified in accordance with the ISO 39001 standard.

3) The table excludes the acquisitions of Samtrans, DBO and Örslev.

SUPPLIER PROCESS

SUSTAINABILITY POLICY, STRATEGY AND CODE OF CONDUCT

SUPPLIER SELECTION

SUPPLIER ASSESSMENT AND FOLLOW-UP

SUPPLIER DEVELOPMENT AND COLLABORATION

Our sustainability goals encompass purchasing and to become one of Nobina's suppliers, the supplier must also stand for the same values. This is why sustainability is an integrated part of the supplier process. All suppliers engaged are subjected to competition in the tender processes to ensure the supplier selected best meets our demands in terms of quality, sustainability, delivery reliability and price. Suppliers must commit to complying with Nobina's Code of Conduct as part of the follow-up process for suppliers and the value chain. We perform

annual risk assessments and sustainability audits using standardised procedures. Suppliers that fail to meet our requirements are phased out.

Through meticulous preliminary work, we choose stable partners and suppliers who are driven, as we are, by developing public transport. This offers us the conditions to pursue development efforts and continuous improvement as partners.

ENVIRONMENTAL AND CLIMATE IMPACT

Management approach

Nobina's most significant sustainability topics in the field of the environment and climate relate to the Group's fuel consumption and the resulting air emissions. Nobina's vehicle fleet at the end of the fiscal year encompassed 3,646 (3,600) buses. In 2018/2019, the vehicle fleet used about 81 per cent renewable fuel.

The main impact on emission levels occurs in connection with the transition to renewable fuel. As one of the largest fuel consumers in the Nordic region, we have a responsibility to encourage this trend and influence both our clients and suppliers in this direction. We have long been active in testing and opting for new fuel types, which has contributed to a rapid reduction in fossil fuel use in favour of HVO, RME, biogas, electricity, etc. Several current contracts operate solely using renewable fuel. Fuel consumption is a natural part of the monthly operational follow-up within the Group.

The Green Journey concept is an important part of daily operations and aims to reduce environmental impact down to the level of the individual. Progress is reported every month, from team leader level to Group level.

Director of Strategy and M&A is responsible in Group management for environmental governance and development in the area and presents monthly reports to the CEO. The ultimate responsibility for Nobina's environmental and climate impact is with the Board of Directors and CEO. For risk management linked to fuel consumption and emissions, see page 85–86

Outcome 2018/2019

In recent years, the consumption of fossil fuels has steadily decreased in favour of renewable fuels. In 2018/2019, natural gas was phased out while there was a sharp increase in electricity and biogas. The Group's carbon dioxide emissions decreased 37 per cent in 2018/2019, corresponding to 464,187 tonnes.

Fuel consumption, total¹⁾

	2018/2019	Change, %	2017/2018	2016/2017
Non-renewable fuel				
Diesel, litres	22,244,134	–24%	29,488,726	34,822,359
Natural gas, nm ³	–	–100%	5,746,430	7,194,202
Renewable fuel				
RME, litres	18,015,887	12%	16,004,722	27,907,805
HVO, litres	37,345,287	14%	32,742,057	20,541,290
Biogas, nm ³	35,976,710	80%	19,939,039	16,657,414
Ethanol, litres	73,358	–18%	89,153	778,618
Electricity, kWh ³⁾	622,143	153%	245,723	72,260

1) Data pertaining to fuel consumption was collated through Nobina's OMS production system.

3) Electricity from renewable sources.

Emissions¹⁾, in relation to km driven

	2018/2019	Change, %	2017/2018	2016/2017
Fossil carbon dioxide (CO ₂), kg/km	0.28	–37%	0.45	0.71
Nitrogen oxides (NO _x), g/km	1.76	–12%	1.99	2.52
Hydrocarbons (HC), g/km	0.07	–56%	0.15	0.15
Particles (PM), g/km	0.01	–26%	0.02	0.02

1) Based on guidelines from the Swedish Public Transport Association for calculating emissions.

Nobina does not offset greenhouse gas emissions.

HEALTH AND SAFETY

Management approach

Nobina drives about one million passengers to their destinations every day. The journey must be secure for both the driver and passengers and safety is therefore a central part of sustainability work. Our vision, zero injuries underpins how seriously we feel about this, and with a sense of responsibility and passenger focus, Nobina strives to provide passengers with a safe and secure journey. The foundation for safe operations is a continual effort to strengthen the safety culture. We do this through proactive, systematic work involving risk assessments of traffic environments and situations in order to then take preventive measures.

Outcome 2018/2019

The number of serious incidents has fallen in 2018/2019 as a result of Nobina's long-term efforts and integrated approach involving quality, work environment and safety issues. Work has focused on clarifying the issues and to a greater extent, making them more relevant and real to daily operations in the traffic areas. This includes continuous skills development and crisis exercises. Every company and traffic area in Nobina now has a contingency plan that can be quickly mobilized in crisis situations.

All incidents are assessed by the security office. Those deemed particularly serious are investigated using a root cause analysis.

Vehicle damage and serious incidents

	2018/2019	2017/2018	2016/2017
Number of vehicle damage incidents, Group	15,062	14,411	12,084
of which Sweden	11,562	10,434	8,640
Total cost of damages, Group, SEK million	131	110.6	111.0
of which Sweden	93	70.6	66.5
Serious incidents ¹⁾	308	497	222
of which			
Fire	41	33	33
Threats and violence	188	240	65
Robbery	–	–	3
Environment	20	25	13
Traffic accidents	59	199	108

1) Serious incidents, vehicle damage and the cost of damages are continually followed-up in an internal reporting system.

Workplace injuries, by region

	2018/2019		2017/2018	
	Incident ¹⁾	Fatal accidents	Incident ¹⁾	Fatal accidents
Sweden	29	–	37	–
Norway	9	–	21	–
Denmark	–	–	1	–
Finland	87	–	78	–
Total, Group	125	–	137	–

1) Finland began reporting workplace injuries in 2017.

DIVERSITY AND EQUAL OPPORTUNITY

Management approach

Nobina actively works to promote diversity and unlock the expertise of all our employees regardless of gender, sexual orientation, transgender identity or expression, ethnicity, age, religion or other belief. During the recruitment procedure, Nobina imposes demands on recruitment firms to present candidates from a diversity perspective.

In 2018/2019, further steps were taken on these issues through a new training course for inclusive leadership. The course helps to create increased awareness of personal prejudices, and curiosity about how the backgrounds and experiences of others can influence their perceptions. This also develops the ability of management to build efficient teams where everyone's differences are appreciated and respected. The result is managers and key employees who are even better at unlocking the diversity and talent among employees in the company. All traffic areas are to perform the training course. In 2018/2019, 125 people completed the training.

Outcome 2018/2019

At Group level, gender distribution in 2018/2019 was essentially unchanged. The proportion of women in the management team decreased 10 percentage points. Gender distribution on the Board of Directors was unchanged.

Gender distribution by function, employees

Share, %	2018/2019		2017/2018		2016/2017	
	Men	Women	Men	Women	Men	Women
Bus drivers and driver administration	89	11	88	12	87	13
Mechanics (workshop)	91	9	89	11	89	11
Company management, sales, marketing, HR and other	59	41	58	42	59	41
Traffic planning	79	21	75	25	73	27
Total, Group	88	12	87	13	87	13

Gender distribution, Board and management team

Share, %	2018/2019		2017/2018		2016/2017	
	Men	Women	Men	Women	Men	Women
Board of Directors	67	33	66	34	83	17
Management team	88	12	78	22	73	27

SECURE AND ATTRACTIVE WORKPLACE

Management approach

Nobina offers employees training and performance appraisals as part of goal-oriented efforts to improve the work environment and to create an attractive and secure workplace. Nobina also actively strives to

Age distribution by function, employees

Share, %	2018/2019			2017/2018		
	<30 years	30–50 years	>50 years	<30 years	30–50 years	>50 years
Bus drivers and driver administration	6	46	48	6	45	48
Mechanics (workshop)	23	46	30	24	46	31
Company management, sales, marketing, HR and other	13	58	29	8	67	25
Traffic planning	9	49	42	9	54	38
Total, Group	7	47	46	8	46	46

Age distribution, Board and management team

Share, %	2018/2019			2017/2018			2016/2017		
	<30 years	30–50 years	>50 years	<30 years	30–50 years	>50 years	<30 years	30–50 years	>50 years
Board of Directors	–	–	100	–	–	100	–	–	100
Management team	–	44	56	–	44	56	–	45	55

ensure its employee feel they can influence their workplace and therefore encourages local initiatives.

Follow-up and evaluation of the work environment and safety is conducted by the local KAMS organisation and continually followed-up by KAMS councils at traffic area level. Irregularities are reported at company and Group level each month. The KAMS functions provide important tools in work to share good examples and solutions.

Overall responsibility for diversity, equal opportunity and training rests with the HR director who reports to the CEO. The operational activities and follow-up and evaluation are shared between the HR director, the subsidiaries' HR directors and the traffic areas' line managers. The Board and CEO have the ultimate responsibility for Nobina as a workplace.

Employees

The public transport industry is mobile and labour-intensive. Therefore, it is important to both motivate existing employees and to attract new talent. Nobina is highly dependent on access to drivers and may be negatively impacted in the event of driver shortages.

This is why we are working to strengthen the attractiveness of the driving profession and to ensure the availability of drivers in society as retirements increase.

At the end of the fiscal year, Nobina had 11,533 employees, including consultants. All employees, except for consultants, are covered by collective bargaining agreements. During the summer season, fixed-term personnel are employed to cover staffing needs during the holiday period. However, we strive to offer more employees permanent contracts, which increases security for both employees and the company. In certain cases, subcontractors are used, though these are not a substantial part of operations. For risk management related to employees, see page 85–86.

ANTI-CORRUPTION

Management approach

Business ethics and anti-corruption are important issues for Nobina. The Group's anti-corruption instructions provide guidance in efforts to create conditions for secure and transparent transactions with cli-

Employees by type of employment and gender,

Number	2018/2019			2017/2018		
	Men	Women	Total	Men	Women	Total
Permanent employees	7,891	1,110	9,001	7,724	1,128	8,852
Fixed-term employees	2,236	296	2,532	2,287	334	2,621

Employees by type of employment and region,

Number	2018/2019					2017/2018				
	Sweden	Norway	Denmark	Finland	Total	Sweden	Norway	Denmark	Finland	Total
Permanent employees	6,564	910	462	1,325	9,261	6,235	921	495	1,211	8,862
Fixed-term employees	1,733	407	90	42	2,272	2,003	395	125	88	2,611

Employees by part-time or full-time and gender

Number	2018/2019			2017/2018		
	Men	Women	Total	Men	Women	Total
Full-time employees	7,271	954	8,225	6,984	945	7,929
Part-time employees	802	184	986	740	193	933

The number of employees refers to figures from the end of February 2019.

1) Pertaining to permanent employees

ents, suppliers and other partners. The instructions were drawn up by the Group's CEO and management team. All employees in relevant functions, such as business developers and purchasers, are informed of the instructions when they are employed. As a complement to daily work with governance and corporate culture, every third year we conduct internal process audits of the Group's staff.

Contact between clients and operators is limited when tendering for new traffic contracts. The tendering process must always be transparent and promote equal opportunity. However, we have noted that it has become more common that clients invite operators for consultation prior to advertising new traffic contracts. This has

created a new arena where influence may be exerted, before the tender is carried out.

Nobina's whistleblower service provides employees, suppliers, customers or third parties with the opportunity to report suspicions of serious irregularities or misconduct, such as fraud, corruption or activities that may pose a serious threat to an individual's life and health. The service is managed by an external party to ensure security requirements. The discloser can choose to be completely anonymous when reporting to the external employee-ombudsman channel, MOM. This offers a safe channel and guarantees whistleblower protection.

Outcome 2018/2019

No cases of corruption were reported or identified in internal audits during the year.

EDUCATION

Management approach

In a business undergoing rapid change, skills development of employees is vital if Nobina is to develop as a company. Skills development is achieved both externally and internally, where the in-house Nobina Academy is one important function. The Academy arranges driver courses, management training and role-specific training.

All employees have individual objectives that are discussed and formulated during performance appraisals with the employee's immediate manager. One important element in this is a clear plan for training. Specific training plans are created after each traffic area has identified its training needs. We encourage development and help employees to progress within the Group. Drivers who are interested in developing within Nobina may be offered to apply for a job as instructor on YKB training courses, as a supervisor for new drivers or for a position within the scope of the Green Journey. Some drivers also move on to become traffic operators or team leaders. For employees with a managerial position, regular leadership courses are held through the Nobina Academy in areas including leadership, coaching, safety, environment and work environment. Nobina allows employees to try out their profession in another country where Nobina has operations, which leads to an increased exchange of experience.

Outcome 2018/2019

Nobina's employees have on average attended 32.99 (33.19) hours of skills development per employee and 6,290 (6,545) performance appraisals were held.

INDUSTRY COLLEAGUES

We wish to contribute to a positive change in the industry and are a member of and play an active role in a number of trade organisations. Through cooperation between different operators, better long-term conditions are created for a sustainable society and a healthier industry.

- In Sweden, Nobina is a member of the Swedish Bus and Coach Federation, Samtrafiken AB, the Tender Committee of the Swedish Association of Local Authorities and Regions, and the Confederation of Swedish Enterprise.
- In Norway, Nobina is a member of NHO Transport, Næringspolitisk utvalg and Forhandlingsutvalget.
- In Denmark, Nobina is a member of the Confederation of Danish Industry, Danske Busvognmænd and Dansk Kollektiv Trafik.
- In Finland, Nobina is a member of the Employers' Federation of Road Transport (Autoliikenteen Työnantajaliitto ry).

The Board of Directors has approved the Sustainability Report on pages 72–80 in connection with its final approval of the Annual Report.

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in Nobina AB (publ.), corporate identity number 556576-4569

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the financial year 2018-03-01–2019-02-28 on the pages referenced to on page 21 of the administration report and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is substantially different and 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 sufficient basis for our opinion

Opinion

A statutory sustainability report has been prepared.

Stockholm, 26th April, 2019
PricewaterhouseCoopers AB

Michael Bengtsson
Authorised Public Accountant

STAKEHOLDER DIALOGUE

Nobina strives to maintain a continuous and close stakeholder dialogue in order to be able to best address stakeholders and their needs. This puts the Group in a better position to manage the expectations

and requirements imposed on its operations. An overview of the dialogue with Nobina's identified key stakeholders and their material issues are presented below.

Stakeholder analysis 2018/2019

Stakeholder	Dialogue forums	Significant issues for stakeholder	How Nobina works
Clients	<ul style="list-style-type: none"> • Industry associations • Business development managers in meetings with clients • Public Transport Authority survey • Daily operations 	<ul style="list-style-type: none"> • Cooperation with unions • Favourable employment terms • Transparency and values • Membership of trade associations • Good leadership • Anti-corruption • Emission levels • Certifications • Requirements on the type of fuel • Noise level requirements • Environmental requirements on chemicals 	<ul style="list-style-type: none"> • Joint projects with clients on such items as new types of vehicles, environmental adaptations and customisations
Passengers	<ul style="list-style-type: none"> • Passenger surveys • Focus groups • Social media • Customer viewpoints 	<ul style="list-style-type: none"> • Punctuality • Value for money • Treatment • Simplicity • Way of driving 	<ul style="list-style-type: none"> • Conduct and analyse customer surveys • Feedback on customer viewpoints
Owners	<ul style="list-style-type: none"> • Board meetings • AGM • Capital Markets Day • Transparent quarterly reporting • Quarterly investor calls • Annual and sustainability reports • Nobina's website 	<ul style="list-style-type: none"> • Profitability • Resource efficiency • Market development 	<ul style="list-style-type: none"> • Action plan and reports
Politicians	<ul style="list-style-type: none"> • Industry associations • Meetings with politicians 	<ul style="list-style-type: none"> • Regional growth • Infrastructure in society • Resource-efficient transportation • Societal benefits from public transport • Contract design 	<ul style="list-style-type: none"> • Active engagement in industry conditions, traffic conditions and societal structure
Suppliers	<ul style="list-style-type: none"> • Tender processes • Follow-ups 	<ul style="list-style-type: none"> • Environmental requirements 	<ul style="list-style-type: none"> • Make demands, evaluate and follow up
Employees	<ul style="list-style-type: none"> • Performance appraisals • Employee surveys • Improvement groups • Training • Intranet • Nobina's website • Social media 	<ul style="list-style-type: none"> • Safe workplace • Ability to influence work conditions • Well-being • Sick leave • Diversity and equal opportunity 	<ul style="list-style-type: none"> • The European Works Council¹⁾ establishes business plans and important changes in operations • Employee responsibility for own goals, assessment and activities • Regular individual feedback on performance • Leadership development
Media	<ul style="list-style-type: none"> • Press releases • Interviews • Nobina's website • Social media 	<ul style="list-style-type: none"> • Correct facts/statements • Punctuality and regularity • Knowledge creation within public transport 	<ul style="list-style-type: none"> • Increase awareness of Nobina and the industry among journalists • Communication platform

1) The European Works Council is a Group-trade union collaboration that assembles employer representatives from the various subsidiaries and provides them with an insight into the Group's work.

GRI CONTENT INDEX

GRI Standard	Disclosure name	Page reference	Omissions	Reference to sustainability agenda
GRI 101: FOUNDATION 2016				
GRI 102: GENERAL DISCLOSURES 2016				
Organisational profile				
102-1	Name of the organisation	11		
102-2	Activities, brands, products, and services	15-17, 31		
102-3	Location of headquarters	31		
102-4	Location of operations	3		
102-5	Ownership and legal form	19		
102-6	Markets served	3		
102-7	Scale of the organisation	11, 18, 22-24		
102-8	Information on employees and other workers	18, 79		
102-9	Supply chain	76		
102-10	Significant changes to the organisation and its supply chain	–		
102-11	Precautionary Principle or approach	76		
102-12	External initiatives	74		
102-13	Memberships of associations	80		
Strategy				
102-14	Statement from senior decision-maker	4-5		
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behaviour	2, 74		
Management approach				
102-18	Governance structure	74, 87-94		
Stakeholder engagement				
102-40	List of stakeholder groups	81		
102-41	Collective bargaining agreements	79		
102-42	Identifying and selecting stakeholders	81		
102-43	Approach to stakeholder engagement	81		
102-44	Key topics and concerns raised	81		
Reporting Practice				
102-45	Entities included in the consolidated financial statements	51-52		
102-46	Defining report content and topic Boundaries	75		
102-47	List of material topics	75		
102-48	Restatements of information	–		
102-49	Changes in reporting	75		
102-50	Reporting period	72		
102-51	Date of most recent report	72		
102-52	Reporting cycle	72		
102-53	Contact points for questions regarding the report	72		
102-54	Claims of reporting in accordance with the GRI Standards	72		
102-55	GRI content index	82-83		
102-56	External assurance	72		

GRI Standard	Disclosure name	Page reference	Omissions	Reference to sustainability agenda
ECONOMIC STANDARDS				
Economic Performance				
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	7, 17-18, 74-75, 93		
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	76		
Anti-corruption				
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	74-75,79, 93-94		
GRI 205: Anti-corruption 2016				
205-3	Confirmed incidents of corruption and actions taken	80		
ENVIRONMENTAL STANDARDS				
Energy				
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	18, 74-75, 77, 93		
GRI 302: Energy 2016				
302-1	Energy consumption within the organisation	77	Nobina reports fuel consumption as fuel is the type of energy with the greatest impact on Nobina's energy consumption.	
305-4	Reduction of energy consumption	77		
Effluents and Waste				
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	18, 74-75, 77, 93		
GRI 305: Emissions 2016				
305-4	GHG emissions intensity	77	Nobina only reports emissions from fuel combustion. Emissions are reported per kilometre in line with industry practice.	
305-5	Reduction of GHG emissions	77		
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	77		
SOCIAL STANDARDS				
Occupational Health and Safety				
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	74-75, 77, 93		
GRI 403: Occupational Health and Safety 2016				
403-1	Workers representation in formal joint management-worker health and safety committees	18, 74	Partially reported due to limitations in sampling techniques. ¹⁾	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	77-78		
Training and Education				
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	74-75, 80, 93		
GRI 404: Training and Education 2016				
404-1	Average hours of training per year per employee	80		
404-2	Percentage of employees receiving regular performance and career development reviews	80		
Diversity and Equal Opportunity				
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	74-75, 78, 93		
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	78-79		

¹⁾ Nobina has commenced work to develop system support that will increase the level of detail in reporting sustainability data.

NOBINA'S RISK MANAGEMENT

The exposure to various risks is a natural part of business activities and something that Nobina considers an integrated part of its operations, and is an aspect that is also actively and continuously addressed.

For Nobina a robust and effective risk management entails creating a balance between business objectives and limited risk. The Group's operation involves various risks – ranging from daily operational risks to sustainability risks – which are integrated into the ordinary course of business and monitored, identified, assessed and managed. Nobina has classified the risks in various risk areas as a means of enhancing the efficiency of risk management. Nobina's risk areas on a general level can be divided into five different areas.

RISK AREAS

Operational risks – Risks with a potential adverse effect on our operational ability in the short and long term.

Financial risks – Risks based on Nobina's financing of operations.

Sustainability risks – Risks driven by aspects related to environmental and climate impact or supplier behaviour and work environment.

Industry and market risks – Risks that influence our industry or markets as a whole. Risks can, for example, originate in political or legal issues, broader trends and macroeconomic factors.

Legal and political risks – Risks driven by compliance with laws and regulations or new political trends.

NOBINA'S OVERARCHING WORK PROCEDURE FOR RISK MANAGEMENT

COLLECTION AND GENERAL CLASSIFICATION

- The Board of Directors, Group management and other key employees in company operations conduct structured risk exercises. These identify and measure risks according to their potential impact on the Group's financial position as well as probability that they are realised.

DETAILED ANALYSIS OF RISKS

- Identified risks are analysed in more detail in consultation with Group management and experts from operations. The risks are analysed on the basis of: the potential impact, probability of realisation, possible preventive measures and calculation of risk values.

PROPOSED PRIORITIES AND ACTION PLANS

- The analysis is summarised in an overarching risk assessment, and risks with the highest overall risk values are reviewed with Group management. A decision is taken on the risk assessment as well as a definition of possible measures and person responsible.

BOARD REVIEW OF RISK ASSESSMENT AND ACTION PLANS

- A decision is taken on strategic direction and objectives for the next fiscal year on the basis of the risk assessment and proposed action plans.

MANAGING RISKS IN THE BUSINESS AND OPERATIONAL PLANS

- The overarching risk assessment is used by subsidiaries and operational functions when defining operational and business plans. Specific measures may be assigned to the highest Group-wide risks which are then followed up on.

FOLLOW-UP

- The risks are continuously managed in routine operational follow-up on a quarterly and monthly basis. Specific risks and follow-up of these measures may occur more frequently.

OVERALL DESCRIPTION OF RISKS WITH A POTENTIAL MATERIAL IMPACT IN THE ABSENCE OF CONTROL ACTIVITIES

RISK AREA	DESCRIPTION	EXAMPLES OF CONTROL ACTIVITIES AND COUNTERVAILING FACTORS
OPERATIONAL RISKS		
Continuous contract management and invoicing	Changes in traffic conditions require assurances that any adjustments to terms take place in line with the scope of the contract and, in cases where the changes are outside of the applicable contract terms, negotiate the adjustment of remuneration. All traffic changes and adjustments of remuneration terms need to be identified and included in daily invoicing in a secure manner to ensure that forecast profitability is maintained in existing contracts.	Well-prepared processes for active contract management where contracts are continuously implemented and followed up in accordance with agreed terms, in part for the early identification of traffic changes or the need for adjustments to remuneration for inclusion in invoicing.
Competitiveness, efficiency and ability to extend contracts	Opportunities to secure new contracts are largely dependent on Nobina's ability to tender with competitive pricing and solutions. Pricing is dependent on Nobina's ability to increase operational efficiency and realise potential economies of scale, where competitiveness is also closely related to efficient management of the bus fleet and existing contracts.	Efficient delivery and cost control is a focused and natural part of continuous commercial follow-up activities to identify and follow up deviations and structural challenges.
Acquisition processes	Acquiring new companies involves new risks. The value of potential target companies is based on several different parameters. Key areas are assessments and assumptions about the market and the target company's future development as well as information about the target company's finances and historical results. In cases where the initial assessments and assumptions deviate from expectations at the time of acquisition, risks may materialise through a change in the assessment of the acquired value.	Nobina's existing expertise about the market and ability to develop contracts. Clear internal processes for decision-making, reviewing and evaluating assessments and analyses. External support is used for critical analyses and for second opinions.
IT operations and production system	Nobina's operations are dependent on secure IT operations and accessible operational and production systems. Downtime or inaccessibility in the IT environment's critical systems entails a risk for disruptions in public transport services.	Nobina works in a structured manner with IT and information security where continuous risk analyses are performed to consistently secure critical systems and protect these from, for example, external threats.
Tender pricing	Incorrect assumptions during the tendering process may result in contracts with small profit margins or onerous contracts. There are often limited opportunities to renegotiate contract conditions after a contract has been signed. In addition, contracts may also include different incentives based on the number of boarding passengers, making the contract's profitability partly dependent on revenue on the basis of passenger interest in utilising public transport.	Well-established procedures for careful analyses and processes to assess potential contracts – everything from an inventory of clients and other public transport service providers to the circumstances and risks that need to be managed in tender calculations and pricing for the transport solution requested. In addition, active engagement takes place long before the tendering process is announced and follow-up after the contract is awarded.
FINANCIAL RISKS		
Financial risk exposure	Nobina is mainly exposed to financial risks such as liquidity, interest rate, refinancing, currency, raw materials, credit and counterparty, indexation, and residual value risk. For detailed information, see Note 32.	Clear and established processes and control are used to continuously identify, mitigate and follow up financial risks.
SUSTAINABILITY RISKS		
Environmental and climate damage	Inefficient use of fuel, energy and other raw materials may arise and/or the risk of environmental damage due to Nobina's operations.	Particular focus on efficient fuel consumption with clear continuous follow-up. Highly prioritised initiative within the Group for green and efficient ways of driving through the Green Journey (DGR) concept. In addition, Nobina works in accordance with ISO 14001 to consistently ensure the Nobina's operations minimise the adverse effects of its operations.
Health, safety and work environment	Workplace injuries due to shortcomings in the work environment and safety efforts. This can also refer to discrimination or victimisation of employees with a resulting negative impact on employees' commitment and willingness to work at Nobina.	Establish and work proactively through the company's KAMS initiative with a particular focus on values and inclusion in the Group. Implemented external whistleblower function (MOM).

RISK AREA	DESCRIPTION	EXAMPLES OF CONTROL ACTIVITIES AND COUNTERVAILING FACTORS
Environment and climate	Natural disasters and extreme weather may influence Nobina's ability to conduct operations efficiently or at all.	Action plans drawn up to handle crises and/or extraordinary situations. Infrastructure adapted to cope with extreme weather conditions in line with applicable rules and regulations.
Supplier behaviour	Suppliers that do not comply with our instructions, for example, the Code of Conduct, or otherwise act in an unethical or corrupt manner may damage and/or in several different ways negatively impact Nobina's operations or the company's brand.	Nobina takes as a starting point its Code of Conduct, which includes all aspects from human rights to anti-corruption, and makes demands on suppliers in conjunction with purchases. Supplier audits and follow-up to ensure compliance. In addition, employees are given training and compliance with internal control parameters is followed up to maintain good ethical and social levels.
MARKET AND INDUSTRY RISKS		
Access to funding and financing	Demand from PTAs is highly dependent on regional budgets for public transport. If allocated funds are reduced, this could decrease budgets for the PTAs that are responsible for allocating and financing many of Nobina's contracts.	Thorough and proactive monitoring of the market to track trends and external events. In addition, proactive work is conducted to promote investments in public transport.
Access to staff	Nobina is dependent on access to skilled personnel. A long-term shortage of, for example, bus drivers and mechanics, may have an adverse impact on the company's capacity.	Particular focus internally on recruitment, education and advanced training. Nobina also works proactively to improve the attractiveness of areas currently experiencing a skills shortage. Nobina cooperates with job centres and other relevant authorities in several Nordic countries
Demand for public transport services	Major structural changes in passenger preferences involving modes of transport could have an adverse effect on demand for bus travel, for example, more distance working, increase in car travel or bicycle commuting rather than bus travel are examples of hypothetical forces that could drive change.	Proactive work in marketing and developing attractive public transport solutions. Daily provision of high-quality public transport services.
LEGAL AND POLITICAL RISKS		
Legal risks	Nobina's operations entail continuous contract risks in ongoing contract management. Nobina's also operates under several jurisdictions and is subject to a number of regulations and laws, both European and national rules. Changes to these may impact the Group's operations, for example by violating rules through additional costs, requirements or restrictions. Parts of Nobina's operations are also licensable and subject to comprehensive environmental and other regulations. Nobina could also become involved in commercial disputes and legal processes.	Nobina's well-prepared processes for active and continuous management of contracts mitigate contractual risks. To address the risks pertaining to different jurisdictions, Nobina is proactive at Group and company level to constantly secure compliance. Nobina also monitors legal developments in relevant areas to identify aspects with the potential to influence Nobina in the short and long term. Continuous risk assessment is conducted as part of this work and when necessary external expertise is used in the area in question.
Shifts in public transport preferences	Political objectives and decisions can quickly change the preferences of PTAs for different modes of transport, types of vehicles and fuel.	Nobina is an active member of industry organisations and NGOs in order to monitor and influence the direction of the Nordic public transport sector. Furthermore, Nobina conducts lobbying activities, holds lectures and arranges training initiatives for decision-makers and other stakeholder groups.
Withdrawal of public transport to own management	Political decisions and motives may result in the cancellation of public transport contracts and the return of these to own management.	Other than the basic view to constantly offer the best possible public transport services, which is in itself a countervailing factor, Nobina undertakes continuous dialogue with the relevant stakeholders as a means of actively monitoring and influencing the direction of political decisions. Also in this area, Nobina conducts lobbying activities, holds lectures and arranges training initiatives for decision-makers and other stakeholder groups.

CORPORATE GOVERNANCE REPORT

For Nobina, good corporate governance provides the basis for creating a trusting relationship with shareholders, employees and key stakeholders in the Group's operating environment. Corporate governance is a central building block to ensure that Nobina is managed responsibly, sustainably and that this takes place in accordance with prevailing law, other regulations and provisions and good practice based on Nobina's operations.

Corporate Governance Report describes the structure of Nobina's corporate governance and includes information about shareholders, the Annual General Meeting (AGM), the Nomination Committee, auditors, the Board of Directors and Committee work, Group management as well as compliance and internal control. A description is also provided of operational management and administration, as well as the manner in which the Board of Directors ensures the quality of the financial statements and its cooperation with the company's independent auditors.

CORPORATE GOVERNANCE AT NOBINA

Corporate governance focuses on how to govern, manage and control operations with the aim of creating value for the company's shareholders and other stakeholders. It aims to create the preconditions for active, responsible corporate bodies, to clarify the allocation of roles and responsibilities and to ensure accurate reporting and information. Corporate governance at Nobina is based on both external and internal regulations.

Since 1 July, 2008, all companies whose shares are listed on Nasdaq Stockholm or NGM Equity are required to apply the Swedish Corporate Governance Code (the Code), regardless of their market capitalisation. Nobina is subject to the rules of the Code and has followed them since becoming listed on 18 June 2015. The Code is based on the principle of comply or explain and is available on the website for the Swedish Corporate Governance Board: www.corporategovernanceboard.se. Nobina has no deviations from the Code to report.

Articles of Association

The Articles of Association contain no separate provisions pertaining to the appointment or removal of Board members or the amendment of the Articles of Association. The Articles of Association are available in their entirety on Nobina's website; www.nobina.com.

External regulations

- Swedish Companies Act
- Swedish Annual Accounts Act
- Regulations for issuers, Nasdaq Stockholm
- International Financial Reporting Standards (IFRS)
- Other relevant laws
- Swedish Corporate Governance Code

Internal regulations

- Articles of Association
- The Board's Rules of Procedure
- The Board's instructions for the CEO
- Control parameters through policies, instructions and guidelines

General Meeting

The General Meeting is the company's highest governing body. At this Meeting, shareholders exercise their decision-making rights on such matters as the composition of the Board of Directors and the election of auditors. The Nomination Committee proposes candidates for selection as Board members, Chairman of the Board and auditors. Resolutions at the Annual General Meeting (AGM) are normally passed with a simple majority. In certain cases, however, the Swedish Companies Act stipulates a certain level of attendance to reach a quorum or a special voting majority. Shareholders have the opportunity at the AGM to pose questions about the company and its results for the preceding year. Representatives of the Board of Directors, the Group management and the auditors are normally present to answer such questions at the AGM.

No shareholder in Nobina represents a shareholding larger than 10 per cent, in terms of votes, for all shares in the company and there are no limitations on how many votes each shareholder can cast at the AGM.

2018 AGM

The most recent AGM was held on 31 May 2018 in Stockholm. At the AGM, 39.3 per cent of voting rights were represented. Representatives of Nobina's Board of Directors and Group management, and the auditor were present. The AGM adopted the accounts for 2017/18 and granted the Board of Directors and CEO discharge from liability for the forthcoming fiscal year's administration.

The following decisions were made at the Meeting on 31 May 2018:

- Profit for the year was SEK 61,352,890, disposable earnings from previous fiscal year totalled SEK 961,221,938 and share premium reserves were SEK 1,335,198,568. It was resolved to pay a dividend to shareholders of SEK 295,991,535 (SEK 3.35 per share) for the

past fiscal year. Accordingly, SEK 2,061,781,861 was carried forward to the next fiscal year,

- The Board shall comprise six Board members with no deputies and that the company shall have one auditor with no deputy.
- Re-election of Board members John Allkins, Graham Oldroyd, Monica Lingegård, Liselott Kilaas and Jan Sjöqvist, and the latter was re-elected as Chairman of the Board. Bertil Persson was elected as a new Board member to replace Ragnar Norbäck. All of the above were elected for the period until the next AGM.
- Re-election of PricewaterhouseCoopers AB as the company's auditors,
- That fees shall be paid to the Chairman of the Board of SEK 900,000 and a fee of SEK 450,000 for each of the other Board members, SEK 2,700,000 in total, and that fees to the auditors shall be paid against invoices approved by the Board,
- Approval of the Nomination Committee's proposal for principles governing the appointment of the Nomination Committee,
- Approval of guidelines for remuneration of senior executives,
- The Board's proposal to implement a performance-based share saving programme was approved,
- Authorisation for the Board of Directors to acquire and transfer own shares within the scope of share saving programme,
- Approval for the Board of Directors to make decisions on the transfer of own shares to participants in the share saving programme,
- Authorisation for the Board to take decisions on new share issues, and so forth.

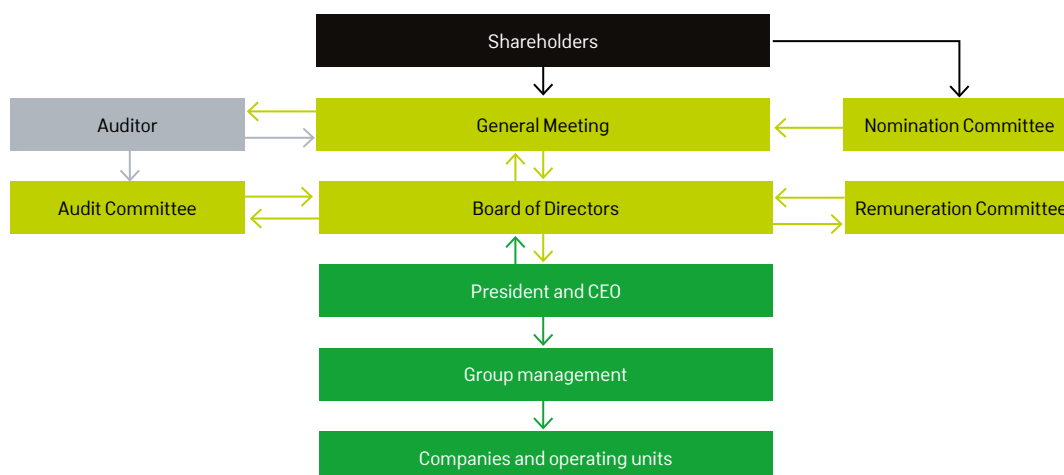
2019 AGM

The 2019 AGM will be held on 29 May, 2019. See page 104.

Nomination Committee

The Nomination Committee of Nobina prepares and submits proposals to the AGM for the Chairman of the AGM, members of the Board

ORGANISATION OF NOBINA'S CORPORATE GOVERNANCE



and Chairman of the Board. It also submits proposals for Board fees to each of the members of the Board and the Chairman as well as, if any, remuneration for Committee work and fees to the company's auditor. Where applicable, it provides proposals regarding the election of auditors. Furthermore, it prepares and submits proposals regarding principles governing the composition of the Nomination Committee. The proposals submitted by the Nomination Committee are presented in the official notification of the AGM.

Composition of the Nomination Committee and principles governing appointment of the Nomination Committee

The 2018 AGM resolved that during the period until the next AGM, Nobina will have a Nomination Committee comprising one representative for each of the three largest shareholders in terms of votes and the Chairman of the Board. The names of the members of the Nomination Committee and the shareholders they represent are to be published not later than six months prior to the AGM and be based on shareholding statistics provided by Euroclear Sweden AB as of the last banking day in September 2018. Provided the members of the Nomination Committee do not agree otherwise, the member representing the largest shareholder, in terms of votes, shall be appointed chairman of the Nomination Committee. In the event that a shareholder who has appointed a member is no longer one of the three largest shareholders, in terms of votes, the appointed member is to resign and be replaced by a new member in accordance with the above procedure.

At Nobina, diversity is viewed as a material and integral part of efforts to pursue responsible and continuously improving operations. Diversity is also viewed as a critical success factor in achieving strategic goals. Ahead of the 2019 AGM, the Nomination Committee has applied section 4.1 of the Code as its diversity policy. The aim of the Nomination Committee has been to provide the Board of Directors with the expertise and experience required to lead the

company's operations in an optimal manner and that Board members complement each other, thereby ensuring the expertise that is crucial for Nobina. In addition, it has been the ambition of the Nomination Committee to promote a gender balance by ensuring the proportion of female Board members and strengthening the industrial and operational experience on the Board of Directors. As a result of the Nomination Committee's work, the Nomination Committee's proposed Board composition will represent a variation in terms of gender, age and background and suitable breadth in terms of industrial, financial and marketing expertise. Nobina is of the opinion that these objectives and aims have been achieved.

NOBINA'S BOARD OF DIRECTORS

The Board's responsibility

The Board's work is governed by the Swedish Companies Act, the Articles of Association, the Code and the Rules of Procedure established by the Board annually. Nobina's Board is responsible for the organisation and administration of the company's affairs. One of the Board's most important assignments is to secure a long-term strategy, governance, follow-up and control of Nobina's daily operations with the aim of creating value for shareholders, customers, employees and other stakeholders. The Board appoints the President, who is also CEO.

Composition of the Board of Directors

The Articles of Association state that the Board is to comprise not less than three and not more than ten Board members. The Board is to have an appointed Chairman, who, under Swedish law, may not simultaneously serve as the company's CEO. According to the Code, the Chairman shall be elected by the AGM. During the 2018/2019 fiscal year, the Board comprised six members. John Allkins, Graham Oldroyd, Monica Lingegård, Liselott Kilaas, Bertil Persson and Jan Sjöqvist, and the latter was re-elected as Chairman of the Board at

NOBINA'S NOMINATION COMMITTEE AHEAD OF THE 2019 AGM

Member	Representing	Shareholding/ votes
Jan Sjöqvist	Chairman of the Board	0.2%
Johan Strandberg	SEB	3.0%
Nuno Caetano	Invesco Limited	5.6%
Mattias Cullin	Danske Invest Fonder	2.5%

The members of the Committee were appointed based on the ownership structure as of 30 September 2018. The shareholdings are reported as of the same date. Chairman of the Nomination Committee is Nuno Caetano.

BOARD MEMBER ELECTED BY AGM

	Remu- neration, SEK	Number of shares/ votes	Indepen- dent	Atten- dance at Board meetings	Atten- dance at Com- mittee meetings
Jan Sjöqvist	900,000	193,737	Yes	8 of 8	4 of 4
Graham Oldroyd	450,000	34,375	Yes	8 of 8	4 of 4
John Allkins	450,000	54,963	Yes	8 of 8	4 of 4
Bertil Persson	450,000	0	Yes	5 of 5	–
Monica Lingegård	450,000	0	Yes	7 of 8	4 of 4
Liselott Kilaas	450,000	0	Yes	7 of 8	4 of 4

the AGM. All Board members are independent in relation to major shareholders in the company. All Board members are independent in relation to the company and its management.

Work performed by the Board during the year

The Board met eight times during the fiscal year. Board meetings are normally convened by notice being sent at least one week prior to the meeting. A shorter notice period is permitted if there are special reasons. Relevant material for discussion and, where applicable, for resolution at the meeting is also attached to the notice. Nobina’s Senior Legal Counsel, who is also Board secretary, and the CFO participate in all Board meetings. Other Nobina employees have sometimes presented various matters during Board meetings. At meetings held during the fiscal year, the Board dealt with issues including the company’s operations, risk analysis, strategy, financial reporting and the business plan. The Board evaluates its work once each year by responding to an anonymous survey. The Chairman of the Board presents the survey results to the Board. In addition, the Board evaluates the company’s CEO and his work during at least one meeting each year. No member of Group management is present at this meeting.

The Board's work procedures

The Board follows adopted Rules of Procedure governing its operations that describe how work is divided between the Board, its com-

mittees and the CEO. These are established each year by the Board and apply to the Board members. Directives for the CEO and for financial reporting are described in appendices to the formal work procedures. The prevailing formal work procedures were adopted on 31 May 2016.

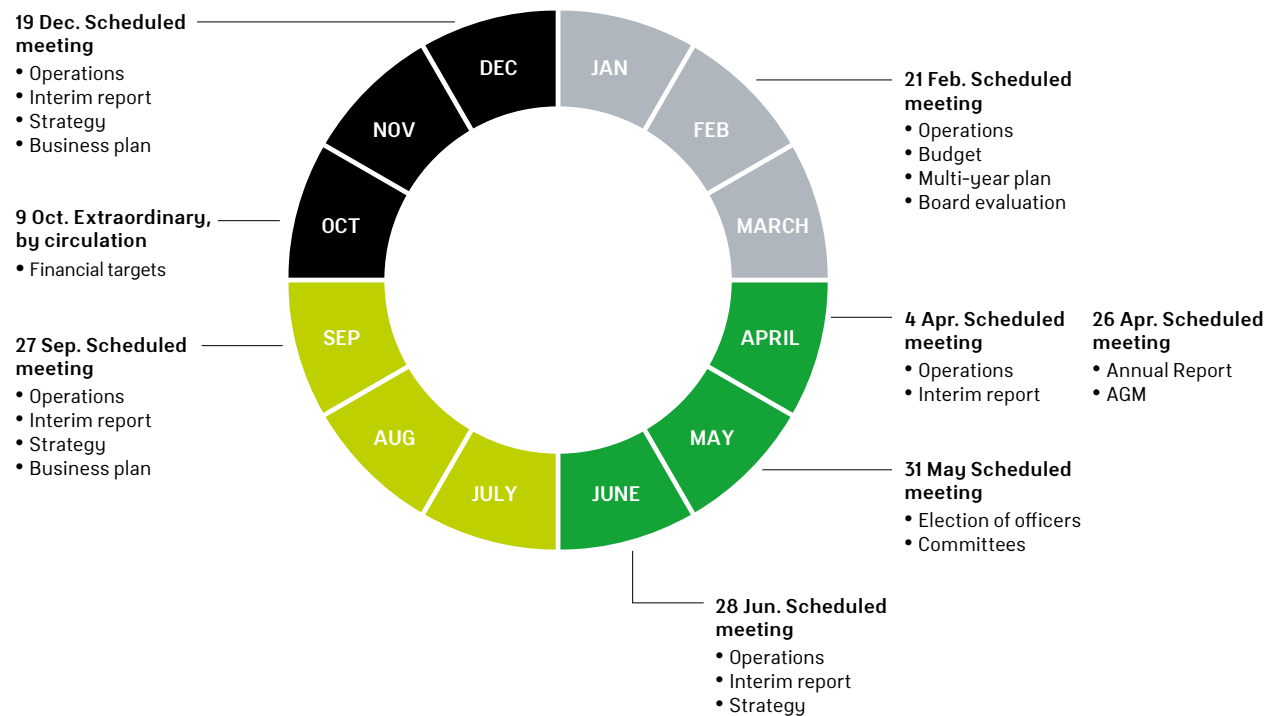
Remuneration Committee

The Rules of Procedure state that a Remuneration Committee is to be appointed from the Board of Directors. The main tasks of the Remuneration Committee include:

- preparing matters for the Board related to the remuneration and other terms of employment of senior executives,
- monitoring and evaluating the applicable remuneration structures, levels of remuneration and variable remuneration programmes for such senior executives and
- monitoring and evaluating the results of variable remuneration programmes and how the company complies with the remuneration guidelines adopted by the Annual General Meeting.

In accordance with the Code, members of the Remuneration Committee are to be independent in relation the company. The Remuneration Committee currently has two members: Jan Sjöqvist (Chairman) and Graham Oldroyd, who are both independent in relation to the company and its senior executives. The Remuneration Committee held four meetings during the fiscal year.

BOARD MEETINGS DURING THE FISCAL YEAR



Audit Committee

The Rules of Procedure state that an Audit Committee is to be appointed from the Board of Directors. Without prejudice to the tasks and areas of responsibility of the Board, the Audit Committee is to:

- monitor the company's financial reporting, and based on this,
- monitor the company's internal controls, internal auditing and risk management,
- keep informed about the auditing of the annual report and the Group's short and long-term cash flow trends,
- review and monitor the impartiality and independence of the auditor, with a particular focus on whether the auditor is providing the company with any services other than auditing, and
- provide support in the preparation of proposals for the Annual General Meeting's resolutions regarding the election of auditors.

The Audit Committee currently has three members;

John Allkins (Chairman), Monica Lingegård and Liselott Kilaas, which are all deemed independent in relation to the company, Group management and the company's main shareholders. The Chairman of the Committee has the requisite financial reporting competence under the Swedish Companies Act. The Audit Committee meets ahead of all Board meetings in connection with the interim reports. The Committee met four times during the fiscal year.

CEO and Group management

The CEO is appointed by the Board and is responsible for ensuring that daily operations are conducted in accordance with the Board's guidelines and instructions. Nobina's Group management consists of the CEO, managing directors for subsidiaries, CFO, Director for HR, Senior Legal Counsel & Chief Compliance Officer and Director of Business Development & Group functions. Group management holds one scheduled meeting each month. The meetings focus on the Group's strategic and operational development as well as performance follow-up. In addition to these meetings, close daily collaboration takes place on various issues between senior executives. Management works in line with all of the Group's policies and applicable directives. All material decisions in the daily management of the Group's operations are taken by the CEO following consultation with Group management. The managing director of each operating subsidiary is responsible for collecting information about the development of the operations and how financial and qualitative targets are achieved. The managing director of each subsidiary is also responsible for compiling this information and reporting to the relevant senior executives and the CEO. The CEO thereafter reverts to each of the managing directors who in turn are responsible for ensuring the received instructions are implemented.

Auditors

The shareholders at the AGM elect an external independent auditor for the period until the end of the next AGM. The auditor reports to the shareholders at the company's AGMs. The company is to have not less than one (1) and not more than two (2) auditors with at most

two (2) deputies. Authorised public accountants or registered auditing firms shall be appointed as auditors or deputies as appropriate.

The 2018 AGM re-elected PricewaterhouseCoopers AB as Nobina's auditors for the coming year. Authorised Public Accountant Michael Bengtsson is the Auditor in Charge. Michael Bengtsson is a member of the Swedish Institute of Authorised Public Accountants (FAR).

The external auditors are responsible for auditing the company's annual report, which consists of consolidated financial statements and accounts, as well as the administration of the Board and CEO. The auditor must conduct a general review of the company's six-monthly or nine-monthly interim reports in accordance with the Code. The auditor regularly reports to the Audit Committee, Group management and the local company management teams. At the Board meeting in conjunction with the annual accounts, the auditor presents his conclusions from the review to the entire Board. During the year, the auditors met the Board without the presence of company management. The auditor may only be engaged for consulting services that have been decided on and approved in advance by the Audit Committee. The auditor informs the Audit Committee of the annual audit plan, its scope and contents, and presents its conclusions. The Audit Committee is also informed about assignments that were performed in addition to auditing services, compensation for such assignments and other circumstances of importance for assessing the auditors' independence. The audit is carried out in accordance with the Swedish Companies Act, International Standards on Auditing and generally accepted auditing standards in Sweden, which are based on the International Federation of Accountants' (IFAC) international audit standards. Remuneration of auditors was paid in accordance with Note 6.

REMUNERATION OF MANAGEMENT AND BOARD OF DIRECTORS

Principles for remuneration of senior executives

Senior executives at Nobina include the CEO, the managing directors of subsidiaries (of whom one subsidiary's managing director is Deputy CEO), CFO (vice President) and functions that report directly to the CEO. In order for the company to be able to attract, develop and retain senior executives with the relevant experience and skills, it is important that the company has a competitive remuneration package that is in line with the market for senior executives in different industries. Remuneration to senior executives consists of fixed salary, short and long-term variable remuneration, pensions, and other customary benefits. Overall remuneration should reflect the market, be competitive and reflect the employee's performance and responsibilities.

Short-term variable remuneration

Short-term variable remuneration is to be based on the individual's performance and the company's performance in relation to predetermined and established targets. The evaluation of these targets takes place annually and for managing directors of subsidiaries is capped at 60 per cent fixed annual salary, while the cap for other senior executives is 30 per cent of fixed annual salary.

Share-based long-term variable remuneration

Since 2017 AGM, the Board of Directors has introduced two long-term incentive programmes to increase value for the Group's shareholders by promoting and maintaining the commitment of senior executives towards the performance of Nobina, and thereby align the interests of shareholders with those of Group management and other key employees to ensure maximum long-term value creation. For details about the incentive programme, see Note 8.

Other benefits

Other benefits primarily consist of company cars.

Severance pay

In the event of termination of employment, senior executives at Nobina are entitled to not more than 18 months' compensation including salary during the notice period. As a basic principle, a six-month mutual termination period applies between Nobina and the CEO. For other senior executives, the notice period is not more than six months, and a shorter period than six months may be permitted. In addition, a maximum of six months' remuneration is payable should employment be terminated by Nobina.

Pensions and terms for the CEO

The retirement age for the company's CEO is 65. Pension expenses comprise defined-contribution pensions, for which the premium is equal to 35 per cent of pensionable salary. Pensionable salary refers to basic salary as long as the CEO remains employed by the company. Salary paid upon termination is pensionable.

The CEO is entitled to 30 days of holiday and, in addition to the taxable benefits described above, also to health insurance and a company car. If the CEO chooses to refrain from a company car then monthly compensation is paid corresponding to the taxable benefit value.

Remuneration of the Board of Directors

Remuneration to the Chairman and other members of the Board is paid according to the decision of the AGM. The CEO receives no directors' fees. Directors' fees paid during the fiscal year totalled SEK 2.7 million.

Remuneration of auditors

For the fiscal year, remuneration of auditors has been paid in accordance with Note 6.

To read more about remuneration of the Board of Directors and senior executives, refer to Note 8.

INTERNAL GOVERNANCE AND CONTROL

The following section describes the most important elements of Nobina's system for internal control and risk management in conjunction with its financial reporting. The purpose of well-developed internal control is to ensure correct, appropriate and reliable financial reporting and disclosures.

Nobina's internal control is shaped by the overall control environment. The Board of Directors is responsible for ensuring and establishing an efficient system for internal control and then steers its work through the Audit Committee, Nobina's CEO and Group management. These are then responsible for ensuring that operations, including all employees, comply with the structures established for internal governance and control. For Nobina, a success factor for strong and transparent control environment is the establishment of a good organisational structure, clear decision-making procedures, Group-wide values in terms of ethics and integrity, and clearly defined and communicated authorities through internal qualitative control parameters, including policies, instructions and guidelines.

In summary, reliable financial reporting for Nobina means that:

- accounting policies are appropriate and comply with International Financial Reporting Standards (IFRS) and the Swedish Annual Accounts Act (ARL),
- profit and loss accounting is informative and sufficiently detailed, and
- it accurately reflects underlying events and the company's actual earnings, financial position and cash flow with reasonable assurance.

COMPONENTS FOR INTERNAL CONTROL

Nobina's internal control is based on an established framework – the Internal Control Integrated Framework, which is referred to as the COSO framework. Nobina's control components comprise the following elements:

- Control environment,
- Risk assessment,
- Control activities,
- Information and communication, and
- Follow-up and improvements.

NOBINA'S CONTROL ENVIRONMENT

Nobina's main operational governance for its control environment is based on a process-oriented management system, which aims to guarantee behaviour and a corporate culture characterised by integrity and that does not compromise on ethical values. This includes employees' experience, skills, attitudes, ethical values and perception of how responsibility and authority are distributed within the organisation. The control environment comprises the main operational processes with a documented framework that includes Group policies as well as company-specific instructions and local instructions. Each main process has a process owner who is responsible for the



process and for proactively proposing preventative measures, as well as suggestions on how to develop and improve the process. Nobina's various business leaders are responsible for the implementation of controls, and the follow-up and correction of deficiencies in the different main processes.

In addition to the above, Nobina also has other control environments that act as an extension of the main operating control.

Internal control

Nobina engages external assistance for internal audit functions, which help to perform reviews and evaluations. The result of these is then reported to the Audit Committee and the company's management.

Compliance function

Nobina has a compliance function that is independent from business operations at the same time as serving as a support function for the Group's operations. The function is responsible for supporting business operations and management in matters involving regulatory compliance and works proactively to identify new regulations and other external events that could impact the business. The function also continuously follows up various activities and reports compliance risks that may arise in instances when Nobina does not comply with external and internal rules. The role of the compliance function is to promote a sound compliance culture throughout the Group by contributing to safeguarding quality, integrity and ethical principles in Nobina's business operations. The compliance function regularly reports on Nobina's regulatory compliance and risks to Group management and the Board of Directors through the Chief Compliance Officer.

Whistleblowing

Nobina has an internal and external whistleblowing service that employees can reach on the intranet and other stakeholders through the companies' websites. The service aims to identify at an early stage any deviation from Nobina's values, business ethics guidelines or economic crimes. Anyone who wishes to use the service can remain completely anonymous as it is administered by Nobina's external party, primarily to guarantee anonymity and professionalism.

Nobina's KAMS organisation

Nobina's integrated and operational KAMS activities – which include quality, work environment, environment and safety – pervade the entire Group's work and involve proactive and preventive efforts relating to such areas as operational risks. The work is carried out at local and central levels and regularly assessed through internal inspections and in internal audits, see page 74 for more information about Nobina's KAMS work.

RISK ASSESSMENT

Proactive and continuous risk management forms a central building block in measures to prevent and counteract high risks. Nobina's work in assessing and managing risks is conducted as an integrated

but focused part of work with the Group's strategy and Group-wide initiatives, as well as in business and operational planning by subsidiaries and functions. Risk assessment encompasses business risks, risks in the financial statements and other risks. The processes include built-in components and methods to identify, appraise and limit risks and to ensure that any risks are dealt with in accordance with Nobina's control framework and guidelines. Every operating unit is responsible for handling its own risks in accordance with Nobina's control framework and process tools. Work with Group-wide risks is coordinated and followed up by Group finance, which also has a specific responsibility with respect to managing financial risks, see page 84 for more information.

In accordance with the work procedure for the Board and in work approving the strategy and targets, the Board of Directors reviews the key risks and action plans at least once per year, see the general work procedure for this on page 84, Risk management. Other than this, the Board of Directors is presented with information concerning action plans and analyses regarding specific risks on a number of occasions.

CONTROL ACTIVITIES

Even if Nobina's continuous risk assessment in itself has a preventive effect on risks, within the Group there are a range of different central and local control structures and functions with the purpose of managing identified risks and taking various control activities. The activities aim to prevent, detect and correct faults and deviations. The control activities are integrated into Nobina's operational management system and control environment and form a central function to ensure effective internal control in the Group. Group management is responsible that relevant control activities are in place and maintained in each main process and unit. In addition, activities are based on a combination of preventive controls and follow-up as well as automated and manual controls. This includes conducting IT controls that secure the Group's IT environment, both from an operational and IT and information security perspective, for key systems and applications. Within the Group, controls also exist for approving and authorising business transactions, which are applied in daily operations, as are established accounting policies when preparing the year-end accounts and financial reports for all Group companies. Established routines govern the review and analysis of the financial statements at all levels in the Group, which is important in order to ensure the accuracy of the statements.

Decision channels, authorities and responsibilities at various levels of the organisation are defined based on documented policies and instructions, which include the authorisation manual.

INFORMATION AND COMMUNICATION

Nobina has information and communication channels to ensure efficient and correct internal and external information disclosure regarding financial reporting. These require that all parts of the business communicate and exchange relevant and essential information. Nobina works in line with the control framework for financial reporting and an adopted communication plan that ensure that

information reaches the right target group in the right manner. It shows how the Group acts and how deviations are reported and monitored. The owner for each main process is to ensure that information about Group-wide methods reaches the entire organisation. Nobina has a line organisation that regularly holds management meetings, where new control documents are presented. Following the presentation, a decision is taken on implementation within each of the relevant operations. Written communication is primarily made available via Nobina's intranets that reach the relevant target groups. This is where news is regularly updated, and where information about the components of the management system are described and our control framework is available.

The Board of Directors and Group management regularly receive financial information from the various operating units with comments on financial performance and risks. In addition, the Board of Directors receives information regarding risk management, internal control and financial reporting from the auditors via the Audit Committee.

Nobina also has special procedures for external information disclosure, which aim to provide the market with relevant, reliable, correct and up-to-date information about the Group's performance and financial position. Nobina has internal control functions, which include the compliance function, to assess the content of information about

Nobina and the financial statements, and to ensure that shareprice-sensitive information is adequately communicated to the market.

All financial statements, presentations and press releases are published on the Group's website; www.nobina.com

FOLLOW-UP AND MONITORING

Follow-up and testing of control activities are regularly conducted to ensure that risks have been taken into account and addressed in a satisfactory manner. The risks that are deemed to be high are primarily followed up within each process. The purpose of following up and monitoring is to ensure a stable control environment at Nobina and to ensure that application and follow-up are carried out in key areas of operations. The starting point within the company is that every process has control functions that support follow-up activities. Internal audits are a supplementary instrument for ensuring that operations are conducted in line with approved decisions. Nobina also engages both internal and external assistance for its internal audit function. In addition, regular internal operational reviews are conducted by internally trained personnel to ensure that control points are functional and efficient. The results of the internal audits are reported to both the Board and Group management. Changes in the organisation that may affect the internal control are assessed each year and reported to the Board.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in Nobina AB (publ.), corporate identity number 556576-4569

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the corporate governance statement for the financial year 2018-03-01–2019-02-28 on pages 87–95, 96–99 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 sufficient basis for our opinions.

OPINIONS

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

Stockholm April 26th, 2019

PricewaterhouseCoopers AB

Michael Bengtsson

Authorized public accountant

BOARD OF DIRECTORS



BOARD MEETINGS DURING THE FISCAL YEAR

Date	Type of meeting	Matters addressed
21 February	Scheduled	Operations, Budget, Multi-year plan, Board evaluation
4 April	Scheduled	Operations, Interim report
26 April	Scheduled	Annual report, AGM
31 May	Scheduled	Election of officers, Committees
28 June	Scheduled	Operations, Interim report, Strategy
27 September	Scheduled	Operations, Interim report, Strategy, Business plan
9 October	Extraordinary	Financial targets
19 December	Scheduled	Operations, Interim report, Strategy, Business plan

1. JAN SJÖQVIST

Chairman

Born: 1948

Elected: 2005

Other assignments: Chairman of the Board of Aditro Logistics AB.

Previous assignments: President and CEO of NCC. Board Member of SSAB AB, Green Cargo AB, Eltel Networks AB, Lannebo Fonder AB and Stora Enso Oyj.

Dependence status: Independent in relation to Nobina, its management and major shareholders.

Education: MSc. from Gothenburg School of Business, Economics and Law.

Number of shares/votes¹⁾: 193,737

Total remuneration in 2018, SEK 900,000

4. LISELOTT KILAAS

Born: 1959

Elected: 2017

Other assignments: Board member of DNVGL, Orkla, Norske pensjonsfonden Nordic, Norsk Hydro, Peab and Memira.

Previous assignments: CEO of Aleris AB and Board member of Polaris Media ASA, Telenor, I.M. Skaugen and Norges Bank.

Dependence status: Independent in relation to Nobina, its management and major shareholders.

Education: MBA at IMD Business School and a Master of Science in Mathematics and Statistics at University of Oslo/Norwegian University of Science and Technology.

Number of shares/votes¹⁾: –

Total remuneration in 2018, SEK 450,000

2. BERTIL PERSSON

Born: 1961

Elected: 2018²⁾

Other assignments: Board member of Christian Berner Tech Trade AB and Troax AB. Senior Advisor of Odin Fonder and Hjalmarsson & Partners Corporate Finance AB.

Previous assignments: Board member of Posten AB, Svensk Bilprovning AB samt Swed-carrier AB. President and CEO of Beijer Alma AB, vice President of LGP AB, CFO of Scania AB and Director of Treasury of Investor.

Dependence status: Independent in relation to Nobina, its management and major shareholders.

Education: MSc from Stockholm School of Economics.

Number of shares/votes¹⁾: –

Total remuneration in 2018, SEK 450,000

5. MONICA LINGEGÅRD

Born: 1962

Elected: 2017

Other assignments: CEO of Samhall AB, Chairman of the Board of SSC and Board member of Humana.

Previous assignments: Board member of Wireless Maingate, Orio, Almega and the Confederation of Swedish Enterprise. CEO of G4S in Sweden and Prenax Global. Senior positions in IT consulting, including Spray and Cap Gemini.

Dependence status: Independent in relation to Nobina, its management and major shareholders.

Education: MSc Business Administration at Stockholm university.

Number of shares/votes¹⁾: –

Total remuneration in 2018, SEK 450,000

3. JOHN ALLKINS

Born: 1949

Elected: 2013

Other assignments: Board member and Chairman of the Audit Committee of Renold Plc.

Previous assignments: Board member of Volex Plc, Linpac Senior Holdings Ltd, Albe-marle & Bond Plc, Molins Plc and Intec Telecommunications Plc. Board member and Chairman of the Audit Committee of Punch Plc and Fairpoint Plc. Executive Roles; Group Finance Director MyTravel Plc and CFO of Equant NV.

Dependence status: Independent in relation to Nobina, its management and major shareholders.

Education: BA business administration and Fellow of the Chartered Institute of Cost and Management Accountants.

Number of shares/votes¹⁾: 54,963

Total remuneration in 2018, SEK 450,000

6. GRAHAM OLDROYD

Born: 1961

Elected: 2014

Other assignments: Chairman of the Board of Ideal Standard International NV. Board member of Henderson Alternative Strategies Trust Plc (publ.) and of PHS Group Investments Ltd and member of the Church Commissioners For England.

Previous assignments: Partner at Bridgepoint, responsible for Bridgepoint's investments in the Nordic region. Professional qualifications: Eurlng, CEng, FIMechE and MCSI in the UK.

Dependence status: Independent in relation to Nobina, its management and major shareholders.

Education: MA Engineering, Cambridge University; MBA INSEAD Business School.

Number of shares/votes¹⁾: 34,375

Total remuneration in 2018, SEK 450,000

1) As of 28 February 2019.

2) Bertil Persson was elected as a new Board member at the General Meeting on 31 May 2018 to replace Ragnar Norbäck.

GROUP MANAGEMENT



1. MAGNUS ROSÉN

President and CEO of Nobina AB from 2017

Born: 1962

Other assignments: Board member of Wexus AS.

Previous assignments: Board member of Llentab and Bonava. CEO of Ramirent Plc, CEO of BE Group Sverige AB, CEO of Cramo-Sverige AB. Service market manager BT Svenska AB.

Education: MBA from the Stockholm School of Economics.

Number of shares/votes¹⁾: 52,000

4. MARTIN PAGROTSKY

General Counsel and Chief Compliance Officer since 2006

Born: 1974

Other assignments: –

Previous assignments: Member of the Swedish Bar Association. Senior Associate at Vinge Law Firm. Law Clerk at Karlstad Administrative Court.

Education: Master of Laws degree, Stockholm University

Number of shares/votes¹⁾: 40,000

7. HENRIK DAGNÄS

MD of Nobina Sverige AB since 2018.

Born: 1970

Other assignments: Chairman of the Board of Nobina Omsorgsresor. Board member of Samtrafiken, Nobina Technology and the Swedish Bus and Coach Federation.

Previous assignments: Vice President and CMO Nobina Sverige 2006–2011 and 2015–2018, Traffic Director Skånetrafiken 2011–2015

Education: Officershögskola Royal Swedish Air Force, strategic planning at Lund University

Number of shares/votes¹⁾: 13,000

10. PETRI AUNO

MD of Nobina Finland Oy since 2019.

Born: 1973

Other assignments: –

Previous assignments: Senior Vice President and member of the management team of VR Group.

Education: MSc. Engineering from Oulu University.

Number of shares/votes¹⁾: –

2. PER SKÄRGÅRD

CFO of Nobina AB since 2004,
Vice President of Nobina AB since 2009

Born: 1957

Other assignments: –

Previous assignments: CFO of DHL Nordic AB, Danzas-ASG AB, NETnet International, Helene Curtis Scandinavia, Warner Lambert Scandinavia. Group Controller AB Pripps Bryggerier.

Economic Planner of Länsförsäkringsbolagen. Chairman of the Swedish Association for Graduated Business Administrators (Svenska Civilekonomforeningen).

Education: Business Administration, Stockholm University.

Number of shares/votes¹⁾: 217,878

5. JENNY LUNDMARK

HR Director since 2019.

Born: 1975

Other assignments: Head of HR at Nobina Sverige.

Previous assignments: Chief negotiator on labour law issues at Nobina AB

Education: Human Resources Specialist, Lund University

Number of shares/votes¹⁾: 2,500

8. NIELS PETER NIELSEN

MD at Nobina Danmark A/S since 2011

Born: 1965

Other assignments: Board member of DKT (Dansk Kollektiv Trafik).

Previous assignments: Operations Manager Nobina Denmark and Arriva A/S. Head of operations (Railfreight) DSB (Danish railways). Board member of the Federation of Road Transport.

Education: Business diploma.

Number of shares/votes¹⁾: 54,005

3. JAN BOSAEUS

Deputy CEO of Nobina AB since 2018

Born: 1960

Other assignments: Chairman of the Board of the Swedish Bus and Coach Federation, Board member of the Swedish Confederation of Transport Enterprises, Alecta's National Board and Board member of the Confederation of Swedish Enterprise.

Previous assignments: Board member of the Swedish Bus and Coach Confederation, X2 AB. Working Committee member of the Confederation of Swedish Enterprise. Head of Service of Kalmar LMV Sverige AB.

Education: Business Administration graduate, Arméns Tekniska Officershögskola

Number of shares/votes¹⁾: 210,913

6. MAGNUS AF PETERSENS

Director of Strategy & M&A since 2019

Born: 1985

Other assignments: –

Previous assignments: Management consultant Capgemini Consulting

Education: Business programme at Uppsala University.

Number of shares/votes¹⁾: 3,250

9. JAN VOLSDAL

MD of Nobina Norge AS since March 2017

Born: 1975

Other assignments: –

Previous assignments: MD of Bring Cargo AS, Director of Bring International, CFO of Logistik Posten Norge. Other senior positions within Bring and Posten Norway. Head of Production at Farris, Ringnes AS/Carlsberg. Planning Manager, Ringnes AS, project manager Ringnes AS.

Education: CMSc. Engineering from NTNU, industrial economy

Number of shares/votes¹⁾: 10,000

Changes to Group management during the fiscal year

On 3 September 2018, Jan Bosaeus was appointed Deputy CEO of Nobina AB. At the same time, Henrik Dagnäs replaced Jan Bosaeus as new Managing Director of Nobina Sverige AB and became a member of Group management. On 31 December, Tom Ward, the Managing Director of Nobina Finland, retired. He was replaced by Petri Auno, who will take up his new position as Managing Director of Nobina Finland in the first quarter of the next fiscal year. Until Petri Auno starts in his new role, Jan Bosaeus is Acting Managing Director of Nobina Finland. On 1 April 2019, Tomas Hansson was appointed Managing Director of Samtrans and in connection with this, left Group management on 31 March 2019. At the same time, Anna Jonasson (Director of HR) left Group management for new challenges outside of Nobina. On 1 April 2019, Anna Jonasson was replaced by Jenny Lundmark as new Director of HR and member of Group management. Magnus Af Petersen (Head of Strategy and M&A) also became a member of Group management on 1 April 2019.

MULTI-YEAR OVERVIEW FOR CONTINUING OPERATIONS

SEK million (unless otherwise stated)	2018/2019	2017/2018	2016/2017	2015/2016 before IPO costs	2015/2016 after IPO costs	2014/2015
Net sales	9,734	8,760	8,499	7,990	7,990	7,512
Operating profit	533	526	493	461	257	407
Profit before tax	395	391	356	298	1	177
Profit before tax (EBT, adjusted)	440	391	356	298	1	177
Profit for the year	303	306	519	301	3	122
Cash flow for the year	288	-94	114	266	234	141
EBITA	578	530	500	468	264	415
EBITA margin, %	5.9	6.1	5.9	5.9	3.3	5.8
EBITDA	1,315	1,198	1,153	1,082	878	958
EBITDA margin, %	13.5	13.7	13.6	13.5	11.0	13.3
EBITDAR	1,339	1,231	1,202	1,135	931	1,055
EBITDAR margin, %	13.7	14.1	14.1	14.2	11.7	14.6
Cash and cash equivalents incl. restricted funds	1,058	720	804	707	707	568
Of which restricted funds	–	–	–	24	24	115
Equity/assets ratio, %	16.1	18.4	17.9	14.5	14.5	4.7
Equity	1,454	1,436	1,421	1,110	1,110	310
Dividend per share	3.35	3.10	2.60	–	–	–
Net debt	4,031	3,629	3,753	4,022	4,022	3,867
Net debt/EBITDA	3.06	3.03	3.25	3.72	4.58	4.04
Number of buses	3,644	3,625	3,564	3,703	3,703	3,347
Estimated number of passengers (million)	320	319	307	277	277	245
Number of production kilometres (million)	285	293	293	279	279	265
Number of production hours (thousand)	11,296	11,352	11,241	9,885	9,885	8,981
Estimated FTEs	10,547	9,468	8,731	8,300	8,300	7,432
Net sales per bus	2.67	2.42	2.38	2.16	2.16	2.16

1) 2018/2019 and 2017/2018 are restated in terms of IFRS 15 and discontinued operations.

INFORMATION ON PERFORMANCE MEASURES

DEFINITIONS

Alternative performance measures

Nobina applies the ESMA's guidelines for APMs (alternative performance measures) and is of the opinion that the performance measures provide valuable and significant information for investors and company management. Financial non-IFRS measures are subject to

limitations as analytical tools and should not be regarded as isolated or as replacements for financial measures prepared pursuant to IFRS. Financial non-IFRS measures are reported in order to improve the investors' valuation of the company's results from operations and position. The financial non-IFRS measures presented in this report can differ from similar measures used by other companies.

Key metrics	Description
EBT	Operating profit before tax
EBT, adjusted	Operating profit before tax adjusted for amortisation of intangible assets and adjusted for fair value of conditional acquisition not paid and acquisition-related income and costs.
EBIT	Operating profit before net financial items and taxes.
EBITA	Earnings before interest, tax and amortisation of intangible assets and adjusted for fair value of conditional acquisition not paid and acquisition-related income and costs.
EBITA margin	EBITA in relation to net sales.
EBITDA	Operating profit before net financial items, tax, depreciation, amortisation, earnings from sale of fixed assets.
EBITDA margin	EBITDA in relation to net sales.
EBITDAR	Operating profit before net financial items, tax, depreciation, amortisation, earnings from sale of fixed assets and operating leasing expenses for buses.
EBITDAR margin	EBITDAR in relation to net sales.
Acquisition-related income and costs	Adjustments of fair value of contingent considerations not paid and acquisitions-related costs. Acquisitions-related costs includes costs attributable to due diligence costs, legal transaction costs, etc. for ongoing, completed and continuing acquisitions.
Items affecting comparability	Items affecting comparability include events and transactions, the effect of which on earnings is important to report when analysing profit for the period compared with previous periods.
Interest-bearing liabilities	Interest-bearing non-current and current liabilities (external loans, pension liabilities and financial lease liabilities).
Net debt	Interest-bearing non-current and current liabilities (external loans, pension liabilities and financial lease liabilities) after deducting cash and cash equivalents and restricted bank balances.
Net debt/EBITDA	Interest-bearing non-current and current liabilities (external loans, pension liabilities and financial lease liabilities) after deducting cash and cash equivalents and restricted bank accounts in relation to EBITDA during four sequential quarters.
Renewal rate	All won tenders/All own announced tenders.
Retention rate	Defended tenders/Own announced tenders.
Average number of employees (FTEs)	The number of hours paid divided by normal working hours for a full-time employee.
Cash investments	Cost of investments in non-current assets less sales loan-financed investments.
Reallocation rate	Number of buses allocated to a new contract during the year/Total number of buses.
Earnings per share	Profit for the period divided by average number of shares.
Earnings per share after full dilution	Profit for the period divided by average number of shares after full dilution.
Dividend per share	Dividend amount divided by average number of shares after full dilution.
Shareholders' equity per ordinary share	Shareholders' equity per ordinary share as per the balance-sheet date.
Dividend yield	Dividend in relation to the company's share price as per the balance-sheet date.
Equity/assets ratio	Equity in relation to total assets at the end of the period.
Yield	Revenue per driven kilometre.
Contract length	A publicly tendered contract concluded for the provision of transport services between a client and a public transport company. The duration of the contract is typically five to ten years, with the option of extending for an additional one or two years. It is based on either a production or an incentive contract.
Production hours	Number of hours produced as part of a contract.
Production kilometres	Total number of kilometres produced as part of a contract.
Number of buses	The number of buses that are owned on finance or operating leases or rented on a short-term basis at the end of the year.

VERIFICATION OF ALTERNATIVE PERFORMANCE MEASURES FOR CONTINUING OPERATIONS

Key performance indicators, Nobina (SEK million, except as otherwise indicated)	2018/2019 Mar 17–Feb 18	2017/2018 Mar 17–Feb 18	2016/2017 Mar 16–Feb 17	2015/2016 Mar 15–Feb 16	2014/2015 Mar 14–Feb 15
Earnings before tax (EBT) for the period	395	391	356	298	177
Acquisition-related income and costs	25	–	–	–	–
Amortisation/impairment of intangible assets	20	–	–	–	–
Total adjusted EBT	440	391	356	298	177
EBITA, EBITDA and EBITDAR:					
Operating profit	533	526	493	257	407
Acquisition-related income and costs	25	–	–	–	–
Amortisation/impairment of intangible assets	20	4	7	7	8
Total EBITA	578	530	500	264	415
Capital gains/losses from the disposal of non-current assets	32	7	7	15	35
Depreciation/impairment of PPE	705	661	646	599	508
Total EBITDA	1,315	1,198	1,153	878	958
Fees for operating leases for the period	24	33	49	53	97
Total EBITDAR	1,339	1,231	1,202	931	1,055
Interest-bearing liabilities:					
Non-current borrowing	4,270	3,582	3,941	3,765	3,483
Pension liability	33	46	36	36	28
Current borrowing	786	679	752	634	565
Total interest-bearing liabilities	5,089	4,557	4,729	4,435	4,076
Cash	-1,058	-804	-707	-568	-475
Total net debt	4,031	3,753	4,022	3,867	3,601
Net debt/EBITDA	3.06	3.03	3.25	4.58	4.04

GLOSSARY

Tender – A traffic company's offer in a tendering process.

Bus Rapid Transit (BRT) – a bus system with a high level of capacity, average speed, frequency and comfort. It was launched in 2014 by Nobina and operates like a tram but without tracks. Given that the buses are gas and electric hybrids and with space for many passengers, they contribute to reducing the environmental impact.

The Green Journey (DGR) – Highly prioritized initiative within the Group on environmentally friendly and efficient driving styles

EURO 1–EURO 6, EEV – various generations of emission classes for diesel engines.

Express route – A longer route on main roads that provides faster transport through several counties without several stops.

Airport transfers – Trips that enable connections to and from airports.

Free volume – The client's (PTA's) right to change the production volume within the framework of the contract.

Change prices – How much compensation changes per bus hour or kilometres within the framework of the free volume in a contract.

Incentive contract – Normally a production contract that contains, to a larger or smaller degree, a compensation component that is variable and depends on the number of passengers.

Indexation – Adjustment of the contract-based remuneration in accordance with a basket of weighted and predetermined indexes intended to represent important cost elements for the traffic companies, such as salaries, fuel and maintenance, etc. and which occurs at predetermined intervals.

Interregional transport – Nobina's segment for transport services conducted completely on own merits without restrictions or subsidies from authorities.¹⁾

Public transport – Transport services provided for the public in which people travel together.

Concession – Allocated right to uphold a monopoly in a geographic area and which comprises all rights to provide public transport. In Sweden, since the public transport authority reform in the 1980s, the state allocates concessions to clients (municipalities and county councils), which in turn provide public transport services through contracts with traffic companies. These procurements are carried out in accordance with Swedish public procurement acts.

Concessions contract – A form of contract between a traffic company and a client (municipality/county council) that was typical prior to the public transport authority reform and which, in parts, continues for a transitional period. Under these contracts, the traffic company undertakes all aspects of the transport assignment, including the sale of services to passengers.

Local transport – Transport in connection with densely populated areas.

Seat kilometres – Measure of the service provided. The number of seats in a bus multiplied by the bus's driving distance in kilometres.

Special public transport – Special public transport is provided for a defined target group after special analysis and includes mobility services, patient transport and school transport services.

Production contract – A contract in which the traffic company's revenues comprise fixed remuneration for production costs in accordance with predetermined production, a route network, timetable and a number of other requirements as the base. Compensation is based on the number of hours, kilometres, buses or a combination of these.

Regional traffic – Nobina's segment for transport services tendered from a public client.

Regional transport – Transport outside and between built-up areas in a county.

City transport – Transport in a densely populated area.

Traffic company – A company that provides transport services in accordance with a given contract with a client.

Public transport authority reform – In conjunction with the public transport authority reform in the 1980s, the government took over the right to allocate concessions from the municipalities and county councils. Previously, municipalities and county councils allocated concessions to traffic companies; today, the state allocates concessions to municipalities and county councils (clients), which in turn sign contracts with traffic companies for the provision of public transport services. These procurements are carried out in accordance with Swedish public procurement act.

Traffic contract – A publicly tendered contract for the provision of transport services between a traffic company and a client. The duration of the contract is typically five to ten years, with the option of extending for an additional one or two years. It is based on either a production or an incentive contract or in combination of both contract types.

Traffic planning – Planning of use of resources (vehicle and driver) to conduct transport services in the most efficient manner possible in accordance with the traffic assignment.

Subcontractor – A party assigned by the traffic company to assist in the provision of transport services.

Public Transport Authority (PTA) – A municipality or county council allocated concessions by the government to provide public transport through public tendering of services from traffic companies.

¹⁾ Nobina divested its express bus operations, Swebus, during the 2018/2019 fiscal year.

ANNUAL GENERAL MEETING OF NOBINA AB

The Annual General Meeting of Nobina AB (publ) ("Nobina" or the "company") will be held on 29 May 2019 at 2:00 p.m. CEST at the World Trade Center, Stockholm, Sweden.

RIGHT TO ATTEND THE MEETING

Shareholders who wish to attend the Meeting must be registered in the share register maintained by Euroclear Sweden AB on 23 May 2019.

Shareholders must also notify Nobina of their intention to participate by mail to Nobina AB (publ), c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, by telephone to +46 8 402 92 12, or via the company's website, www.nobina.com, no later than on 23 May 2019. The notification should include the shareholder's name, personal identification number/corporate registration number (or similar), address and daytime telephone number, as well as, if applicable, details of representatives, proxies and advisors.

NOMINEE-REGISTERED SHARES

Shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own name in the share register maintained by Euroclear Sweden AB in order to be entitled to attend the Meeting. Such registration must be effected no later than on 23 May 2019. Shareholders must, therefore, instruct their nominees well in advance of this date.

FINANCIAL INFORMATION 2019/2020

Annual General Meeting	29 May 2019
Interim report, first quarter (1 March–31 May)	27 June 2019
Interim report, second quarter (1 June–31 August)	27 September 2019
Interim report, third quarter (1 September–30 November)	19 December 2019
Year-end Report 2019/2020	8 April 2020

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Nobina is the largest public transport company in the Nordic region, with approximately 11,600 employees, 3,600 buses and sales close to SEK 10 billion. Every day, Nobina ensures that about one million people get to work, school and other activities. Together with our clients and passengers, we contribute to increased mobility, reduced environmental impact and lower costs to society.

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