

ANNUAL REPORT 2014/2015

**THE NORDIC REGION'S LARGEST, MOST EXPERIENCED
PUBLIC TRANSPORT SERVICE PROVIDER**

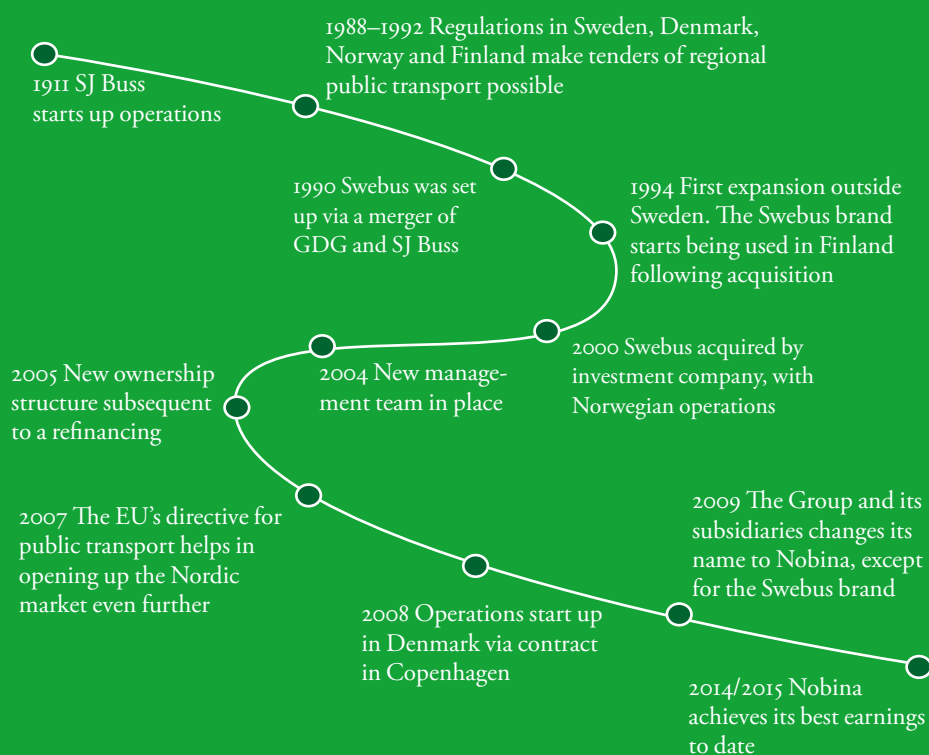
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SHORT HISTORY

Nobina's story begins in Tanum, located in Bohus County, on 23 June 1911. The first chapter was completed in Grebbestad, just six kilometers away. Since then, we've gone much further and under different names – SJ Buss, SBC, Concordia Bus, Esppon Liikene Oy, Swebus – developing and establishing a successful business. Not only are we now the Nordic region's most experienced public transport provider, but also, unquestionably, the largest. During the last ten years our progress has accelerated and since 2012 our improvement efforts are clearly visible in our financial statements. Since 2005, our current management has been implementing a streamlining process and quality improvement measures. This has given Nobina competitive advantages in terms of its risk assessment abilities, cost efficiency, utilization of resources and traffic planning. In 2005, our share of the total paid working hours that our drivers spent with passengers was 66 percent. In 2014 that figure had risen to 72 percent. Simultaneously, the passenger and customer satisfaction surveys that we carried out revealed continual improvements.



While every care has been taken in the translation of this annual report, readers are reminded that the original annual report, signed by the Board of Directors, is in Swedish.

WHAT IS NOBINA

Nobina is the Nordic region's largest and most experienced public transport service provider. Our expertise in prospecting, tendering and active management of public transport contracts in combination with long-term delivery quality make us the industry leader in terms of profitability, development and initiatives promoting a healthier industry.

WHAT DOES NOBINA DO

Every day, Nobina ensures that more than one million people get to work, school or other activities by delivering contracted public transport in Sweden, Norway, Finland and Denmark. In addition, Nobina offers express bus services under the Swebus brand in the Swedish market.

WHAT VALUE DOES NOBINA CREATE

Nobina makes travel simpler and more friendly for more than one million people every day. Our success creates a better society in the form of increased mobility, reduced environmental impact and lower cost to society. The overriding financial objectives of our operations are to generate stable and profitable growth.

THE YEAR IN BRIEF



Success in the Stockholm region's tender of bus traffic in Tyresö, Haninge and Nynäshamn municipalities. The contract, which was the year's largest, is valued at SEK 5 billion and the duration is eight years.



Thanks to careful preparations when concluding and starting up several contracts at the beginning of the year, Nobina was able to successfully execute contract migration for contracts comprising a total of close to 1,200 buses.



Nobina makes progress in the Finnish market by winning a major tender of bus traffic for the Helsinki region.

Cutting-edge expertise was increased within the organization's key areas: Prospecting, Tendering and Marketing.

NET SALES AND PROFIT

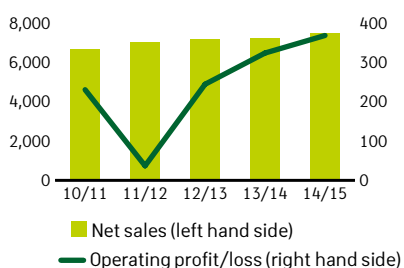
Net sales increased by 3.9 percent via growth through successful outcome of contract negotiations and traffic increases particularly in Sweden and Denmark. Operating profit also improved, increasing by SEK 44 million, primarily due to Swedish operations under contract.

NEW FINANCIAL TARGETS

The overall goal for our business is to generate stable, profitable growth. We operate the business with the aim of achieving certain defined, measurable goals and ratios that have a positive impact on earnings and quality and which help us contribute to a more sustainable society. We have the following financial targets that will help us reach our overall goals:

- Nobina targets to grow net sales at a rate faster than the market.
- Nobina aims to grow its EBT, and on an annual basis reach an EBT margin in excess of 4 percent in the medium term.

NET SALES AND OPERATING PROFIT/LOSS, SEK MILLION

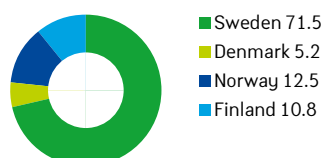


KEY RATIOS

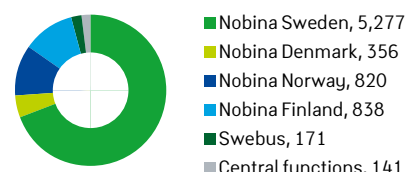
	14/15	13/14
Net sales, SEK million	7,549	7,269
Operating profit/loss, SEK million	371	326
Profit/Loss before tax, SEK million	141	87
Profit/Loss for the year, SEK million	94	56
Cash flow for the year, SEK million	141	173
Cash and cash equivalents incl. restricted funds, SEK million	568	465
Of which restricted funds, SEK million	115	156
Equity/assets ratio, %	4.7	3.8
EBITDA, MSEK	922	832
EBITDA-margin, %	12.2	11.4
EBITDAR, MSEK	1,019	973
EBITDAR-margin, %	13.5	13.4
Equity, SEK million	310	224
Number of buses	3,347	3,359
Average number of employees	7,603	7,547
Net sales/bus, SEK million	2.26	2.16

THE YEAR IN FIGURES

NET SALES, %



EMPLOYEES, NUMBER



SWEDEN

Nobina's strongest position is in the Swedish market, with a market share of approximately 30 percent for regional traffic under contract. The contracts are distributed across 17 local traffic areas, as well as having garages and workshops located throughout the country.

Regional traffic under contract

Net sales, SEK million	Number of contracts ³	Market share ¹	Number of buses ⁴
5,138	60	30%	2,241
Operating profit/loss, SEK million	Contract value ² , SEK billion		Number of employees
373	37		5,277

Swebus

Swebus is the market leader for express bus travel in Sweden, with a comprehensive network of routes in Sweden. Swebus is part of the Swedish operations.

Interregional traffic under own management

Net sales, SEK million	Passengers, in thousands	Market share of number of passengers	Number of buses ⁴
284	1,527	42%	48
Operating profit/loss, SEK million			Number of employees
9			171

DENMARK

Nobina started up operations in Denmark in 2008 and since then, it has gradually improved its position to ensure that it has a greater number of profitable contracts, where focus is on quality. Strong presence in Copenhagen and North Zealand.

Net sales, SEK million	Number of contracts ³	Market share ¹	Number of buses ⁴
395	8	6%	193
Operating profit/loss, SEK million	Contract value ² , SEK billion		Number of employees
-15	3		356

NORWAY

Nobina is the fifth largest competitor, with a market share of nine percent in a growing market.

Net sales, SEK million	Number of contracts ³	Market share ¹	Number of buses ⁴
943	8	9%	464
Operating profit/loss, SEK million	Contract value ² , SEK billion		Number of employees
-2	5		820

FINLAND

Nobina is the largest public transport service provider in the Helsinki region. The market is growing because tendering of public transport is rapidly gaining ground even outside the major cities.

Net sales, SEK million	Number of contracts ³	Market share ¹	Number of buses ⁴
812	29	27%	401
Operating profit/loss, SEK million	Contract value ² , SEK billion		Number of employees
47	3		838

1) The market share of tendered traffic, calculated as the number of buses in all contracts that Nobina has signed, including volumes that will be started up in the future for contracts that have already been signed (with a deduction for volumes already operated by Nobina). 2) Total revenue from signed contracts (started and not yet started) excluding extension options, for the period starting March 1, 2015 and continuing for the duration of the contracts. Incentive revenue from started contracts estimated based on actual performance. Incentive revenue from not yet started contracts based on tender pricing subsequent to thorough pricing and risk analysis. 3) Number of traffic contracts with public organizations with a duration of more than one year and an annual revenue of more than 1 MSEK. Including both started contracts and signed (but not yet started) contracts. 4) Buses operated by Nobina as of 28 February 2015.

OUR STRATEGY IS SUCCESSFUL

Nobina can now look back on yet another successful year. Profitability continued to improve, simultaneous to achieving growth in sales. During the year, several key contracts were secured, among them, the year's largest tender for Södertörn's regional traffic in Stockholm. At the same time, moving and reallocating about 15 percent of the bus fleet has streamlined our contract portfolio as we now move forward into the next fiscal year.

Ability to prioritize the tendering process is key to Nobina's success. During the year, the number of tenders in the Nordic region was 40 percent less than last year, which makes it even more important that Nobina is able to identify and win the right contracts. During the year, we won 49 percent of all the buses in tendering processes we participated in, resulting in a market share in the Nordic market of 16 percent for Nobina. We are increasingly more selective in deciding which tenders we will participate in. Accordingly, the 13 contracts that we won during the year had been carefully analyzed and they are a nice fit with Nobina's operations and contract portfolio.

In Sweden, Nobina won, for example, a contract for the Stockholm region and another in Värmland. Our win of the Södertörn contract, which was the year's biggest tender, is valued at SEK 5 billion and it is valid for eight years. Nobina's success in Värmland's tender of regional and school traffic was also very important, with a total value of nearly SEK 4 billion over the 10 year contract term. In Finland, we won additional contracts for traffic in Helsinki. As a result, we now provide more than 40 percent of the region's bus transport services. In Norway, we won a major contract for the southern part of the Oslo region, making Nobina the third largest public transport service provider in the capital city region. In Denmark, we improved our earnings compared to last year. In December we concluded an existing unprofitable contract simultaneous to starting up a new, major contract which we plan to be profitable.

Nobina's best earnings to date

We are pleased to report excellent earnings for the financial year, in fact, our best ever in absolute numbers. We achieved major improvements in our cash flow situation, as well as our prospecting and tendering efforts. Our improved financial situation has given us more financing options (both independent vehicle financing and credit lines) and a strong cash position.

The overall goal for our business is to generate stable, profitable growth. We operate the business with the aim of achieving defined, measurable goals and ratios that have a positive

impact on earnings and quality and which help us contribute to a more sustainable society. In conjunction with the publication of Nobina's annual report for 2014/2015, we are also presenting our new financial targets, which were decided by the company's board.

- Nobina targets to grow net sales at a rate faster than the market.
- Nobina aims to grow its EBT, and on an annual basis reach an EBT margin in excess of 4 percent in the medium term.

Increased focus on performance, quality and sustainability has been successful for Nobina

The Nordic public transport market is gradually becoming more sophisticated. Requirements on vehicle efficiency, quality and availability are steadily increasing. We also welcome the increasingly comprehensive requirements on sustainability. At the same time, PTAs are becoming better at understanding how regional public transport should be organized at an overall level. Tendering processes for incentive-based contracts that use a performance-based compensation model are becoming more common, as are quality-based tenders, where the bidders compete on who can offer the highest quality.

For several years already, we have been aware of the trend in this direction. Accordingly, Nobina has organized its operations in order to meet these new conditions in the market. Success in winning the incentive-based Södertörn contract demonstrates that Nobina is well equipped to deliver in accordance with the business conditions that now exist in all our markets.

Profitable contracts

Just over ten years ago when I took over as CEO of Nobina, half of our contracts were unprofitable. Today, all of the 105 contracts in our portfolio are making a positive contribution.



"WE ARE PLEASED TO REPORT EXCELLENT EARNINGS FOR THE FINANCIAL YEAR, IN FACT, OUR BEST EVER IN ABSOLUTE NUMBERS."

It's an achievement that I and my colleagues are very proud of. Now, in summing up the year, we can boast of having met our profitability, growth and customer satisfaction goals for the sixth year in a row. It's proof that our business model works.

Although our contract portfolio is still relatively young, all of the contracts are contributing to our profitability. In a sector where the distribution of expenses and revenues is uneven over the contract term, this is a sign of strength. Major contracts that were won in recent years will thus become even more profitable as they mature.

Nobina makes traveling easier and friendlier for more than a million people each day. I would like to thank all of our

employees who, each day, make this possible. Thank you for your commitment and for helping contribute to our success. As the Nordic region's largest, most experienced public transport provider, we still have an exciting journey ahead of us. We confidently look forward to the challenges and opportunities ahead.

Stockholm, April 2015

Ragnar Norbäck
CEO

EXTERNAL DRIVING FORCES AFFECTING BOTH SOCIETY AND NOBINA

Due to the growing Nordic population, in a region that is experiencing the highest level of urbanization in Europe, there is an increasing need for functional public transport solutions. When there is increased demand, simultaneous to higher environmental insight, the conditions are ripe for technical development. Additionally, the EU is sending positive signals about regulation issues, making the business climate increasingly favorable for Nobina.

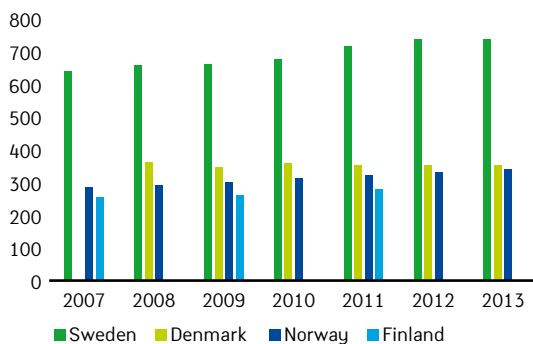
GROWING POPULATION – MIGRATION TOWARDS DENSELY POPULATED AREAS

A higher level of urbanization and regions experiencing growth puts higher demands on future public transport solutions. Congestion will grow in cities and the general traffic situation will become a prioritized issue in more and more regions. Of all EU countries, Sweden currently has the highest level of growth in urbanization, i.e. a concentration of populations into discrete areas. There is evidence of a similar trend in the other Nordic countries as well.

At the same time, the gradual population decline in rural areas acts as a counterforce, which could increasingly impact the use of public transport and road maintenance. If the prerequisites for running good public transport services worsen, community services will decline and there is a risk that the rate of migration from rural areas will thus increase.

However, the general trend is favorable. The demand for public transport in densely populated big cities is expected to increase in all of the Nordic countries. Congestion charges have been introduced in several cities in Norway, as well as Stockholm and Gothenburg in Sweden, which tends to increase the supply and demand for public transport. With a growing population and migration to densely populated areas, large Nordic cities are expected to introduce congestion charges.

NUMBER OF TRIPS BY PUBLIC TRANSPORT 2007–2013, MILLION



There is no information available for the years 2008, 2010, 2012 and 2013 in Finland, and none for the year 2007 in Denmark.

Source: A market study commissioned by the company from a third party consultant firm ("The Company Market Study").

GREATER ENVIRONMENTAL AWARENESS IS BENEFICIAL

Clients, politicians and passengers all have a strong commitment to the environment. The national political goals in Sweden are designed to increase mobility in society and encourage more people to travel in a climate-smart way. Nobina's business and sustainability efforts are aligned in terms of the value associated with getting more and more people to choose public transport as their mode of travel. The focus on environmental and sustainability issues in tendering and contract processes is increasing. At present, this includes requirements on vehicle noise level, minimizing idling, fuel type and consideration for the traffic system in general. Increased demands benefit Nobina, since we already reorganized quite some time ago in preparation for these trends.



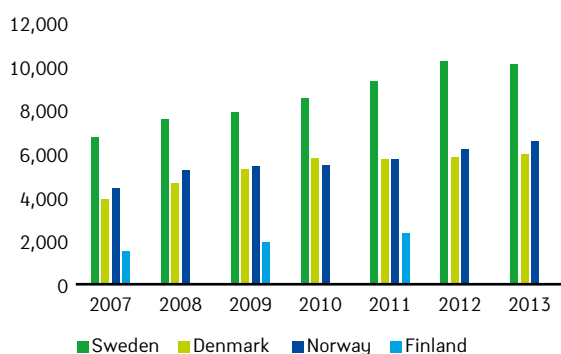
PUBLIC OPINION IS BECOMING INCREASINGLY POSITIVE

Public opinion and attitudes towards publicly financed public transport are becoming increasingly positive, particularly in metropolitan regions and densely populated areas. This higher level of confidence primarily exists among people who already regularly use public transport, i.e. 26 percent of the population in Sweden. This type of improved attitude gives decision makers the support and mandate that they need to continue investing in public transportation and infrastructure. In Sweden, there is a national political goal of doubling public transport's market share between 2006 and 2030. Investments in public transport and transportation infrastructures are issues that are of high interest in the other Nordic countries as well.

PUBLIC FINANCING OF PUBLIC TRANSPORT

There is a growing interest in refining public financing models in order to stimulate more travel, along with more efficient use of taxpayers' money. Given the urgency of climate and environmental issues, there is an increased political willingness to subsidize regional public transport. Since 2000, subsidies have more than doubled in Sweden and they now exceed 50 percent of the ticket price. Subsidies are increasing in Norway as well, but Denmark and Finland are somewhat more restrictive. Political discussions on which models are suitable for public financing of public transport systems will likely intensify over the coming years. Continued investment in public financing of public transport benefits Nobina and its business.

TAX SUBSIDIES OF PUBLIC TRANSPORT PER RESIDENT 2007–2013, SEK MILLION



Source: The Company Market Study

ADVANCES IN TECHNOLOGY CREATE OPPORTUNITIES FOR NEW BUSINESS

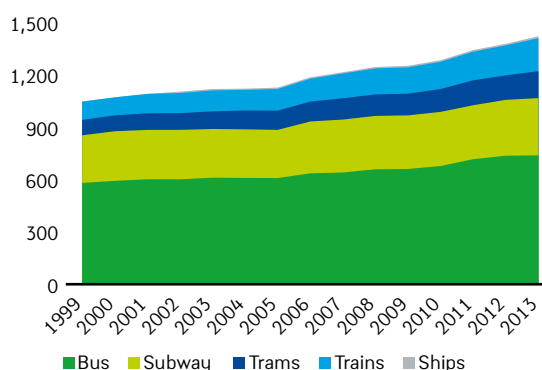
The latest public transport vehicles are becoming increasingly energy efficient and climate smart. PTAs that are willing to invest in regional public transport thus demand efficient, modern vehicles. As a public transport service provider, Nobina is able to contribute with proprietary supplementary services in its vehicles. Business development that is in line with the needs of PTAs and passengers is thus becoming increasingly important. Traffic planning also influences developments in technology. Decision making on the design and development of a regional public transport system is facilitated by the real time statistics and information provided to the public transport service provider and PTA by technology installed in the vehicle.

MARKET SHARE FOR BUS TRAFFIC

Between 2000 and 2013, the number of trips using local and regional public transport in Sweden increased by just over 30 percent and in 2013, there was a total of approximately 1,420 million trips. This also corresponds to an increase of almost 3 percent compared to the prior year. Bus is the most common mode of transport and the share of trips made by bus accounts for more than half of the total number of public transport trips, all modes of transport.

One reason why the number of public transport trips is rising is the increase in population. But that is not the whole story, since statistics show that the number of trips per resident in Sweden increased during the years 2000 until 2013, from 122 trips to 148 trips per resident per year.

MARKET SHARE OF BUSES IN THE PUBLIC TRANSPORT MARKET IN SWEDEN, MILLION BOARDINGS



Source: Traffic analysis - Local regional public transport 2013

EU REGULATION ON THE RIGHT PATH

Studies and discussions at the European level are gradually moving along the right path. Nobina is an active voice in these discussions and it participates each year in forums at both national and European levels. The goal is to create more homogeneous market and business conditions within the EU. Common guidelines and more alignment of requirements (based on passenger needs) in tenders, benefits both society and Nobina. Within the EU, the Nordic markets in general, and the Swedish market in particular, are increasing held up as good examples of how public transport in the public sector can be organized. Implementation of the EU public transport regulation has had a positive impact. For example, more and more municipalities in Norway and Finland are deciding to open up their regional traffic to competition.

THE NORDIC PUBLIC TRANSPORT MARKET

In the Nordic region, efficient and functional public transport solutions are critical to a sustainable development of society. Because PTAs, which are politically controlled and publicly owned, are responsible for the supply of public transport in their respective regions, assignments are competed for in tendering processes. Tendering processes are typically used for all types of traffic and the market and business conditions are similar in all of the Nordic countries.

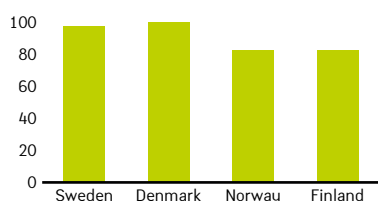
MARKET CONDITIONS IN THE NORDIC REGION

The Nordic public bus transport market is defined as regional bus services in Sweden, Denmark, Norway and Finland. Conditions are similar in all of the Nordic countries. One thing that they all have in common is that public transport authorities are responsible for organizing public transport solutions for their particular region. Accordingly, when comparing the tenders and contracts of different PTAs, there can be considerable variation. In all markets, the price for regional travel is partly subsidized by local authorities, but there is free competition and pricing in the market for express bus services.

The Nordic market is gradually maturing and improving in several areas: higher environmental awareness, balance between pricing and quality in the stated requirements and

a higher interest in incentive contracts, rather than traditional production contracts with fixed compensation models. However, there is quite a bit of variation across markets in terms of experience and knowledge of tendering processes. Yet, for an increasing share of traffic, tenders are being carried out in accordance with the EU's traffic regulation, which increases the market for tendered traffic. The model for tendering processes is well established in Sweden and Denmark and it is gradually gaining ground in Norway and Finland. Regional traffic, which includes regional, city and school bus traffic, is the largest market. It is estimated that sales in the overall nordic market for public transport by bus are approximately SEK 42 billion.

SHARE OF TENDERED REGIONAL TRAFFIC, %



Source: The Company Market Study

MARKET VALUE

NORDIC REGION	SEK 42 BILLION
SWEDEN	SEK 19 BILLION
DENMARK	SEK 8 BILLION
NORWAY	SEK 9 BILLION
FINLAND	SEK 6 BILLION

"A SIMILAR BUSINESS LOGIC IN ALL OF OUR MARKETS"

INDUSTRY TRENDS

On the whole, the trends over the last decade have been positive. The share of public transport subject to tendering has increased in all of the Nordic countries and particularly in Finland and Norway. Over a five-year period, the total Nordic market for tendered regional public transport services has increased by three percent annually. Buses constitute an attractive transportation mode as a result of the low annual capital and maintenance cost per passenger kilometer, which currently is substantially lower compared to metro, train and tram. The profitability trend of major competitors in the industry has varied over recent years simultaneous to gradually increasing demand in the market.

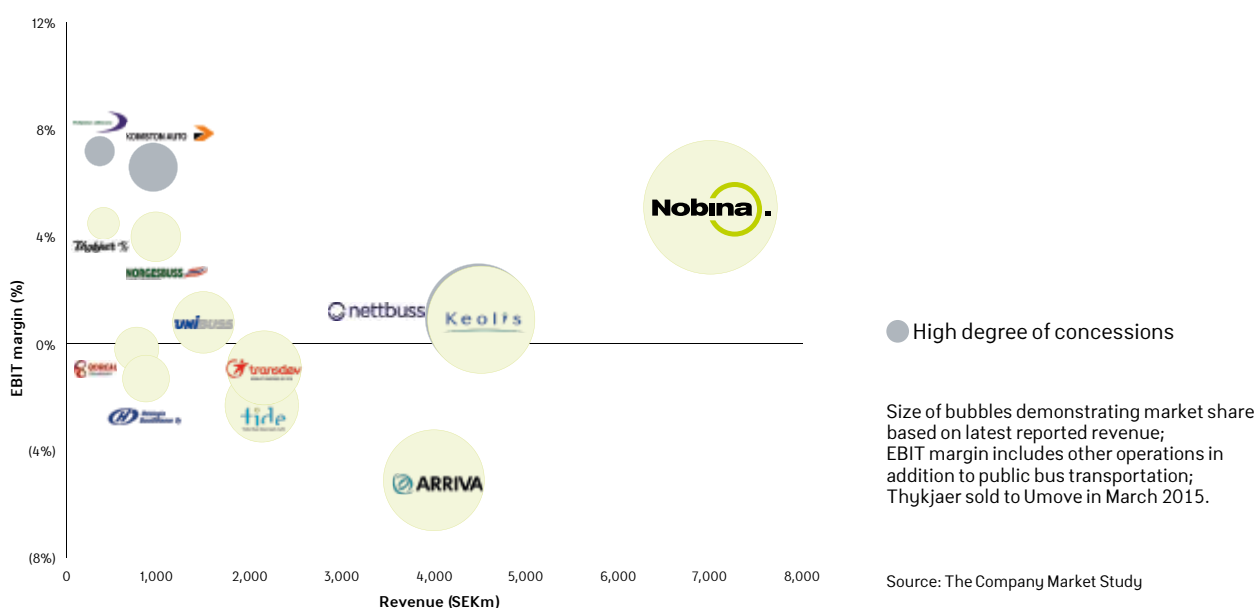


A SMALL NUMBER OF MAJOR COMPETITORS DOMINATE

The contract market for regional bus traffic in the Nordic region is led by a handful of major competitors. This has to do with the extensive requirements placed on potential suppliers of the public transport solution in the tendering process. It is difficult for smaller competitors to compete on major assignments because they have trouble meeting the stated requirements on expertise, stability and proven delivery assurance. The main competitors are France's Keolis and Transdev, along with German-owned Arriva and Norwegian Nettbuss. Unlike

Nobina, several of the companies have some form of state-ownership. Arriva is owned by Deutsche Bahn, which is a state-owned German company, Keolis is owned by the French state-owned railway company SNCF, Transdev is partly state-owned by the French government and Nettbuss is owned by NSB, the Norwegian state railway company. With state-ownership there are both different yield requirements and financing options for the business.

THE NORDIC PUBLIC BUS TRANSPORT MARKET LANDSCAPE



INCREASED FOCUS ON QUALITY – SOUNDER PRICING

Passengers expect quality and functional public transport solutions. In a tender, this puts high demands on PTAs in their role as client, as well as Nobina, in its role as supplier.

In all Nordic markets, more tendering processes are using evaluation criteria where quality is highly prioritized. Quality typically encompasses delivery assurance with minimal operational disturbances, excellent performance that takes climate and environmental impact into consideration and vehicles equipped with modern equipment for high accessibility. The Swedish and Danish markets have made the most progress in widespread use of quality-based evaluations, but the Finnish and Norwegian markets are also moving in the right direction. We can see that the gap between highest and lowest bidders is closing each year, which indicates sounder pricing. Another sign of the sector's higher focus on quality is the increasing prevalence of incentive contracts that use performance-based compensation models.

FRAGMENTED MARKET AT LOCAL LEVEL – STRONG LOCAL COMPETITORS

Besides the major competitors, there are also many smaller ones in the Nordic market. At present, most regional public transport by bus is subject to public tendering processes. However, some regions and cities are still using concession contracts, where the traffic assignment is awarded to either a municipal or private business. In their particular area, these smaller competitors are firmly established and there is a very low rate of turnover for contracts. The local competitors sometimes act as partners, by becoming subcontractors to Nobina. This can happen when synergies in the prospecting and tender submittal are possible.

The fragmented Nordic market is showing signs of an underlying need for consolidation. However, taking over a smaller public transport service provider's contract portfolio is a complicated process involving some uncertainties.

VARIATION IN COMPENSATION MODELS USED IN CONTRACTS

Many different types of contracts exist in the public transport market in the Nordic region. Depending on the compensation model used, the contract will fall into one of the following two categories: production or incentive. A production contract uses a fixed compensation model for public transport services. Remuneration to the public transport service provider is a fixed fee and it is based on the number of kilometers, hours and vehicles, which are stated in the tender and documented in the traffic contract.

An incentive contract, on the other hand, assumes that the public transport service provider is able to run efficient operations and attract more passengers. The number of passengers matters greatly to the service provider and there is also typically

an evaluation of passenger satisfaction and other quality indicators. The share of variable remuneration in incentive contracts can however range from a low percentage up to as high as 100 percent of total remuneration.

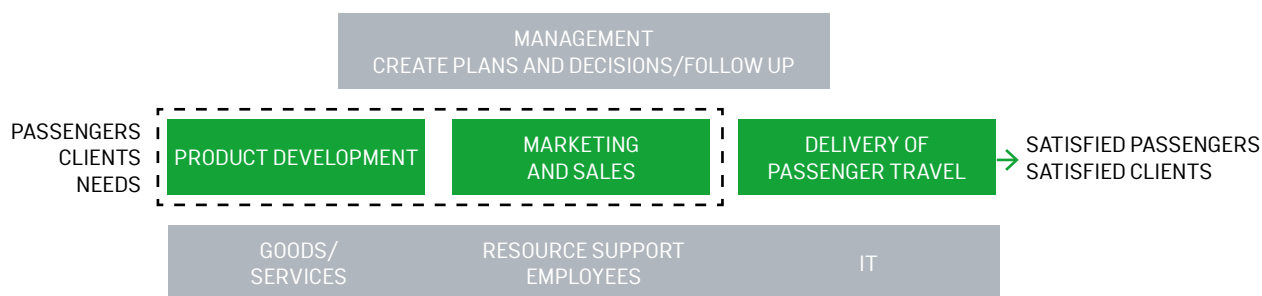
With a higher focus on environmental factors and quality, the use of incentive contracts is becoming increasingly common in all markets. The level of performance-based compensation used in incentive contracts is also increasing, since PTAs are realizing that public transport service providers possess the required expertise on how to design public transport solutions. A common denominator for production and incentive contracts however is that the length of contract typically ranges from five to ten years.

Type of contract	Description	Share and trend	PTA's perspective	Nobina's perspective	Passenger's and society's perspective
Production contract	Remuneration per km and/or vehicle per hour, and/or per vehicle	Main part of existing contracts Trend: Downward	Has own ideas about public transport solutions and design of contract Cares about cost control	Lower risk, lower profitability in contracts where remuneration is based on km, hours and vehicles Higher risk in contracts where remuneration is based on km	Service guarantee
Incentive contract	Remuneration based on production and customer satisfaction or number of boarding passengers	Growing number of contracts Trend: Upward	Seek assistance from the public transport service provider to optimize the benefits Aware of variable costs	Higher risk, possible to attain higher profitability Passenger-dependent, on number of passengers and their level of satisfaction	Service development

TAKING ON MORE RESPONSIBILITY IN EACH CONTRACT

In incentive contracts, where remuneration is increasingly based on performance, Nobina is better able to impact the profitability of each individual contract. Our performance improves when we have greater responsibility for continually developing the services we deliver, along with having control over marketing and sales. At the same time, Nobina's management works in close cooperation with operations. Experience and lessons learned from early involvement in these new,

incentive based contracts therefore exists at many levels within the organization. In this way, Nobina has accumulated the right expertise such that it is quickly able to identify, prospect and deliver in accordance with the right performance variables in incentive contracts. Furthermore, Swebus' expertise in sales tactics and marketing has helped to integrate more parts of Nobina's business.

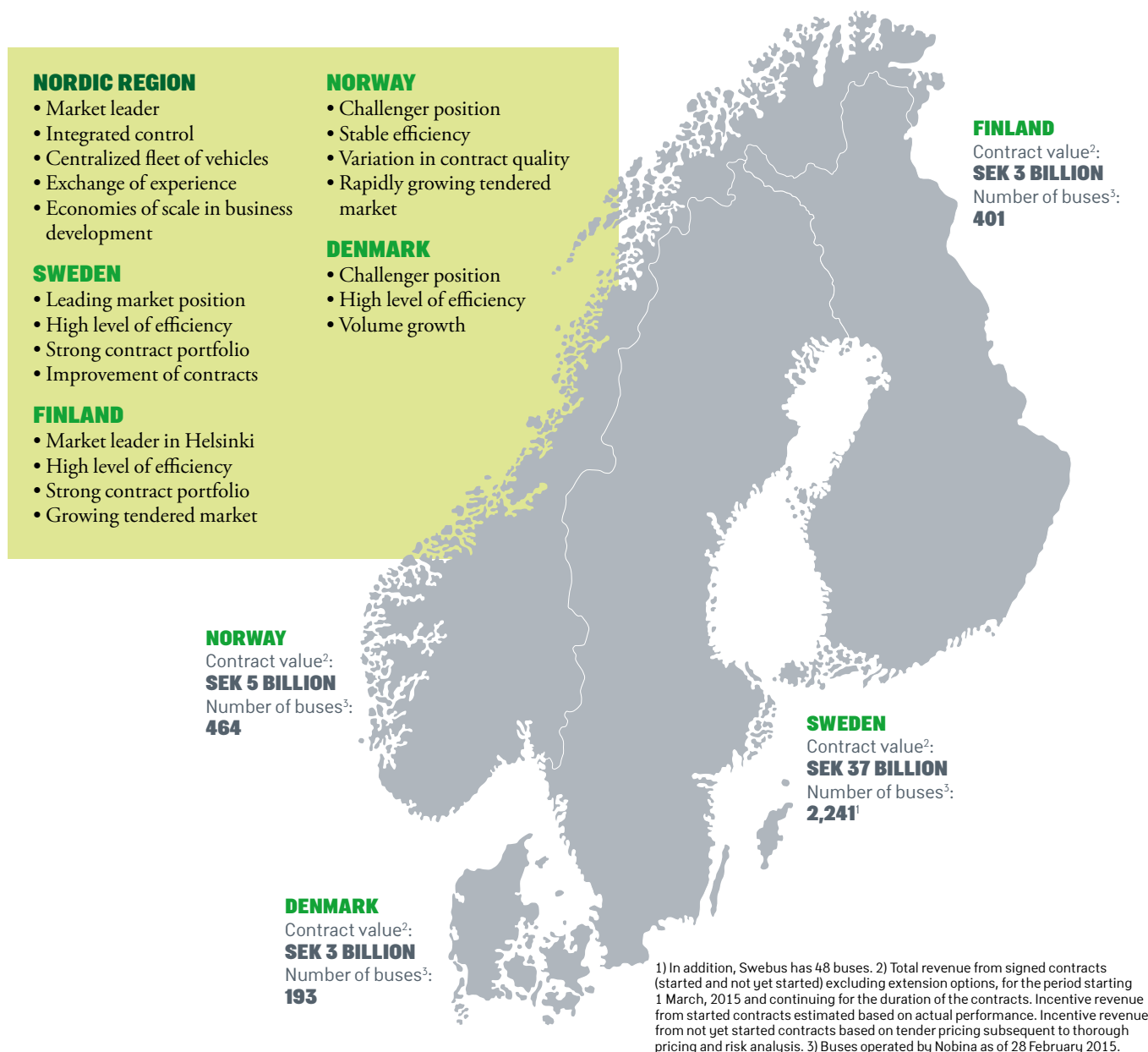


NOBINA'S POSITION IN THE MARKET

Nobina is firmly established in the Nordic public transport infrastructure. We help our clients create a better, more efficient society by increasing mobility. Our leading position is based on a deep understanding of all aspects of the business. Our success is due to our effective business model with an integrated leadership structure, which, in turn, creates economies of scale in tender processes, vehicle utilization and business development.

In the active management of our contract portfolio, Nobina strives to improve each individual contract, while making over-

all progress in the organization. In Sweden, our leading market position is a result of high efficiency and refinement of contracts. In Finland, in our role as market leader in Helsinki, we are well positioned for increasing our market share in a growing market. In the Norwegian and Danish markets, Nobina is a strong competitor and these markets are also growing, in terms of volume and the number of contracts. As the Nordic region's largest, most experienced public transport service provider, the conditions are good for profitable growth.



NOBINA AIMS TO

We aim to achieve profitable growth through active contract and portfolio management. We will stay on the cutting edge by continually delivering more benefits to passengers, clients and society.

BY...

- Identifying the right contracts, i.e. ones where we can deliver the most benefits and thus maximize value creation
- Actively influence the contract conditions through dialogue with the PTAs
- Winning the right contracts. We achieve this by carefully analyzing the risks and opportunities
- Actively improving our contracts, which optimizes the benefits, profitability and contract length
- Delivering with cost awareness
- Actively managing our contract portfolio and ensuring the right contract mix

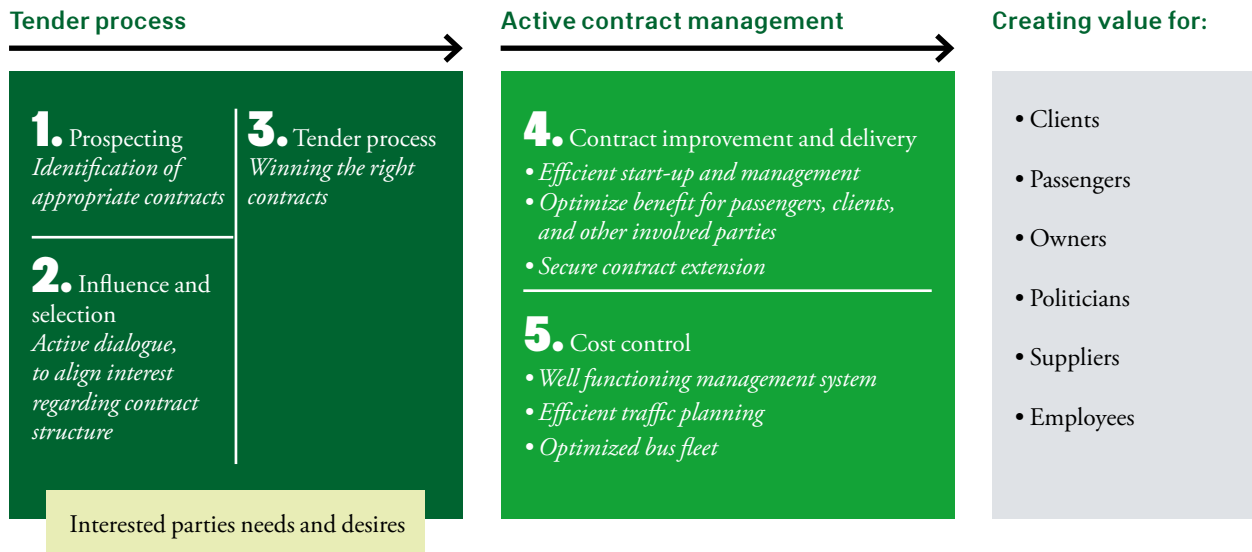
More information is available
on pages 14–20



NOBINA'S BUSINESS MODEL GENERATES MULTI-FACETED VALUE

Nobina ensures that more than one million individuals get to work, school or other activities each day. We do this by providing contracted public transport services to society. We create the highest possible value for our clients, passengers, owners and employees by having a long-term business strategy, i.e. one that covers the entire contract period.

BUSINESS MODEL



1. IDENTIFYING APPROPRIATE CONTRACTS – PROSPECTING

Nobina has a long-term business strategy and we are active in a market that is relatively predictable. Therefore, careful surveying and analysis efforts, well in advance of when a tender is made public, are very important. Prior to a tendering process, Nobina prioritizes the tender based on its business potential, where the goal is to deliver as many benefits as possible and thus create the highest possible value. Nobina does this by simplifying travel for passengers while the increased mobility that is generated, and minimal environmental impact, lowers the costs to society. By identifying the right contracts, we have an easier time reaching the overall financial goal for our business, which is to generate stable, profitable growth.

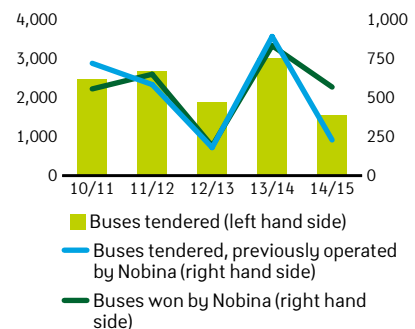


2. ACTIVELY INFLUENCE THE CONTRACT CONDITIONS AND SELECTION

At both local and national levels, there is huge potential for influencing how public transport is tendered. For this reason, there is continual dialogue with politicians, PTAs and industry organizations in order to interpret the content and point out certain aspects all aimed at achieving efficient, stable operations that attract more passengers. Contract design plays a crucial role in determining how well the region's tendered public transport solution will work. This has a major impact on the economy, which is why more and more PTAs are starting to realize the value of discussing long-term, sustainable regional transport solutions with the public transport service provider. As the Nordic region's largest, most experienced public transport service provider, Nobina is thus a sought-after partner in such discussions. This strengthens confidence in Nobina as a competent partner that has the ability to deliver services based on the various stakeholders' changing needs. Highest priority is placed on benefits derived by passengers from public transport in relation to the costs.

When there is continual dialogue with stakeholders, it also creates valuable information used in the selection of prioritized tenders. In competitive situations, Nobina has a high level of insight into the PTAs' underlying needs and requirements, and good contacts for the ongoing dialogue.

HISTORIC OVERVIEW OF TENDERING, NUMBER OF BUSES



3. WINNING THE RIGHT CONTRACTS – KEY TO HIGH PROFITABILITY

There is a great deal of variation in the design, terms and conditions for regionally tendered traffic contracts. Therefore, once the initial prospecting and selection process is underway, work begins on everything from identifying risks and opportunities, to competitive traffic planning, with detailed cost calculations for primarily fuel, wages and maintenance. An evaluation of how effective the indexation terms are is also critical in order to know whether risk coverage needs to be included in the price. Operational risks and contract risks are identified and an optimal structure for the bus fleet is also defined. In addition, third party contracts for such things as rental of depot facility are contracted in parallel with the traffic contract so that the company is not dependent on winning the tender again after the traffic contract has expired.

Preparations typically begin one to three years before the tender is made public. Over the last decade, Nobina has accumulated considerable intellectual capital from its systematic and very successful work with tenders. This puts us in an excellent position for continuing to win more of the right kinds of contracts.

DURING THE FINANCIAL YEAR, NOBINA WON 49 PERCENT OF SUBMITTED TENDERS.



ECONOMIES OF SCALE IN TENDER PROCESSES

Nobina is able to act decisively in tender processes, thanks to its presence in all four countries and the priority given to tender processes within the organization. Because of this, and our vast accumulation of experience, we are able to win more contracts, which are more profitable, than our competitors. Additionally, our size and strength means that we have the resources for appointing a special team, which is dedicated to follow-up and analysis of each individual tender. The assumptions and profitability of each contract is analyzed. When actual results do not match the original expectations, the learning from it is stored by those responsible for contract management and business support. This ensures continual improvement of Nobina's tendering efforts.

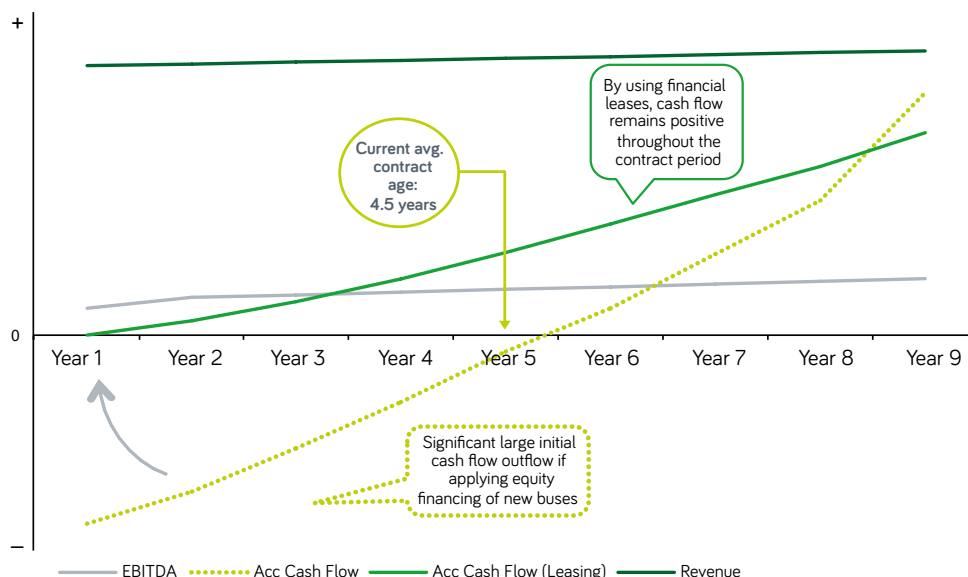
4. ACTIVE CONTRACT IMPROVEMENT EFFORTS OPTIMIZE VALUE, PROFITABILITY AND CONTRACT LENGTH.

A successful start-up of traffic services is an important and relatively complex process because it often involves a takeover of personnel and properties, which requires very careful planning. Over the life of a contract, various types of risks become reality depending on the terms and conditions of the contract. For further information about risks associated with tender pricing, see the chapter on page 52 about “Assumptions and risks associated with tender pricing in the contract tender process”. We therefore engage in efforts to optimize benefits for our passengers, clients and other stakeholders continually over the entire life of the contract. We call that active contract management.

Costs and revenues are unevenly distributed over the contract term, which affects cash flow and profitability. Initially, the costs are high and cash flow is weak primarily because it is necessary to make significant investments in the vehicle fleet and it is difficult to run fully efficient operations right from the very start. One critical aspect of our contract improvement efforts is a successful implementation that ensures contract renewal. When a contract is prolonged for an option period, there is additional cash flow and return on equity based on the already established operations.

THE PROFITABILITY TREND FOR A TYPICAL CONTRACT

7-year contract with a 2-year extension, illustrative example



5. COST CONTROL AT ALL TIMES

Most of the costs in contracts that Nobina takes on are variable. It is therefore critical to profitability that there is widespread cost control at all times. We achieve this via, for example, our efficient overall management system, continual follow-up on the profitability of each contract, careful traffic planning and long-term financing and utilization of our vehicle fleet. Our economies of scale with prospecting and tendering efforts also play an important role in our control of organizational costs, e.g. pertaining to operations and purchasing.

INDUSTRY LEADER FOR TRAFFIC PLANNING

Each individual contract has specific conditions and each is affected by a variety of factors. The start-up of services is one important component. However, without efficient traffic planning on a daily basis, a contract quickly risks becoming unprofitable. Nobina has centralized traffic management systems in several metropolitan areas to make this work as efficiently as possible and ensure delivery quality. Systematic traffic planning ensures cost-effective operations over the contract life in order to avoid such things as operating routes with too many empty seats. It also helps ensure that eco-fuels are used, encourages conservative driving and increases the number of passengers in buses. Traffic planning, based on passenger needs, is continually improved in close cooperation with the PTA.

EFFICIENT MANAGEMENT SYSTEMS ENABLE US TO DELIVERY THE RIGHT QUALITY

Nobina engages in a very close dialogue, which involves Group management, company managers, regional managers and central traffic and operations managers. The organization is managed via a system that continually improves our processes and ensures that Nobina delivers profitable public transport services that meet or exceed the stated requirements. The main process team is responsible for creating and further developing Group-wide working methods. This effort is led by process owners, who have been appointed by the Group management team and are followed up quarterly in the joint forum, Process Performance Reviews. The main processes are broken down into various sub processes, which in turn, are broken down at different activity levels.

Nobina has various IT systems in place to manage operational processes. The main systems that are used are: the industry leading-system developed by Nobina, OMS (Operational Management System) for daily operational management, and HASTUS, the software used for traffic planning. Both of these systems have been integrated with each other. OMS is continually being developed with input from Nobina's employees.

The management system also plays a central role in how we treat and develop our employees. Nobina is an organization governed by values that promote both good leadership and employeeship. While maintaining very close relations with trade unions and other industry stakeholders, we ensure that our common values create the conditions for successfully achieving our organizational goals over the short, medium and long term. Accordingly, we continually follow up on our value promotion efforts. This is a central element in everything from recruitment and introductions to performance reviews. It is also a key criteria in employee surveys and our most recent survey revealed that 94 percent of our employees who completed the survey are satisfied, or very satisfied with their work situation and employer.

OUR VALUES

- WE ARE HERE FOR OUR CUSTOMERS
- WE STRIVE FOR CONTINUOUS DEVELOPMENT
- WE RESPECT EACH OTHER
- WE SAFEGUARD GOOD LEADERSHIP
- WE CARE

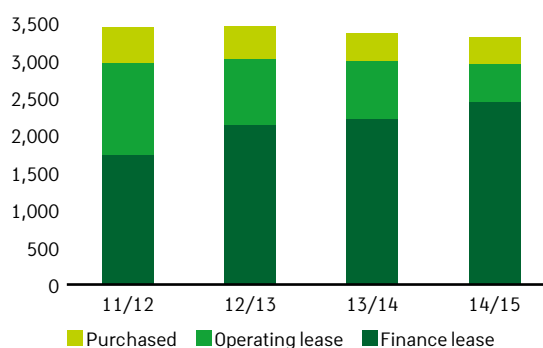
OPTIMIZED FLEET OF VEHICLES

Nobina's Group-wide fleet of vehicles is provided via an organization that is responsible for purchasing, management, utilization and replacement of our fleet. Nobina currently has a young bus fleet and a large proportion of new traffic contracts. The organization provides us with competitive advantages, in part because of the number of buses and in part by utilizing our skill in optimizing operations. Because of Nobina's experience and expertise in traffic planning, it is easier to reallocate buses internally, within the Group, when there are changes during the life of a contract, whether initiated by Nobina and/or the client. Efforts are also proactive in utilizing the existing bus fleet as efficiently as possible, by mixing old and new buses when a tender is submitted for a new traffic contract.

FINANCING OF THE VEHICLE FLEET

Nobina's vehicles are a significant item in the balance sheet, as well as the source of significant costs in the income statement. Thoroughly considered, long-term financing thus plays an important role in our ability to achieve our profitability goals. When placing a bid, Nobina simultaneously negotiates binding offers with bus suppliers, including financing, in order to ensure the company's ability to profitably start up services if Nobina wins the tender. However, Nobina typically first explores institutional financing options, since they involve more flexibility in the choice of vehicle compared to financing via the manufacturer. A large amount of capital is tied up when starting up services. Because of this, Nobina prefers leasing arrangements for vehicles, since this evens out the cash flow over the contract period.

FINANCING STRUCTURE OF THE BUS FLEET, NUMBER OF BUSES



ACTIVE MANAGEMENT OF OUR CONTRACT PORTFOLIO

Nobina is active in markets that are very similar to each other. Each country has a similar business logic and an integrated leadership structure that helps create economies of scale in tender efforts, vehicle utilization and business development. We actively manage our contract portfolio. We identify the right types of contracts, influence the contract conditions, perform careful calculations during the tender process and have an efficient management system that ensures delivery quality. All of this optimizes the benefits, profitability and contract mix for Nobina.

RISK MANAGEMENT IS THE FOUNDATION FOR OUR PORTFOLIO STRATEGY

The key to Nobina's success is maintaining a careful balance between a contract's identified risk level and its estimated return. Over recent years, Nobina has improved its risk analysis efforts by, for example, staff additions, continual skill development and systematic exchange of experiences.

Nobina has a well proven model for calculating risks from several perspectives. Evidence that our risk management efforts are successful exists in the fact that the performance of our contract portfolio holdings has steadily increased at the same time that the number of incorrect assumptions in tender processes has decreased. Simply stated, Nobina classifies each contract as low, medium or high risk. Simultaneously, Nobina is moving towards a contract portfolio that contains more incentive contracts with a higher risk level and higher possible returns. Nobina's extensive portfolio, which consists of 105 contracts, has a good risk spread simply because of its size as well.

FOUR FACTORS THAT COULD IMPACT PROFITABILITY

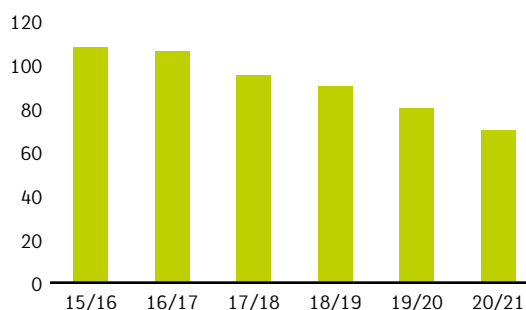
Risk area	Nobina's management
Client (PTA) changes the conditions	Careful analysis of contract, renegotiate contract terms
Operational performance	Affects outcome via internal follow-up on several levels, continual refinement of processes
Incorrect assumption	Group dedicated to follow-up and analysis, lessons learned applied to future tender processes
External factors	Preparedness, guidelines for incidents, practice with scenarios

There are four risk factors that could affect a contract's profitability. The level of impact varies from case to case, but on the whole, these are the factors that can lower profitability.

STABLE REVENUE - ABOUT SEK 6 BILLION ALREADY ASSURED FOR 2019

Contracts won in a tender process to operate public transport services for a PTA run for long periods of time. Typically, the contract period ranges from five to ten years, including any extension period. Nobina strives to maintain a good balance between younger and older contracts in its portfolio, since revenue and expenses are unevenly distributed over the contract duration. Nobina's portfolio consists of contracts with an average age of 4.5 years. Although Nobina currently has a relatively young contract portfolio, it still achieves a good level of profitability. Assured revenue for the 2019/2020 financial year already amounts to about SEK 6 billion. Because of this, Nobina has greater flexibility to focus on stable growth and higher profitability even more.

NET SALES BASED ON EXISTING CONTRACT PORTFOLIO, %



Presented as a percentage of net sales for 2014/2015 of SEK 7.5 billion.

THE RIGHT CONTRACT MIX HELPS BALANCE RISKS AND RETURNS

Nobina's extensive contract portfolio, which in itself lowers risk for Nobina, must consist of contracts that generate both good profitability and growth potential. At present, the share of production contracts represents 74 percent of our net sales, while incentive contracts represent 26 percent. Nobina's prospecting efforts are still substantial, in that all potential new contracts in the market are carefully analyzed. We are also currently engaged in more active prospecting of high return incentive contracts. Over the last few years, Nobina's risk management efforts have improved such that the company is ready to win more incentive contracts at a lower level of risk.

CONTINUAL CONTRACT IMPROVEMENT EFFORTS

Each contract is evaluated and analyzed continually based on several criteria. One of the most important criterion is share of the total paid working hours that our drivers spent with passengers in the vehicle. Over the last nine years, Nobina increased this share from 65 percent to the current level of 72 percent. Every month, there is follow-up on the latest estimates and actual performance. When we identify deviations, we act quickly to implement selective measures or, when necessary, more comprehensive changes in operations. Continual improvement efforts with each contract begin when traffic services start up and they don't end until the contract period has terminated.

TOTAL NUMBER OF CONTRACTS

105

AVERAGE DURATION OF A CONTRACT, YEARS

7.5

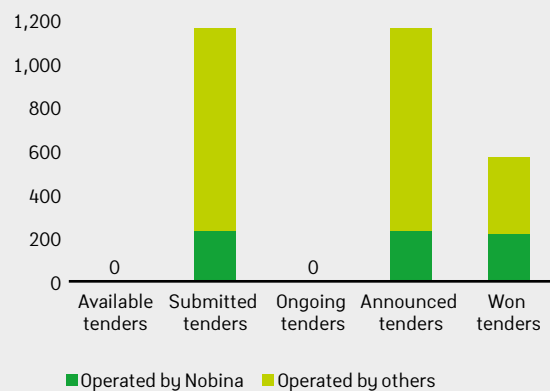
If a contract has been extended, the duration is calculated from the original start date through the termination date of the extension period.

AVERAGE AGE, YEARS

4.5

Calculated from the original start date, even if the contract has already been extended.

NOBINA'S TENDERING RESULTS, NUMBER OF BUSES



Definitions:

Available tenders – Available remaining tenders this year

Submitted tenders – Nobina's submitted tenders

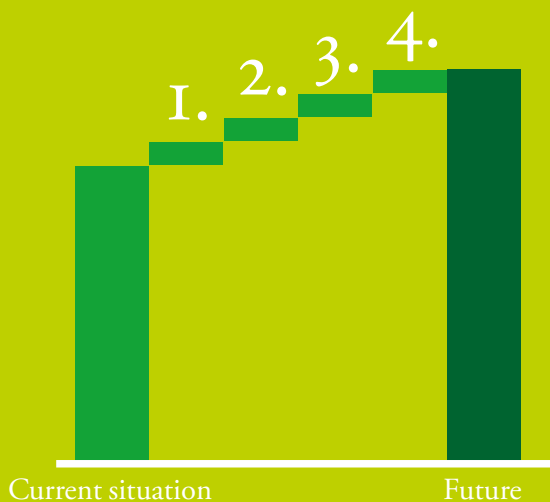
Ongoing tenders – Submitted minus announced

Announced tenders – Submitted tenders, where result has been announced

Won tenders – Contract won by Nobina in announced tenders

NOBINA IS WELL POSITIONED FOR THE FUTURE

Nobina has a very strong position for the future. The company will continue to grow by increasing its market share in existing markets. At the same time, further business development will improve cost efficiency. Nobina keeps up with the latest advances in technology and new solutions, while promoting changes that will improve the industry, all of which creates the conditions for continued success.



By actively working with and, over time, improving the contract mix, earnings are expected to keep improving. Improvement efforts are continual and this process can be summarized in the following four steps:

1. Improvement of existing contracts
2. Continued operational improvements
3. Optimised contract mix
4. New attractive contracts



SHARED JOURNEY TOWARDS A MORE SUSTAINABLE SOCIETY

Increasing mobility and lowering environmental impact are key to achieving a more sustainable society, both locally and globally. The importance of steering development in the right direction is visible in the overall political objects that have been formulated in Sweden, i.e. increasing mobility in society and encouraging more people to travel in a climate-smart way.

Nobina's operations and sustainability efforts are united in the value of convincing more people to leave their cars at home, and use public transport instead. This is how we make our main contribution to a sustainable society. For this reason, sustainability is a highly integrated component of Nobina's business. By creating economic, environmental and social value in our solutions for public transport, Nobina is able to convince more people to travel together. Mobility in society increases, it promotes growth, it is good for the environment and, over the long run, it encourages geographic and social balance.

Nobina's impact and responsibility

No matter what Nobina does, it always strives to take an ethical stance and use resources responsibly. We are committed and we care about passengers, each other and the society in

which we act. By constantly trying to find new ways of utilizing our resources as efficiently as possible, we strive to lower the environmental impact while simultaneously lowering our costs and the costs to society.

The vision is for everyone to want to travel with us. That's why each day we try to simplify travel by public transport. However, since our operations are, to a large extent, publicly financed, it is important that we also clarify just how we take responsibility. We are a company that operates according to a set of values and we regard our business from three perspectives: people, the environment and the economy. Nobina's perspective covers several dimensions: from the family budget, the PTA's resources and climate issues, to responsibility for safety, employees and passengers.

HIGHLIGHTS DURING THE YEAR

- Looking back over 2014 provides a clear picture of how business successes often are compatible with achieving sustainability advantages for society. In 2014, Nobina won a tender in Värmland where quality evaluation played a much greater role than in the past. This meant, for example, that Nobina's management system procedures were reviewed before the tender award was made.
- Legal proceedings, regarding operations in Finland, at the EU level that had been going on for several years were resolved in Nobina's favor. This will open up the market to more competition and more sustainable traffic solutions, primarily in the Helsinki region. Nobina won a tender in Södertörn, just south of Stockholm. The contract terms provide ample opportunities for working with drivers on solutions that meet the needs of passengers and society in the best way possible. More information is available on page 23.

AWARDS AND PRIZES RECEIVED DURING 2014

- In Sustainable Brand Insights ranking for 2014, Swebus ranked 4 on the list of the most sustainable brands for passenger transport in Sweden
- Swebus was named as Sweden's greenest brand for bus travel in the regular survey conducted by the brand development management consultants Differ
- Honorary Award, Social Media 2014 – Swebus won this award from The Transport Group (Sveriges Bussföretag)
- Malmö City was named the year's best PTA for having implemented Bus Rapid Transit (BRT). Nobina is a member of the three-part collaboration in that effort



New contract aimed at developing public transport in greater Stockholm

In June 2015, Nobina starts providing transport services throughout much of Södertörn, an area south of Stockholm in accordance with a contract with SL (Storstockholms Lokaltrafik), a county council owned PTA. Over the last few years, SL has conducted one tendering process per year. The complex tendering process, which takes ten months, requires dialogue between SL and public transport service providers to decide on the best way of designing the terms in order to achieve the desired result. However, this also means that it can take a relatively long time to put all of this into practice. And, even after a contract has been signed, it is still possible to make changes via supplementary contracts.

Strong incentive to increase number of passengers

The incentive contract for Södertörn states that 100 percent of Nobina's revenue will be based on the number of paying passengers. The contract stipulates that travel by public transport should increase at the same rate (or faster) than population growth in the area. But Nobina has been given plenty of freedom on how to achieve this, via dialogue with passengers and other stakeholders. In order to have as many satisfied and paying customers as possible choosing Nobina, our drivers need to be involved in efforts to improve and develop the traffic area.

Another aspect of the contract is that Nobina has a great deal of flexibility in developing timetables and routes. The contract does stipulate a minimum level of traffic services, which means that Nobina may not discontinue a service stipulated by SL. But beyond that, Nobina has flexibility in carrying out operations such that anyone interested in using public transport is also easily able to do so. For Nobina, this has to do with increasing the number of buses and shortening the intervals between when they run (in accordance with passenger needs). However, adequate service must still be maintained during the times of day when demand is lower.

Another aspect of this contract is that Nobina is the one bearing the risks. But in the long term, there is large commercial potential for Nobina if the company succeeds in developing public transport and increasing the number of passengers, while maintaining efficient operations. We believe that this benefits all of the stakeholders involved. It simplifies travel for passengers while giving them better service. It also provides the PTA with predictability. Furthermore, the contract makes it possible to lower the environmental impact because it results in a more efficient use of resources.

Already during 2015, all traffic associated with this contract will be run on renewable fuel.

DIALOGUE WITH OUR STAKEHOLDERS

Nobina is surrounded by a variety of stakeholders, all of whom, in different ways, impact and are impacted by our operations. Engaging in a continuous and close dialogue with them is necessary in order to know what expectations and requirements they have on how we run our operations. Another aim of such dialogue is to increase awareness about Nobina and the extent to which we are able to influence and run transport services. Based on our operations, Nobina has identified the following key stakeholders: PTAs, passengers, owners, politicians, suppliers and employees.

The tender process is the forum for ongoing dialogue that has the greatest impact on Nobina's operations. It also provides the greatest opportunities for making progress on sustainability issues. Because of this, Nobina regards PTAs as its most important stakeholder. They are the ones who actively place

demands and requirements in the tenders and on daily operations. We encourage them to specify requirements on sustainability to an even greater extent. By maintaining an ongoing dialogue with PTAs, ideally in conjunction with tender processes, Nobina is able to influence how contracts are designed with more focus on sustainability. Over the years, we have also helped make the tender process more transparent, competitive and predictable. This will, over the long term, help ensure that there is more public transport for the money, which in the end, makes society the big winner. An example of this is illustrated on page 23.

Below is an overview of the dialogue with Nobina's key stakeholders and the issues we've identified as most important in 2014.

Stakeholder	Dialogue venue	Important issues	How Nobina works
PTA	<ul style="list-style-type: none"> • Industry associations • Business Development Manager in meetings with PTAs • PTA survey • Daily operations • Nordic Future¹ 	<ul style="list-style-type: none"> • Cooperation with unions • Good employment terms • Transparency – values • Member of industry associations • Good leadership • 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 PTAs on such things as new types of vehicles, environmental adaptations, customizations
Passengers	<ul style="list-style-type: none"> • Passenger surveys • Focus groups • Social media • Nordic Future¹ 	<ul style="list-style-type: none"> • Punctuality • Value for money • Treatment • Simplicity • Way of driving 	<ul style="list-style-type: none"> • Conduct and analyze customer surveys, turning them into reports that are published on Nordic Future¹, for example
Owner	<ul style="list-style-type: none"> • Board meetings • AGM 	<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 • Nordic Future¹ 	<ul style="list-style-type: none"> • Regional growth • Infrastructure in society • Resource-efficient transports • How society benefits from public transport • Contract design 	<ul style="list-style-type: none"> • Active engagement in industry conditions, transport situation and social structure
Suppliers	<ul style="list-style-type: none"> • Tendering processes • Follow-ups 	<ul style="list-style-type: none"> • Environmental requirements 	<ul style="list-style-type: none"> • Placing requirements, conducting evaluations and follow up
Employees	<ul style="list-style-type: none"> • Performance appraisals • Employee surveys • Improvement groups • Training 	<ul style="list-style-type: none"> • Ability to influence work situation • Well-being • Sick leave 	<ul style="list-style-type: none"> • European Work Council establishes business plan and important changes in operations • Employee responsibility for own goals, assessment and activities • Regular individual feedback on performance

1) Nordic Future is an independent online forum launched by Nobina in 2013. The forum is open to anyone who is affected by or interested in public transport. The aim is discussion that will result in more passengers who are dedicated, along with generating new proposals and ideas that will help develop public transport.

NOBINA'S MOST IMPORTANT ASPECTS OF SUSTAINABILITY

The purposes behind identifying and analyzing the important aspects of sustainability are to reflect the more significant economic, environmental and social consequences of our operations along with the issues that affect our stakeholders' assessments and decisions. The analysis also provides the basis for our overall sustainability efforts and it determines which aspects are important for us to manage and communicate.

We have identified the most important aspects by studying and analyzing our own operations, as well as through dialogue with our stakeholders. The following important aspects have been identified:

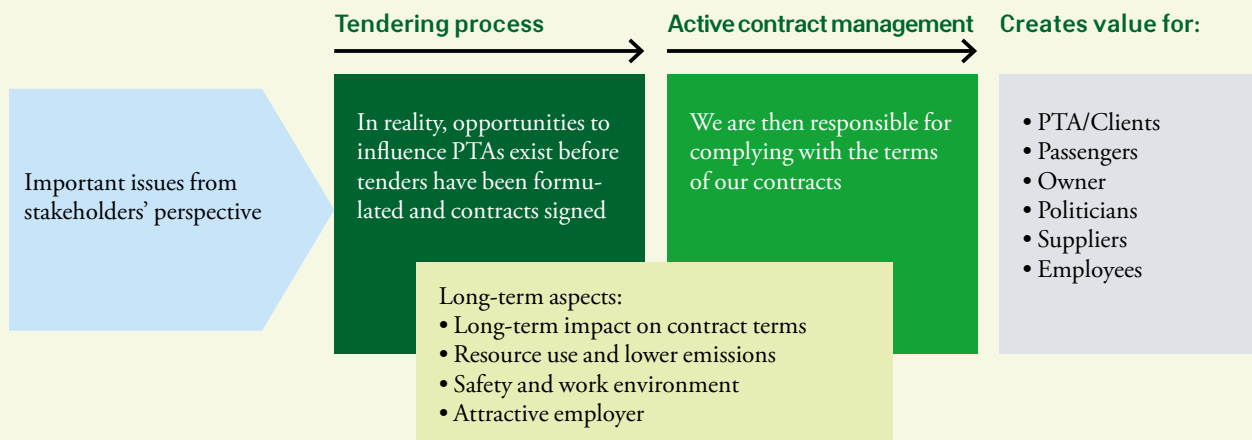
- Long-term impact on contract terms
- Resource use and lower emissions
- Safety and work environment
- Attractive employer

Ways that we are able to take responsibility and make an impact

Nobina's greatest opportunity for making an impact is through the tender process and design of contract terms. This has to do with creating the best possible conditions for being able to run the business with consideration for the economy, the environment and people.

With the aim of making a long-term impact on contract terms, we are using the experience from our current assignments to influence the design of future contracts used in tendering processes. This is primarily done via dialogue and discussions with politicians and PTAs, aimed at developing and improving contract terms such that they are compatible with overall national political objectives, which are to increase mobility in society and encourage more people to travel in a climate-smart way. These are goals that also benefit our business.

During the contract period, we are obligated to run operations in accordance with the terms and conditions of the contract, while also helping to encourage more people to choose our public transport services.



Long-term impact on contract terms

PTAs conduct tenders as part of a regular process. Feedback and dialogue, before and after a contract, are important to Nobina's business and sustainability efforts. We actively strive to make an impact, so that there is balance between demand, resource utilization and environmental impact.

Resource use and lower emissions

Efficiency and environment are key issues, both before and after a contract. Through adaptation and additions, it is possible to fine-tune and attempt to exceed the goals formulated in the tender request.

Safety and work environment

There is continual monitoring to ensure compliance with laws, guidelines and routines. For Nobina, it is also important to help ensure safety and a good work environment in our sector through dialogue with PTAs, public transport service providers and other stakeholders.

Attractive employer

Motivated employees are necessary in order for us to submit competitive bids on tenders and deliver sustainable results.

GOVERNANCE OF SUSTAINABILITY EFFORTS

Nobina's goals and our role in society provide the point of departure for our governance. Our role is to help increase mobility in society and we base such efforts on our values:

- We are here for our customers
- We strive for continuous development
- We respect each other
- We safeguard good leadership
- We care about and take active responsibility for the environment and society

Strategic business management

Each year, when the business plan is updated, so are the long-term and short-term goals. Subsidiaries and their traffic areas then incorporate the goals into their own business plans and run their businesses in accordance with them. The goals for the business are followed up in monthly performance meetings at Nobina, company and traffic area levels. As part of the business planning process, support is gained for Nobina's strategies by presenting them at the European Work Council, which the company's employee representatives attend, once per year.

Since 2013, sustainability issues have been leadership process efforts involving the CEO, Managing Director Nobina Sverige AB, Managing Director Swebus, CFO at Nobina AB, Director of Human Resources at Nobina AB, the Head of Business Development and a Traffic Manager.

The seven main process teams at Nobina are responsible for developing Group-wide working methods. This effort is led by process owners, who have been appointed by the Group management team and are followed up quarterly. Read more about our efforts to continually improve the business on page 27. More information about governance is also provided in the Corporate Governance Report on pages 35–40.

Governance supported by integrated approach

In Norway and Finland, Nobina has had ISO 9001 quality certification and ISO 14001 environmental certification for several years. In Denmark, all four traffic areas have had ISO 14001 environmental certification since 2013. Since 2009, efforts have been underway in Sweden to obtain ISO certification for all traffic areas. At the end of the 2014/2015 financial year, 9 out of 17 traffic areas in Sweden had obtained ISO certification.

Nobina takes an integrated approach to quality, the environment and safety (referred to by the acronym, KAMS). The Nordic KAMS council consists of the company's quality and environmental managers, who meet four times per year in order to formulate, communicate and gain support for the goals and working methods. The environmental work carried out in the organization is evaluated in regular in-house checks and internal audits.

For each traffic area, there is a safety organization with several safety representatives that periodically carry out both general and specific safety inspections. They are called in to con-

duct own investigations as necessary, or whenever there is an accident or incident. In addition, the head safety representative is responsible for initiating and participating in risk analyses of the work environment, as well as participating in the safety days that are held each year. The local safety organizations remain in close contact with Nobina's central safety and work environment organization.

Since 2012, Nobina has been affiliated with the employee-ombudsman channel, MOM, which serves as whistle-blower protection. MOM is set up in Norway, Finland and Sweden. Since 2014, it has also existed in Denmark, providing employees with a safe channel for reporting any situations or activities that they believe to be inappropriate. During the year, 49 (58) issues were reported to MOM.

NUMBER OF ISO-CERTIFIED TRANSPORT AREAS IN NOBINA

	14/15	13/14	12/13
Sweden	9	8	8
Denmark	4	4	0
Norway	6	6	7
Finland	3	3	3

The head offices are also certified, but excluded from this overview.

Risks and opportunities

Nobina's growth increases as more people choose public transport. Risk scenarios need to be analyzed and evaluated on a continual basis in order to ensure that we meet the specified requirements in tenders and when running our operations subsequent to winning a tender. When a public transport service provider is required to take on more responsibility for quality, the share of incentives in the contract increases. This provides an opportunity to provide a clear link between performance and compensation. For Nobina, risk management has a lot to do with ensuring that we have competitive processes that promote employee commitment, competence, adaptability and willingness to accommodate passengers.

Follow up

The results of sustainability efforts are measured in a brand survey that was initiated in 2011. Nobina's intention is to carry out the survey every three years. An overall assessment of passenger satisfaction, employee motivation and PTA satisfaction is arrived at by conducting in-depth interviews. The latest survey, in 2014, showed that 86 (86) percent of our passengers agree that it is easy to travel with us, 81 (82) percent agree that we provide friendly service. The fact that it is easy and friendly to travel with Nobina is also reflected in the survey finding that 77 (75) percent of our employees feel that we apply our values while carrying out our daily activities.

NOBINA'S CONTINUAL IMPROVEMENT EFFORTS

Process teams develop work instructions for the entire Group

Process teams are development groups that consist of employees from various parts of the organization. They develop Nobina's working methods.

Seven main process teams: Leadership Process, Product Development, Marketing & Sales (incl. four sub-process teams), Delivery of Passenger Travel (incl. five sub-process teams), Goods & Services, Employee Process and IT Process.

Frequency of meetings: Each team meets four times per year.

Goals: Continually improve the working methods of Nobina. Better performance of the companies.

Follow up: Four times per year by the Group management team. The application of instructions is followed up when each company conducts its audit and this is reported back to local management and Group management.

Process auditors evaluate the outcome of the instructions

Nobina's internal process auditors visit the traffic areas in order to follow up and evaluate how the formulated working methods are being applied in practice. Feedback is provided to the traffic area manager, who is then responsible for implementing measures where shortcomings were identified. The process auditors are also responsible for following up on the outcome of the instructions and ensuring that the process owners implement any necessary changes.

Five main process auditors and twelve deputy process auditors in Sweden. In Norway, Finland and Denmark, the process audits are conducted by the quality manager.

Frequency of process audits: Once per year for each traffic area.

Goals: Continually improve operations.

Follow up: The KAMS council, locally and centrally.

Improvement groups carry out local development projects

At Nobina, every employee has the opportunity to become involved in how the organization develops. Our managers are also given leadership training. The aim is for each manager to lead at least one group with his or her staff, where the focus is on improvement efforts.

At the end of the 2014/2015 financial year, improvement efforts were being carried out at twelve transport areas and at the head office of Nobina. Compared to last year, this represents an increase by two traffic areas.

Frequency of meetings: Each group meets for one hour every other week. A coach participates in every other meeting.

Goals: High participation in the traffic area. Better financial performance.

Follow up: Locally via the KAMS council and centrally via the Company Business Review.

Improvement coaches assist managers and groups with their improvement efforts

Nobina has improvement on coaches, appointed centrally, who are responsible for setting up traffic area improvement efforts in cooperation with traffic area managers. These coaches facilitate the work progress by supporting management, participating in the group's meetings and following up on performance biannually. There are also coaches who are appointed for each traffic area. They take over the coaching activities from the head coaches after a start-up period. However, the head coach remains ultimately responsible for the traffic area.

At the end of the 2014/2015 financial year, there were eight certified coaches in Sweden, two in Norway, one in Finland and one in Denmark. In addition, 6 more people were trained as head coaches and another 18 as meeting coaches during the financial year.

Frequency of meetings: The improvement coaches attend every other meeting for the six-month period required to establish sustainable improvement efforts.

Goals: Improvement efforts are stable and lead to results.

Follow up: The Group's head coach forum, once per year. The improvement coaches conduct performance follow-up seminars biannually for their traffic area.

ENVIRONMENT: A COMPETITIVE TENDERING PROCESS LEADS TO ENVIRONMENTAL GAINS

Environmental issues that Nobina prioritizes are particle and carbon dioxide emissions, along with fuel consumption. Nobina is committed to deliver in accordance with the requirements stated in its existing contracts. We also need to gradually adapt the bus fleet to new requirements in a way that is profitable for us and society. We are happy to report that carbon dioxide emissions are falling at the rate that older contracts are replaced with new ones, which also steers the bus fleet in the direction of buses that run on renewable fuels.

New contracts lead to lower emissions

With increased competition and more stringent requirements in tenders, particularly in Sweden, requirements are also being placed on the types of vehicles and emissions. We have noticed a trend of more requirements on the use of biogas. However, requirements on the use of electric buses are still relatively uncommon.

A cornerstone of the efforts to increase our competitiveness and lower the environmental impact is to utilize resources as efficiently as possible in all areas of our operations. Nobina continues to prioritize efforts to increase its environmental expertise so that it has good understanding at an overall level, and on how all environmental aspects relate to each other. Drivers receive this knowledge, for example, via their YKB training, which includes everything from eco-driving to information on how energy, water, detergent and chemicals should be used in conjunction with service. Traffic area managers also receive half-day training on quality, work environment, environment and safety, which includes information on environmental legislation and how to conduct efficient environmental efforts. In addition, there is a central competence forum that is

responsible for such things as ensuring that the organization is prepared for complying with new rules and legislation.

Greener travel via higher involvement

During the year, the company's Green Journey software has become more popular with drivers, particularly in Sweden, but also in Norway. The reason behind this success likely has to do with reaching a critical mass in the number of users, which has inspired other drivers to also start using the software. Drivers who have tried it say that they appreciate the information they see on the screen, i.e. feedback on their driving style, because it clarifies how each driver can get involved and make a difference. A gentler driving style also results in lower g-forces on the bus, which translates to a smoother ride and greater comfort for passengers. The software also provides reports that are useful for follow-up and statistics showing how changes in driving style have a positive impact on the business.

Technology continues to develop and new diagnosis tools are being tested, which makes it possible to measure bus performance in order to better optimize the need for service, from an environmental and economic perspective.



The Green Journey software helps drivers apply eco-driving techniques. The effects are visible in such ways as lower fuel consumption, which can be followed up at the level of each individual driver.

NOBINA'S MOST IMPORTANT ENVIRONMENTAL GOALS

Nobina has identified its most important environmental goals in order to better guide our work and prioritize efforts concerning the global climate goals for lower greenhouse gas emissions.

1. FROM CAR TO BUS

More people sharing resources means fewer cars on the roads and lower greenhouse gas emissions.

The more people that choose to travel with us, the better it is for the environment, our economy and society at large. Increasing public transport is the nature of our business and we work with that mission on many levels. For example, revenue models that incorporate (to some degree) incentives enable us to impact the number of passengers. We also cooperate with the PTA and municipality within the scope of each individual contract. Furthermore, we contribute via active dialogue with stakeholders, where we promote arguments in favor of public transport, regardless of whether Nobina is selected as the public transport service provider. A key component is creating maximum benefits for passengers who decide to travel with us. Additionally, it is important to communicate the positive effects of increased travel by bus.

2. LOWER THE SHARE OF EMPTY BUSES IN TRAFFIC

The better we plan traffic, streamline production and avoid running empty buses, the more value we provide to passengers and society.

Lowering the percentage of empty buses in traffic is an important concept and it is necessary in order to achieve smart traffic planning. The goal is to provide services (i.e. buses that run frequently) in line with passenger needs. However, filling the buses with passengers is also critical to our ability to lower emissions and conserve our finite resources. One important aspect is optimizing schedules to minimize idle time and having empty buses in traffic. Another is working out the lowest possible distance between the bus parking lot and the first stop. The more cooperation and dialogue we have with PTAs, the easier it is to adapt public transport to passenger needs, while simultaneously minimizing the environmental impact.

Empty buses, %	2014/15	2013/14	2012/13
Nobina	11.63	11.45	11.12

Empty buses, is based on driven kilometers for buses in planned traffic services, not including driving to bus washing facility/workshop, bus replacements or moving buses between areas.

3. LOWER FUEL CONSUMPTION

Through active resource management, like use of The Green Journey software, we promote conservative driving and thereby lower fuel consumption.

There are clear operational goals, as well as financial incentives, to limit fuel consumption in current contracts. An important tool for Nobina is "The Green Journey" concept. It involves training drivers to drive in a gentler, more efficient way. The measurement equipment on board each bus is used to monitor how successful each individual driver is in his or her efforts to drive conservatively by registering and evaluating fuel consumption, acceleration and braking. Analyses show that, on average, training and follow-up on driving style reduces fuel consumption by 5–7 percent.

Fuel consumption	2014/15	2013/14	2012/13
Diesel, litre	58,017,620	68,719,300	76,304,778
RME, litre	14,011,270	9,815,636	7,965,841
Biogas, nm ³	21,345,189	14,784,970	7,688,885
Natural gas, nm ³	11,105,461	9,169,545	10,911,042
Ethanol, litre	5,258,224	5,861,463	6,467,078

4. HIGHER SHARE OF RENEWABLE FUEL

Greenhouse gas emissions are reduced when there is less fossil energy consumed per passenger-kilometer, i.e. a higher percentage of vehicles that run on biofuel or electricity.

It is a Swedish political goal to have 90 percent of the buses in traffic running on renewable fuel by 2020. To reach that goal, traffic companies must adapt bus fleets and increase the share of buses that run on renewable fuel. In the tender documentation from PTAs, it is standard that fuel types and emission levels are specified. However, there is wide variation in the other requirements specified by PTAs. Nobina estimates that its bus fleet currently consists of at least 30 percent that run on renewable fuel. We are striving to reach the 2020 goal and believe that doing so is entirely possible, especially as old contracts are replaced by new ones, where the use of renewable fuel is increasingly stated as one of the requirements.

Emissions in relation to km driven	2014/15	2013/14	2012/13
Fossil carbon dioxide (CO ₂), g/km	0.74	0.82	0.92
Nitrogen oxides (NO _x), g/km	3.04	3.70	4.05
Hydrocarbons (HC), g/km	0.15	0.17	0.14
Particles (PM), g/km	0.02	0.02	0.02

PEOPLE: MOTIVATED EMPLOYEES IS ONE OF OUR COMPETITIVE ADVANTAGES

Our employees are the ones implementing our efforts and they are a source of competitive advantage. With committed, motivated employees who feel that their efforts actually make a difference, we are able to ensure an increasing number of more satisfied passengers. Our offering and vision also comes to life through the daily efforts of our employees.

Employees play a key role at Nobina, where the company culture focuses on passenger needs. Our job is to deliver simple and friendly travel. As employer, Nobina must ensure that employees are given the right conditions for carrying out their assignment. It is crucial that employees are motivated, involved and satisfied.

It starts and ends with good leadership

With the goal of being the most attractive employer in our industry, we continually strive to develop and motivate our employees. We feel that the local leadership teams play an important role in helping employees become acquainted with the traffic area's goals and feel involved in the effort to reach them. We want to attract and retain the best managers in our sector and we strive for a leadership style that is brave and pragmatic. This involves giving praise for excellent performance, as well as feedback on behaviour that is not in line with our values.

Some managerial support functions exist locally and others are centrally located, such as HR resources in different areas working on the development of systems, processes, leadership, working methods and employee skills.

Employeeship that focuses on passenger needs

A prerequisite to our overall success and profitability is that our employees know what is expected of them. Nobina works with target management so that every employee is able to act in accordance with the criteria upon which they will be assessed. All employees have individual goals that are discussed and formulated during performance reviews held at least once per year with the employee's closest supervisor. This applies to permanent employees as well as hourly-paid employees who work for the company frequently, which is rather unique in this industry. In 2014, there were 5,779 performance reviews held at Nobina. In addition, feedback discussions are held monthly and the focus here is on, for example, the employee's work situation and job satisfaction. In total, 37,460 feedback discussions were held at Nobina during the year. There should also be continual development of skills. Specific training plans are created after each traffic area has identified its training needs. Since 2014, all central training is carried out by our internal training organization, Nobina Academy. The demand for leadership training in particular increased in 2014 and as a result, more of

this training was offered compared to what was originally planned. Nobina offers three categories of training:

1. DRIVER TRAINING

Consists of the traffic school (e.g. for D category license) and training for YKB certification (for professional drivers). All drivers are offered eight hours of YKB training each year.

2. LEADERSHIP TRAINING

This includes various types of training for employees who exhibit leadership ability. Courses are offered on such topics as leadership, values, communication, difficult discussions that various types of managers must engage in, etc. In total, this training is targeted at slightly more than 300 managers.

3. ROLE-SPECIFIC TRAINING

This includes training on work environment and business acumen.

Higher employee involvement

At daily operations meetings, we discuss and analyze deviations and problems so that measures can be put in place, improvements implemented and results followed up. How well we succeed in these efforts is reflected in Pulsen, Nobina's employee survey, which is carried out three times per year. There are 16 questions aimed at measuring employee motivation. From the 2014 survey, we could see that there was improvement as far as participation in the survey, which was 64 (55) percent. On 6 of the 16 questions, ratings reflected a good level of employee motivation. The other questions will be dealt with via our improvement efforts by having each traffic area pick the most relevant question and focus on it, with the aim of improving employee motivation.

Reaching the goal of being the most attractive employer in the industry

Nobina competes in a fluctuating, labor-intensive industry, where the skill level of our employees is fundamental to our success. It is important that Nobina is perceived as an attractive employer, particularly when recruiting new bus drivers and in tender processes. Much can be gained by making

a career as bus driver even more popular. In order to meet future needs, we are trying to influence vocational schools and work with the Swedish Public Employment service throughout the country so that they actively promote bus driving careers.

The most important part of this effort, however, is ensuring that we retain the employees we already have. To retain our leadership talent, Nobina works systematically to achieve an efficient rotation of duties between traffic assignments. For drivers, we try to create flexible schedules that take individual needs and preferences into consideration, since this is important to them. Nobina has also centralized staff planning so that it can become better at optimizing personnel resources and also provide more standardized service to the traffic areas. We also strive to make decisions on a level as close to our passengers as possible, which means that each individual bus driver's ability to make an impact increases over time.

Focusing on employee health is not only good for individuals, it also reduces Nobina's personnel costs. Preventive health care efforts and endeavoring to create a safe work environment are thus important to us. In 2014 there has been increased focus on the work environment, which is reflected in the increased resources devoted to this. For example, a work environment specialist has been employed in the Swedish organiza-

tion with the task of improving such efforts in each traffic area of the organization.

We also want the composition of our staff to reflect our society, to the highest extent possible. For this reason, we strive for greater diversity and a better gender balance. We do this because we believe that employees with different backgrounds and experiences enrich the organization. We also do it because it is profitable – quite simply, we earn money by making progress on equality in the workplace.

Prioritized areas for 2015

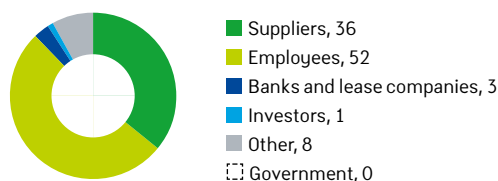
Our focus areas include continuing to develop leadership skills within the organization and becoming increasingly attractive as an employer. This involves strengthening the link between, and understanding of, overall goals for the business and individual goals.

Nobina, %	2014/15	2013/14	2012/13
Short-term absence due to illness	1.25	1.29	1.23
Long-term healthy	32.20	31.90	32.80
Staff turnover	4.20	6.40	7.14

ECONOMY: ECONOMIC VALUE THAT HAS BEEN CREATED AND DELIVERED

Nobina measures its financial success through a number of long-term and short-term financial goals. At the same time, our organization creates economic value for a variety of stakeholders. The information provided below shows the value that Nobina generated and distributed during the last financial year.

ALLOCATION OF REVENUE TO STAKEHOLDERS, %



	Stakeholder	2014/15	2013/14	2012/13
Value generated, SEK million				
Revenue – net sales	PTAs/Clients	7,549	7,269	7,212
Value distributed, SEK million				
Operating expenses	Suppliers	-3,297	-3,250	-3,359
Salaries and remuneration to employees	Employees	-3,881	-3,693	-3,607
Payments to financiers	Banks and lease companies	-230	-239	-270
Payments to the public sector – Income taxes	Government	0	0	-1
Retained economic value, SEK million		94	56	60

KAMS: QUALITY, WORK ENVIRONMENT, ENVIRONMENT AND SAFETY

For Nobina, safe operations and work environment have the highest priority. Our vision is zero injuries. That is how seriously we feel about this.

With a sense of responsibility and passenger focus, Nobina should be able to guarantee that passengers will have a safe and secure journey. Passengers should also be able to rely on Nobina providing stable transport services. In 2014, the share of executed planned routes was 99.86 (99.76) percent.

Our employees should be able to carry out their assignment in a safe work environment. We are convinced that if our employees feel safe and secure, it will result in passengers feeling the same way, which will make them satisfied with us.

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 appropriate preventive measures. First and foremost, risks should be eliminated. Otherwise, they should be minimized. It is equally important to maintain the skill level of our employees and ensure that they have the right attitude about safety.

Nobina should serve as a role model and this is also stated in our safety policy. We follow up on all traffic incidents, as well as any threats or violence against our passengers or employees. During the year, Nobina Sweden conducted 86 accident investigations and incident analyses aimed at identifying patterns in the root cause or technical problems. We've realized the importance of getting to the bottom of every accident and incident that has occurred, which has increased the number of investigations. In addition, it gives us a better basis for taking the right actions that can prevent a recurrence. We will ensure that we understand and learn the factors behind an accident in order to prevent a similar incident from occurring in the future. The investigation is also a component of our crisis management process. Whenever an accident or incident occurs, each traffic area has a trained staff member whose job is to take care of and support the employee who has been affected.

To make even more progress on preventive measures, a holistic approach has been taken on KAMS issues, i.e. quality, work environment, environment and safety. This has to do with clarifying the issues and to a greater extent, making them

more relevant and real to daily operations in the traffic areas. Actual cases, undesirable events and risks are followed up monthly by all companies and traffic areas within Nobina via the KAMS council. During 2014, special KAMS focus days were carried out in all traffic areas in Sweden in order to structure these efforts. A similar work process has also been initiated in the other countries.

Risk management and crisis preparedness

Every company and traffic area at Nobina has a contingency plan that can be quickly mobilized in crisis situations. Each company follows a checklist for crisis situations. It is used whenever there is a serious incident. The crisis plan describes how the functions affected (from bus drivers to operations management and central crisis management) are to act in the event of a crisis or accident, and how internal and external communications are to be conducted. All group companies and traffic areas participate in crisis exercises every year.

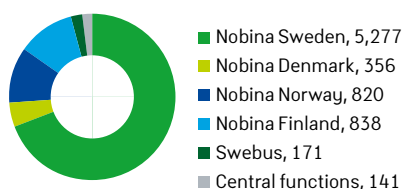
In areas where there are higher safety risks, Nobina cooperates with police and local authorities in order to identify risks at an early stage, ensure a rapid flow of information and find ways of cooperating on preventive measures.

Key figures	2014/15	2013/14	2012/13
Number of incidents	5,771	5,097	4,967
Total cost of damages, SEK million	66.4	61.6	54.3
Serious incidents ¹	273	181	175

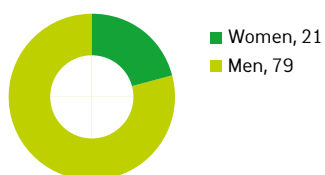
	Threats & Fire	violence	Robbery	Environ-ment	Traffic accidents
2013/14	38	65	1	1	76
2014/15	50	109	3	10	101

1) Serious incidents can be defined as accidents or incidents in a traffic area that are deviations reported further along in the organization. This information pertains only to Sweden.

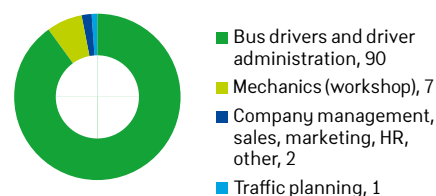
EMPLOYEES PER COMPANY, NUMBER



EMPLOYEES BY GENDER, %



EXPERTISE, %



ABOUT GRI REPORTING

For the third year in a row, Nobina is reporting its sustainability efforts in accordance with the international reporting standard, Global Reporting Initiative (GRI). The sustainability report for 2014/2015 (1 March 2014–28 February 2015) essentially corresponds to version G3 at the C level. The selected performance indicators are reported in the GRI on pages 33–34.

The sustainability report is published once per year in conjunction with the annual report. Its contents reflect the organization's most important sustainability aspects and the responsi-

bility Nobina strives to take within that scope. GRI reporting pertains to the entire Nobina, but the emphasis is nevertheless on the Swedish organization, since it is responsible for the largest share of sales.

For more information about Nobina's sustainability efforts and its reporting on sustainability, please contact Annika Kolmert, Head of Business Development, annika.kolmert@nobina.com.

Standard disclosure		Page number	Comments
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1.1	Statement from the CEO and the importance of sustainability to the organization and its strategies	4–5	
2	Organizational profile		
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2.9	Significant changes during the reporting period regarding size, structure or ownership		None
2.10	Awards and prizes that were received during the reporting period	22	
3	Report parameters		
3.1	Reporting period	33	
3.2	Date of most recent previous report		May 2014
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3.8	Basis for reporting on joint ventures, subsidiaries, or other entities that can significantly affect comparability from period to period and/or between organizations	63–64	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports		None
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		None
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Economic performance indicators		Page number	Comments
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EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	28–29	
EN16	Total direct and indirect greenhouse gas emissions by weight	29	
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EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	28–29	
EN30	Total environmental protection expenditures and investments by type	28–29	Partially reported
Social performance			
LA1	Total workforce by employment type, employment contract, and region	32	
LA2	Total number and rate of employee turnover by age group, gender, and region	31–32	
LA4	Percentage of employees covered by collective bargaining agreements		100 %
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	32	Partially reported
LA7	Rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities by region	31–32	
LA10	Average hours of training per year per employee by employee category	30, 32	
LA12	Percentage of employees receiving regular performance and career development reviews	30	

CORPORATE GOVERNANCE REPORT

This report describes corporate governance, 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. The report for the 2014/2015 fiscal year includes the Board's report on internal controls for financial reporting.

Corporate governance at Nobina

Nobina's corporate governance is focused on how to govern, lead and control operations aimed at creating value for the company's shareholders and other stakeholders. Corporate governance strives to create the conditions for active, responsible corporate bodies, clarify allocation of roles and responsibilities and ensure fair reporting and information. Both external and internal regulations provide the foundation for Nobina's corporate governance.

External regulations:

- Swedish Companies Act
- Swedish Annual Accounts Act
- Other relevant laws

Internal regulations:

- Articles of Association
- The Board's formal procedures
- The Board's instructions for the CEO
- Policies and guidelines

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 capitalization. Nobina is thus not currently required to comply with the Code, but has decided to follow the code in most respects. Nobina is essentially in compliance with the code, with the exception that neither the names of the members of the Nomination Committee nor how a shareholder may submit proposals to the Nomination Committee have been published on the company's website within the time prescribed.

Articles of association

The Articles of Association are available in their entirety on the Nobina's website at www.nobina.com.

Annual General Meeting and shareholders

The Annual General Meeting is the company's highest governing body. Shareholders exercise their decision rights at the Annual General Meeting in such matters as the composition of the Board of Directors and election of auditors. The Nomi-

nation Committee proposes candidates for Board members, Chairman of the Board and auditors. Supplementary voting regulations may be found in shareholder agreements between certain shareholders. Resolutions at the Annual General Meeting are normally taken by 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. At the Annual General Meeting, shareholders are able to pose questions about the company and its results for the preceding year. Representatives of the Board of Directors, executive management and the auditors are normally present to answer these questions.

Annual General Meeting 2014

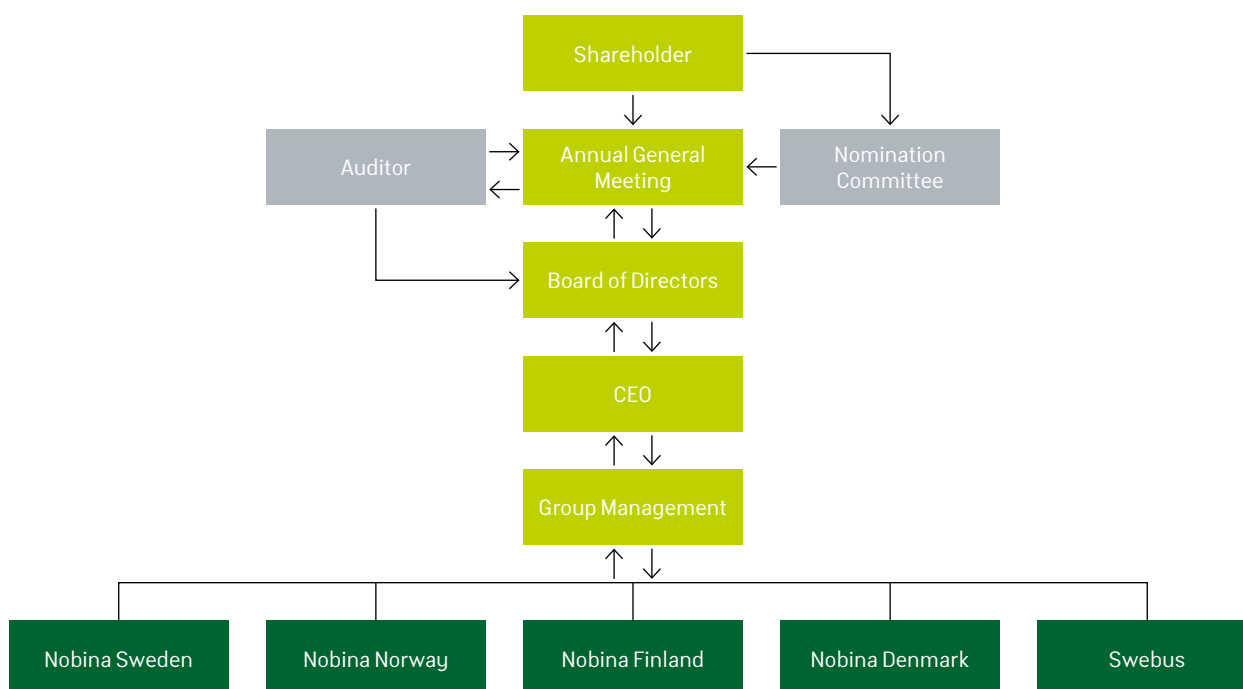
At the Annual General Meeting on 28 May 2014, 68.7 percent of the shares and the voting rights were represented. Representatives of Nobina's Board of Directors and Group Management were present.

The following resolutions were passed:

Birgitta Kantola, John Allkins, Gunnar Reitan, Graham Oldroyd and Jan Sjöqvist, were reelected as Board members, and Jan Sjöqvist was also reelected as Chairman of the Board. All were elected for the period of time until the next AGM. PricewaterhouseCoopers i Sverige AB was elected as the company's auditors. Board fees of SEK 2,700,000 were approved for distribution in accordance with the proposal presented to the meeting. Fees to the auditors shall be paid against agreement approved by the Board.

The Parent Company income statement and balance sheet and the consolidated income statement and balance sheet were adopted for the 2013/2014 fiscal year and the Board members and CEO were discharged from liability.

In accordance with the proposal by the Board and the CEO, it was resolved that the profit for the year in the amount of SEK 51,592,971, disposable earnings from previous years totaling SEK 1,712,675,801 and the share premium reserve of SEK 611,623,153 would be disposed of such that SEK 2,375,891,925 is carried forward. The meeting resolved that no dividend would be paid for the preceding fiscal year.



The principles for appointing a Nomination Committee and guidelines on remuneration to senior executives were decided in accordance with the submitted proposal.

Lastly, it was decided to have a new issue of 622,840 shares in accordance with the proposal that was submitted to the company's CEO. The deadline for subscription and cash payment for the new shares was set as 30 June 2014. The shares were issued at SEK 1.62 per share, which corresponds to their estimated market value. The reason for deviating from the shareholders' preferential rights was because the Company had committed to issuing the new shares for the specific purpose of an incentive program.

2014 Extraordinary General Meeting

An extraordinary general meeting was held on 26 November 2014 and 70.4 percent of the shares and the voting rights were represented. Representatives of Nobina's Board of Directors were present. The EGM decided, in accordance with the Nomination Committee's proposal, that the number of Board members would be increased to six. Ragnar Norbäck, CEO of the Company, was elected as Board member for the period until the next AGM. Ragnar Norbäck is not entitled to any remuneration for his duties as Board member.

Lastly, it was decided that a cash-based incentive program would be offered to Board members of Nobina who are not employees of the company. The program will consist of fixed remuneration and variable remuneration for the participants.

Annual General Meeting 2015

The date of the 2015 AGM is 27 May 2015. See page 92.

Nomination Committee

The AGM 2014 resolved on the following principles for the Nomination Committee until the end of next AGM. The Nomination Committee shall prepare and submit proposals to the general meeting on: the chairman of the meeting, members of the board of directors, chairman of the board of directors, board fees to the chairman and each of the members of the board of directors as well as, if any, remuneration for Committee work, fees to the Company's auditor and, when applicable, proposal regarding election of new auditor. Furthermore, the Nomination Committee shall prepare and submit proposals to the general meeting on principles for the composition of the Nomination Committee.

Principles for appointment of the Nomination Committee

Nobina shall have a Nomination Committee consisting of a representative of each of the two largest shareholders, based on the number of votes held, together with the chairman of the board of directors. The names of the members of the Nomination Committee and of the shareholders they represent shall be made public no later than six months before the annual general meeting and be based on shareholding statistics provided by Euroclear Sweden AB per the last banking day in November 2014. 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 a shareholder who has appointed a member is no longer one of the two largest shareholders, in terms of votes, the appointed member shall resign and be replaced by a new member in accordance with the above procedure.

NOBINA'S NOMINATION COMMITTEE PRIOR TO 2015 AGM

Member	Representing	Shareholding/votes
Jan Sjöqvist	Chairman of the Board	0.3%
Ralph Herrgott	Sothic Capital	29.9%
Nuno Caetano	Invesco	14.3%

Nobina's Board

The Board's responsibility

Nobina's Board is responsible for the organization and administration of the company's affairs. The Board of Directors, in its entirety, is also assigned to act as an Audit Committee and a Remuneration Committee. Neither during his time in the Board, nor previously, has the CEO participated in Board meetings where remuneration was discussed. One of the Board's most important assignments is to ensure a long-term strategy, management, follow-up and control of Nobina's daily operations with the objective of creating value for shareholders, customers, employees and other stakeholders. The Board appoints the Chief Executive Officer (CEO).

Composition of the Board of Directors

The Board shall consist of at least three and at most ten Board members. The Board shall have an appointed Chairman, who according to Swedish law may not, at the same time, serve as the company's CEO. According to the Code, the Chairman shall be elected by the Annual General Meeting. During the 2014/2015 financial year, the Board was comprised of six members. Birgitta Kantola, John Allkins, Gunnar Reitan, Graham Oldroyd and Jan Sjöqvist were re-elected at the AGM and Jan Sjöqvist was re-elected as Chairman. The Board consisted of five members up until 26 November 2014, when Ragnar Norbäck was elected to the Board at an extraordinary general meeting of shareholders. Ragnar Norbäck, born 1955, has been CEO of Nobina AB since 2004. He holds 3,190,098 shares in the company.

All Board members are independent in relation to major shareholders in the company. All Board members, except Ragnar Norbäck, 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 however permitted if there are special reasons. If the material to be discussed at the Board meeting is available, it is also attached to the notice. At Board meetings, other Nobina employees have sometimes held presentations. At the meeting on the financial years, the Board dealt with issues including the Company's business plan, financial reporting, refinancing, risk analysis and capital structure. The Board evaluates their work once per year.

Board meetings during the financial year:

Date	Type	Matters considered
4 March	Ordinary	Operations, Budget, Refinancing of Nobina Europe's bond loan
7 April	Extra by telephone	Refinancing of Nobina Europe's bond loan
24 April	Ordinary	Operations, Annual Report, Refinancing of Nobina Europe's bond loan, Multi-year Plan
5 June	Extra by telephone	Multi-year plan, Acquisitions
25 June	Ordinary	Operations, Denmark, Multi-year plan, Capital structure, Election of officers, Formal work procedures
30 September	Ordinary	Operations, Refinancing, Capital structure, Business plan
28 October	Extra by telephone	Capital structure
22 December	Ordinary	Operations, Business plan, Capital structure, Risk analysis, Multi-year plan

Member elected by AGM	Year elected	Born	Remuneration, SEK	Number of shares/votes	Independent ¹	Attendance at Board meetings
Jan Sjöqvist	2005	1948	900,000	1,659,583	Yes	8 of 8
Graham Oldroyd	2014	1961	450,000	–	Yes	6 of 8
Birgitta Kantola	2009	1948	450,000	–	Yes	8 of 8
Ragnar Norbäck	2014	1955	–	3,190,098	No	1 of 1
Gunnar Reitan	2012	1954	450,000	–	Yes	8 of 8
John Allkins	2013	1949	450,000	–	Yes	8 of 8
Total			2,700,000			

1) According to the Code, the member is independent of the Company, its management and major shareholders of the company (i.e. shareholdings that exceed 10 percent).

Board work

The Board has adopted formal procedures for its work that describe how work shall be divided between the Board and its Committees and the CEO. The formal work procedures are established each year by the Board and they 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 25 June 2014.

Remuneration Committee

Nobina has not had a separate Remuneration Committee since the entire Board considers matters related to remuneration in conjunction with an annual evaluation of Board work. Ragnar Norbäck, who is also the CEO of Nobina, has not participated in the considerations regarding remuneration to the CEO. The Remuneration to the Board, including the Chairman, is resolved by the Annual General Meeting. Remuneration of the CEO and other senior executives shall be on market terms and consist of fixed and variable compensation plus other benefits and pension. Read more about the principles for the remuneration of the Board and senior executives in the sections "Board of Directors" and "CEO and Group management".

Audit Committee

Currently, the entire Board comprises the Group's Audit Committee. The Board's task is to quality-assure financial reporting in collaboration with company management. The Board shall ensure that company management identifies the risks in operations. Furthermore, the Board of Directors shall remain informed of the structure and prioritization of the external and internal auditing work in the Group to ensure that it maintains a high professional standard and is characterized by impartiality and integrity. The Board monitors issues that emerge from auditing work, including individual cases where auditing measures are considered warranted. The Board meets with the external auditors at least once a 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 directives. Nobina's Group management team consists of the CEO, CFO, Director of Human Resources, Senior Legal Counsel, Head of Business Development and the Managing Director of each subsidiary. Group management meets once per month and works in line with all of the company's policies and applicable directives. All material decisions in the daily management of the Group's operations are made by the CEO following consultation with Group management. The Managing Director of each operating subsidiary is responsible to collect information on the development of the business and how the financial and qualitative targets are met. The Managing Director of each subsidiary is further responsible to compile the information and report to the relevant members of the Management and the CEO.

Nobina's chief controller also receives these reports. The CEO thereafter reverts to each of the Managing Director who in turn is responsible for compliance with directives given.

Auditors

The shareholders at the Annual General Meeting elect an external independent auditor for a period until the end of the next Annual General Meeting. The auditor reports to the shareholders at the company's general meetings. The company shall have at least one (1) and at most two (2) auditors with at most two (2) deputies. Authorized public accountants or registered auditing firms shall be appointed as auditors or deputies as appropriate.

The 2014 AGM elected PricewaterhouseCoopers i Sverige AB as Nobina's auditors for the coming period. Authorized Public Accountant, Michael Bengtsson, is in charge of the audit. Michael Bengtsson is a member of FAR.

The external auditors' are responsible for auditing the company's annual report, which consists of consolidated accounts and financial records, as well as the administration of the Board and CEO. Additionally, the Company's quarterly reports must be limited reviewed by the auditor twice per year and one of those reviews must be directed at the fourth quarter. For the 2014/2015 financial year, only the fourth quarter interim report was limited reviewed, including last year's report. The auditor regularly reports to the Audit Committee, Group management and the local company management teams. The auditor may only be engaged for consulting services that have been decided and approved in advance by the Audit Committee. The auditor informs the Audit Committee of the annual audit planning, its scope and contents, and presents the conclusions. Also, the Audit Committee is informed regarding assignments that were performed in addition to auditing services, compensation for such assignments and other circumstances of importance for assessing the auditors' independence.

Remuneration to management and Board of Directors *Guidelines for remuneration of senior executives*

The Company endeavours to offer remuneration and other terms of employment that are market based and competitive in order to ensure that the company can attract and retain competent personnel. Remuneration to the CEO and other senior executives shall consist of fixed salary, variable compensation, pension and other customary benefits.

The fixed salary is reassessed as a general rule once a year and shall take into consideration the individual's responsibilities and performance. The fixed salary must be competitive. Variable remuneration shall be based on the individual's performance and the company's performance in relation to predetermined and established goals. Evaluation of these goals will take place annually. The variable remuneration will consist of a cash bonus that is decided by the Board.

In the event of termination of employment, senior executives in the Nobina are entitled to not more than 12 months' compensation (including salaries during the notice period).

As a basic principle, a six-month mutual termination period applies between the company and the executive. In addition, a maximum of six months of remuneration is payable should employment be terminated by the Company. Senior executives comprise the Parent Company's CEO, CFO, Director of Human Resources, positions that report directly to the CEO and the Managing Directors of the subsidiaries.

Pension and terms for the CEO

The retirement age for the CEO is 62 years in the Parent Company. Pension payments for the Company are reduced to 90 percent of salary when retirement takes place at the age of 62–63, 80 percent of salary when retirement takes place at the age of 63–64 and 70 percent of salary when retirement takes place at the age of 64–65. Nobina's commitment to the CEO ends at retirement, at the age of 65. Pension expenses comprise defined-contribution pensions, for which the premium is equal to 30 percent of pensionable salary. Pensionable salary refers to basic salary as long as the CEO remains employed by the Company. Termination salary is pensionable. The CEO has the right to 30 vacation days each year. The CEO is insured for 90 percent of salary during a maximum of 365 days per calendar year without a qualifying period. In addition to the taxable benefits described above, benefits include health insurance. A certain part of bonus is compensated through allotment of shares.

See Note 7 concerning remuneration of the Board and senior executives.

Incentive programs

The Board of Directors for Nobina AB, except for the Company's CEO, have been offered a cash-based incentive program consisting of fixed and variable remuneration. This was based on a decision taken at an extraordinary general meeting on 26 November 2014. The Board also decided to set up a similar incentive program for its Group management team, including the CEO, consisting of fixed and variable remuneration. The aim of both incentive programs is to help create a more diversified ownership in the Company before the end of 2017. The amount of both programs will be limited to a maximum amount of SEK 172 million, including social security costs and taxes. No costs under the program have been absorbed in the annual accounts for 2014/15. Both of the incentive programs were implemented following proposals from certain of Nobina's larger shareholders. The allocation per participant is calculated as multiples of the members' annual salary. Certain Board members, senior executives and employees own shares in the Company.

Remuneration of the Board of Directors

Fees are paid to the Board Chairman and Board according to resolutions passed by the Annual General Meeting and Extraordinary General Meetings. No remuneration is paid to the Board beyond that approved by the Annual General Meeting. The CEO receives no Board fees.

Board fees paid during the year totalled SEK 2.7 (1.2) million.

Remuneration of auditors

For the financial year, remuneration to auditors has been made in accordance with Note 5.

Internal controls for financial reporting

The CEO and senior management shall manage work to prepare reliable financial accounts for external publication in an efficient manner. 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 (ÅRL)
- Performance reporting is informative and sufficiently detailed
- It reflects underlying transactions and events in a correct manner and the company's actual earnings, financial position and cash flow with reasonable assurance

Control environment

The company's controls are based on a common and process-oriented management system. The objective is to ensure a company culture that is characterized by integrity and that ethical values are not compromised. The management system includes the employees' experience, expertise, attitudes, ethical values and perception of how responsibility and authority are distributed within the organization. It is the management system that illustrates how Nobina works in important areas. The control environment is characterized by the main business processes and the associated group policies and instructions, as well as local instructions. For each main process in Nobina, a person responsible for such process has been appointed and is responsible to propose preventative measures, as well as suggestions on how to develop and improve the process. Business leaders are responsible for introduction, follow-up and correction of deficiencies.

Risk assessment

The risks that arise in conjunction with financial reporting are primarily fraud, loss or embezzlement of assets, unauthorized favoring of another party at the company's expense and other risks that relate to significant errors in the financial accounts. The valuation of assets, liabilities, revenues and costs or deviations from disclosure requirements are some examples.

Nobina applies the same type of risk assessment for all processes. This takes place in three steps and is initiated through management's review. The basis for the assessment is a SWOT analysis of Nobina's present situation and management's previous experience. The risks that are deemed to significantly affect financial reporting are classified as high risks. The risks that receive the opposite assessment are classed as low risks. At the second stage, high risks in operations are evaluated in conjunction with a survey of sub-processes. Process experts are engaged to conduct a careful evaluation of all risks in the particular process.

The work procedure starts by identifying risks by working through the following steps:

1. Describing current preventative measures
2. Evaluating the probability/ impact/likelihood of discovery
3. Calculating risk values
4. Proposing improvement measures in cases of high-risk values

This means that management's assessment of a risk may receive a lower value in operations, just as a risk that was not assessed by management may receive a high value in operations.

Afterwards, all risk values that were identified during the survey are compiled and present at a Group management meeting. Based on this information, management prioritizes the risks with high values and allocates resources to address them. The risks that received low values are archived on a risk list for renewed assessment, at the latest in conjunction with next year's risk assessment.

Control activities

Risk assessment provides an opportunity to take proactive measures. High risks are prioritized, resulting in measures to reduce or eliminate them. Controls and control points ensure that preventative measures are followed up in all Nobina companies.

The company has a number of controls for approving and authorizing business transactions. In daily work and when preparing the closing accounts and financial reports, significant accounting principles are applied in all group companies. Established routines govern review and analysis of the financial reports at all levels of the group, which is important in order to ensure the accuracy of the reports. Governance occurs through established policies and instructions, all of which have been implemented via group-wide process teams. The teams also decide on important control points to ensure correctness in financial reporting.

Decision channels, authorities and responsibilities at various levels of the organizations are defined in accordance with current policies and instructions, which include an authorization manual.

Information and communication

The communication plan ensures that communication reaches the appropriate target group. Information shows how the company acts and how deviations are reported and monitored.

The person responsible for each main process is responsible for ensuring that information about group-wide methods reaches the entire organization. The line organization holds regular meetings on a function or area basis. New policies and directives are always presented at these meetings as part of their introduction. Written communication is primarily made available via intranet. This is where all news updates are published, along with information about the management system, Nobina policy documents and instructions.

Follow-up and monitoring

The financial risks deemed high are followed up, primarily within each process. A control function is built into the risk management, which means that the actual operation ensures that functions are handled as planned.

The purpose of monitoring and supervision is to secure a stable control environment in the company and to check that application and follow-up are performed in key areas of the operations. The principle applied in the company is that every process must have control functions that support follow-up activities. The internal operational reviews are a supplementary instrument for ensuring that operations are conducted in line with approved decisions.

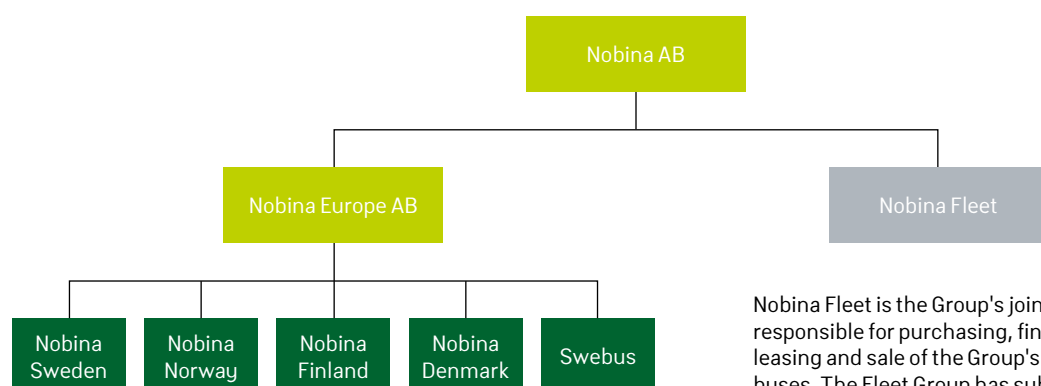
At present, Nobina has an outsourced audit function. Regular internal operational reviews are conducted by internally trained personnel to ensure that control points are functional and efficient. The results of the internal reviews are reported to both the Board and the company management. Changes in the organization that may affect the internal control are assessed each year and reported to the Board.

THE NOBINA GROUP'S STRUCTURE

This is an overview of the most important companies belonging to the Nobina Group in order to clarify the structure for both financial instruments and reporting purposes. Nobina has two holding companies, Nobina AB for the entire Group and Nobina Europe AB, for the operating subsidiaries. This annual report contains information on the financial results and performance of Nobina AB.

Nobina Europe AB is a holding company that was formed earlier to make possible the issuance of a bond under U.S. regulations. Nobina Europe is the issuer of the bond that is listed and traded via NASDAQ Stockholm. The financial statements of Nobina Europe AB are presented separately.

Nobina AB is the Group's Parent Company and its shares are registered via Euroclear Sweden. The share is not listed and it is only traded via brokers, primarily in London. This annual report presents Nobina AB's financial statements and key figures.



Nobina's operational activities are conducted in the Group's operating subsidiaries. The earnings trend and financial key figures are presented for the Group and for each segment in the annual report for Nobina AB.

Nobina Fleet is the Group's joint company that is responsible for purchasing, financing, intra-group leasing and sale of the Group's approximately 3,400 buses. The Fleet Group has subsidiaries or branch offices in all four countries. Fleet companies lease buses from external finance companies and then lease the buses to Nobina's operating subsidiaries.

More information is available at www.nobina.com

BOARD OF DIRECTORS



JAN SJÖQVIST

Board Chairman since 2005.

Year of birth: 1948

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.

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

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

Shareholding: 1,659,583 shares



BIRGITTA KANTOLA

Board member since 2009.

Year of birth: 1948

Other assignments: Skandinaviska Enskilda Banken AB (publ).

Previous assignments: Vice President and CFO of International Finance Corporation (World Bank Group), Washington D.C. 1995–2000, Executive Vice President of Nordic Investmentbank 1991–1995. Member of a number of Boards of listed companies, among them Fortum Oyj, Espoo, Finland and NASDAQ OMX Group, New York, Member of the Board of Stora Enso Oyj.

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

Education: Master of Laws from University of Helsinki, Econ.Dr.H.C.

Shareholding: –



GUNNAR REITAN

Board member since 2012.

Year of birth: 1954

Other assignments: Board member of Bio Energy AS.

Previous assignments: Chairman of the Board of Strata Marine & Offshore AS. Over 20 years of international experience from leading positions and board assignments within the airline, travel, freight, financial, insurance, real estate and oil industries. CFO and Vice President of SAS between 1993 and 2007.

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

Education: MSc. Economics, Trondheim Business School.

Shareholding: –



RAGNAR NORBÄCK

CEO and President of Nobina AB since 2004.

Board Member since 2014.

Year of birth: 1955

Other assignments: Board Member of N3 Group AB, Member of K2 Research Institute. Chairman of the Board at RALT AB.

Previous assignments: Examples include CEO at American Express Corporate Travel Nordic, Volvo Aero Engine Services, Linjebuss Trafik AB, GLAB (Adidas Sweden) and TNT Ipec Sweden.

Dependence status in relation to the company: Dependent in relation to Nobina and its management. Independent in relation to major shareholders.

Education: MSc. Engineering.

Shareholding: 3,190,098



JOHN ALLKINS

Board member since May 2013.

Year of birth: 1949

Current assignments: Non Executive Director (NED) and Chair of Audit Committee (C of AC) Punch Taverns Plc, NED, C of AC and Senior Independent Director (SID) Renold Plc, NED, C of AC and SID Fairpoint Group Plc.

Previous assignments: Previous NED roles with Volex Plc, Linpac Senior Holdings Ltd, Albemarle & Bond Plc, Molins Plc and Intec Telecommunications Plc. Executive Roles; Group Finance Director MyTravel Plc 2003–2007 and CFO Equant NV 1995–2003.

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

Education: BA (Hons) Business Studies, FCMA.

Shareholding: –



GRAHAM OLDROYD

Board member since 2014.

Year of birth: 1961

Other assignments: Non Executive Director, Chairman of the Audit Committee, Henderson Value Trust Plc (publ.) Non Executive Director, PHS Plc, Commissioner, Governor, Church Commissioners For England; Senior Adviser, MCF Corporate Finance, Senior Advisor, Downing LLP. Member of The MBA Advisory Board, Durham University Business School.

Previous assignments: Partner at Bridgepoint, 1990–2013, responsible for Bridgepoint's investments in the Nordic region 2000–2009.

Professional qualifications: Eurlng, CEng, FIMechE and MCSI, UK.

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

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

Shareholding: –



RAGNAR NORBÄCK
CEO and President of
Nobina AB since 2004.

Year of birth: 1955

Other assignments: Board Member of N3 Group AB, Member of K2 Research Institute. Chairman of the Board at RALT AB.

Previous assignments: Examples include: CEO at American Express Corporate Travel Nordic, Volvo Aero Engine Services, Linjebuss Trafik AB, GLAB (Adidas Sweden) and TNT Ipec Sweden.

Education: MSc. Engineering.

Shareholding: 3,190,098



JAN BOSAEUS

MD at Nobina Sverige AB since 2002, VP of Nobina AB since 2009.

Year of birth: 1960

Other assignments: Chairman of the Board at Sveriges Bussföretag, Board Member of The Transport Group, X2 AB, Alecta's National Board, Deputy Board Member of The Confederation of Swedish Enterprise.

Previous assignments: Board Member of The Swedish Bus and Coach. Board member and working Committee member of The Confederation of Swedish Enterprise. Head of Service at Kalmar LMV Sverige AB.
Education: MBA, Arméns Tekniska Officershögskola.
Shareholding: 660,146



PETER HAGERT

Director of Human Resources at Nobina AB since 2011.

Year of birth: 1960

Previous assignments: Director of Human Resources at Amex Bank of Canada, Director of Human Resources at American Express Nordic, Russia and CEE and VP Sheraton Hotel & Towers Stockholm.

Education: MBA

Shareholding: –



JOAKIM PALMKVIST

Managing Director at Swebus Express AB since 2006.

Year of birth: 1963

Other assignments: Board member of Samtrafiken i Sverige AB.

Previous assignments: CEO Elgiganten AB, CEO at Ticket Resebyråer AB, CEO at Synoptik and Head of Purchasing at ONOFF AB.

Education: Business Administration graduate.

Shareholding: 211,602



PER SKÄRGÅRD

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

Year of birth: 1957

Previous assignments: CFO at DHL Nordic AB, Danzas-ASG AB, NETnet International, Helene Curtis Scandinavia, Warner Lambert Scandinavia. Group Controller AB Pripps Bryggerier. Economic Planner at Länsförsäkringsbolagen. Chairman of Svenska Civilekonomföreningen.

Education: Business administration at University of Stockholm.

Shareholding: 907,574



ANNIKA KOLMERT

Head of Business Development since 2013.

Year of birth: 1973

Previous assignments: Head of management systems, Process manager, Reporting manager accounting and controlling DHL Express, Financial Controller Skandia Liv.

Education: MSc. Economics.

Shareholding: 1,667



MARTIN PAGROTSKY

Senior Legal Counsel since 2006.

Year of birth: 1974

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.

Shareholding: 42,326



PHILIPP ENGEDAL

Managing Director at Nobina Norge AS since 2012.

Year of birth: 1972

Other assignments: Board Member at NHO Transport.

Previous assignments: Chief Supply Chain Officer Dooria AS, Adm. Dir./CEO Transportsentralen Oslo AS and Supply Chain Director ICA AB.

Education: MBA

Shareholding: –



TOM WARD

Managing Director at Nobina Finland since 2004.

Year of birth: 1956

Other assignments: Board Member at Nobina Finland. Board Member of Arbetsgivareförbund (employer association) and Bussförbundet (coach federation).

Previous assignments: Employed at Huolintakeskus Oy, Scansped Oy, MPS Management Consulting, and head of the profit center for Oy Scan-Auto Ab.

Education: Business and Finance diploma

Shareholding: 209,470



NIELS PETER NIELSEN

Managing Director at Nobina Danmark A/S since 2011.

Year of birth: 1965

Other assignments: Board Member at Nobina Danmark A/S and Federation of Road Transport.

Previous assignments: Operations Manager Nobina Danmark A/S and Arriva A/S, Duty manager Arriva A/S, Head of operations (Railfreight) DSB (Danish railways)

Education: Business Economist.

Shareholding: –

THE NOBINA SHARE AND BOND

Nobina is a public company that is owned by several investment funds, mainly located in London. With an approximate 30 percent shareholding, Sothic Capital has been the company's largest owner. Funds managed by Anchorage Capital, Invesco and Bluemountain Capital combined have an approximate 40 percent ownership share. During the financial year, there has been extensive trading in both shares and bonds. As a result, the prior high level of co-ownership of shares and bonds has fallen to less than 20 percent.

In Nobina AB there are a total of 633,234,125 ordinary shares each with a quotient value of SEK 0.36. Share capital thus amounts to SEK 227,964,285. Share capital must equal at least SEK 100,000,000 and at most 400,000,000. The number of shares in the company must be at least 250,000,000 and at most 1,000,000,000. The company's shares must be registered in a CSD register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479). Share capital is described in Notes 7, 20 and 21. Nobina's shares are registered with Euroclear and most of the approximately 50 shareholders hold their shares through the trust departments of various banks. Nobina AB's shares are not listed, but trading anyway occurs in London via various brokers.

International investment funds are the primary shareholders in Nobina AB with a combined holding of about 98 percent. With an approximate 30 percent shareholding, Sothic Capital has been the company's largest owner during the financial year. Funds managed by Anchorage Capital, Invesco and Bluemountain Capital combined have an approximate 40 percent ownership share.

In May 2014, Nobina Europe AB refinanced a bond loan. After that, the nominal value of the bond was SEK 550 million with a maturity date of 13 May 2019. Bond loans have a coupon rate of 8 percent and are listed on Nasdaq Stockholm. The bond has been frequently traded during the financial year and the price has risen to a premium of around 101 percent of the nominal amount.

During the time since Nobina refinanced in 2005, the bonds and shares have primarily been owned by the same investors, which are mainly international funds. During this financial year and the previous one, joint ownership between bonds and stocks has decreased substantially due to trading of Nobina Europe AB's issued corporate bond and trading of Nobina AB shares via brokers, primarily in London. Because of this, co-ownership of shares and bonds fell to less than 20 percent.

Shareholder	Shareholding 2015-02-28
Sothic Capital	30%
Bluemountain Capital	17%
Anchorage Capital	14%
Invesco	14%
Board of Directors and Management	1%
Other	24%

Shareholding is based on registered shares as of the last general meeting in November 2014, along with information from shareholders on their holdings.

All share have the same voting rights.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the annual meeting of the shareholders of Nobina AB (publ), corporate identity number 556576-4569. Translation of the Swedish original.

It is the Board of Directors who is responsible for the Corporate Governance Statement for the financial year 2014-03-01–2015-02-28 on pages 35–44 and that it has been prepared in accordance with the Annual Accounts Act. As stated in the corporate governance report, the report has been prepared voluntarily.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our

opinions. This means that our statutory 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.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, 5 May 2015

PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

ADMINISTRATION REPORT

The Board of Directors and CEO of Nobina AB (publ), corporate identity number 556576-4569, domiciled in Stockholm, hereby present the annual report and consolidated financial statements for the financial year 1 March 2014 through 28 February 2015.

All items are expressed in SEK million unless otherwise stated. The fiscal year covered by this annual report ended on 28 February 2015 and is referred to as 2014/2015. The results of the year's operations for Nobina and Parent Company are presented in the following income statements and balance sheets, cash flow statements, statements of changes in shareholders' equity and notes.

Operations

Nobina AB is the largest competitor in the Nordic region in public bus transport, with a business concept to simplify everyday travel for its clients. The scope of the business is regional traffic under contract in the Nordic region, along with express bus services under own management in Sweden. Nobina is comprised of the operating companies in Sweden, Nobina Sverige AB and Swebus Express AB, and in the other Nordic countries, Nobina Norge AS, Nobina Finland Oy AB and Nobina Danmark A/S. In some cases, the operating companies have subsidiaries for parts of their operations. With approximately 280 million passengers per year, Nobina is one of the ten largest public transport companies in Europe.

The operating companies conduct operations and they are wholly owned subsidiaries, via a subordinate company, Nobina Europe AB. Nobina has companies that are used for centrally managing the bus fleet: Nobina Fleet AB, Nobina Busco AB, Nobina Fleet Danmark Aps, Nobina Fleet Danmark nr 1 Aps, Nobina Fleet Danmark nr 2 Aps and Nobina Fleet Danmark nr 3 Aps. They lease buses to the operating companies. In Denmark, all of the companies are owned by a holding company, Nobina Danmark Holding Aps, which is a subsidiary of Nobina Europe AB.

Market

Nobina operates public transport bus services. The largest component is publicly tendered public transport services, which are operated by subsidiaries in the various countries. In addition, express bus services is conducted in free competition, primarily in Sweden.

All activities require operating permits for passenger transport. All subsidiaries hold the required permits.

Important events during the year

The 2014/2015 financial year was, on the whole, a good year for Nobina and the highlights are as follows:

- Cash flow improved considerably during the last quarter, primarily because the change in working capital was turned around, such that it was positive for the full year. This, along with a improved cash flow from operating activities resulted in a strong cash flow for the entire year, although lower than last year, when there was a temporary positive impact from changes in working capital that later on had a negative impact on the first quarter of the fiscal year 2014/2015.
- The earnings trend was stable for the entire financial year, which resulted in the highest operating profit for the full year. This is now the third year in a row that the company has set a new record for operating profit.
- Nobina won 49 percent of all the tendering processes (buses) where it had submitted a bid. Because of this, the contract renewal rate for the portfolio was 248 percent even though this was a year when the company had its highest level of expiring contracts to date.
- Major contract wins during the year were Södertörn in Stockholm and school transport in Värmland, the Follo contract in Oslo, Norway and a number of contracts in Helsinki, Finland.

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

Tenders and traffic changes by country (Number of buses)

	Tenders during the period			Traffic during the period	
	Submitted	Won	Lost	Started	Completed
Sweden	502	390	112	423	508
Norway	324	76	248	0	84
Finland	186	102	84	20	2
Denmark	146	0	146	99	55
Total regional traffic	1,158	568	590	542	649

- During the fourth quarter, Nobina successfully started up last year's major new contract in Copenhagen, Denmark.
- Three contracts that had been running at a loss were concluded during the year. One was in Dalarna, Sweden, another was the Vestfold contract in Norway during the second quarter and finally the old Copenhagen contract in Denmark during the fourth quarter.
- The large volume of contracts that has been won requires intensive preparations for the extensive contract changeovers that will occur during the coming year.
- Increased confidence in Nobina's future prospects was evident from the increased trading of both Nobina's shares and bonds. Because of share trading, primarily through brokers in London, shareholdings are now more concentrated to fewer major shareholders who no longer have significant bond holdings. In April 2014, bonds were prematurely redeemed via a new 5-year bond that has more favorable terms. For example, the interest rate was lowered from 11 to 8 percent. The bonds are primarily owned by Nordic investors and traded through a few Swedish financial institutions.

Revenue and earnings

The company's revenue increased by SEK 280 million, or 3.8 percent, from SEK 7,269 million for the fiscal year that ended on 28 February 2014, to SEK 7,549 million for 2014/2015, which ended on 28 February 2015.

The company's operating profit increased by SEK 45 million, or 13.8 percent, from SEK 326 million for the financial year ending 28 February 2014, to SEK 371 million for the financial year ending 28 February 2015.

Personnel costs

Personnel costs increased by SEK 189 million, or 5.1 percent, from SEK 3,692 million for the financial year ending 28 February 2014, to SEK 3,881 million for the financial year ending 28 February 2015. This was primarily due to increased salaries

and payroll overhead in conjunction with operating traffic in new regional contracts and contractual salary increases.

Fuel, tires and other consumables

The costs for fuel, tires and other consumables increased by SEK 11 million, or 0.7 percent, from SEK 1,644 million for the financial year ending 28 February 2014, to SEK 1,655 million for the financial year ending 28 February 2015.

Other external expenses

Other external expenses mainly comprise operational leasing costs and rents, and costs for contracted consultants, auditing, financial and legal services and advertising. Other external expenses declined by SEK 10 million, or 0.9 percent, from SEK 1,101 million for the financial year ending 28 February 2014, to SEK 1,091 million for the financial year ending 28 February 2015.

Depreciation/amortization and impairments

Depreciation/amortization and impairments largely comprise depreciation of buses and other vehicles but also relate to depreciation of equipment, tools, inventories and fittings, fixtures and buildings. Depreciation/amortization and impairments increased by SEK 25 million, or 5.1 percent, from SEK 491 million for the financial year ending 28 February 2014, to SEK 516 million for the financial year ending 28 February 2015.

Profit and loss from financial investments

Interest income and similar profit/loss items amounted to SEK 8 (9) million for the financial year ending 28 February 2015. Interest expense and similar profit/loss items decreased by SEK 10 million from SEK 248 million for the financial year ending 28 February 2014, to SEK 238 million for the financial year ending 28 February 2015. The decline is primarily explained by the net effect of lower interest on leases equal to SEK 10 million and lower interest part of the year on the Nobina's bond

PLANNED TRAFFIC STARTS DURING THE NEXT 12 MONTHS

Traffic start-ups, March 2015–February 2016

	PTA	Type of contract	No. years	Start of service	Number of buses	Value (SEK million)
Sweden	SL	City and regional	8	June 2015	261	5,407
	LT Örebro	Region	7	August 2015	24	221
	Värmlandstrafik	School	10	December 2015	105	925
	Värmlandstrafik	City and regional	10	December 2015	149	3,128
	Skånetrafiken	Region	7	December 2015	4	–
Finland	HSL	City	2	August 2015	66	318
	HSL	City	7	August 2015	28	459
	HSL	City	7	August 2015	5	90
	HSL	City	3	January 2016	3	27
Norway	Ruter	Region	8	June 2015	62	1,454
	Ruter	Region	5	June 2015	14	326
Total					721	12,355

loans equal to SEK 5 million. There was a lump-sum write down of SEK 25 million on remaining capitalized financing costs for the prior bond loan, issued in October 2012, which was repaid in full by the proceeds from the new bond loan issued in May 2014. This also increased interest expenses for the bond loan.

MSEK	Revenue	EBIT	EBT
YTD March 2013–February 2014	7,269	327	88
Price and Volume	182	28	28
Contract changes	15	24	24
Indexation	74	33	33
Operational efficiency	–	–4	–4
Non-recurring costs	–	0	0
Fleet financing and utilization	–	–21	–21
Other	9	–16	–16
Financial net	–	–	9
YTD March 2014–February 2015	7,549	371	141

- Positive effect in price and volume from Sweden
- Contract migration affects revenue, EBIT and EBT positively
- Positive revenue indexation effect supports positive result effect
- Negative efficiency development in Norway
- Fleet includes write-down effects from buses under sale
- ‘Other’ includes real-estate and other costs related to start-ups
- Financial net includes reduced interest costs and the write-off of capitalized issue costs for previous bond loan (SEK 25 m)

Net sales and operating profit/loss by operating segment

Revenue trend

The revenue for regional traffic increased by SEK 313 million, or 4.5 percent, from SEK 6,953 million for the fiscal year that ended on 28 February 2014, to SEK 7,266 million for 2014/2015, which ended on 28 February 2015. The revenue for express bus services (interregional traffic) decreased by SEK 33 million, or 10.4 percent, from SEK 316 million for the fiscal year that ended on 28 February 2014, to SEK 283 million for 2014/2015, which ended on 28 February 2015.

Operating profit/loss trend

Operating profit for regional traffic increased by SEK 47 million, or 13.2 percent, from SEK 356 million for the financial year ending 28 February 2014, to SEK 403 million for the financial year ending 28 February 2015. Operating profit for express bus services (interregional traffic) increased by SEK 6 million, or 200 percent, from SEK 3 million for the financial year ending 28 February 2014, to SEK 9 million for the financial year ending 28 February 2015.

Sweden

In Sweden, Nobina operates regional and express bus services (interregional traffic) in two different subsidiaries. For regional transport services, delivery is made under each respective PTA's brand, while all express bus services is under the Swebus brand.

Regional traffic

Nobina is the largest competitor in Sweden, with a market share of around 30 percent¹ calculated on buses according to definition. Nobina participated in 8 tenders for Swedish regional traffic and it won 4 of them. At present, Nobina is a public transport service provider for 33 local traffic areas, with presence at more than a hundred locations across the country. The largest PTAs are in the three major metropolitan areas. The regional traffic contracts differ considerably both in terms of the responsibilities and the commercial terms and conditions. Increasingly, incentive contracts are being used.

Revenue from regional bus traffic in Sweden increased by SEK 285 million, or 5.9 percent, from SEK 4,853 million for the financial year ending 28 February 2014, to SEK 5,138 million for the financial year ending 28 February 2015. The main reason for the increase was the start up of new traffic contracts with larger volume and sales. These replaced contracts that were concluded during the year. Volume growth of existing contracts also had a positive impact on the sales trend.

Operating profit increased by SEK 45 million, or 13.7 percent, from SEK 328 million for the financial year ending 28 February 2014, to SEK 373 million for the financial year ending 28 February 2015. This was primarily due to migration in the contract portfolio and a positive index trend.

Swebus

Via Swebus, Nobina is the market leader in express bus travel in Sweden. This is thanks to its wide-reaching route network, cooperation and approximately 150 stops/destination in the Scandinavian countries.

Nearly 8 out of 10 tickets are purchased via digital ticketing systems and the company has high accessibility thanks to this, along with telephone and personal sales. On a yearly basis, there are more than 8 million visits to the Swebus website.

Revenue from express bus services (interregional traffic) declined by SEK 33 million, or 10.4 percent, from SEK 316 million for the financial year ending 28 February 2014, to SEK 283 million for the financial year ending 28 February 2015. The decline was primarily due to fewer passengers because of lower demand, as well as an increase in price competition.

Operating profit increased by SEK 6 million from SEK 3 million for the financial year ending 28 February 2014, to SEK 9 million for the financial year ending 28 February 2015. The improvement reflects the positive full-year effect from having discontinued Arlanda Airport bus services, along with streamlining measures in operations that balanced the negative impact of the continued trend of fewer passengers due to lower demand and increased price competition.

1) The market share of tendered traffic, calculated as the number of buses in all contracts that Nobina has signed, including volumes that will be started up in the future for contracts that have already been signed (with a deduction for volumes already operated by Nobina).

Important events during the year in Sweden

- Improved business performance and operation of contracts
- Higher share of incentives in new contracts
- Contract win for all school traffic in Värmland
- Unprofitable contract in Dalarna concluded
- Win of the Södertörn tender in Stockholm, which is Nobina's largest contract to date
- Successful start-up of services in Skaraborg, Västernorrland and Skåne
- Continued development of supplementary products at Swebus
- Higher efficiency in the Swebus route network

Denmark

Operations in Denmark continued to move in a positive direction during the year. Nobina is a public transport service provider for a total of 11 contracts and at the start of 2014, the company received one renewed contract and one expanded contract for the traffic in Copenhagen and North Zealand. These services started up successfully in December 2014. The Danish market for regional traffic is divided into five regions. In total, there are six potential PTAs. Nobina currently runs services for two of these, with a total market share of around 6 percent¹. The trend in Denmark is the same as in Sweden, i.e. moving more in the direction of incentive contracts based on a higher number of passengers.

Revenue from regional bus traffic in Denmark increased by SEK 49 million, or 14.2 percent, from SEK 346 million for the financial year ending 28 February 2014, to SEK 395 million for the financial year ending 28 February 2015. The increase represents the impact of the larger Copenhagen contract having replaced the prior, smaller contract in December 2014.

Operating profit deteriorated by SEK 1 million, or 7.1 percent, from SEK -14 million for the financial year ending 28 February 2014, to SEK -15 million for the financial year ending 28 February 2015. This had to do with the operating loss (although reduced over time) in the old Copenhagen traffic contract (started in October 2008 and concluded in December 2014) along with start-up costs associated with the new traffic agreement in Copenhagen.

Important events during the year in Denmark

- Participated in four tender processes
- Start-up of traffic in Copenhagen

Norway

In Norway, approximately 80–85 percent of regional traffic is tendered.

The market is fragmented and Nobina is the fifth largest public transport service provider, with a market share of around 9 percent¹ and eight ongoing traffic assignments. For these, the focus is on planning and efficiency measures. Regional traffic is concentrated to just a few areas, including

the Oslo area. Nobina serves three PTAs in Norway. In Norway, production contracts are the main type of contracts, particularly in the traffic areas that were only recently opened up for tendering. The trend towards incentive contracts, which means more competition and benefits to society, is slow compared to Sweden and Denmark.

Revenue from regional bus traffic in Norway decreased by SEK 52 million, or 5.2 percent, from SEK 995 million for the financial year ending 28 February 2014, to SEK 943 million for the financial year ending 28 February 2015. The decline resulted from the Vestfold contract that was ended during the financial year ending 28 February 2015, along with the fact that it was not replaced by a new contract.

Operating profit improved by SEK 1 million from SEK -3 million for the financial year ending 28 February 2014, to SEK -2 million for the financial year ending 28 February 2015. The earnings improvement was due to operational efficiency enhancements. Nobina Norway sued the PTA, Troms fylkestrafikk, to obtain compensation for extra costs associated with contract requirements on running buses that are unsuitable for the stated purpose. However, the court ruled against Nobina in February 2015 and an appeal is being considered.

Important events during the year in Norway

- Participated in 5 tender processes
- Won the Follo tender, which comprises the prior Nobina contract Ski, Vestby and Nesodden
- Ended traffic contract in Vestfold
- Focus on streamlining measures
- Legal proceedings against the PTA, Troms fylkestrafikk

Finland

Nobina's Finnish operations are primarily in the capital region, which is also the largest market for city and regional transport in Finland. The region includes areas with a total population of more than 1 million residents. Nobina is the region's largest public transport service provider. During the year, Nobina won an extensive contract with a five year term, for public transport services in the Helsinki region. In total, Nobina has 30 ongoing traffic contracts in Finland, representing a 27 percent¹ market share.

Unlike the other Nordic countries, contracts in Finland are tendered for specific lines rather than entire traffic areas. At present, approximately 80–85 percent of the market is tendered, but the share is increasing as the country approaches 2018, when legislation comes into force stating that concessions will no longer be permitted. Incentive contracts are rare, but they exist to a certain extent in the assignment for the Helsinki region. The existing contract environment requires a high level of efficiency in order to achieve profitability. But the conditions are steadily improving. Taking a broader view of the Finnish market, significant changes are occurring right now, with the procurement of regional traffic for entire traffic areas becoming increasingly common.

1) The market share of tendered traffic, calculated as the number of buses in all contracts that Nobina has signed, including volumes that will be started up in the future for contracts that have already been signed (with a deduction for volumes already operated by Nobina).

Revenue from regional bus traffic in Finland increased by SEK 10 million, or 1.2 percent, from SEK 802 million for the financial year ending 28 February 2014, to SEK 812 million for the financial year ending 28 February 2015. The increase was primarily due to indexation and more contracts.

Operating profit increased by SEK 2 million from SEK 45 million for the financial year ending 28 February 2014, to SEK 47 million for the financial year ending 28 February 2015. The negative impact from having lost an advertising contract and revised interpretation of the bonus system was balanced by higher efficiency in operations.

Important events during the year in Finland

- Participated in 10 tender processes in Helsinki
- Won 3 tenders in Helsinki
- Contract migration in Helsinki in conjunction with the start-up of traffic services
- Provided support to the EU Commission regarding unauthorized subsidy to the traffic company Helb from its owner, the City of Helsinki

Central functions and other items

Central functions and other items include expenses related to the head office. Operating profit for central functions and other items increased by SEK 8 million from SEK -33 million for the financial year ending 28 February 2014, to SEK -41 million for the financial year ending 28 February 2015.

	Net sales		Operating profit/loss	
SEK million	2014/2015	2013/2014	2014/2015	2013/2014
Regional	7,266	6,953	403	356
Sweden	5,138	4,853	373	328
Denmark	395	346	-15	-14
Norway	943	995	-2	-3
Finland	812	802	47	45
Express bus services (inter-regional)	283	316	9	3
Central functions			-41	-33
Total	7,549	7,269	371	326

Tax

Nobina's tax expenses were SEK -47 million (33.3 percent) for the financial year ending 28 February 2015 and SEK -31 for the financial year ending 28 February 2014 (35.6 percent). Group management has decided to report a portion of the Group's current loss carryforward. Deferred tax has been calculated using tax rates that have been enacted, or are expected to apply when the related deferred tax asset is realized or the tax liability is settled. The deferred tax asset that pertains to deductible temporary differences and unused tax losses 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 -1 (0) million, and the change of assessed deferred tax assets and deferred tax liabilities, have impacted profit for the year by SEK -46 (-38) million.

Investments and depreciation

Nobina's investments during the year consisted primarily of bus acquisitions. During the year, 288 (81) buses were acquired through finance leases, while 132 (55) other buses were financed via cash or credit. In total, Nobina acquired 573 (277) buses during the year. Cash-financed investments amounted to SEK 295 (39) million. Through its subsidiary, Nobina Fleet AB, Nobina entered into finance leases amounting to an acquisition cost of SEK 745 (252) million. These are classified as non-current assets in the balance sheet. The lease commitment was recognized as a liability in the balance sheet. Depreciation and interest expenses are recognized in the income statement. During the year, Nobina divested 585 (373) buses valued at SEK 41 (14) million. This resulted in a capital loss of SEK -35 (-15) million.

Financing and liquidity

Nobina's financial expenses decreased during the year by SEK 10 (16) million. Nobina's exchange loss/gain amounted to SEK 1 (-8) million. Nobina AB's most significant assets are shares in Nobina Europe AB and Nobina Fleet AB. Nobina Europe AB is the Parent Company for all of the operating companies in the Group.

The Nobina Group has historically accumulated significant losses. The maturity date from repayment of Nobina Europe AB's bond loan is 13 May 2019. Nobina Europe has the option of repaying the corporate bond before that date, at an additional charge. Nobina Europe AB is dependent on obtaining new financing in order to complete full repayment.

Financial management and goals

Because traffic contracts primarily contain given, fixed revenue, the offer price becomes critical to profitability in the cases where Nobina wins traffic contracts. Nobina sets a yield requirement for capital employed in all of its bids on traffic contracts. When placing a bid, Nobina simultaneously negotiates binding offers with bus suppliers, including financing, in order to ensure the company's ability to start up services if Nobina wins the tender. A traffic start ties up quite a lot of capital, which is why Nobina evens out cash flow during the contract period by using finance leases. In order to deliver a return that meets the yield requirement, management uses several key figures to measure efficiency and these are compared to the assumptions in the tender calculations. Efficiency is typically lowest in a newly started traffic agreement and it improves over time, while the value of the invested capital for buses declines over time at the rate that the buses age.

Employees

During the period, the average number of employees was 11,345 (10,152) and the number of employees recalculated as FTEs (full-time equivalents) was 7,603 (7,547). 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, there are well-established practices in place for the way in which working hours, compensatory terms, information and cooperation are negotiated and applied. Nobina uses programs focusing on values and employee relations in order to boost their 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 lower emissions during combustion. They are equipped with filters for exhaust emission control and thus comply with future emissions standards long before they gain legal force. In Nobina's non-current assets, Nobina invests in environmental improvements such as new and improved cleaning equipment in the bus washing facilities. Total emissions are minimized by upgrading engine classes and controlling tyre pressure and wheel alignment, as well as transitioning to renewable fuel. Nobina is working to reduce fuel consumption and new and improved fuel products are continuously evaluated. The Group is required to report some of its activities, such as washing buses at depots and proprietary workshops, in accordance with the Swedish Environmental Code (SFS 1998:808). 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.

Seasonality

To a certain extent, Nobina's operations are affected by seasonality. For regional traffic, operations run according to timetables that are drawn up by the public transport authorities. These timetables contain a lower traffic volume during weekends and the summer industrial vacation period. Accordingly, sales and earnings are lower during these periods and the effect is more noticeable when holidays occur in the middle of a working week.

For express bus services (interregional traffic), seasonality has a different pattern. Traffic volume is adjusted according to demand and the demand for express bus services is greatest during major holidays and the industrial vacation period.

Remuneration principles for senior executives

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 goals. Evaluation of these goals 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 12 months' compensation. As a basic principle, a six-month mutual termination period applies between the company and the executive. In addition, a maximum of six months of remuneration is payable should employment be terminated by the company.

Disputes

During the year, Nobina Norge AS had one ongoing dispute pertaining to the contract with the PTA, Troms fylkestrafikk, for NOK 17 million. The dispute was to be resolved in court. In February 2015, the court ruled against Nobina. Nobina has appealed the decision.

Nobina's share and ownership structure

The company is a public limited liability company (Corporate Registration Number 556576-4569, domiciled in Stockholm) that is owned by a dozen major shareholders and is the ultimate Parent Company of Nobina.

The share is not listed on any exchange or any other public trading forum but it is traded OTC via some banks. This trade is not sanctioned by the company. Rather, it is done on the banks' own initiative. For further information, see page 35, Corporate Governance Report.

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 from the part of the company, the CEO is entitled to 12 months termination notice during which time salary will be paid. With regard to other information on fees to the Board of Directors, salaries and remuneration to senior executives, refer to Note 7.

Suppliers

In order 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 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.

Significant risks, uncertainties and risk management

The risks that arise in conjunction with financial reporting are primarily fraud, loss or embezzlement of assets, unauthorized favoring of another party at the company's expense and other risks that relate to significant errors in the financial accounts. The valuation of assets, liabilities, revenues and costs or deviations from disclosure requirements are some examples.

Nobina applies the same type of risk assessment for all processes. This takes place in three steps and is initiated through management's review. The basis for the assessment is a SWOT analysis of Nobina's present situation and management's previous experience. The risks that are deemed to significantly affect financial reporting are classified as high risks. The risks that receive the opposite assessment are classed as low risks. At the second stage, high risks in operations are evaluated in conjunction with a survey of sub-processes. Process experts are engaged to conduct a careful evaluation of all risks in the particular process. The work procedure involves the following steps:

- Identifying risks and assigning them to the relevant process stage
- Describing current preventative measures
- Evaluating the probability/impact/likelihood of discovery
- Calculating risk values
- Proposing improvement measures in cases of high-risk values

Once per year, Nobina's Board reviews the mitigation of risks that have been deemed significant from the risk assessment processes.

The ability to secure new traffic contracts and extend existing contracts with public transport authorities

During the fiscal year ending 28 February 2015, Nobina's contracts with public transport authorities accounted for 96 per cent of 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 realize 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 secure new contracts with public transport authorities, 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 contract 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 public transport authorities 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.

Levels of appropriation to public transport authorities

Demand for Nobina's services from public transport authorities is highly dependent on county budgets, and funds that are allocated for public transport. A deterioration of county finances could reduce budgets for the public transport authorities 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 strongly 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.

Price-adjustment index in Nobina's traffic contracts

A contract with a public transport authority compensates Nobina for providing bus services along the routes, and according to the timetables, described in the contract. The size of the compensation is adjusted on a regular basis based on a basket of indexes aimed at offsetting changes in Nobina's costs during the term of the specific contract. The price-adjustment indexes that are used take into consideration the costs for labour, fuel, changes in the consumer price index and other factors. 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. Depending on the specifications in each contract, the index is adjusted on a monthly, quarterly, biannual or annual basis and, in certain cases, applied to future contract periods and not retroactively for the preceding contract period.

Fluctuations in fuel supply and price

Major changes in fuel supply and price could have a significant impact on Nobina's operations, financial position and operating profit. Fuel supply and cost are affected by a variety of factors over which Nobina has little or no control, such as envi-

ronmental legislation or global, financial and political events. In the event of a fuel shortage due to a disruption in oil imports, reduced production or another reason, Nobina could be affected by higher fuel prices or cutbacks in contracted fuel deliveries. Nobina's fuel costs are also influenced by annual increases in fuel tax, which is partly offset by the price-adjustment index. Nobina also guards itself from fuel-price increases by purchasing commodity options for the portion of the diesel cost not covered by the price-adjustment index. Nobina has not applied hedge accounting for the 2014/2015 or 2013/2014 fiscal years.

Exchange-rate fluctuations

Several of Nobina's operating subsidiaries, including Nobina Norway, Nobina Finland and Nobina Denmark, have functional currencies other than SEK (the Parent Company's functional currency). When Nobina compiles the consolidated financial statements, it converts the annual accounts of these operating subsidiaries' into SEK on the balance-sheet date. Accordingly, Nobina's operating profit/loss and financial position are affected by exchange-rate fluctuations between SEK and these currencies: NOK, EUR and DKK. Nobina is also exposed to exchange-rate fluctuations with regard to fuel costs, which are partially mitigated by the price-adjustment index and by Nobina subscribing to commodity options in local currency.

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

Nobina's operations are subject to both national and EU laws and directives. Nobina is also subject to national environmental laws and 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, demands 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.

Interest risk

Nobina is primarily exposed to interest rate risk through the company's finance and operating leases, which are mainly subject to variable interest. Interest rate increases are compensated to some extent through price-adjustment indexes containing components of interest and/or consumer price indexes.

Liquidity risk

Liquidity risk is defined as the risk that cash and cash equivalents are not available or that necessary financing cannot be obtained. Nobina has a bank overdraft facility of SEK 150 million, of which SEK 18 million was utilized as of 28 February 2015. For more information on other financial risks and risk management, refer to Note 28.

Parent Company

The Parent Company has 10 (83) employees who are involved in the overall management of Nobina, financial control and analyses. During the year, financial administration, IT, HR and payroll activities were moved from the Parent Company to the subsidiary, Nobina Europe AB. The Parent Company's sales, which were comprised entirely of internal invoicing services, amounted to SEK 49 (183) million. The Parent Company's profit before tax was SEK 68 (51) million and cash equivalents at year end were SEK 25 (53) million, of which SEK 25 (52) million was restricted bank accounts. Investments in intangible assets and property, plant and equipment amounted to SEK 0 (6) million. The Parent Company reported equity of SEK 2,713 (2,604) million.

Prospects for 2015/2016

For the 2015/2016 financial year, a positive impact on earnings is expected from having concluded three loss contracts during 2014/2015: Dalarna in June, Vestfold in July and Copenhagen in December. Nevertheless, there will be a negative impact on earnings due to the unprecedented number of new contract start-ups, involving 475 buses in traffic. Tied-up capital will also increase through new investments in approximately 270 buses.

Significant events after the end of the fiscal year

On 1 April, the company announced that Nobina's Board had appointed an advisor, who would assist with the evaluation of strategic and capital structure alternatives.

Proposed dividend

The Board of Directors proposes that no dividend be paid.

Proposed appropriation of profits (SEK)

Funds available for appropriation by the Annual General Meeting:

Share premium reserve	612,407,930
Profit brought forward	1,764,270,693
Profit for the year	108,197,506
Total	2,484,876,129

To be carried forward	2,484,876,129
Total	2,484,876,129

The Group's and the Company's profit and position in general are presented in the following income statements and balance sheets, cash flow statements and statements of equity with related notes and supplementary information which form an integral part of this annual report."

CONSOLIDATED INCOME STATEMENT

<i>SEK million</i>	<i>Note</i>	<i>2014-03-01 –2015-02-28</i>	<i>2013-03-01 –2014-02-28</i>
Net sales	1, 2, 3	7,549	7,269
OPERATING EXPENSES			
Fuel, tires and other consumables	4	–1,655	–1,644
Other external expenses	4, 5, 6	–1,091	–1,101
Personnel costs	4, 7	–3,881	–3,692
Capital losses from the disposal of non-current assets		–35	–15
Depreciation/amortization of intangible and tangible non-current assets	8	–516	–491
Operating profit/loss	1, 2	371	326
Profit from net financial items			
Financial income	9	8	9
Financial expenses	10	–238	–248
Net financial items		–230	–239
Profit/loss before tax		141	87
Income tax	11	–47	–31
PROFIT/LOSS FOR THE YEAR		94	56
Profit/loss for the year attributable to Parent Company shareholders		94	56
Average number of shares before dilution (000s)	20	633,014	632,611
Earnings per share attributable to Parent Company shareholders, before dilution (SEK)	21	0.15	0.09
Earnings per share attributable to Parent Company shareholders, after dilution (SEK)	21	0.15	0.09

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

<i>SEK million</i>	<i>Note</i>	<i>2014-03-01 –2015-02-28</i>	<i>2013-03-01 –2014-02-28</i>
Profit for the year		94	56
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss			
Revaluation of defined-benefit pension plan	22	–19	–11
Tax on items that will not be reclassified to profit or loss for the period	11	4	–
Items that can later be reclassified to profit or loss			
Exchange-rate differences in foreign operations		6	–8
Other comprehensive income, net after tax		–9	–19
Comprehensive income for the year		85	37
COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		85	37

CONSOLIDATED BALANCE SHEET

SEK million	Note	2015-02-28	2014-02-28
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	12	588	585
Other intangible assets	12	16	19
<i>Total intangible assets</i>		<i>604</i>	<i>604</i>
Property, plant and equipment			
Costs for improvements on third-party properties	13	21	17
Equipment, tools, fixtures and fittings	13	61	32
Vehicles	13	4,354	3,950
<i>Total property, plant and equipment</i>		<i>4,436</i>	<i>3,999</i>
Financial assets			
Deferred tax assets	11	88	113
Assets for pension commitments	22	–	5
<i>Total financial assets</i>		<i>88</i>	<i>118</i>
Total non-current assets		5,128	4,721
Current assets			
Inventories	16	49	53
Trade receivables	17	519	375
Other current receivables		76	74
Deferred expenses and accrued income	18	236	235
Restricted bank accounts	19	115	156
Cash and cash equivalents	19	453	309
<i>Total current assets</i>		<i>1,448</i>	<i>1,202</i>
TOTAL ASSETS	1, 2	6,576	5,923
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	20	310	224
Non-current liabilities			
Borrowing	24	3,765	3,483
Deferred tax liabilities	11	82	65
Provisions for pensions and similar commitments	22	36	28
Other provisions	23	39	38
<i>Total non-current liabilities</i>		<i>3,922</i>	<i>3,614</i>
Current Liabilities			
Accounts payable		476	470
Borrowing	24	634	565
Other current liabilities	25	174	155
Accrued expenses and deferred income	26	1,060	895
<i>Total current liabilities</i>		<i>2,344</i>	<i>2,085</i>
Total liabilities		6,266	5,699
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1, 2	6,576	5,923
PLEDGED ASSETS AND CONTINGENT LIABILITIES	27		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>SEK million</i>	<i>Share capital</i>	<i>Other contributed capital</i>	<i>Translation differences</i>	<i>Profit/loss brought forward</i>	<i>Total equity attributable to Parent Company shareholders</i>
Opening equity, 2013-02-28	228	2,488	30	-2,559	187
Profit for the year	–	–	–	56	56
Other comprehensive income	–	–	–8	–11	–19
Total comprehensive income for the year	–	–	–8	45	37
Closing equity, 2014-02-28	228	2,488	22	–2,514	224
Profit for the year	–	–	–	94	94
Other comprehensive income	–	–	6	–15	–9
Total comprehensive income for the year	–	–	6	79	85
New issue of shares to senior executives	–	1	–	–	1
Closing equity, 2015-02-28	228	2,489	28	–2,435	310

There are no non-controlling interests.

CONSOLIDATED CASH FLOW STATEMENT

SEK million	Note	2014-03-01 – 2015-02-28	2013-03-01 – 2014-02-28
Cash flow from operating activities			
Profit/loss after financial items		141	87
<i>Adjustments for non-cash items</i>			
– Depreciation/amortization and impairments	8	516	491
– Capital gain/loss from the disposal of non-current assets		35	15
– Unrealized foreign-exchange gains/losses		–6	2
– Financial income	9	–8	–9
– Financial expenses	10	209	235
– Changes in provisions, pensions, etc.		–11	–9
– Other items		26	5
Cash flow from operating activities before changes in working capital		902	817
Cash flow from changes in working capital			
Change in inventories	16	4	–9
Changes in operating receivables	17	–142	3
Changes in operating liabilities		197	84
Total changes in working capital		59	78
Received interest income	9	4	4
Tax paid	11	–1	–
Cash flow from operating activities		964	899
Cash flow from investing activities			
Changes in restricted bank accounts	19	41	14
Investments in PPE ¹ and intangible assets			
excl. financial leasing	6, 12, 13	–295	–39
Divestment of buildings and land, vehicles, equipment, tools, fixtures and fittings	12, 13	41	14
Cash flow from investing activities		–213	–11
Cash flow from financing activities			
Repayment by installment of financial lease liability	24	–546	–486
Repayment by installment of bond loan and other external loans	24	–485	–
New issue of shares to senior executives	7, 20	1	–
New borrowing, including payment of old bonds (SEK 67 million)	24	483	–
New borrowing, other external loans	24	168	–
Borrowing expenses, paid	24	–18	–
Interest paid	10	–213	–229
Cash flow from financing activities		–610	–715
Cash flow for the year		141	173
Cash and cash equivalents at the beginning of the year		309	137
Cash flow for the year		141	173
Exchange rate difference		3	–1
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	19	453	309

1) Property, plant and equipment

PARENT COMPANY INCOME STATEMENT

SEK million	Note	2014-03-01 – 2015-02-28	2013-03-01 – 2014-02-28
Net sales	1, 3	49	183
Operating Expenses			
Other external expenses	4, 5	–20	–76
Personnel costs	4, 7	–37	–92
Capital losses from the disposal of non-current assets		–	–2
Depreciation/amortization and impairment of PPE and intangible assets	8	–	–14
Operating profit/loss	1, 2	–8	–1
Profit from participations in Group companies	14	41	8
Financial income	9	37	61
Financial expenses	10	–2	–17
Net financial items		76	52
Profit/loss before tax		68	51
Income tax	11	40	–
PROFIT/LOSS FOR THE YEAR		108	51

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	2014-03-01 – 2015-02-28	2013-03-01 – 2014-02-28
Profit for the year		108	51
Other comprehensive income			
Items not to be reclassified to profit or loss			
Revaluation of net pension obligations	22	–	–
Tax on items that cannot be reclassified to profit or loss for the period		–	–
Items that can later be reclassified to profit or loss			
Exchange-rate differences in foreign operations		–	–
Other comprehensive income, net after tax		–	–
Comprehensive income for the year		108	51

PARENT COMPANY BALANCE SHEET

SEK million	Note	2015-02-28	2014-02-28
ASSETS			
Non-current assets			
Intangible assets			
Other intangible assets	12	–	18
<i>Total intangible assets</i>		–	18
Property, plant and equipment			
Equipment, tools, fixtures and fittings	13	–	4
<i>Total property, plant and equipment</i>		–	4
Financial assets			
Participations in Group companies	14	3,695	1,974
Deferred tax assets	11	40	–
Receivables from Group companies	15	114	434
<i>Total financial assets</i>		3,849	2,408
Total non-current assets		3,849	2,430
Current assets			
Receivables from Group companies		226	182
Other current receivables		–	–
Deferred expenses and accrued income	18	8	12
Restricted bank accounts	19	25	52
Cash and cash equivalents	19	–	1
<i>Total current assets</i>		259	247
TOTAL ASSETS	1	4,108	2,677
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
Share capital		228	228
Statutory reserve		1	1
Total restricted shareholders' equity		229	229
Non-restricted shareholders' equity	20		
Share premium reserve		613	612
Profit brought forward		1,763	1,712
Profit for the year		108	51
<i>Total non-restricted shareholders' equity</i>		2,484	2,375
Total shareholders' equity		2,713	2,604
Non-current liabilities			
Liabilities to Group companies		1,362	–
Provisions for pensions and similar commitments	22	7	5
Total non-current liabilities		1,369	5
Current liabilities			
Accounts payable		5	16
Liabilities to Group companies		10	28
Other current liabilities	25	2	5
Accrued expenses and deferred income	26	9	19
<i>Total current liabilities</i>		26	68
Total liabilities		1,395	73
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1	4,108	2,677
PLEGED ASSETS AND CONTINGENT LIABILITIES	27		
Pledged assets		83	147
Contingent liabilities		3,984	3,791
Total pledged assets and contingent liabilities		4,067	3,938

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

<i>SEK million</i>	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Share premium reserve</i>	<i>Profit/loss brought forward</i>	<i>Profit for the year</i>	<i>Total shareholders' equity</i>
Opening equity, 2013-02-28	228	1	612	1,648	64	2,553
Profit for the year	–	–	–	–	51	51
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	51	51
Transfer of the preceding year's profit/loss	–	–	–	64	–64	–
Total transactions with owners	–	–	–	64	–64	–
Closing equity, 2014-02-28	228	1	612	1,712	51	2,604
Profit for the year	–	–	–	–	108	108
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	108	108
Transactions with owners						
New issue of shares to senior executives	–	–	1	–	–	1
Transfer of the preceding year's profit/loss	–	–	–	51	–51	–
Total transactions with owners	–	–	1	51	–51	1
Closing equity, 2015-02-28	228	1	613	1,763	108	2,713

PARENT COMPANY CASH FLOW STATEMENT

SEK million	Note	2014-03-01 – 2015-02-28	2013-03-01 – 2014-02-28
Cash flow from operating activities			
Profit/loss after financial items		68	51
<i>Adjustments for non-cash items</i>			
– Depreciation/amortization	8	–	14
– Capital gain/loss from the disposal of non-current assets		–	2
– Financial income and dividends	9	–78	–79
– Financial expenses	10	2	28
– Unrealized exchange gain/losses		–3	–1
– Other items		1	7
Cash flow from operating activities before changes in working capital		–10	22
Cash flow from changes in working capital			
Changes in operating receivables		4	–2
Changes in operating liabilities		–16	7
Total changes in working capital		–12	5
Received interest income	9	3	9
Cash flow from operating activities		–19	36
Cash flow from investing activities			
Changes in restricted bank accounts	19	27	4
Acquisition of subsidiary	14	–3	–
Transfer of net assets		29	–
Investments in PPE ¹ and intangible assets	12, 13	–	–6
Divestment of PPE ¹ and intangible assets		–	14
Cash flow from investing activities		53	12
Cash flow from financing activities			
Shareholder contribution to Group companies	14	–	–21
Group contribution received		18	8
New issue of shares to senior executives		1	–
Repayment of loan to Group companies		–47	–81
Interest paid	10	–7	–1
Cash flow from financing activities		–35	–95
Cash flow for the year		–1	–47
Cash and cash equivalents at the beginning of the year		1	48
Cash flow for the year		–1	–47
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	19	0	1

1) Property, plant and equipment

NOTES

NOTE 01 Company information and accounting policies

COMPANY INFORMATION

Nobina AB is a public company (CIN 556576-4569, domiciled in Stockholm) that is owned by around 50 shareholders and 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 under contract to public transport authorities in Sweden, Norway, Denmark and Finland. In addition to contracted bus services, Nobina also offers extensive express bus services throughout most of Sweden. Nobina AB is a holding company whose primary asset comprises the investment in Nobina Europe AB (with subsidiaries). For a description of the group structure, see Note 14. 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 23 April 2015. 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 27 May 2015, in Stockholm.

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 annual report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 "Accounting for Legal Entities", as well as 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 are due to the limitations on applying IFRS in the Parent Company due to the Swedish Annual Accounts Act (ÅRL) and, in certain cases, taxation purposes.

BASIS FOR VALUATION IN THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

Assets and liabilities are recognized 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 unrealized 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 recognized in profit and 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.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The functional currency of the Parent Company is Swedish kronor (SEK), which is also the presentation currency of the Parent Company and the Group. The financial statements are thus presented in SEK. All amounts are rounded off to the nearest million, unless otherwise stated.

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 recognized 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:

Impairment 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 for future cash flow are based on the best possible assessments of future income and operating expenses, which in turn are based on historical trends, general market conditions and other available information. The forecasts are prepared for each operating unit and are based on each company's profit/loss before amortization/depreciation, including leasing costs. 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 12.

Excess vehicles (buses)

Before deemed as excess vehicle, a number of assumptions are made about future alternatives for relocation. If vehicle deemed as excess, estimates are made about future resale value. Vehicles deemed as excess by management were impaired to fair value, see Note 13.

Useful life for 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 contact 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 11, 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 realized or the tax liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized. 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 unused tax losses has been reported to the extent that it is expected to be utilised in the foreseeable future, and doing so is deemed probable.

Provisions for onerous contracts

The Group makes provisions for onerous contracts, where the contractual income is not sufficient to cover the direct and apportionable expenses for fulfillment of the contractual obligations. Several assumptions have been made about future conditions and estimates of variables. See Note 23.

Provisions for pensions and similar commitments

The most significant assumptions that management must make in connection with actuarial estimates of pension commitments and pension costs 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 comprise mainly interest-bearing securities and shares. 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 standards 2014/15**

The changes presented below are those deemed to be relevant to the company.

- IFRS 10 Consolidated Financial Statements. The standard provides guidance on establishing whether a company controls another company, which would then require consolidation in the consolidated financial statements.
- IFRS 11 Joint Arrangements. This accounting policy provides guidance on how to treat a joint venture, which is an arrangement whereby the partners who jointly have control over the arrangement are entitled to its net assets. Proportionate consolidation is no longer allowed.
- IFRS 12 Disclosure of Interests in Other Entities. This pertains to the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured companies.
- Changes to IFRS 10, 12 and IAS 27 on the consolidation of investment companies.
- IAS 28 Amendment to Investments in Associates and Joint Ventures
- IAS 32 Financial Instruments: Offsetting of financial assets and liabilities may only occur

in the balance sheet if there is a legally enforceable right to offset the amounts and the intention is to either settle on a net basis or simultaneously sell the asset and settle the liability.

- IAS 36 Impairment of Assets – Recoverable amount. For non-financial assets, disclosure of the recoverable amount is required only when there is impairment of assets. The company decided on early adoption of revised IAS 36 for the financial year.
- IAS 39 Novation of derivatives and continuation of hedge accounting, means that hedge accounting does not need to be discontinued if it concerns derivatives that change counterpart due to introduction of clearing.

NEW STANDARDS AND INTERPRETATIONS NOT YET IN FORCE

Standards and interpretations not yet in force have not been applied for 2014/15 as follows. New standards and interpretations which are not yet effective, could have an impact on the company in the future. Group management has not yet made any detailed analysis of the effects from implementation of IFRS 9 and IFRS 15, and can therefore not quantify the effects.

- IFRS 15 Revenue from Contracts with Customers. Revenue is recognized 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 15 is effective as of 2017, but it has not yet been adopted by the EU.
- 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 (amortized 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 amortized cost, hedge accounting and offsetting in the balance sheet. IFRS 9 is to be applied to fiscal years beginning on or after 1 July 2018. However, the standard has not yet been adopted by the EU.

SIGNIFICANT ACCOUNTING POLICIES**CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements comprise all companies in which Nobina AB directly or indirectly has more than 50% 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. This means that acquired subsidiaries' assets and liabilities are recognized at fair values according to an acquisition analysis, prepared on acquisition date. If the cost for shares in the subsidiary and any holdings without a controlling influence (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. 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.

SEGMENT REPORTING

Nobina conducts regional and interregional traffic between selected cities (Express traffic). Regional traffic is operated in large parts of Sweden and in metropolitan areas in Finland, Denmark and Norway. The largest portion of revenue is derived from contracts with public transport authorities representing the various counties. In nearly all cases, public transport authorities receive ticket revenue and contract companies receive a fixed amount as payment for the contracted services.

Interregional traffic is conducted by Swebus Express (Swebus), which operates certain predetermined routes throughout Sweden. Revenue is generated by the sale of tickets to passengers. Some of the companies also conduct chartered traffic, mainly by using vehicles and personnel during periods when these are not occupied in regular traffic operations.

The Group's operations are reported and managed in a manner consistent with the internal reporting, see Note 2, which is provided to the CEO.

The accounting policies for the reporting segments are the same as those used in the consolidated financial statements. Nobina evaluates operations in each operating segment based on the operating profit for each reporting operating segment, and normally recognizes sales and transfers between operating segments on a third-party basis, meaning at market prices.

Group-wide 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 utilization. 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 and analyses. The operating assets included in each operating segment include all operating assets that are used in the business activities, primarily intangible assets, PPE (Property, plant and equipment), inventories and accounts receivables. Most of these assets are directly attributable to the respective operating segment. The operating liabilities included in each operating segment include all operating liabilities that are used, accrued expenses and deferred income. Most of these liabilities are directly attributable to the respective operating segment. Estimated deferred tax and external and internal loans are not included in the operating segments' capital employed.

REVENUE RECOGNITION

Most of Nobina's income consists of remuneration for scheduled bus traffic and is attributable to contracts with public transport authorities that run for a term of five to ten years, with an extension option. Regardless of the payment stream for operations under a contract, Nobina reports its revenues when the services have been provided and can be measured at the fair value of the consideration that has been, or will be received.

Production contracts

Most of the contracts are of the production-contract type, in which compensation is based exclusively on the number of kilometers 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.

Incentive contracts

Some of Nobina's contracts with its client public transport authorities are designed so that all or part of the compensation is based on the number of passengers. These are called incentive contracts. Revenue from these contracts is recognized on the date that the passenger travels with Nobina.

Revenue from ticket sales, in production contracts or incentive contracts, is passed on directly to clients and does not accrue to Nobina.

Interregional traffic

Revenue from interregional traffic consists of ticket revenues from the passengers. For interregional traffic, revenue is recognized on the date that the passenger travels with Nobina.

Leases, fuel sales and maintenance services

Revenue from leases, fuel sales and maintenance services is recognized when the goods are delivered and the services performed.

Short-term leasing of buses

In cases where revenue is obtained through operating leases, it is distributed evenly over the term of the lease.

All revenue is recognized excluding value added tax.

EXPENSES

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

Leasing

In the consolidated financial statements, leasing is classified as either financial leasing or operating leasing.

Most of Nobina's leasing is classified as financial leasing, see Note 6. 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 recognized as non-current assets in the balance sheet and the corresponding leasing commitment is recognized 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 leasing expenses are recognized as depreciation and interest expenses.

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

Depreciation/amortization

Depreciation/amortization of property, plant and equipment and intangible assets is based on the historic cost and estimated useful lives of different groups of non-current assets. Depreciation/amortization 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/amortization is calculated from the acquisition date.

Applied useful lives

Other intangible assets	max 3 years
Software development	
Computers	3 years
Office equipment and furniture	5 years
Vehicles	Standard buses, 14 years
	Long-distance buses, 10 years
	Special buses, according to individual valuation
Remodeling of leased premises	5 years, but not exceeding the term of the lease

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 realized and unrealized gains and losses attributable to financing. Interest income and interest expense are recognized 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 affect is also recognized directly in equity or in other comprehensive income. Current tax refers to taxable profit and 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 recognized only to the extent that it is probable that they can be utilized 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 utilized 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 recognized as tax attributable to the change in untaxed reserves for the year.

INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

Goodwill

After initial recognition, goodwill is measured at cost, less deductions for any accumulated impairments. Goodwill is not amortized, 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 realizable value. These calculations are based on an internal assessment of the next five 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 intangible and tangible non-current assets

Other intangible assets and items of property, plant and equipment are recognized at historical cost less amortization/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 or bonuses are deducted from the cost amount. Other intangible assets consist primarily of externally capitalized development costs, which are mostly software. Proprietary software and software maintenance are expensed as incurred. An item of property, plant and equipment is recognized 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 recognized 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 realizable value and value in use. The net realizable value consists of the price that is estimated to be received in the event of disposal of the asset less selling expenses. A write-down 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 realizable 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 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.

FINANCIAL ASSETS AND LIABILITIES AND OTHER FINANCIAL INSTRUMENTS

Financial instruments are initially recognized 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. Subsequent to initial recognition, the accounting treatment of financial liabilities depends on how they are classified, as described below.

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

A financial asset is derecognized from the balance sheet when the company's rights under the agreement are realized, expire or the company has relinquished control of the asset. The same applies to a part of a financial asset. A financial liability is derecognized 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 2014/15 or 2013/14 fiscal years.

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

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

Loan and accounts receivable

Receivables are recognized 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 recognized at nominal value without discounting. Impairment losses on receivables are recognized in operating expenses.

Restricted bank accounts

Restricted bank accounts comprise deposits for bank guarantees and leasing contracts. Bank guarantees have been furnished as security for Nobina Norge AS and Nobina Danmark A/S's traffic contract commitments, Nobina Sverige AB and Swebus Express AB's commitments under the Swedish Travel Guarantee Act, and Nobina Sverige AB obligations in respect of electricity purchases. Nobina Norway also has restricted bank accounts for tax payments. Nobina AB's restricted bank accounts are deposits for leases.

Cash and cash equivalents

Cash and cash equivalents consist of demand deposits at banks.

Other financial liabilities

Liabilities are classed as other financial liabilities, which means that they are initially recognized 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 amortized 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 amortized 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 recognized at amortized 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 SIMILAR COMMITMENTS

A provision is recognized 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. When the timing effect of payment is significant, provisions are measured at discounted present value using a pretax discount rate that reflects current market assessments of the time value of money.

Termination remuneration

A provision is only recognized if the company is demonstrably committed to terminate an employment contract 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 public transport authorities where the contracts extend for between five and eight years. 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 fulfill 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 fulfill the commitment. The provision is made at the public transport authority 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.

Employee remuneration

Current employee remuneration is calculated without discounting and recognized 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 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 for Nobina Norge AS and 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 most of 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 recognized as a defined-contribution plan, which means that premiums paid are recognized as a personnel expense. In the Swedish operations, there is also a defined-benefit pension plan that is funded. Alecta's consolidation level as of 31 December 2014 amounts to 14.4 (14.8) percent. 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 recognized 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.

As of the 2013/2014 financial year, Nobina reports in accordance with and going forward IFRS (IAS 19), where the previous use of the corridor method for defined-benefit pension plans was terminated. 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.

EARNINGS PER SHARE

Earnings per share 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's shareholders by an adjusted average number of outstanding shares, if potential ordinary shares may give rise to dilution.

CASH FLOW

The cash flow statement has been prepared based on profit and 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 recognized 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 excluding restricted bank accounts. Items that do not affect the cash flow include provisions, depreciation/amortization and unrealized exchange-rate differences, since they are not cash-based items. Realized profits and losses in connection with the divestment of assets are eliminated since the cash effect of divesting non-current assets is recognized separately under cash flow from investing activities. Interest paid, such as the interest portion on vehicles under a finance lease and interest on external short and long-term borrowings, is reported in the cash flow from financing activities, while payments received for interest revenue are reported in the 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 Account 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 recognized as financial income, and Group contributions that Nobina AB pays to subsidiaries are recognized 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 recognized in the Parent Company according to the cost method. All dividends from subsidiaries are recognized 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 02 Nobina's operating segments

2014/2015	Nobina Sweden	Nobina Denmark	Nobina Norway	Nobina Finland	Elimi- nation ¹	Total Regional traffic	Swe- bus ²	Total Interregional traffic	Central functions and other items ³	Elimi- nation	Total
Revenue	5,138	395	943	812	-22	7,266	284	283	49	-49	7,549
Operating profit/loss	373	-15	-2	47	-	403	9	9	-41	-	371
EBIT (%)	7.3	-3.7	-0.0	5.8	-	5.5	3.1	3.1	-	-	4.9
Net financial items	-	-	-	-	-	-	-	-	-230	-	-230
Income tax	-	-	-	-	-	-	-	-	-47	-	-47
Profit for the year	-	-	-	-	-	-	-	-	-	-	94
Of which operating lease expenses	67	22	2	6	-	97	-	-	-	-	97
Amortization and impairments	346	16	76	50	-	488	16	16	12	-	516
Of which depreciation of assets held under finance leases	306	10	67	46	-	429	15	15	-	-	444
EBITDAR (%)	15.3	5.8	8.1	12.7	-	13.6	8.8	8.8	-	-	13.5
Total assets	3,864	344	914	634	-	5,756	124	124	696	-	6,576
Of which intangible assets, goodwill	383	-	131	29	-	543	45	45	-	-	588
Of which assets held under finance leases	2,825	100	604	479	-	4,008	60	60	-	-	4,068
Investments in PPE and financial assets for the year	750	170	29	70	-	1,019	-	-	21	-	1,040
Total liabilities	3,701	356	807	593	-	5,457	97	97	712	-	6,266
Of which finance lease liabilities	2,577	92	551	421	-	3,641	58	58	-	-	3,699
Average number of employees	8,181	531	1,245	1,036	-	10,993	342	342	10	-	11,345
Number of employees translated to FTEs	5,408	356	820	838	-	7,422	171	171	10	-	7,603
2013/2014	Nobina Sweden	Nobina Denmark	Nobina Norway	Nobina Finland	Elimi- nation ¹	Total Regional traffic	Swe- bus ²	Total Interregional traffic	Central functions and other items ³	Elimi- nation	Total
Revenue	4,853	346	995	802	-43	6,953	316	316	183	-183	7,269
Operating profit/loss	328	-14	-3	45	-	356	3	3	-33	-	326
EBIT (%)	6.7	-4.0	-0.3	5.6	-	5.1	0.9	0.9	-	-	4.5
Net financial items	-	-	-	-	-	-	-	-	-239	-	-239
Income tax	-	-	-	-	-	-	-	-	-31	-	-31
Profit for the year	-	-	-	-	-	-	-	-	-	-	56
Of which operational leasing expenses	101	28	3	9	-	141	-	-	-	-	141
Amortization and impairments	314	13	82	49	-	458	18	18	15	-	491
Of which depreciation of assets held under finance leases	274	9	67	42	-	392	14	14	-	-	406
EBITDAR (%)	15.3	7.8	8.2	12.8	-	13.7	6.6	6.6	-	-	13.4
Total assets	3,486	151	1,002	590	-	5,229	135	135	559	-	5,923
Of which intangible assets, goodwill	383	-	128	29	-	540	45	45	-	-	585
Of which assets held under finance leases	2,510	105	685	438	-	3,738	73	73	-	-	3,811
Investments in PPE and financial assets for the year	226	6	5	45	-	282	1	1	8	-	291
Total liabilities	3,312	154	867	571	-	4,904	114	114	681	-	5,699
Of which finance lease liabilities	2,320	99	641	395	-	3,455	68	68	-	-	3,523
Average number of employees	6,843	501	1,270	1,056	-	9,670	399	399	83	-	10,152
Number of employees translated to FTEs	5,158	382	927	804	-	7,271	193	193	83	-	7,547

1) Elimination between different segments.

2) The majority of Swabus' operations is attributable to Sweden.

3) Central functions consist of Nobina's central administration, the Group's financial net income and the Group's income taxes.

NOTE 03 Net sales

Net sales include other operating income, which primarily consists of revenue from leasing, the sale of fuel and diesel and revenue from workshop services to external customers. Sales to two (two) major clients in

the Nobina Sweden segment represent 31 (25) percent of Nobina's sales and in the Nobina Finland segment, sales to one (one) major client represent 11 (11) percent of Nobina's sales.

	Group		Parent Company	
	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28
<i>Distribution of net sales, SEK million</i>				
Revenue Regional and Interregional traffic	7,542	7,260	–	–
Leasing, workshop services and sale of diesel	7	9	–	–
Sales to Group companies	–	–	49	183
Total net sales	7,549	7,269	49	183

NOTE 04 Operating expenses

	Group		Parent Company	
	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28
<i>SEK million</i>				
Fuel	1,084	1,124	–	–
Tires and other consumables	571	520	–	–
Total fuel and other consumables	1,655	1,644	–	–
Leasing expenses	97	141	–	–
Other external expenses	994	960	20	76
Total other expenses	1,091	1,101	20	76
Salary expenses	2,955	2,783	24	58
Employer's contributions	691	639	7	18
Pension expenses	187	210	6	13
Other personnel costs	48	60	–	3
Total personnel costs	3,881	3,692	37	92

NOTE 05 Fees and remuneration to auditors

	Group		Parent Company	
	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28
<i>Fees and compensation to auditors, SEK thousand</i>				
Audit assignment PWC	2,430	–	540	–
Audit assignment Ernst & Young	–	3,879	–	505
Audit-related services in addition to audit assignment	–	–	–	–
Tax advisory services	–	–	–	–
Other services PWC, pertains to consulting on defined-benefit pension plans.	200	–	–	–
Other services Ernst & Young, pertains to consulting services for the Group.	–	2,290	–	2,119
Total	2,630	6,169	540	2,624

NOTE 06 Leasing**FINANCE LEASES BUSES**

	Group	
<i>Assets held under finance leases, SEK million</i>	<i>2015-02-28</i>	<i>2014-02-28</i>
Cost		
Opening balance	5,495	5,287
New contracts signed during the year	745	252
Sales for the year	-199	-35
Exchange rate difference	58	-9
Closing cost	6,099	5,495
Accumulated amortization		
Opening accumulated amortization	-1,684	-1,298
Amortization for the year	-444	-406
Sales for the year	112	19
Exchange rate difference	-15	1
Closing accumulated amortization	-2,031	-1,684
Residual value according to plan	4,068	3,811

During the year, the Group entered into finance lease agreements for SEK 745 (252) million via the subsidiary, Nobina Fleet AB. 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 amortization or an annuity payment with variable amortization over time. The proportion of straight-line amortization amounts to approximately 46 percent. Nobina's standard contracts have a duration of more than 10 years at 10 percent 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.

	Group	
<i>Assets held under finance leases per segment, SEK million</i>	<i>2015-02-28</i>	<i>2014-02-28</i>
Nobina Sweden	2,825	2,510
Nobina Denmark	100	105
Nobina Norway	604	685
Nobina Finland	479	438
Total Regional traffic	4,008	3,738
Swebus	60	73
Total Interregional traffic	60	73
Total assets held under finance leases	4,068	3,811

	Group	
<i>Finance lease liabilities per segment, SEK million</i>	<i>2015-02-28</i>	<i>2014-02-28</i>
Nobina Sweden	2,577	2,320
Nobina Denmark	92	99
Nobina Norway	551	641
Nobina Finland	421	395
Total Regional traffic	3,641	3,455
Swebus	58	68
Total Interregional traffic	58	68
Total Finance lease liabilities	3,699	3,523

	Group	
<i>Leasing fees for finance leases per segment, SEK million</i>	<i>2014-03-01 -2015-02-28</i>	<i>2013-03-01 -2014-02-28</i>
Nobina Sweden	471	426
Nobina Denmark	16	15
Nobina Norway	111	117
Nobina Finland	73	66
Total Regional traffic	671	624
Swebus	19	18
Total Interregional traffic	19	18
Total Financial leasing fees	690	642

	Group	
<i>Depreciation of assets held under finance leases per segment, SEK million</i>	<i>2014-03-01 -2015-02-28</i>	<i>2013-03-01 -2014-02-28</i>
Nobina Sweden	306	274
Nobina Denmark	10	9
Nobina Norway	67	67
Nobina Finland	46	42
Total Regional traffic	429	392
Swebus	15	14
Total Interregional traffic	15	14
Total Depreciation of assets held under finance leases	444	406

	Group	
<i>Interest expenses for finance lease liabilities per segment, SEK million</i>	<i>2014-03-01 -2015-02-28</i>	<i>2013-03-01 -2014-02-28</i>
Nobina Sweden	93	100
Nobina Denmark	4	4
Nobina Norway	30	35
Nobina Finland	14	13
Total Regional traffic	141	152
Swebus	3	3
Total Interregional traffic	3	3
Total Interest expenses for finance lease liabilities	144	155

NOTE 06 cont.

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

Expected maturity 2015-03-01 and later	Q1	Q2	Q3	Q4	2016/17	2017/18	2018/19	Later	Total
Future minimum leasing fees	199	270	186	168	859	522	536	1,398	4,138
Present value of future minimum leasing fees	198	265	182	163	812	480	476	1,114	3,690

Expected maturity 2014-03-01 and later	Q1	Q2	Q3	Q4	2015/16	2016/17	2017/18	Later	Total
Future minimum leasing fees	226	160	158	168	768	776	433	1,375	4,064
Present value of future minimum leasing fees	223	157	154	162	721	698	378	1,030	3,523

	Group	
Future minimum leasing fees for finance lease liabilities and their present value, SEK million	2015-02-28	2014-02-28
Total future minimum leasing fees	4,138	4,064
Less interest charge	-448	-541
Present value of future minimum leasing fees	3,690	3,523

OPERATING LEASES BUSES

	Group	
Operating leases (vehicles), SEK million	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28
Fees for operating leases for the year	97	141
Number of operating leases	480	764

	Group	
Future minimum leasing fees for non-cancellable operating leases, SEK million	2015-02-28	2014-02-28
Total future minimum leasing fees	285	267
Less interest charge	-17	-17
Present value of future minimum leasing fees	268	250

The grounds for how variable fees are established based on the lease terms. The leasing expenses are normally based on either straight-line amortization or an annuity payment with variable amortization over time. The proportion of contracts with annuity payments is approximately 95 percent 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 percent and then extensions of up to seven years, with residual values down to 0 percent. 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.

	Group	
Operating lease expenses per segment, SEK million	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28
Nobina Sweden	67	101
Nobina Denmark	22	28
Nobina Norway	2	3
Nobina Finland	6	9
Total Regional traffic	97	141
Swebus	-	0
Total Interregional traffic	-	0
Total Operational leasing expenses	97	141

	Group	
Nominal value of future minimum leasing fees per segment, SEK million	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28
Nobina Sweden	273	241
Nobina Denmark	-	11
Nobina Norway	-	1
Nobina Finland	12	14
Total Regional traffic	285	267
Swebus	-	-
Total Interregional traffic	-	-
Total Nominal value of future minimum leasing fees	285	267

	Group	
Present value of future minimum leasing fees for operating leases per segment, SEK million	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28
Nobina Sweden	256	225
Nobina Denmark	-	11
Nobina Norway	-	1
Nobina Finland	12	13
Total Regional traffic	268	250
Swebus	-	-
Total Interregional traffic	-	-
Total Present value of future minimum leasing fees for operating leases	268	250

NOTE 06 *cont.***Present value of future minimum leasing fees for operating leases grouped by maturity date**

<i>Expected maturity 2015-03-01 and later</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4</i>	<i>2016/17</i>	<i>2017/18</i>	<i>2018/19</i>	<i>Later</i>	<i>Total</i>
Future minimum leasing fees	13	12	12	12	46	35	29	126	285
Present value of future minimum leasing fees	13	12	12	12	44	34	28	113	268

<i>Expected maturity 2014-03-01 and later</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4</i>	<i>2015/16</i>	<i>2016/17</i>	<i>2017/18</i>	<i>Later</i>	<i>Total</i>
Future minimum leasing fees	27	24	18	13	42	34	24	85	267
Present value of future minimum leasing fees	27	23	18	12	40	32	22	76	250

OTHER OPERATING LEASES – GROUP

Paid and future rents in accordance with non-cancellable agreements where obligations exceed one year.

<i>SEK million</i>	<i>2014-03-01– 2015-02-28</i>	<i>2015/16</i>	<i>2016/17</i>	<i>2017/18</i>	<i>Later</i>	<i>Total</i>
Property rents	183	197	182	160	180	902
Leases for vehicles excluding buses	10	9	8	2	–	29
Other operating leases	–	–	–	–	–	–
Total Nominal value of other operating leases	193	206	190	162	180	931

<i>SEK million</i>	<i>2013-03-01– 2014-02-28</i>	<i>2014/15</i>	<i>2015/16</i>	<i>2016/17</i>	<i>Later</i>	<i>Total</i>
Property rents	165	180	145	147	564	1,201
Leases for vehicles excluding buses	9	8	6	4	4	31
Other operating leases	–	25	–	–	–	25
Total Nominal value of other operating leases	174	213	151	151	568	1257

NOTE 07 *Personnel*

	<i>Group</i>		<i>Parent Company</i>	
	<i>2014-03-01– 2015-02-28</i>	<i>2013-03-01– 2014-02-28</i>	<i>2014-03-01– 2015-02-28</i>	<i>2013-03-01– 2014-02-28</i>
Number of employees				
Average number of employees	11,345	10,152	10	83
of whom men	9,732	8,734	7	58
of whom women	1,613	1,418	3	25
Number of employees translated to FTEs	7,603	7,547	10	83
Sweden	8,533	7,325	10	83
of whom men	7,160	6,121	7	58
of whom women	1,373	1,204	3	25
Number of employees translated to FTEs	5,589	5,434	10	83
Denmark	531	501	–	–
of whom men	446	445	–	–
of whom women	85	56	–	–
Number of employees translated to FTEs	356	382	–	–
Norway	1,245	1,270	–	–
of whom men	1,143	1,165	–	–
of whom women	102	105	–	–
Number of employees translated to FTEs	820	927	–	–
Finland	1,036	1,056	–	–
of whom men	983	1,003	–	–
of whom women	53	53	–	–
Number of employees translated to FTEs	838	804	–	–

NOTE 07 *cont.*

EMPLOYEE BENEFIT EXPENSES

	Group 2014-03-01-2015-02-28			Group 2013-03-01-2014-02-28		
	Salaries and other remuneration	Payroll overheads	Of which pension costs	Salaries and other remuneration	Payroll overheads	Of which pension costs
Parent Company	24	13	6	58	31	13
Subsidiaries in Sweden	1,926	655	77	1,716	611	88
Total Sweden	1,950	668	83	1,774	642	101
Foreign subsidiaries						
Denmark	213	34	20	183	30	17
Norway	428	91	20	447	89	23
Finland	364	85	64	379	88	69
Total foreign subsidiaries	1,005	210	104	1,009	207	109
Total Group	2,955	878	187	2,783	849	210

	Group 2015-02-28		Group 2014-02-28	
	Number	Of whom men	Number	Of whom men
Board members and senior executives	6	83%	5	80%
CEO and senior executives	10	90%	10	90%

Remuneration and other benefits to the Board during the year, SEK million	Group	
	2014-03-01-2015-02-28	2013-03-01-2014-02-28
Board Chairman		
Jan Sjöqvist	0.9	0.7
Board members		
Graham Oldroyd	0.5	–
John Allkins	0.5	–
Birgitta Kantola	0.5	0.2
Gunnar Reitan	0.5	0.2
Ragnar Norbäck	–	–
Rolf Lydahl	–	0.1
Total	2.7	1.2

Remuneration to the Chairman of the Board and other Board members

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. The CEO receives no Board fees. During the year, Nobina AB paid pension benefits to former Board members equal to SEK 0 (0.1) million. This is because the Board members are entitled to lifelong remuneration from the company. Two previous members from Group management are entitled to lifelong remuneration from the company, which is secured through endowment insurance, SEK 12 (12) million.

Incentive program

The Board of Directors for Nobina AB, except for the Company's CEO, have been offered a cash-based incentive program consisting of fixed and variable remuneration. This was based on a decision taken at an extraordinary general meeting on 26 November 2014. The Board also decided to set up a similar incentive program for its Group management team, including the CEO, Consisting of fixed and variable remuneration. The aim of both incentive programs is to help create a more diversified ownership in the Company before the end of 2017. The amount of both programs will be limited to a maximum amount of SEK 172 million, including social security costs and taxes. No costs under the program have been absorbed in the annual accounts for 2014/15. Both of the incentive programs were implemented following proposals from certain of Nobina's larger shareholders. The allocation per participant is calculated as multiples of the members' annual salary. Certain Board members, senior executives and employees own shares in the Company.

Distribution of salaries and other remuneration by country and between the Group's senior executives and other employees	Group 2014-03-01-2015-02-28			Group 2013-03-01-2014-02-28		
	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
Parent Company	13	6	11	14	3	44
Subsidiaries in Sweden	11	2	1,915	6	1	1,710
Total Sweden	24	8	1,926	20	4	1,754
Foreign subsidiaries						
Denmark	2	–	211	2	–	181
Norway	2	–	426	2	–	445
Finland	3	1	361	3	1	376
Total foreign subsidiaries	7	1	998	7	1	1,002
Total Group	31	9	2,924	27	5	2,756

NOTE 07 *cont.*

<i>Remuneration to the CEO of Nobina AB, SEK million</i>	<i>Parent Company</i>	
	<i>2014-03-01 –2015-02-28</i>	<i>2013-03-01 –2014-02-28</i>
Fixed fee	4,9	4,7
Variable remuneration ¹	4,8	2,1
Pension expenses	1,3	1,3
Social security contributions and taxes	3,5	2,5
Total	14,5	10,6

1) In addition to the stated remuneration to the CEO, there is also an accrued share-based payment of SEK 4.5 (2.4) million, which has not yet been paid.

SHARE HOLDINGS OF THE BOARD AND SENIOR EXECUTIVES

<i>Number of shares</i>	<i>Group</i>	
	<i>2015-02-28</i>	<i>2014-02-28</i>
<i>Board Chairman</i>		
Jan Sjöqvist	1,659,583	1,659,583
<i>Board members</i>		
Graham Oldroyd	–	–
Birgitta Kantola	–	–
Gunnar Reitan	–	–
John Allkins	–	–
<i>Senior executives</i>		
Ragnar Norbäck	3,190,098	2,567,258
Per Skärgård	907,574	907,574
Jan Bosaeus	660,146	660,146
Joakim Palmqvist	211,602	211,602
Tom Ward	209,470	209,470
Philipp Engedal	–	–
Niels Peter Nielsen	–	–
Martin Pagrotsky	42,326	42,326
Annika Kolmert	1,667	1,667
Peter Hagert	–	–
<i>Other senior executives</i>	<i>618,387</i>	<i>618,387</i>
Total number of shares	7,500,853	6,878,013

REMUNERATION TO THE CEO AND OTHER SENIOR EXECUTIVES

Senior executives in Nobina include the CEO, CFO, Managing Directors of subsidiaries and positions reporting directly to the CEO. The total remuneration to the CEO and other senior executives includes fixed salaries, short and long-term variable remuneration, pensions and other benefits. In the event of termination of employment, senior executives in Nobina are entitled to not more than 12 months' compensation. As a basic principle, a six-month mutual termination period applies between the company and the executive. In addition, a maximum of six months of remuneration is payable should employment be terminated by the company. For the CEO and certain other senior executives employed in Sweden, a supplemental pension plan is applied corresponding to the ITP plan.

Variable remuneration to the CEO

In addition to fixed remuneration, the CEO is entitled to a special bonus. Variable remuneration shall be based on the individual's performance and the company's performance in relation to predetermined and established goals. Evaluation of these goals will take place annually. Variable remuneration shall consist of a cash bonus as determined by the Board. During the year, prior equity-based remuneration to the CEO was cash settled.

Pension terms for the CEO

The retirement age for the CEO is 62 years in the Parent Company. Pension expenses for the company amount to 90 percent of salary when retirement takes place at the age of 62–63, 80 percent of salary when retirement takes place at the age of 63–64 and 70 percent of salary when retirement takes place at the age of 64–65. Nobina's commitment to the CEO ends at retirement, at the age of 65. Provision for pension in accordance with the above pension terms for the CEO amounts to SEK 7 (5) million. In addition, there are ongoing pension expenses comprising defined contribution pensions, for which the premium is equal to 30 percent of pensionable salary. For the CEO, the defined-contribution pension expense amount to SEK 1.3 (1.3) million. Pensionable salary comprises basic salary as long as the CEO remains in the company's employment. Termination salary is pensionable.

Sick pay for the CEO

The CEO is insured up to 90 percent of salary for a maximum of 365 days per calendar year, with no qualifying days.

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.

CEO AND VICE PRESIDENTS

Senior executives (Group management) in the Parent Company are the CEO, the CFO who is also the Vice President of the Group and the Managing Director of Nobina Sverige AB who is also the Vice President of the Group.

Pension terms for other members of Group management

Pension expenses comprise defined-contribution pensions, for which the premium is equal to 30 percent of pensionable salary. Endowment insurance has in some cases been used for senior executives when the level of the pension from the company has promised exceeds the permitted amounts of the Income Tax Act.

NOTE 08 Depreciation/amortization and impairment of PPE and intangible assets

SEK million	Group		Parent Company	
	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28
Goodwill	–	–	–	–
Other intangible assets	8	7	–	6
Costs for improvements on third-party properties	5	5	–	–
Equipment, tools, fixtures and fittings	17	20	–	8
Vehicles	486	459	–	–
Total	516	491	–	14

Impairment losses for the year on available-for-sale buses belong to these segments: Nobina Sweden SEK 3 (5) million, Nobina Finland SEK 0 (2) million, Nobina Denmark SEK 0 (1) million and Nobina Norway SEK 2 (3) million.

NOTE 09 Interest income and similar profit/loss items

SEK million	Group		Parent Company	
	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28
Financial income	5	4	–	–
Interest income	3	5	–	2
Interest income from Group companies	–	–	37	59
Total	8	9	37	61

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/loss items, SEK 4 (4) million was received during the year.

NOTE 10 Interest expenses and similar profit/loss items

SEK million	Group		Parent Company	
	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28	2014-03-01 -2015-02-28	2013-03-01 -2014-02-28
Interest expense, finance leases	–144	–155	–	–
Amortization of bond loan and other external loans	–89	–69	–	–
Other financial expenses	–6	–16	–	–
Interest expenses to Group companies	–	–	–2	–18
Realized and unrealized exchange gains/losses, net	1	–8	–	1
Total	–238	–248	–2	–17

Paid interest expenses amount to SEK –213 (–229) million. The interest expenses pertain to liabilities that have been recognized at amortized cost.

NOTE 11 Taxes

<i>SEK million</i>	<i>Group</i>		<i>Parent Company</i>	
	<i>2014-03-01 -2015-02-28</i>	<i>2013-03-01 -2014-02-28</i>	<i>2014-03-01 -2015-02-28</i>	<i>2013-03-01 -2014-02-28</i>
Current tax on profit for the year	–	0	–	0
Adjustments to previous years' tax	–1	0	–	0
Total current tax	–1	0	–	0
<i>Deferred tax</i>				
Recognition of prior, unrecognized deferred taxes	–	7	–	0
The periods change through profit or loss	–46	–38	40	0
Change in comprehensive income for the period	4	–	–	0
Total deferred tax	–42	–31	40	0
Total income tax	–43	–31	40	0

The corporate tax rate in Norway is 27 percent, in Denmark 25 percent, in Finland 20 percent and in Sweden 22 percent. The Group's tax expense amounted to SEK 47 (31) million, which was 33.3 (35.6) percent of profit for the year. Current tax amounted to SEK 1 (0) million.

<i>Tax assets and tax liabilities</i>	<i>Group</i>		<i>Parent Company</i>	
	<i>2015-02-28</i>	<i>2014-02-28</i>	<i>2015-02-28</i>	<i>2014-02-28</i>
<i>Deferred tax assets, gross</i>				
Postponed depreciation/amortization, impairment and adjustments to fair value, other PPE	8	1	–	–
Postponed expenses for provisions	2	7	–	–
Doubtful debts	–	1	–	–
Other deferred tax assets attributable to pensions	5	2	–	–
Tax loss carryforwards	447	476	40	–
Total	462	487	40	–
Deduction for tax loss carryforwards not recognized	–374	–374	–	–
Total deferred tax assets	88	113	40	–
<i>Deferred tax assets, net</i>				
Opening carrying amount	113	124	–	–
The period's change through profit or loss of prior unrecognized deferred taxes	–	7	40	–
The periods change through profit or loss	–25	–20	–	–
Reserved offset of tax liabilities/assets, other reclassification	–	2	–	–
Closing carrying amount, net	88	113	40	–
<i>Deferred tax liabilities, gross</i>				
Faster rate of depreciation/amortization and adjustments to fair value, other PPE	–82	–65	–	–
Total deferred tax liabilities	–82	–65	–	–
<i>Deferred tax liabilities, net</i>				
Opening carrying amount	–65	–47	–	–
The periods change through profit or loss	–17	–18	–	–
Reserved offset of tax liabilities/assets, other reclassification	–	–	–	–
Closing carrying amount, net	–82	–65	–	–
Total net tax assets and tax liabilities	6	48	40	–
Net increase (+)/net decrease (–) of tax assets/liabilities	–42	–31	40	–

NOTE 11 *cont.*

<i>Non-recognized, deferred tax assets, SEK million</i>	<i>Group</i>		<i>Parent Company</i>	
	<i>2015-02-28</i>	<i>2014-02-28</i>	<i>2015-02-28</i>	<i>2014-02-28</i>
Opening non-recognized amount	374	350	58	70
Utilization/addition of previously non-capitalized loss carryforwards	-6	28	-4	-7
Group contributions	-	-	-11	-4
Non-taxable revenue and non-deductible expenses	1	-	-	-
Other temporary differences	-6	-	-2	-
Reclassifications from previous years	6	20	-1	-1
Change in applicable tax rates	-	-5	-	-
Change for the period, recognized through profit or loss	-	-7	-40	-
Exchange-rate differences	5	-12	-	-
Total deferred non-recognized tax assets	374	374	-	58
Offset of deferred tax liabilities	-	-	-	-
Total deferred non-recognized tax assets	374	374	-	58

<i>Expected maturity of both recognized and unrecognized tax loss carryforwards, SEK million</i>	<i>Group</i>		<i>Parent Company</i>	
	<i>2015-02-28</i>	<i>2014-02-28</i>	<i>2015-02-28</i>	<i>2014-02-28</i>
2015/16	-	7	-	-
2016/17	4	17	-	-
2017/18	18	17	-	-
2018/19	-	9	-	-
2019/20	9	10	-	-
2020/21	11	13	-	-
2021/22	14	-	-	-
Unlimited	1,975	1,995	180	265
Total	2,031	2,068	180	265

<i>Deferred, net, tax loss carryforwards by country, SEK million</i>	<i>Group</i>		<i>Parent Company</i>	
	<i>2015-02-28</i>	<i>2014-02-28</i>	<i>2015-02-28</i>	<i>2014-02-28</i>
Sweden	82	95	40	-
Denmark	-	-	-	-
Norway	-	-	-	-
Finland	6	7	-	-
Total deferred tax loss carryforwards, recognized	88	102	40	-

The Group's tax expense amounts to 22 percent of its profit before tax. The difference between the reported tax expense and expected tax expense is explained below.

	<i>Group</i>		<i>Parent Company</i>	
	<i>2014-03-01- 2015-02-28</i>	<i>2013-03-01- 2014-02-28</i>	<i>2014-03-01- 2015-02-28</i>	<i>2013-03-01- 2014-02-28</i>
Profit/loss before tax	141	87	68	51
Average income tax	-31	-19	-15	-11
Tax effect of:				
Non-taxable revenue and non-deductible expenses	1	0	0	0
Other temporary differences	3	2	-2	0
Temporary differences in deferred tax assets	0	1	0	0
Reclassifications from previous years	0	0	-1	-1
Utilization loss carry forward, for which tax not previously reported	0	7	0	0
The deficit in 2014/2015 closing has been capitalized by a legal entity, but this has no impact on the Group	0	0	58	0
Unrecognized loss carryforwards	-20	-22	0	12
Total	-47	-31	40	0
Percent	33.3%	35.6%	-58.8%	0.0%

NOTE 12 Intangible assets

Distribution of goodwill per segment, SEK million	Group	
	2015-02-28	2014-02-28
Nobina Sweden	383	383
Nobina Denmark	–	–
Nobina Norway ¹	131	128
Nobina Finland	29	29
Total Regional traffic	543	540
Swebus	45	45
Total Interregional traffic	45	45
Total Group goodwill	588	585

1) The change in Nobina Norway's goodwill was due to a change in exchange rates.

Group management has carried out the usual test of goodwill for impairment. In the assessment of cash-generating units' recoverable amount (used for the assessment of any impairment requirement of goodwill), several assumptions of future conditions and estimates of variables were made in order to forecast future cash flows. Forecasts for future cash flows are based on the best possible assessments of future income and operating expenses, which in turn are based on the company's business plans, historical trends, general market conditions and other available information. The discounted cash-flow value, given an explicit five-year forecast period and the derived terminal value, are based on each company's income before amortization, which affects the units' existing and future market shares. The growth rate was calculated separately for each business area over a five-year period. Thereafter, the rate of growth was estimated at zero percent. The cash flow forecasts are calculated at present value with a yield requirement, WACC, of 7.5 (7.5) percent before tax. There is an adequate margin between the value-in-use and carrying amount. Management assesses that the impact of potential changes in forecast profit margins, sales growth and discount rate, would not impact the recoverable amount such that it is reduced to a value that is lower than the carrying amount.

	2015-02-28				2014-02-28			
	Nobina Sweden	Nobina Norway	Nobina Finland	Swebus	Nobina Sweden	Nobina Norway	Nobina Finland	Swebus
Forecasted operational profit margin	5.8%	1.6%	5.4%	4.1%	5.0%	1.3%	5.0%	8.0%
Sales growth over 5-year period	4.3%	4.6%	5.5%	4.4%	2.4%	2.7%	3.0%	4.3%
Discount rate before tax for present value calculation of the estimated future cash flows	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%

Other intangible assets (pertain primarily to internal software development), SEK million	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
Cost				
Opening cost	54	49	52	48
Procurement	5	5	–52	–
Sales/disposals	–2	–	–	4
Reclassification	–	–	–	–
Closing cost	57	54	–	52
Accumulated amortization				
Opening accumulated amortization	–35	–28	–34	–28
Sales/disposals	2	–	34	–
Amortization for the year	–8	–7	–	–6
Reclassification	–	–	–	–
Closing accumulated amortization	–41	–35	–	–34
Residual value according to plan	16	19	–	18

NOTE 13 Property, plant and equipment

	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
Cost for improvements on third-party properties, SEK million				
Cost				
Opening cost	37	36	–	–
Procurement	9	1	–	–
Sales/disposals	–6	–	–	–
Translation difference	–	–	–	–
Closing cost	40	37	–	–
Accumulated amortization				
Opening accumulated amortization	–20	–15	–	–
Amortization for the year	–5	–5	–	–
Sales/disposals	6	–	–	–
Reclassification	–	–	–	–
Closing accumulated amortization	–19	–20	–	–
Residual value according to plan	21	17	–	–

	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
Equipment, tools, fixtures and fittings, SEK million				
Cost				
Opening cost	160	183	40	73
Procurement	46	11	–	2
Sales/disposals	–40	–13	–40	–35
Reclassification	–	–21	–	–
Translation difference	1	–	–	–
Closing cost	167	160	–	40
Accumulated amortization				
Opening accumulated amortization	–128	–127	–36	–47
Sales/disposals	40	13	36	19
Amortization for the year	–17	–20	–	–8
Reclassification	–	6	–	–
Translation difference	–1	–	–	–
Closing accumulated amortization	–106	–128	–	–36
Residual value according to plan	61	32	–	4

	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
Vehicles, SEK million				
Cost				
Opening cost	5,918	5,791	–	–
Procurement	980	274	–	–
Sales/disposals	–405	–149	–	–
Reclassification	–	15	–	–
Translation difference	65	–13	–	–
Closing cost	6,558	5,918	–	–
Accumulated amortization				
Opening accumulated amortization	–1,949	–1,609	–	–
Sales/disposals	254	107	–	–
Amortization for the year	–481	–448	–	–
Translation difference	–18	1	–	–
Closing accumulated amortization	–2,194	–1,949	–	–
Accumulated impairment				
Opening accumulated impairment	–19	–14	–	–
Sales/disposals	14	6	–	–
Impairment for the year	–5	–11	–	–
Closing accumulated impairment	–10	–19	–	–
Residual value according to plan	4,354	3,950	–	–

Financial leasing is included in the aforementioned amounts, see Note 6, and impairment of available-for-sale buses, see Note 8. Impairment pertains to buses where the net realizable value is less than the carrying amount, see Note 1, Excess vehicles (buses).

NOTE 14 Participations in Group companies

SEK million	Parent Company		Profit from participations in Group companies, SEK million	Parent Company	
	2015-02-28	2014-02-28		2014-03-01 -2015-02-28	2013-03-01 -2014-02-28
Cost					
Opening balance	2,388	2,357	Nobina Fleet AB, Group contribution	–	18
Capital infusion	–	31	Impairment of shareholder contribution to Nobina Fleet AB	–	–10
Intra-Group sale of Nobina Europe Holding AB	–2,351	–	Nobina Fleet AB, Group contribution	50	–
Intra-Group purchase of Nobina Europe Group	3,658	–	Nobina Europe Holding AB, dividend received	1,928	–
Intra-Group purchase of Saltsjöbuss AB	0	–	Nobina Europe AB, impairment of shares after dividend received	–1,937	–
Closing cost	3,695	2,388	Total	41	8
SEK million	2015-02-28	2014-02-28	During the year, Nobina AB conducted an intra-Group sale of Nobina Europe Holding AB after having taken over the shares in Nobina Europe Group. The transfer was made at book value. Afterwards, Nobina AB wrote down the book value due to the dividend. Share of votes is the same as ownership share. Nobina Europe AB and its subsidiaries have restrictions on their options to raise additional loans, enter into finance lease agreements or sale-and-leaseback agreements, make certain types of investments and divest assets. In addition, Nobina Europe AB and its subsidiaries have certain restrictions on issuing dividends. All of these covenants were fulfilled at 28 February 2015 and during the fiscal year.		
Accumulated impairment					
Opening balance	–414	–404			
Impairment for the year	–	–10			
Intra-Group sale of Nobina Europe Holding AB	414	–			
Closing accumulated impairment	0	–414			
Carrying amount	3,695	1,974			

SEK million	Corporate registration number	Business	Equity	Number of shares	Profit/loss for the year	Value of ownership share (%)	Share capital	Book value 28 Feb 2015
Subsidiaries of Nobina Fleet AB:								
Nobina Fleet AB (Stockholm)	556031-1812	Holding of buses	9	70,000	–4	100	7	37
Saltsjöbuss AB (Stockholm)	556210-1500	Dormant companies	0	2,500	0	100	0	0
Subsidiaries of Saltsjöbuss AB:								
Karlstadsbuss AB (Stockholm)	556051-2039	Dormant companies	3	3,000	0	100	3	
Nobina Busco AB (Stockholm)	556583-0527	Holding of buses	–2	1,000	–4	100	0	
Subsidiaries of Nobina AB:								
Nobina Europe AB (Stockholm)	556031-8569	Service company	210	160,000	–81	100	16	3,658
Subsidiaries of Nobina Europe AB:								
Swedish commercial companies								
Swebus Express AB (Stockholm)	556358-3276	Interregional traffic	10	5,000	0	100	5	
Nobina Sverige AB (Stockholm)	556057-0128	Regional traffic	621	3,000	51	100	0	
Subsidiaries of Nobina Sverige AB:								
Nobina Spår AB (Stockholm)	556416-2419	Dormant companies	1	1,000	0	100	0	
Nobina Europe Holding AB (Stockholm)	556028-1122	Dormant companies	110	300	–218	100	0	
Foreign commercial subsidiaries								
Nobina Finland Oy Ab (Helsinki)	0505988-8	Regional traffic	117	2,000	23	100	32	
Subsidiaries of Nobina Finland Oy Ab:								
Nobina Finland West Oy Ab (Helsinki)	2175179-4	Regional traffic	4	2,600	0	100	0	
Nobina Finland South Oy Ab (Helsinki)	2175178-6	Regional traffic	4	2,600	0	100	0	
Nobina Finland East Oy Ab (Helsinki)	2175186-6	Regional traffic	1	2,600	0	100	0	
Nobina Norge AS (Oslo)	915768237	Regional traffic	37	4,268	–50	100	47	
Subsidiaries of Nobina Norge AS:								
Nobina (Norway) AS (Oslo)	992097353	Regional traffic	7	100	2	100	0	
Nobina Danmark Holding ApS (Glostrup)	36078480	Dormant companies	9	100	0	100	0	
Subsidiaries of Nobina Danmark Holding ApS:								
Nobina Danmark A/S (Glostrup)	29513376	Regional traffic	12	10,001	–15	100	1	
Nobina Fleet Danmark ApS (Glostrup)	31586429	Holding of buses	1	1,250	1	100	0	
Subsidiaries of Nobina Fleet Danmark ApS:								
Nobina Fleet Danmark No 1 ApS (Glostrup)	36077719	Holding of buses	0	100	0	100	0	
Nobina Fleet Danmark No 2 ApS (Glostrup)	36089482	Holding of buses	0	100	0	100	0	
Nobina Fleet Danmark No 3 ApS (Glostrup)	36089490	Holding of buses	0	100	0	100	0	
Total								3,695

NOTES

NOTE 15 Receivables from Group companies

SEK million	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
Opening balance	–	–	434	444
Change for the year	–	–	–320	–10
Closing balance	–	–	114	434

NOTE 16 Inventories

SEK million	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
Spare parts	29	28	–	–
Fuel	20	25	–	–
Total	49	53	–	–

NOTE 17 Accounts receivable

SEK million	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
Trade receivables	523	384	–	–
Provision for doubtful debts	–4	–9	–	–
Total	519	375	–	–

Accounts receivable aging analysis, SEK million	Accounts receivable 2015-02-28	Not due during reporting period	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
Trade receivables	523	489	23	2	1	0	8

Accounts receivable aging analysis, SEK million	Accounts receivable 2014-02-28	Not due during reporting period	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
Trade receivables	384	343	27	2	5	0	7

Provision for doubtful debts, SEK million	Group	
	2015-02-28	2014-02-28
Opening balance	–9	–12
Reversals for the year	4	8
Loan losses	1	0
Provisions for the year	–	–5
Total closing balance	–4	–9

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

NOTE 18 *Prepaid expenses and accrued income*

SEK million	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
Accrued transport income	115	114	–	–
Other prepaid expenses	121	121	8	12
Total	236	235	8	12

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

NOTE 19 *Cash and cash equivalents and restricted bank accounts*

SEK million	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
Cash and cash equivalents	453	309	–	1
Restricted bank accounts	115	156	25	52

The item cash and cash equivalents recognizes holdings in the company's checking accounts tied to the Group account, in which Nobina Europe AB is the account principal. Restricted bank accounts comprise deposits for bank guarantees and leasing contracts. Bank guarantees have been issued for such purposes as guarantees for Nobina Norge AS and Nobina Danmark A/S's commitments pertaining to traffic contracts

in Norway and Denmark respectively, Nobina Sverige AB's and Swebus Express' commitments under the Swedish Transport Guarantee Act and Nobina Sverige AB's undertakings concerning electricity procurement. Nobina Norway also has restricted bank accounts for tax payments. Nobina AB's restricted bank accounts are deposits for leases.

NOTE 20 *Equity***Share capital**

According to the Articles of Association for Nobina AB, share capital must be at least SEK 100,000,000 and at most SEK 400,000,000. According to the Articles of Association, the number of shares in the company must be at least 250,000,000 and at most 1,000,000,000. The company's shares consists of ordinary shares, which entitle the holder to one vote per share, each with a quotient value of SEK 0.36.

<i>Reconciliation of number of shares 2014-02-28</i>	<i>Ordinary shares</i>
Opening balance	632,611,285
Closing balance	632,611,285

<i>Reconciliation of number of shares 2015-02-28</i>	<i>Ordinary shares</i>
Opening balance	632,611,285
New issue of shares to senior executives	622,840
Closing balance	633,234,125

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 recognized in the Parent Company as a reduction of non-restricted shareholders' equity until the date on which a payment is made to shareholders.

CAPITAL MANAGEMENT

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

NOTE 21 Earnings per share

	Group	
	2014-03-01 –2015-02-28	2013-03-01 –2014-02-28
Average number of ordinary shares during the period (000s)	633,014	632,611
Recognized profit/loss (SEK million)	94	56
Earnings (SEK million)	94	56
Earnings per share (SEK) before and after dilution	0,15	0,09

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

NOTE 22 Provisions for pensions and similar commitments

	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
Commitments and pension expenses				
Present value of pension commitments	154	147	7	5
Fair value of plan assets	–118	–124	–	–
Net provisions (+)/assets (–) for pension commitments	36	23	7	5
Of which recognized as provisions	36	28	7	5
Of which recognized as assets	–	5	–	–

Pension expenses are included in personnel costs and comprise the following:

SEK million	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
Cost pertaining to services rendered during the current period	1	1	2	2
Interest expense	5	5	–	–
Expected return on plan assets	–5	–6	–	–
Deductions from pension obligations due to changes in terms	–4	–	–	–
Actuarial losses (gains), net	18	11	–	–
Social security contributions	3	–	–	–
Pension expenses, net	18	11	2	2

Significant actuarial assumptions

The actuarial calculation of pension commitments and pension expenses is based on the following significant assumptions, stated as the weighted mean values for the various pension plans.

For each country, the discount rate is based on the estimated discount rate on the yield of mortgage bonds. With a change in the discount rate of + 1 percent, the impact on pension obligation is SEK –12 (–11) million; with a change in the discount rate of –1 percent, the impact on pension obligation SEK 14 (13) 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 obliga-

tions 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. Change in the average commitment of service by 1 year affects the pension obligation by SEK 3 (2) million and for a change of –1 year, the corresponding amount is SEK –3 (–2) million.

Indexation of pension benefits reflects the inflationary rate in each country, Norway and Sweden.

Nobina's pension expense, not including actuarial gains (losses), which is reported in the statement of consolidated comprehensive income, amounts to SEK 187 (210) million, of which SEK 0 (1) million is defined benefit plans. The Group's pension plans are described in more detail in Note 1, Company information and accounting policies.

	2015-02-28		2014-02-28	
	Sweden	Norway	Sweden	Norway
The key actuarial assumptions used in calculation of the pension liability were as follows:				
Discount rate	2.8%	4.0%	2.8%	3.9%
Expected rate of salary increases	1.5%	3.8%	3.0%	3.5%
Future rate of pension increases	1.5%	3.5%	1.5%	3.3%

NOTE 22 *cont.*

<i>Present value of pension commitments:</i> <i>SEK million</i>	<i>Group</i>		<i>Parent Company</i>	
	<i>2015-02-28</i>	<i>2014-02-28</i>	<i>2015-02-28</i>	<i>2014-02-28</i>
Opening balance	147	157	5	3
Benefits earned during the year	1	1	2	2
Deductions from pension obligations due to changes in pension terms	-4	-	-	-
Interest expenses	5	5	-	-
Benefits paid	-14	-18	-	-
Actuarial gains (-)/losses(+)	14	9	-	-
Social security contributions	3	-	-	-
Exchange-rate differences	2	-7	-	-
Total at year-end	154	147	7	5

<i>Fair value of plan assets:</i> <i>SEK million</i>	<i>Group</i>	
	<i>2015-02-28</i>	<i>2014-02-28</i>
Opening balance	124	138
Expected return on plan assets	5	6
Funds contributed by employer	2	3
Funds paid	-11	-14
Actuarial gains (+)/losses (-)	-4	-2
Exchange-rate differences	2	-7
Total at year-end	118	124

<i>Net assets/provisions for pension commitments</i> <i>SEK million</i>	<i>Group</i>		<i>Parent Company</i>	
	<i>2015-02-28</i>	<i>2014-02-28</i>	<i>2015-02-28</i>	<i>2014-02-28</i>
Opening balance	23	19	5	3
Benefits paid	-14	-18	-	-
Deductions from pension obligations due to changes in pension terms	-4	-	-	-
Funds contributed by employer	-1	-4	2	2
Funds paid	11	14	-	-
Actuarial losses/gains (net)	18	12	-	-
Social security contributions	3	-	-	-
Exchange-rate differences	-	-	-	-
Closing balance, net assets (-)/provisions (+) for pension commitments	36	23	7	5

ALLOCATION OF PLAN ASSETS

<i>Actual market value of plan assets on the balance-sheet date:</i> <i>SEK million</i>	<i>Group</i>			
	<i>2015-02-28</i>	<i>%</i>	<i>2014-02-28</i>	<i>%</i>
Interest-bearing securities, cash and cash equivalents	106	89	111	89
Shares and other investments	12	11	13	11
Total	118	100	124	100

<i>Allocation of plan assets and pension obligations per segment, SEK million</i>	<i>Group</i>			
	<i>Plan assets</i>		<i>Pension obligations</i>	
	<i>2015-02-28</i>	<i>2014-02-28</i>	<i>2015-02-28</i>	<i>2014-02-28</i>
Nobina Sweden	11	13	39	39
Nobina Denmark	-	-	-	-
Nobina Norway	107	111	115	108
Nobina Finland	-	-	-	-
Total plan assets	118	124	154	147

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

<i>Future payments, SEK million</i>	<i>Group</i>					
	<i>2015/16</i>	<i>2016/17</i>	<i>2017/18</i>	<i>2018/19</i>	<i>2019/20</i>	<i>Later</i>
Expected net paid benefits	6	5	6	8	7	28

NOTE 23 Other provisions

Other provisions, SEK million ¹	Group		Provision for damage to vehicles and third parties, SEK million	Group	
	2015-02-28	2014-02-28		2015-02-28	2014-02-28
Provision for onerous contracts	–	1	Opening balance	27	27
Provision for damage to vehicles and third-parties	29	27	Reversals for the year	–	–
Provision for environmental commitments	10	10	Provisions for the year	2	–
Total	39	38	Exchange difference	–	–
1) It is therefore not possible to provide detailed information on the timing of outflows from provisions.			Closing balance	29	27

Provision for onerous contracts, SEK million	Group		Provision for environmental commitments for leased land and facilities, SEK million	Group	
	2015-02-28	2014-02-28		2015-02-28	2014-02-28
Opening balance	1	8	Opening balance	10	10
Reversals for the year	–1	–7	Reversals for the year	–	–
Provisions for the year	–	–	Provisions for the year	–	–
Closing balance	–	1	Closing balance	10	10

NOTE 24 Borrowing – bond loan and other liabilities

Maturity	Group 2015-02-28		Group 2014-02-28	
	Bond loan and other external loans	Finance lease liability	Bond loan and other external loans	Finance lease liability
2015/16	24	808	–	696
2016/17	24	812	–	721
2017/18	23	480	552	698
2018/19	23	476	–	378
2019/20	569	–	–	–
Later	53	1,123	–	1,030
	716	3,699	552	3,523
Accrual of financial expenses	–16	–	–27	–
Total liability	700	3,699	525	3,523
Of which short-term repayment by installment of portion of the Group's borrowings	24	610	–	565
Of which long-term portion	676	3,089	525	2,958
Total liability	700	3,699	525	3,523

Loan currency	Group 2014-03-01-2015-02-28			Group 2013-03-01-2014-02-28		
	Nominal amount	Amount SEK million	Interest, weighted average	Nominal amount	Amount SEK million	Interest, weighted average
Corporate bonds and other external loans in SEK		560	8,7		552	12,6
Other external loans in DKK	124	156	4,3	–	–	–
Financial lease liabilities in SEK	–	2,635	3,8	–	2,388	4,2
Finance lease liability in EUR	45	421	3,4	44	395	3,2
Finance lease liability in NOK	503	551	5,0	595	640	5,1
Finance lease liability in DKK	73	92	3,8	83	100	3,7
Total loan liability		4,415			4,075	5,3

Non-current liabilities consist of corporate bonds in Nobina Europe AB for a nominal amount of SEK 550 million, issued on 13 May 2014 in conjunction with refinancing a prior bond. The corporate bonds have a fixed interest rate of 8 percent, paid semi-annually (13 May and 13 November) and full payment of the liability is due on 13 May 2019. Nobina Europe may repay the bond in advance, under certain circumstances. As of 28 February 2015, the total amount of outstanding corporate bonds in SEK was 550 million. Having issued these corporate bonds, Nobina Europe AB and its subsidiaries are obligated to fulfill a number of financial cove-

nants. For example, because of these covenants, Nobina Europe AB and its subsidiaries have restrictions on their options to raise additional loans, enter into finance lease agreements or sale-and-leaseback agreements, make certain types of investments and divest assets. In addition, Nobina Europe AB and its subsidiaries have certain restrictions on issuing dividends. All of these covenants were fulfilled as of 28 February 2015 and during the fiscal year. Borrowing costs are expensed over the term of a loan, unless the loan is redeemed prematurely, in which case the capitalized cost is expensed in its entirety.

NOTE 25 Other non-current liabilities

SEK million	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
Employee withholding taxes	102	88	1	2
Other current liabilities	72	67	1	3
Total	174	155	2	5

NOTE 26 Accrued expenses and deferred income

SEK million	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
Deferred income	295	218	–	–
Accrued salaries	366	326	5	8
Other accrued personnel costs	166	146	2	8
Accrued interest expense	13	20	–	–
Other accrued expenses	220	185	2	3
Total	1,060	895	9	19

NOTE 27 Pledged assets and contingent liabilities

SEK million	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
<i>Pledged assets for bond loans</i>				
Pledged assets pertaining to shares/net assets in subsidiaries	899	1,078	–	–
Other pledged assets	–	378	–	–
Chattel mortgage	–	357	–	–
<i>Other pledged assets</i>				
Other pledged assets	265	–	83	147
<i>Contingent liabilities</i>				
Guarantee of lease obligations and other obligations	–	–	3,984	3,791
Total	1,164	1,813	4,067	3,938

In addition to pledged leasing guarantees, Nobina AB has also pledged a Parent Company guarantee for the purchase of diesel for Nobina Norge AS through UnoX, NOK 35 million, and for the fulfillment guarantees of NOK 45 million issued by Atradius for Norwegian and Danish public transport authorities. Nobina Sverige AB has issued a floating charge of SEK

150 million as security for credit in the same amount at Danske Bank. As security for Nobina Europe AB's issued bonds, all shares in Nobina Sverige AB, Nobina Finland Oy, Nobina Norge AS, Swebus Express AB and Nobina Danmark A/S have been pledged as security for the bonds.

In conjunction with issuing the corporate bond the following shares in subsidiaries have been pledged:	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
Shares in Nobina Sverige AB	621	570	–	–
Shares in Swebus Express AB	10	9	–	–
Shares in Nobina Finland Oy Ab	87	65	–	–
Shares in Nobina Busco AB	–	5	–	–
Shares in Nobina Norge AS	169	141	–	–
Shares in Nobina Danmark A/S	12	11	–	–
Shares in Nobina Spår AB	–	1	–	–
Shares in Nobina Europe AB	–	276	–	–
Total	899	1,078	–	–

NOTE 28 *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. At 28 February 2015, the company had outstanding derivative instruments through Nordpool. During the year, the company had outstanding electricity derivatives, but no diesel, interest rate or currency derivatives.

Nobina is mainly exposed to the following financial risks:

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

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 2015. The credit facility is of a 364 days nature, when it may be extended by the bank after credit approval. Available credit facility was SEK 132 million as of 28 February, 2015.

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 states that the company may enter into hedge contracts for fuel, currency and interest rate exposure.

INTEREST RATE 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 loans. The Group is primarily exposed to interest rate risk through the company's finance and operating leases since the leasing fees are based on a variable market rate of interest. An increase in the variable interest rate by 1 percentage point would increase the Group's interest expense by approximately SEK 41 million before the effect of index compensation. Interest rate risk is partially compensated by the inflation component of revenue indexation in the traffic contracts, and there is also an interest component in the index basket of some traffic contracts. The Group's bond loan runs with fixed coupon interest and thereby entails no interest rate risk.

Refinancing risk

The Group is exposed to refinancing risk, since Nobina Europe's existing bond loan of SEK 550 million falls due on 13 May 2019.

For lease financing there's no particular refinancing risk since the lease contracts are ten years and Nobina intends to purchase the buses when the lease contracts expire. In addition, there's always a committed bus financing available when a new tender is submitted.

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 public transport authorities. Provisions have been made for accounts receivable deemed to be doubtful and this has had an impact of SEK -4 (-9) million on operating profit/loss.

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.

Transaction exposure – Subsequent to the bond refinancing in 2014, the entire bond loan is financed in SEK. According, the prior currency risk has been eliminated.

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.

Translation exposure – Nobina AB's and Nobina Europe AB's currency exposure on translation of foreign subsidiaries is normally not hedged. The exchange rate difference in foreign subsidiaries in the comprehensive income amounted to SEK 6 (-8) million for fiscal year. A weakening/strengthening of the SEK by 10 percent when translating the income statements of foreign subsidiaries would affect the Group's profit after financial items by approximately SEK 5 million.

RAW MATERIALS RISK

The Group is exposed to fluctuations in the prices of raw materials through its purchases of diesel. 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 agreements. The index baskets are relatively well matched with the Group's costs. But, due to the delay in index regulation, there is a certain negative impact on earnings when costs increase. The company had no outstanding diesel derivatives as of 28 February 2015.

INDEXATION RISK

The contractual agreements include cost compensation in accordance with agreed indices (which normally include inflation, salary and fuel, as well as occasionally additional components such as interest). Because these indices do not follow cost trends in the industry to 100 percent, there is a risk that full compensation for cost increases is not received, since the industry's costs can rise faster than the index compensation received from clients. Additionally, there is a certain delay in revenue compensation, which leads to a negative result effect when costs increase. The opposite is valid for decreasing costs.

NOTE 29 Financial instruments

GROUP	Fair value hierarchy	Carrying amount	
Financial assets, SEK million		2015-02-28	2014-02-28
Loan and accounts receivable			
Non-current receivables		–	–
Trade receivables		519	375
Other receivables		76	74
Restricted cash and cash equivalents		115	156
Cash and cash equivalents		453	309
Financial assets measured at fair value through profit and 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	–	1
Total Group		1,163	915

GROUP	Fair value hierarchy	Carrying amount	
		2015-02-28	2014-02-28
Financial liabilities, SEK million			
Other financial liabilities			
Interest-bearing liabilities, loans		4,416	4,074
Accounts payable		476	470
Other liabilities		174	155
Financial liabilities measured at fair value through profit and loss	2	–	–
Total Group		5,066	4,699

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).

FAIR VALUE

The carrying amounts of financial assets and liabilities essentially correspond to their fair values. For the bond loan more information is provided below.

Fair value is determined on the basis of official market quotes on the reporting date. If no such information exists, fair value is determined through discounting of future cash flow to the listed market interest rate for the respective maturities or through some other method deemed to provide the best estimation of fair value in each individual case. Translation to SEK occurs at the exchange rate prevailing on the reporting date.

PARENT COMPANY	Fair value hierarchy	Carrying amount	
		2015-02-28	2014-02-28
Financial assets, SEK million			
Loan and accounts receivable			
Receivables from Group companies, interest-bearing		340	616
Other receivables		–	–
Restricted cash and cash equivalents		25	52
Cash and cash equivalents		–	1
Financial assets measured at fair value through profit and loss	2	–	–
Total Group		365	669

PARENT COMPANY	Fair value hierarchy	Carrying amount	
		2015-02-28	2014-02-28
Financial liabilities, SEK million			
Other financial liabilities			
Liabilities to Group companies, interest-bearing		1,372	28
Accounts payable		5	16
Other liabilities		2	5
Financial liabilities measured at fair value through profit and loss	2	–	–
Total Group		1,379	49

Nobina Europe AB has a bond loans for a nominal amount of SEK 550 million, which is listed on NASDAQ Stockholm. The fair value is estimated to be the same as the nominal value of the bonds. There was some trading on the bond during the year and the price has been steady at around 101 percent of the nominal amount. Premium refers to investors' valuation of the bond given an interest coupon of 8 percent. However, it does not affect Nobina Europe's obligations to repay the nominal amount.

Fair value on the finance lease liability is calculated on variable interest rates with an unchanged credit margin, which means that the carrying amount of the liability corresponds to the fair value.

NOTE 30 *Related party transactions*

Funds managed by Sothic Capital, Invesco, and Avenue Capital, participated along with other investors in the refinancing of Nobina Europe's bond loan during the 2014 financial year, which resulted in new bonds in Nobina Europe AB for a nominal amount of SEK 550 million.

The largest shareholders in Nobina AB are Sothic Capital, Invesco, Anchorage Capital, Avenue Capital and Blue Mountain Capital. There has been a high level of trading for both shares and bonds. Consequently, it is estimated that joint ownership between bonds and shares has fallen to under 20 percent.

A member of Nobina AB's Board has been nominated by Sothic Capital. A member nominated by Anchorage Capital was elected to the Board at an extraordinary general meeting on 4 March 2014.

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 services with intra-group companies are met on a cost-plus basis, plus a 3–5 percent profit margin.

	Group		Parent Company	
	2014-03-01 –2015-02-28	2013-03-01 –2014-02-28	2014-03-01 –2015-02-28	2013-03-01 –2014-02-28
Related party transactions				
Sales of services to intra-Group companies	–	–	49	183
Purchase of services from intra-Group companies	–	–	–7	–7
Personnel costs				
Board of Directors	–3	–1	–3	–1
Senior executives	–31	–27	–13	–14
Pension expenses	–6	–6	–2	–3
Social security contributions	–9	–10	–4	–5
Total related party transactions	–49	–44	–22	–23
Profit from participations in intra-Group companies	–	–	41	8
Interest income from intra-Group companies	–	–	37	59
Interest expenses to intra-Group companies	–	–	–2	–18
Interest expenses to bond-holders	–52	–69	–	–

	Group		Parent Company	
	2015-02-28	2014-02-28	2015-02-28	2014-02-28
Related party transactions				
Receivables from intra-Group companies	–	–	340	616
Liabilities to intra-Group companies	–	–	–1,372	–28
Pension provision CEO	–7	–5	–7	–5
Bond loans	–550	–552	–	–

NOTE 31 *Exchange rates*

	Average		Closing day	
	2014-03-01 –2015-02-28	2013-03-01 –2014-02-28	2015-02-28	2014-02-28
Exchange rates				
EUR	9.197	8.698	9.383	8.901
NOK	1.092	1.093	1.097	1.076
DKK	1.234	1.166	1.257	1.193

NOTE 32 *Appointed advisors*

On 1 April, the company announced that Nobina's Board had appointed advisors, who would assist with the evaluation of strategic and capital structure alternatives.

STOCKHOLM, 23 APRIL 2015

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 impres-

sion 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 27 May 2015 will resolve on the adoption of the Parent Company's and the Group's income statements and balance sheets.

Jan Sjöqvist
Chairman of the Board

John Allkins
Board member

Birgitta Kantola
Board member

Graham Oldroyd
Board member

Gunnar Reitan
Board member

Ragnar Norbäck
CEO and Board member

Our auditors' report was issued on, 5 May 2015

PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

AUDITOR'S REPORT

To the annual meeting of the shareholders of Nobina AB (publ), corporate identity number 556576-4569. Translation of the Swedish original.

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Nobina AB (publ) for the financial year 2014-03-01–2015-02-28. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 46–89.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director 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.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

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 the parent company as of 28 February 2015 and of its financial performance and its cash flows 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 28 February 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, 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 annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Other matters

The annual accounts and consolidated accounts for 2013-03-01–2014-02-28 were audited by another auditor who, in his audit report dated 29 April 2014, expressed an unmodified opinion on those annual accounts and consolidated accounts.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Nobina AB (publ) for the financial year 2014-03-01–2015-02-28.

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, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, 5 May 2015

PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

GLOSSARY

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

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

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

City transport – Transport in a densely populated area.

Client – Nobina's client being the contractual counterpart for tendered traffic contracts, also called a PTA.

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 contracts are tendered in accordance with the Swedish Public Tendering Act.

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.

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.

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

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

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, and which occurs at predetermined intervals.

Local transport – Transport in connection with densely populated areas.

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

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

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.

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 trans-

port services. These contracts are tendered in accordance with the Public Tendering Act.

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.

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

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

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

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.

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.

DEFINITIONS

Average number of employees – The number of hours paid divided by normal working hours for a full-time employee.

Degree of utilization – Number of sold passenger kilometers divided by driven kilometers.

Earnings per share – Profit for the year adjusted for dividends on preference shares divided by the average weighted number of ordinary shares.

Earnings per share after full dilution – Profit for the year adjusted for dividends of preference shares and potential ordinary shares divided by the average number of ordinary shares.

EBIT – Operating profit before net financial items and taxes.

EBITDA – Operating profit before net financial items, tax, depreciation, amortization, earnings from sale of fixed assets.

EBITDA-margin – EBITDA in relation to net sales.

EBITDAR – Operating profit before net financial items, tax, depreciation, amortization, earnings from sale of fixed assets and operating leasing expenses for buses.

EBITDAR-margin – EBITDAR in relation to net sales.

EBT – Income before tax.

Equity/assets ratio – Shareholders' equity as a percentage of total assets at the end of the fiscal year.

Net investments – Acquisition cost of investments in fixed assets less sales value of divested fixed assets.

Reallocation Rate – Buses allocated to a new contract during the year/Total number of buses.

Renewal Rate – All won tenders/All own announced tenders.

Retention Rate – Defended tenders/Own announced tenders

Yield – Revenue per driven kilometer.

ANNUAL GENERAL MEETING OF NOBINA AB

The Annual General Meeting of Nobina AB (publ) ("Nobina" or the "Company") will be held on 27 May 2015 at 2.00 p.m. CET at Nobina's offices, Armégatan 38, Solna, 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 21 May 2015.

Shareholders must also notify Nobina of their intention to participate by mail to Nobina AB (publ), Armégatan 38, SE-171 71 Solna, Sweden, by fax + 46 (0)8 546 300 55 or by e-mail to martin.pagrotsky@nobina.com, no later than on 21 May 2015. 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 21 May 2015. Shareholders must, therefore, instruct their nominees well in advance thereof.

Financial information 2015/2016

Annual General Meeting 27 May 2015
Interim report for Q1 (1 March–31 May) 26 June 2015
Interim report for Q2 (1 June–31 August) 30 September 2015
Interim report for Q3 (1 September–30 November) 22 December 2015
Year-end report 2015/2016 27 April 2016

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Press releases and reports

Follow us by registering to receive press releases and financial reports by SMS and email.
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