

Nobina

2019/2020

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This is Nobina's Annual Report for the period March 2019 to February 2020. It includes the formal Annual Report, Corporate Governance Report and the statutory Sustainability statement with the GRI index. A more detailed presentation of the company's sustainability work is available in our sustainability report at www.nobina.com

The year in brief

- Net sales amounted to SEK 10,645 (9,734) million, an increase of 9.4 percent
- Adjusted EBT amounted to SEK 464 (434) million and the adjusted EBT margin was 4.4 (4.5) percent

Key metrics¹⁾

SEK million	2019/2020	2018/2019
Net sales	10,645	9,734
EBITA	662	620
EBIT	597	575
EBT	399	389
Adjusted EBT	464	434
Profit for the year	305	298
Cash flow for the year	-753	288
Equity/assets ratio, %	14.7	14.7
Shareholders' equity	1,380	1,451
Net debt	5,534	4,828
Net debt/EBITDA, times	3.1	3.0
Average number of employees	11,676	11,581

1) Information about, and definitions of, key metrics can be found on pages 95–96.

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

Significant events

Successful contract migration

During the fiscal year, Nobina completed one of its largest ever contract migrations, with more than 1,000 buses in contracts either initiated or terminated. Supported by well-established processes and procedures, the migration could be performed with limited financial impact.

Improvements in all countries

Efficiency improvements in the existing contract portfolio, the successful implementation of previous acquisitions and a greater share of extra traffic and bus-for-rail services were some of the underlying factors that resulted in all of Nobina's markets reporting improved earnings for the 2019/2020 fiscal year.

Boost for electric buses

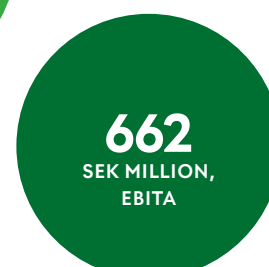
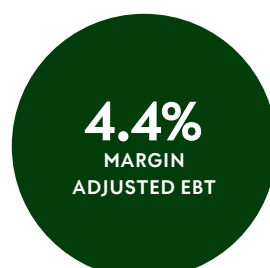
Electric buses now form part or all of the service solution in new contracts for city transport. Even if electric buses account for a relatively small share of the total bus fleet, it is growing rapidly. During the fiscal year, we began operating 100 new electric buses in our different traffic areas in the Nordic region.

Launch of Travis

Digitisation makes it possible to further simplify travel in society. In October 2019, we launched our Mobility as a Service (MaaS) solution, the first in Sweden. It merges various transport services into a single app, making it both easy and sustainable for people to travel from one place to another.

Effects of Covid-19

There is a great deal of uncertainty about the financial consequences for Nobina from actions in the society to limit the spread of Covid-19. This has led to the Board of Directors' recommendation to the AGM to refrain from paying a dividend for the 2019/2020 fiscal year. While Nobina as a supplier of critical public services stands strong in the longer term, this recommendation reflects the near-term need to take responsibility for the company and all of its stakeholders in these uncertain times.



This is Nobina

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

Our vision

Everyone wants to travel with us

Business concept

We simplify everyday travelling for our customers

We achieve our vision by being:

Transparent, innovative and reliable

We succeed
by living
according to our values:
**WE RESPECT EACH
OTHER**
WE CARE
WE ARE GOOD LEADERS

317

MILLION PASSENGERS
EVERY YEAR

11,700

EMPLOYEES, OF WHOM
9,500 BUS DRIVERS

3,700

BUSES

82%

RENEWABLE FUEL

20

TIMES NOBINA'S
BUSES TRAVEL
AROUND THE
WORLD EVERY DAY

1

MILLION
PASSENGERS
EVERY DAY

4 countries

Sweden

68 percent of Nobina's sales

Market leader with **26%** market share

67 contracts

Total market value **23 billion**¹⁾

Denmark

9 percent of Nobina's sales

Challenger with **7%** market share

12 contracts

Total market value **11 billion**¹⁾

Norway

11 percent of Nobina's sales

Challenger with **5%** market share

6 contracts

Total market value **10 billion**¹⁾

Finland

12 percent of Nobina's sales

Market leader in Helsinki area and a market share of **21%** in Finland as a whole.

27 contracts

Total market value **8 billion**¹⁾

1) The total market value is based on the company's own assessments and refers to tendered bus traffic.

Market trends in the Nordic region

- Expanding cities increase traffic volumes
- Society investing in infrastructure
- Business models focusing on passengers
- Cooperation for sustainable cities
- Electric buses are here to stay
- New opportunities through digitisation

Public transport is at the cutting edge in many areas and offers solutions to several of the challenges faced by expanding Nordic cities if they are to achieve a sustainable development of society.

Three megatrends are particularly relevant to this development – the climate challenge, urbanisation and digitisation.

The Nordic countries have also made more progress than many other countries in Europe in terms of developing public transport. New technology and digitisation provide the tools to accelerate this transition.

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



"Overall, I can confirm that we have defended our leading position in the Nordic region and have improved earnings in all markets."

A sustainable business in a time of uncertainty

As I write this statement in mid-April 2020, I can look back on yet another successful year for Nobina. In parallel, I can see that conditions for Nobina and the rest of the world have changed radically in just a few months.

I am of course referring to the implications of the spread of COVID-19, as people no longer travel and meet in groups. At present, it is impossible to predict what may happen in the longer term. For me, and the approximately 11,700 employees at Nobina, we are adapting our operations day by day to continue to provide a critical service to society in parallel with safeguarding the health and well-being of everyone. Regardless of how long this situation will continue, my basic view remains that we will be as strong coming out of it as we were entering it, for the good of society.

Another good year

Meanwhile, this being an annual report it is important to reflect over our achievements over the past fiscal year. We have achieved a great deal, and this makes me proud.

We continued to grow, net sales increased 9.4 percent to SEK 10.6 billion, and adjusted EBT rose to SEK 464 million (434). It is particularly gratifying that we achieved this despite undergoing one of the largest contract migrations in Nobina's history, with more than 1,000 buses in contracts either initiated or terminated. We have gradually created processes and procedures that allow us to be more efficient when terminating and initiating contracts. This involves continuously refining details, minimising risks and swiftly adapting operations to unforeseen events, many of them outside of our control. This also provides us with the strength to continue to grow in the longer term, and to rise to new challenges.

Moving positions forward

The past fiscal year has also been a year with substantial tender volumes, particularly in Sweden and Norway. In Sweden, we took part in 12 tender processes, and with an increasing focus on quality evaluation and incentive elements,

I can confirm that we were more than capable of defending our market shares. For example, we secured new contracts in Sjuhärad in Västergötland, and in Norrbotten and Piteå municipalities, and were awarded extended contracts to operate and develop public transport services in Halland. Our subsidiary in special public transport services, Samtrans, secured a renewed contract to drive wheelchair accessible taxis in Stockholm County. Samtrans also has a strong focus on quality, giving it competitive advantages. Another growth area is bus-for-rail services and we, for example, secured a tender for Skånetrafiken encompassing the entire Öresund and Pågatåg system in six counties for six years. Regardless of contract or services provided, in Sweden we always operate fossil-free buses. Electric buses are often included in city transport services, forming either a part or all of the solution.

We have not achieved the same level of success in tenders in Norway. I can see that competition has intensified further, and we are not interested in winning market shares solely based on low prices. Instead, we have continued to focus on streamlining the existing contract structure and operating more extra traffic, which yielded higher sales and earnings. Moreover, we are strongly committed to the ambitions of the PTA Ruter and the City of Oslo to minimise climate emissions in the capital city. During the year, we began

operating a total of 44 electric articulated buses in our traffic areas Romerike and central Oslo.

Opportunities in Finland

Electric buses represent an increasingly common element in tenders in Finland. In the Helsinki region, where we are market leader, we secured new contracts from the PTA HSL to operate city transport, where five of the 34 scheduled buses will run entirely on electricity. As more former concession contracts are opened up to competition, we can see an opportunity to expand into new Finnish cities and regions, organically or possibly through acquisitions.

The addition of new operations was one important factor behind our successful performance in Denmark over the past year. The acquisitions of Örslev Service-traffic as of March 1 and DBO at the end of the 2018/2019 fiscal year provided a substantial contribution to both sales and earnings in 2019/2020, at the same time as we continued to streamline our entire Danish business. We also secured two new tenders.

Overall, I can confirm that we have defended our leading position in the Nordic region and have improved earnings in all markets. One important reason for this is that we have become better at leveraging our strong position in Sweden to develop our offering in other countries. Quality and solutions that increase mobility are key success

"Regardless of contract or services provided, in Sweden we always operate fossil-free buses. Electric buses are often included in city transport services, forming either a part or all of the solution. a part or all of the solution."

"Quality and solutions that increase mobility are key success factors for better public transport."

Towards 100% renewable fuel

Consumption of fossil fuels is decreasing rapidly in favour of biofuels and electricity. Of Nobina's bus fleet, 82 percent currently operate on electricity or renewable fuels. The proportion in Sweden is 99 percent. CO₂ emissions per driven kilometre decreased by 12 percent during the 2019/2020 fiscal year and over the past three years have declined by a full 39 percent.

cess factors for better public transport. On the other hand, government subsidies that distort the competitive situation have no place in the market. We therefore welcome the ruling by the European Commission in Q2, following our complaint, that a municipal bus company in Finland must repay EUR 54.2 million to the municipality of Helsinki for illegal state aid.

Despite no new acquisitions being communicated during the year, M&A remain an important part of our strategy and agenda. Örslev Servicetrafik, DBO and Samtrans are now fully integrated into the business and I still see favourable growth potential in the special needs transportation segment, particularly through the addition of new operations. The only way to provide everyone with the opportunity to travel with us is to continue to grow and develop our offering in special public transport services.

Electrification gaining ground

One area in which we are rapidly expanding is electric buses. At the end of the fiscal year, we had 148 contracted electric buses in a total of 15 cities in the Nordic region and within the next few years the proportion of electric buses will account for almost 10 percent of our total bus fleet. The trend is being driven by a greater understanding of the attractiveness of electric bus traffic compared with other public transport alternatives to solve the challenges facing cities. Electric Bus Rapid Transit (BRT) routes, such as the route that will start in Barkarbystaden in August 2020, offer particular potential and will effectively provide metro like services above ground without the infrastructure costs and other impacts that come with a rail-based solution. The initial investment is currently larger for electric buses compared

"I am convinced that in the longer term we will continue to deliver and achieve the long-term goals we have set ourselves."

with other types of buses which, however, is being compensated by lower fuel costs. Our complete solutions concept, Nobina Electrical Solutions, puts us at the forefront to give further momentum to this shift together with our clients. In Malmö, for example, we have taken the next step and together with Skånetrafiken are electrifying city transport and preparing to begin operating another 80 electric

buses in June 2021. These will supplement the 13 buses we already operate in the city and the MalmöExpressen BRT concept. We expect other Nordic cities to implement similar initiatives in the future.

Services that make travel easier

Another important element to further simplify travel and make it more sustainable is to develop smart solutions for travel planning and ticket purchasing. Our Res-i-Stockholm app is already a success, and we have just launched a digital service for bus-for-rail services. We launched Travis at the end of 2019. This is not only our first but also the first Mobility as a Service (MaaS) solution in Sweden that helps people travel from A to B, using everything from buses to electric scooters, through a simple click of a button. We want to offer people an opportunity to increase mobility, to travel as sustainably as possible, and to leave the car at home. Eventually, autonomous buses may also be part of the Travis service, an area in which we have continued to develop services on route 549 in Barkarbystaden and where new tests were carried out in Copenhagen, among other locations.

Fossil-free and comfortable and convenient transportation in combination with new digital solutions are making public bus transport services, despite the current situation, an

industry of the future. And as such, we need people who want to grow with us. I am pleased to note that we have been successful in our recruitment and training efforts and have welcomed approximately 700 completely new bus drivers and mechanics to Nobina in 2019/2020. I expect to welcome at least as many over the next few years, since both Nobina and public transport as a whole are in a period of long-term growth. Travelling together, sustainably, will become more important for society worldwide. Long-term and strong trends remain, despite short-term concerns and uncertainty. It is important to remember this.

Sustainable and important operations

Nobina will continue to streamline its operations and in parallel develop new solutions and services to make public bus transport even more competitive. At the moment, however, there is naturally another focus for our operations, to ensure that the services we operate can be used in a manner that helps society to continue functioning and to limit the spread of COVID-19. It is particularly clear at this time that we live according to our values, i.e. that we respect and care about each other. The health of our employees and our passengers takes precedence over everything else.

I hope that when we look back on current events, we can proudly say that we not only did what was asked of us but more. Just as we have always done and will continue to do, as the Nordic region's largest and most experienced public transport company. I would like to thank everyone at Nobina for making this possible. We reaped the benefits of these efforts in the 2019/2020 fiscal year, and I am convinced that in the longer term we will continue to deliver and achieve the long-term goals we have set ourselves – for the best interests of our shareholders, customers, employees and society.

Stockholm, April 2020

Magnus Rosén,
President and CEO

SEK 500 million for green investments

Just over one year ago, Nobina issued a green bond for SEK 500 million, the first in the Nordic region linked to the public transport sector. The funds have since been invested in a total of 140 buses, which either run on electricity or solely on renewable fuels.

More female drivers

We want more women to drive buses. Focused initiatives in Nobina's traffic areas will gradually help make this happen. In Sweden, at least 150 female bus drivers will be recruited in the 2020/2021 fiscal year. This is a sharp increase compared with previous years, but the rate must increase moving forward if we are to reach our target of at least 20 percent female bus drivers in the Group in 2023/2024.



Administration Report

The Board of Directors and CEO of Nobina AB (publ), corporate registration number 556576-4569, domiciled in Stockholm, hereby present the annual report and consolidated financial statements for the fiscal year 1 March 2019 through 29 February 2020.

All items are expressed in SEK million unless otherwise stated. The fiscal year covered by this annual report ended on 29 February 2020 and is referred to as 2019/2020. The results of the year's operations for the Nobina Group and the Parent Company are presented in the following income statements and balance sheets, cash flow statements, statements of changes in equity and notes.

Operations

Nobina AB is engaged in the provision of public bus transport, and the company's business concept is to simplify everyday travelling. The scope of the business largely comprises regional public transport and service transport under contract to local authorities in the Nordic region. Nobina is a Group comprised of wholly owned subsidiaries. In Sweden, operations are conducted through the subsidiaries: Nobina Sverige AB and Samtrans Omsorgsresor AB, and in the other Nordic countries, through the subsidiaries: Nobina AS, Nobina Oy, Nobina A/S, De Blaa Omnibusser A/S and Örslev Servicetrafik AS. In some cases, the operating companies have subsidiaries for parts of their operations. All operations require operating permits for passenger transport. All subsidiaries hold the required permits.

All intra-Group services, such as IT, accounting, personnel administration, etc. have been organised under one of the subsidiaries, Nobina Europe AB. During the year, Nobina conducted centralised management of its bus fleet through the subsidiaries: Nobina Fleet AB, Nobina Busco AB, Nobina Fleet Danmark ApS, Nobina Fleet Danmark nr 1 ApS, Nobina Fleet Danmark nr 4 ApS, Nobina Fleet Danmark nr 5 ApS, Nobina Fleet Danmark nr 6 ApS, Nobina Fleet Danmark nr 7 ApS, Nobina Fleet Danmark nr 8 ApS, DBO Leasing af 2014 Aps and Örslev Leasing 2016 ApS. These companies lease buses to the operating companies. In Denmark, all of the companies are owned by the holding company, Nobina Danmark Holding ApS, which is a subsidiary of Nobina AB. Nobina AB also has a subsidiary, Nobina Technology AB, which works with innovations in public transport.

Market

Nobina is the Nordic region's largest operator of tendered public bus transport. Since 1 October 2018, tendered service transport in the form of special needs transportation is conducted by Samtrans. With approximately 317 million passengers per year, Nobina is one of the ten largest public transport companies in Europe.

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

Tendering processes, start-up and completion of traffic during the year

During the fiscal year, Nobina started transport services comprising 462 buses under new contracts. During the fiscal year, contracts were concluded for 633 buses. This led to a slight increase in operations in Finland and Denmark and reduced operations in Sweden and Norway. Nobina participated in tender processes for 2,026 buses during the fiscal year. Of these, contracts were won for a total of 432 buses (21 percent). Tender outcomes and the start-up and completion of traffic assignments by country is presented in the summary below.

Traffic starting in the March 2020–February 2021 period

Nobina will start traffic involving 351 buses, of which 292 new buses, in the next fiscal year. In general, the tender outcomes during the fiscal year have no or limited impact on the scope of operations or on earnings since new contracts often start nine months or later after allocation. Traffic start-ups by country is presented in the summary below.

Traffic to be concluded in the March 2020–February 2021 period

Nobina will conclude traffic involving 142 buses in the next 12 months. All traffic contracts have a termination date, when the traffic assignment under the old contract ceases to apply and the assignment is awarded to an operator under a new contract, either the same operator or a new operator. The majority of traffic assignments have options to extend, normally for a period of one to three years in most contracts through mutual agreement between the operator and the operator. Following any optional extension, the traffic assignment comes to a definitive end. Traffic contracts concluded by country are presented in the summary below.

Fiscal year

In the 2019/2020 fiscal year, operations continued to demonstrate a positive trend:

Record-high net sales were posted due to growth of 9.4 percent, of which 0.5 percent was through positive foreign-exchange effects and 6.5 percent was generated from acquisitions. Organic growth was 2.4 percent, including indexation revenue and contract migration. EBITA for the full-year period amounted to SEK 662 M (620), an increase of 6.8 percent driven by strong earnings from the acquired companies Samtrans and DBO as well as positive development in existing contracts. The result was negatively affected by the extensive contract migration during the year. Operating profit (EBIT) for the full year amounted to SEK 597 million (575), an increase of SEK 22 million or 3.8 percent.

Profit before tax amounted to SEK 399 million (389), which was slightly higher compared with the preceding year. Operating profit and profit before tax for the year included acquisition-related expenses of SEK –2 million (–25) and amortisation of acquired intangible assets of SEK –63 million (–20).

Cash flow for the year amounted to SEK –753 million (288) which was significantly affected by bus investments paid in cash and financed with the green bond issued in the fourth quarter of last year. Within investing activities, cash investments in intangible and tangible non-current assets increased by SEK 420 million compared with the preceding year, primarily due to the refinancing of existing leases in Sweden financed with long-term loans

SEK million	2019/2020	2018/2019	2017/2018	2016/2017
Net sales	10,645	9,734	8,760	8,499
EBITDA	1,764	1,596	1,198	1,153
EBITA	662	620	530	500
Profit before tax (EBT)	399	389	391	356
EBT adjusted	464	434	391	356
EBT margin (%) Adjusted	4.4	4.5	4.5	4.2
Net debt	5,534	4,828	3,629	3,753
Net debt/EBITDA	3.1	3.0	3.0	3.3

valued at SEK 799 million (679). Disposal of non-current assets increased by SEK 13 million. A payment related to the acquisition of Örslev's operations amounted to SEK 7 million during the year. Net investments in buses amounted to SEK –667 million (343) where both amounts were impacted by the green bond issued in the prior year fourth quarter.

Cash flow from financing activities was substantially affected by the financing of leases with loans of SEK 799 million (679). A dividend of SEK –331 million (–296) was paid during the year.

Significant events during the year

- On 12 March, Nobina's first green bond was listed in the market for sustainable bonds on Nasdaq Stockholm and thereby became available for trade on the same day.
- In March, Nobina was awarded two new contracts in Sweden (Västtrafik in Sjuhärads) with a total contract value of SEK 1.4 billion over the contract period, spanning over 10.5 years. Traffic is scheduled to start in June 2020 and involves a total of 70 scheduled buses.
- Nobina was awarded two new contracts in Finland by HSL for city transport in Helsinki, which together comprise 34 scheduled buses with a total contract value of approximately EUR 50 million. By securing the contracts, Nobina will now operate five electric buses in Helsinki.
- Nobina secured two contracts in Sweden for city and regional transport throughout Halland. These are new contracts to develop public transport together with Hallandstrafiken. The agreements will involve 127 scheduled buses and have a contract value of approximately SEK 3 billion. The services will be launched on 15 June 2020 and the contracts will run for ten years without an optional extension period.
- In Sweden, Nobina was awarded a contract by Piteå Municipality to operate and develop city transport in Piteå. The contract, which will launch in July 2020, involves 12 scheduled buses and extends over ten years and has a total value of SEK 250 million.
- The 2018/2019 AGM approved the Board's proposed dividend of SEK 3.80 per share, and a resolution was taken to introduce a performance-based share saving scheme for 60 key employees. Johan Bygge was elected as a new director and Deputy Chairman.
- Nobina appointed Pernilla Walfridsson as new CFO of Nobina AB and member of Group management. Pernilla succeeds Per Skärgård, who retired on 31 October 2019 following 15 years as CFO of Nobina.
- During the second quarter, Nobina underwent a comprehensive contract migration comprising several major contract start-ups encompassing 395 buses and contract terminations consisting of 378 buses, which resulted in a rejuvenation of the contract portfolio.

Tenders and traffic changes by country

Number of buses	Tenders during the period			Traffic changes during the period	
	Submitted	Won	Not won	Started	Ended
Sweden	1,187	321	866	166	321
Norway	429	–	429	127	154
Finland	154	59	95	149	142
Denmark	256	52	204	20	16
Total traffic	2,026	432	1,594	462	633

Traffic starts by country in the next 12 months

	Clients	No. of years	Start of service	Number of buses	No. of new buses
Sweden	Hallandstrafiken	10	June 2020	127	120
Sweden	Östgötatrafiken	10	June 2020	87	87
Sweden	Västtrafik	10	June 2020	72	72
Denmark	Movia	4.5	December 2020	34	0
Denmark	Sydtrafik	3	August 2020	18	0
Sweden	Norrbottn	10	December 2020	13	13
Total traffic				351	292

Traffic concluded by country in the next 12 months

	Clients	End of service	Number of buses
Sweden	Hallandstrafiken	June 2020	58
Denmark	Movia	December 2020	34
Denmark	Midttrafik	August 2020	23
Finland	HSL	August 2020	20
Finland	HSL	December 2020	7
Total traffic			142

- The European Commission declared, following our complaint, that subsidies to publicly owned operators is not permitted and ordered a former municipal bus company in Finland to repay EUR 54.2 million to the municipality of Helsinki for illegal public support between 2002 and 2012.
- Nobina Sweden received Unionen's LGBT award for 2019, as Sweden's most LGBT-friendly workplace. Unionen's LGBT award is given every year to an employer that in an exemplary manner strives for an inclusive workplace, regardless of sexual orientation, gender identity and gender expression.
- In October, the innovation and development company Nobina Technology launched a new mobility service via the Travis travel app. Travis is a smart journey planner where different modes of transport are linked together and with an option to purchase SL tickets directly in the app.
- In November, Nobina repurchased 609,868 shares for a total amount of approximately SEK 37 million within the framework of a share saving scheme.
- Samtrans Omsorgsresor AB secured a renewed contract to drive wheelchair accessible taxis in Stockholm County. The contract period is for three years and is set to begin in April 2020 with an option for one additional year.
- Länstrafiken in Norrbotten and Piteå Municipality awarded Nobina the contract to operate and develop public transport for the next ten years, with traffic to start in December 2020 and comprise a total of 25 new scheduled buses, 13 of which are electric buses.
- In November, Nobina further developed its venture in short-distance commercial traffic with the launch of LandvetterExpressen, an airport bus route from Borås to Gothenburg Landvetter airport with 50 daily departures, seven days a week.
- Nobina's contract to operate city transport in Malmö was renewed by Skånetrafiken. The contract concerns the operation of 101 scheduled buses, of which 80 are electric buses, and is worth SEK 931 million over the contract period of three years. Traffic services will start in June 2021 and, following the contract period of three years, there is an optional extension period of three years.
- Nobina was awarded its first contract outside the capital region in Finland when the City of Turku entrusted Nobina to operate the region's city transport services in a contract worth just over EUR 40 million. The contract extends for eight years and involves 25 new buses, of which 12 will be electric buses.
- In December, Nobina repurchased 351,799 shares for a total amount of approximately SEK 23 million within the framework of a share saving scheme.
- Nobina won a tender for bus-for-rail services from Skånetrafiken encompassing the entire Öresund and Pågatåg system in six counties and for six years, with the option of extending for two years and with fossil-free buses.
- Nobina has been entrusted once again by MOVIA to operate and develop regional transport services in Zealand and the total contract is valued at more than DKK 320 million across 4.5 years with an option for one additional year. The services will be launched in December 2020 and involve a total of 34 buses.

Significant events after the end of the fiscal year

Our firm belief is that Public Transport is a critical part of our society – today and in the long term. A large part of our revenue comes from contracts not directly linked to changes in passenger demands. However, the full extent of the impact on Nobina from Covid-19 is difficult to predict. In order to ensure as strong a financial position as possible the Board of Directors proposes that no dividend should be declared for the fiscal year 2019–2020.

After 18 years with Nobina, Deputy CEO Jan Bosaeus has decided to retire. All of his work duties will be shared among the existing Group management and the changes will come into effect on 1 April.

Revenue and profit for the Nobina Group

Revenue increased by SEK 911 million, or 9.4 percent, from SEK 9,734 million for 2018/2019, to SEK 10,645 million for 2019/2020, driven by acquisitions (+6.5 percent), currency effects (+0.5 percent) and organic growth in regional traffic (+2.4 percent).

Operating profit (EBIT) for continuing operations increased by SEK 22 million, or 3.8 percent, from SEK 575 million in 2018/2019 to SEK 597 million in 2019/2020. Operating profit (EBITA) increased by SEK 42 million, or 6.8 percent, from SEK 620 million in 2018/2019 to SEK 662 million in 2019/2020. EBITA was higher mainly due to strong earnings performance in the acquired companies Samtrans and DBO and positive development in existing contracts. EBITA for the full year was affected negatively by contract migration, especially in Sweden.

Fuel, tyres and other consumables

Costs for fuel, tyres and other consumables increased by SEK 47 million, or 2.6 percent, from SEK 1,769 million in 2018/2019 to SEK 1,816 million in 2019/2020. The increase in costs primarily reflects changes in traffic production and acquired operations but is also partially mitigated by Nobina's focus on "The Green Journey" initiative, which leads to a more fuel-efficient way of driving.

Other external expenses

Other external expenses mainly comprise costs for contracted consultants, auditing, financial, legal services and advertising. Other external expenses increased by SEK 366 million, or 31.0 percent, from SEK 1,179 million in 2018/2019 to SEK 1,545 million in 2019/2020. The increase in expenses consists mainly of costs linked to acquired operations, business development and IT.

Personnel expenses

Personnel expenses increased by SEK 330 million, or 6.3 percent, from SEK 5,190 million for 2018/2019 to SEK 5,520 million for the 2019/2020 fiscal year. This was mainly due to increased salaries and payroll overheads driven by rising contractual salary increases but also includes the effects of changes in traffic production and acquired operations.

Development expenses

Nobina does not conduct research operations but does carry out development operations within public transport, for instance, within Nobina Technology, at a cost of SEK 36 million out of which SEK 7 million have been capitalised in 2019/2020, compared with SEK 46 million out of which SEK 4 million had been capitalised in 2018/2019.

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

During the year, Nobina divested 361 buses (147) valued at SEK 53 million (40). The divestment resulted in a capital gain of SEK 2 million (–32). For the current year, Nobina has adapted the depreciation period to better reflect actual market values, which caused an increase in accelerated depreciation costs in the full year of SEK –79 million (–17).

Depreciation/amortisation and impairment

Depreciation and impairment of PPE increased by SEK 160 million, or 16.9 percent, from SEK 944 million in the 2018/2019 fiscal year, to SEK 1,104 million in the 2019/2020 fiscal year. Depreciation and impairment of PPE mainly comprise a value decline of buses but also include a value decline of other vehicles, equipment, tools, fixtures and fittings, and buildings. The cost increase was driven by an increase in non-current assets and by acquired operations. Amortisation and impairment of intangible assets increased by SEK 43 million, from SEK 20 million in the 2018/2019 fiscal year, to SEK 63 million in the 2019/2020 fiscal year and are mainly linked to acquisition-related intangible assets. For the current year, Nobina has adapted the depreciation period to better reflect actual market values, which caused an increase in accelerated depreciation costs in the full year of SEK –79 million (–17).

Profit from net financial items

Interest income and similar profit/loss items amounted to SEK 0 million in 2018/2019 and 2019/2020.

Interest expenses and similar profit/loss items increased SEK 12 million, or 6.4 percent, from SEK 186 million in 2018/2019, to SEK 198 million in 2019/2020. Interest on right-of-use assets decreased SEK 27 million due to improved financing terms and lower market rates. Nobina's realised and unrealised exchange rate losses amounted to SEK 5 million (9).

Income tax

Nobina's income tax comprises the change in estimated deferred tax expense and amounted to SEK –94 million in 2019/2020, compared with SEK –91 million in 2018/2019. Deferred tax was calculated using the tax rates that have been enacted, or which are expected to apply when the related deferred tax asset is realised or the tax liability is settled. The deferred tax asset that pertains to deductible temporary differences and unutilised loss carryforwards has been reported to the extent that it is expected to be utilised in the foreseeable future, and doing so is deemed probable. Current tax for Nobina amounted to SEK 2 million (–9), and the change in assessed deferred tax assets and deferred tax liabilities has impacted profit for the fiscal year by SEK –96 million (–83). The effective rate of tax was 23.5 percent (23.3).

Analysis of the Group's performance trend

The key indicators shown in the following table set out the accumulated outcomes from the preceding year to the current year and pertain to net sales and adjusted EBT. The performance analysis is partially based on qualitative analyses and assessments, and therefore its exactness and completeness cannot be guaranteed.

Price and volume, estimated effects of price and volume were positive in terms of net sales (SEK +938 million) and adjusted EBT (SEK +212 million), and are driven by existing contracts. This item contains positive effects of acquisitions and volume increase.

Contract migration negatively impacted net sales (SEK –193 million) as the contracts discontinued during the year had higher volumes than the new contracts. Profit before tax was negatively impacted (SEK –75 million). The negative impact on adjusted EBT from contract migration for the full year will mainly be from Sweden and Norway.

Indexation and efficiency covers the net of cost indexation and efficiency of personnel resources, traffic planning, maintenance, damage minimisation and fuel consumption, and posted a negative trend (SEK 14 million). This was primarily driven by maintenance costs.

Other resulted in an increase in costs (SEK –81 million) charged to EBIT and adjusted EBT, and includes other cost deviations, primarily within central functions, and includes results from the fleet operations.

Net financial items had a negative impact on profit for the year through increased interest expenses of SEK –12 million.

SEK million	Revenue	Adjusted EBT
Period from March 2018–February 2019	9,734	434
Price and Volume	+938	+212
Contract migration	–193	–75
Indexation and efficiency (net)	+166	–14
Other	–	–81
Net financial items	–	–12
Period from 1 March 2019–29 February 2020	10,645	464

Analysis of net sales and EBITA by operating segment

Nobina Sweden

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

Revenue in Sweden increased by SEK 412 million, or 6.0 percent, from SEK 6,863 million in 2018/2019, to SEK 7,275 million in 2019/2020. The increase reflected the contribution from the acquired operations of Samtrans and positive development in existing contracts.

EBITA in Sweden increased by SEK 49 million, or 8.4 percent, from SEK 586 million in 2018/2019 to SEK 635 million in 2019/2020. EBITA was positively impacted by the acquired company Samtrans Omsorgsresor AB and by development in existing contracts. Both net sales and EBITA were affected negatively by contract migration.

Significant events during the year in Sweden

- Participated in 12 tendering processes, a total of 20 packages, and Nobina won six packages.
- In March, Nobina was awarded two new contracts in Sweden (Västtrafik in Sjuhärad) with a total contract value of SEK 1.4 billion over the contract period, spanning over 10.5 years. Traffic is scheduled to start in June 2020 and involves a total of 70 scheduled buses.
- Nobina secured two contracts in Sweden for city and regional transport throughout Halland. These are new contracts to develop public transport together with Hallandstrafiken. The agreements will involve 127 scheduled buses and have a contract value of approximately SEK 3 billion. The services will be launched on 15 June 2020 and the contracts will run for ten years without an optional extension period.

- In Sweden, Nobina was awarded a contract by Piteå Municipality to operate and develop city transport in Piteå. The contract, which will launch in July 2020, involves 12 scheduled buses and extends over ten years and has a total value of SEK 250 million.
- Nobina Sweden has been awarded the Unionen's LGBTQ Prize 2019, as Sweden's most LGBTQ friendly workplace. The Unionen LGBTQ prize is awarded each year to one employer who work in an exemplary way for an inclusive workplace regardless of sexual orientation, gender identity and expression.
- In October, the innovation and development company Nobina Technology launched a new mobility service via the Travis travel app. Travis is a smart journey planner where different modes of transport are linked together and with an option to purchase SL tickets directly in the app.
- Samtrans Omsorgsresor AB secured a renewed contract to drive wheelchair accessible taxis in Stockholm County. The contract period is for three years and is set to begin in April 2020 with an option for one additional year.
- Länstrafiken in Norrbotten and Piteå Municipality awarded Nobina the contract to operate and develop public transport for the next ten years, with traffic to start in December 2020 and comprise a total of 25 new scheduled buses, 13 of which are electric buses.
- In November, Nobina further developed its venture in short-distance commercial traffic with the launch of LandvetterExpressen, an airport bus route from Borås to Gothenburg Landvetter airport with 50 daily departures, seven days a week.
- Nobina's contract to operate city transport in Malmö was renewed by Skånetrafiken. The contract concerns the operation of 101 scheduled buses, of which 80 are electric buses, and is worth SEK 931 million over the contract period of three years. Traffic services will start in June 2021 and, following the contract period of three years, there is an optional extension period of three years.
- Nobina won a tender for bus-for-rail services from Skånetrafiken encompassing the entire Öresund and Pågatåg system in six counties and for six years, with the option of extending for two years and with fossil-free buses.

Nobina Denmark

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

Nobina operates a total of 12 contracts. Traffic trended in a positive direction in 2019/2020.

Revenue from bus services in Denmark increased by SEK 326 million, or 50.3 percent, from SEK 648 million in 2018/2019 to SEK 974 million in 2019/2020. The increase stems from the acquired companies, positive development in existing contracts and extra traffic.

EBITA increased by SEK 36 million from SEK 18 million in 2018/2019 to SEK 54 million in 2019/2020. The main reason for this was a positive contribution to earnings from the acquired companies DBO and Ørslev and positive development in existing contracts and extra traffic.

Significant events during the year in Denmark

- Participated in six tender processes, winning two.
- Nobina has been entrusted once again by MOVIA to operate and develop regional transport services in Zealand and the total contract is valued at more than DKK 320 million across 4.5 years with an option for one additional year. The services will be launched in December 2020 and involve a total of 34 buses.
- Nobina Danmark Holding has on March 1 acquired the companies Ørslev Servicetrafik AS and Ørslev 2016 ApS.

Nobina Norway

The market in Norway is divided between a number of midsize players and distinguished by fierce competition for market shares. Nobina has six ongoing traffic assignments, most of which are in the area surrounding Oslo and one contract for bus-for-rail services. In recent years, the proportion of contracts subject to tender processes has increased significantly at the cost of concessions (see Glossary on page 97). The contract terms are being devel-

oped in connection with this, moving from production contracts, mainly paid by kilometre, to payments distributed between kilometre, hours and buses. Indexation over six-month and quarterly periods is predominant in new contracts. Improvements towards more balanced contract terms is a clear trend where incentives are also becoming increasingly common. The key focus area in Nobina's Norwegian operations is enhancing operational efficiency.

Revenue from regional bus services, including extra traffic, in Norway increased by SEK 131 million, or 12.5 percent, from SEK 1,047 million for the 2018/2019 fiscal year to SEK 1,178 million for the 2019/2020 fiscal year. The increase was attributable to positive development in existing contracts, positive effects from contract migration and extra traffic.

EBITA increased from SEK 13 million in 2018/2019 to SEK 43 million in 2019/2020. The earning trend was the result of the positive development of existing contracts and extra traffic. The Tromsø traffic contract represented a challenge for Nobina Norway but expired in August 2019.

Significant events during the year in Norway

- Participated in seven tendering processes, winning none.

Nobina Finland

Unlike the other Nordic countries, contracts in Helsinki are often tendered for specific routes rather than entire traffic areas, which is more common in the rest of Finland. Currently, 75 percent of the Finnish market is tendered traffic, and the trend is towards a larger share of tenders as old concession contracts expire and will be exposed to competition in accordance with the procurement regulations. The contract terms are relatively undeveloped outside of Helsinki, which applies favourable terms with monthly indexing. Incentive contracts are rare, but exist to a certain extent in the Helsinki region's contracts in the form of bonuses for customer satisfaction and there are also green tenders where operators can receive extra compensation if they change to renewable fuels. Nobina's Finnish operations are primarily in the capital region, which is also the largest market for tendered public transport contracts. Nobina is the largest public transport service provider in the Helsinki area with a total of 27 traffic contracts ongoing and is one of Finland's largest operators.

Revenue from regional bus services in Finland increased by SEK 71 million, or 6.0 percent, from SEK 1,178 million for the 2018/2019 fiscal year to SEK 1,249 million for the 2019/2020 fiscal year. This increase was largely a result of the full-year effect of growth, indexation and an expanded contract portfolio. EBITA increased by SEK 4 million, or 9.0 percent, from SEK 44 million in 2018/2019 to SEK 48 million in 2019/2020.

Significant events during the year in Finland

- Participated in seven tendering processes, winning three.
- Nobina was awarded two new contracts in Finland by HSL for city transport in Helsinki, which together comprise 34 scheduled buses with a total contract value of approximately EUR 50 million. By securing the contracts, Nobina will now operate five electric buses in Helsinki.
- The European Commission has, following our complaint, declared that subsidies to publicly owned operators is not permitted and ordered a former municipal bus company in Finland to repay EUR 54.2 million to the municipality of Helsinki for illegal state aid between 2002 and 2012.

Central functions and other items

Central functions and other items comprise expenses related to the head office and the results from fleet operations, which manages the bus fleet. Net cost (EBITA) for these increased by SEK 77 million, or 187.0 percent, from SEK -41 million in 2018/2019 to SEK -118 million in 2019/2020, which was charged with a poorer fleet result of SEK 32 million and costs for the share saving scheme (LTIP) of SEK 18 million (8).

Investments

Nobina's investments during the year consisted primarily of bus acquisitions. 270 (245) buses were acquired through finance leases, while 180 (60) buses were financed via cash or credit. In total, Nobina acquired 450 (305) buses during the year. Cash-financed investments during the year amounted to SEK 667 million (164) and loan-financed investments totalled SEK 860 million (943). The cash-financed investments consisted primarily of buying-out buses from expiring leasing agreements. Loan-financed investments included the refinancing of finance leases in the amount of SEK 799 million. Through its sub-

siary, Nobina Fleet AB, Nobina entered into finance leases for an acquisition cost of SEK 905 million (289). These are classified as non-current assets in the balance sheet. The lease commitment was recognised as a liability in the balance sheet. Depreciation and interest expenses are recognised in profit or loss.

Financing, liquidity and valuation

Nobina's liabilities are primarily attributable to the financing of investments in buses and equipment used in operations, but also include certain strategic debt in the form of a bridge loan related to acquisition financing amounting to SEK 246 million (308).

Nobina has bank credit facilities of SEK 300 million, of which SEK 0 was utilised as of 28 February 2020.

Over the year, cash and cash equivalents decreased SEK 751 million, from SEK 1,058 million at 28 February 2019 to SEK 307 million at 29 February 2020. As of February 28 2019 the cash and cash equivalents included the green bond proceeds of SEK 500 million. The equity/assets ratio for the Group was 14.7 (14.7) and for the Parent Company 39 (37) percent.

The methods and assumptions applied by Nobina when calculating fair value for financial instruments are described in Note 32 and 33. No transfers were made between any of the valuation levels during the period.

Financial targets

Nobina's Board has in October 2018 adopted financial targets for the business operations, which are presented below:

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

Dividend policy

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

Financial management

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

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

Employees

During the period, the average number of employees was 11,676 (11,581) and the number of employees recalculated as FTEs was 10,526 (10,547). 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, well-established practices are in place for the way in which working hours, compensation terms, information and cooperation are negotiated and applied. Nobina uses programs focusing on values and employee relations to boost staff motivation at work and thus improve the quality of services to customers.

Environmental performance

We see a rise in demand for electric vehicles with zero emissions and much lower noise levels than other vehicles. In addition, almost all new vehicles are Euro VI, which is the highest available emission standard. Moreover, the fuel is to a great extent renewable, biodiesel and biogas, which results in lower emissions of particles and NoX. Total emissions are minimised by upgrading engine classes and checking tyre pressures and wheel alignment, as well as transitioning to renewable fuels. Nobina is working to reduce fuel consumption and new and improved fuel products are continuously evaluated. The Group has also installed "The Green Journey" equipment, which measures and provides feedback on driving style and fuel consumption to drivers. Together with green coaching, this offers a good way to save more fuel and promotes a smoother way of driving to improve customer experience.

At its fixed facilities, Nobina invests in environmental improvements such as new and enhanced cleaning equipment in the bus-washing facilities. Nobina conducts notifiable operations in accordance with the Swedish Environmental Code (SFS 1998:808) for depots that operate bus-washing facilities and for its own workshops. These activities impact the environment primarily through the discharge of water from bus-washing facilities. Many of our bus-washing facilities are also equipped with recirculation systems to reuse up to 80 percent of the water, which results in a corresponding decrease in fresh water consumption.

When setting up or shutting down depots, environmental inspections are conducted to determine the company's environmental responsibility and impact. The operating companies perform minor decontamination measures as required. To date, no significant decontamination liability in relation to Nobina's own operations has been established.

Statutory sustainability statement

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Nobina has decided to present the statutory sustainability information and Sustainability Report separate from the official annual accounts. The sustainability information and Sustainability Report encompass all subsidiaries and are presented on pages 62–76.

Seasonality

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

Guidelines for remuneration of senior executives

The guidelines for remuneration of senior executives that apply in 2019/2020 are presented in Note 8. The Company's auditor has examined that the guidelines approved by the AGM have been followed. Ahead of the 2020 AGM, guidelines were updated on the basis of new regulations in the Swedish Companies Act and the Board's intention is to propose guidelines for remuneration of senior executives. The Board proposes that the 2020 AGM adopts the following guidelines for remuneration of the Company's senior executives.

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability

These guidelines apply to remuneration of senior executives of the Company. Within the scope of these guidelines, senior executives comprise the Company's CEO, Deputy CEO and the managers who are periodically members of Group management. As of the date of these guidelines, senior executives consist of the Company's CEO, Managing Directors for subsidiaries, CFO, Director for HR, General Counsel and Chief Compliance Officer, and Director of Strategy and M&A. These guidelines do not apply to any remuneration decided or approved by the General Meeting. Furthermore, the guidelines are only applicable to remuneration agreed or renegotiated after the 2020 AGM.

Purpose and basic remuneration principles

These guidelines form a framework for the remuneration of senior executives on which the Board may decide during the period covered by the guidelines. Information concerning the Company's strategic priorities is available in the Company's Annual Report and on the Company's website, www.nobina.com. The Company's remuneration principles aim to secure responsible and sustainable remuneration structures that promote the Company's business strategy, long-term interests and sustainability. To satisfy these purposes, the Company is to offer total remuneration that enables the Company to attract, develop and retain senior executives with the relevant experience and qualifications. Remuneration is to be market-based, competitive and reflect the individual senior executive's performance and responsibility. In cases where the employment relationship for an individual senior executive is governed by rules other than Swedish, appropriate adjustments must be made to comply with such rules. Appropriate adjustments may also be made to comply with established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Types of remuneration

Remuneration of senior executives may consist of fixed cash salary, variable cash remuneration, pension benefits, other benefits and any severance pay. The General Meeting may, in addition to this, also resolve on a long-term share-based incentive programme in which senior executives may participate.

Principles for variable cash remuneration

Variable cash remuneration (cash bonus) is to be based on a number of pre-determined and measurable performance-related criteria that reflect driving forces that may promote the Company's business strategy, long-term interests and sustainability. The criteria are to reflect the Company's overall and financial performance as well as each individual senior executive's performance. When the measurement period has ended, an assessment is to take place of the extent to which the criteria for variable cash remuneration were met. The assessment is to be conducted and documented on an annual basis. Variable cash remuneration shall qualify for pension benefits. Variable cash remuneration may amount to not more than 60 percent of each Managing Director's fixed cash salary and not more than 30 percent of the fixed cash salary of each other senior executive.

Principles for pension benefits

Pension benefits are to be premium defined unless the individual senior executive concerned is subject to defined benefit pension under relevant collective agreement provisions. Pension benefits shall amount to no more than 35 percent of each senior executive's fixed cash salary insofar as no higher provision is stipulated in mandatory collective agreements.

Principles for other benefits

Other benefits are to be market-based and facilitate senior executives in their performance of their work duties. Such benefits primarily consist of company cars. Premiums and other costs attributable to other benefits may amount to a maximum of 10 percent of the respective senior executives' fixed base salary.

Principles for severance pay

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

Principles for specific remuneration of Board members

In cases where Board members perform duties on behalf of the Company that are not part of normal Board work, market-based remuneration may be paid for such work in addition to the directors' fees resolved by the General Meeting.

Long-term share-based incentive programme

These guidelines do not apply to any remuneration decided or approved by the General Meeting. Accordingly, these guidelines do not apply, for example, to long-term share-based incentive programmes decided or approved by

the General Meeting. The Company's existing share-based incentive programmes address certain key employees in the Nobina Group and are designed with the overall purpose of creating a shared interest between senior executives and the Company's shareholders by encouraging share ownership in the Company. Additional information concerning the Company's existing and proposed incentive programmes is available on the Company's website, www.nobina.com.

Preparing and evaluating these guidelines

These guidelines have been prepared by the Board's Remuneration Committee. The Remuneration Committee is to have a preparatory function in relation to the Board in terms of remuneration guidelines and other employment terms for senior executives. The Remuneration Committee's recommendation is used by the Board when the need arises for material changes to the guidelines, and submitted for adoption by the AGM. The AGM is to decide on such proposals. Approved guidelines may also be changed by a decision made by another General Meeting than the AGM. Within the framework of these guidelines, the Board, on the basis of the Remuneration Committee's documentation and recommendations, is to resolve each year on specific changes in remuneration conditions for each individual senior executive, and resolve on the remuneration of senior executives as required. Members of the Remuneration Committee are independent in relation to the Company and its senior executives. The CEO and other senior executives do not participate in the preparation and approval of remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability.

Disputes

Nobina has an ongoing dispute with Länstrafiken Örebro for faulty gas quality.

Nobina's share and ownership structure

The company is a public limited liability company (corporate registration number 556576-4569, domiciled in Stockholm) and listed on Nasdaq Stockholm. The share is listed in the Mid Cap segment and is held by a total of about 34,000 shareholders. The ten largest owners are Invesco, Danske Invest, BMO Global Asset Management, Artemis, Otus Capital Management, Dimensional Fund Advisors, Nobina AB, the Third Swedish National Pension Fund (AP3), Avanza Pension and SEB Fonder, who together represent 29.3 percent of the votes and capital as of 29 February 2020. Nobina has 2,208,321 (1,246,654) treasury shares related to the share saving incentive programmes, see notes 8 and 23.

Provisions in the Articles of Association

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

Incentive programme

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

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

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

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

In conjunction with Nobina's AGM on 29 May 2019, the meeting resolved on an incentive programme of a total of 838,770 shares, that encompasses 60 senior executives, including the CEO. The incentive programme will run for three years from 29 June 2019.

The Board was also authorised to acquire up to 1,047,206 treasury shares to enable the implementation of the share saving schemes resolved at the AGM on 29 May 2019 and to transfer such treasury shares on Nasdaq Stockholm to cover costs for social security contributions that may arise in connection with the share scheme.

Significant agreements between the company and the Board and the CEO

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

Significant agreements between the company and suppliers

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

Significant risks, uncertainties and risk management

The risks that can arise with an impact on the financial reporting pertain to the valuation of assets, liabilities, revenue and costs or deviations from disclosure requirements as well as other risks relating to material errors in the financial accounts. One example could be if the actual economic life of buses did not correspond with the depreciation period. The company may also be affected by fraud, loss or embezzlement of assets, and undue preference in favour of another party at the company's expense. In addition to the information below, refer to the section Nobina's risk management on pages 90–93 and the Corporate Governance Report pages 77–89.

Operational risks

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

During the 2019/2020 fiscal year, Nobina's contracts with PTAs accounted for most of its total net sales. Opportunities to secure new contracts are largely dependent on Nobina's ability to tender with competitive pricing. Pricing is largely dependent on Nobina's ability to increase operational efficiency and realise potential economies of scale. Consequently, competitiveness is closely aligned with efficient management of the bus fleet and existing contracts. A decline in Nobina's competitiveness would affect the ability to win new contracts with PTAs, which in turn could have a considerable negative impact on Nobina's operations, financial position and operating profit.

Pandemic

Nobina is exposed to risks associated with pandemics where, due to the increased risk of infection, travelers may be temporarily recommended to avoid public transport. Such a situation mainly affects the incentive contracts where the revenue is variable and based on the number of passengers boarding. The decline in travel and reduced revenues may also mean that the public transport authorities (PTA's) temporarily want to reduce traffic production. This can result in reduced revenue for the operator while the cost base does not decrease to the same extent. A third risk related to pandemics is that Nobina,

due to material or driver shortages, is forced to cancel tours, which can then result in no compensation and fines from the PTA's. All of the above risks are managed through contract management and in dialogue with the relevant PTA's in order to ensure a functioning public transport with a stable financial framework even during a pandemic.

Assumptions and risks associated with tender pricing in the tender process

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

Ongoing management of terms and conditions, and invoicing

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

Levels of appropriation to PTAs

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

Access to bus drivers

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

Maintenance costs for buses

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

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

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

Prospects for 2020/2021

Public transport in the Nordic region is facing challenges in the short term due to the coronavirus COVID-19. Travelling and meeting in groups are two things the authorities are now advising against in order to limit the spread of the virus. We are in a proactive dialogue with our clients about how to solve various aspects of the situation, such as crowding on board, the need for extra buses and other flexible solutions to maintain efficient public transport services for society and all parties in this new situation. We are monitoring developments carefully and continuously drawing up different scenarios and action plans. The situation is changing rapidly from day to day and it is currently difficult to assess the economic impact on Nobina.

In our current view, we estimate that the first half of the fiscal year is more challenging than the second half, where we expect a recovery to a more normal situation. Despite short-term concerns and uncertainty, our purposeful and dedicated work continues, through ongoing streamlining and new innovations, creating a competitive and sustainable public transport service by bus. The effect of contract migration was significant during 2019/2020 and is not expected to be as extensive during the fiscal year 2020/2021 when 142 buses are covered by expired contracts and 351 buses are covered of newly started contracts. However, the company does not submit any forecasts.

Parent Company

The Parent Company has 15 (15) employees who participate in the overall management of the Nobina Group, including financial analysis, follow-up and financing. Net sales for the fiscal year, which were comprised entirely of internal services, amounted to SEK 54 million (44) and loss before tax to SEK -152 million (profit: 311). Cash and cash equivalents amounted to SEK 292 million (1,043) at the end of the fiscal year. Investments in PPE and intangible assets amounted to SEK 0 million (0) for the full year. On 29 February 2020, the Parent Company's shareholders' equity was SEK 2,107 million (2,547). The equity/assets ratio was 39 percent (37).

Board's proposal for appropriation of profits

Given the situation with covid-19 and the short-term development we are seeing ahead of us, the Board has recommended to the Annual General Meeting that no dividend be paid for the financial year 2019-2020 in order to have good readiness for the future.

Proposed appropriation of profits (SEK)

Funds available for appropriation by the Annual General Meeting:

Share premium reserve	1,335,198,568
Profit brought forward	515,689,468
Loss for the year	-62,842,459
Total	1,788,045,577
Dividend to shareholders	
To be carried forward	1,788,045,577

The Board of Directors proposes that no dividend be paid for the 2019/2020 fiscal year.

Nobina's Nomination Committee

The previous AGM resolved that during the period until the 2020 AGM, Nobina will have a Nomination Committee comprising one representative for each of the three largest shareholders in terms of votes and the Chairman of the Board. The members of the Committee were appointed based on the ownership structure as shown in shareholding statistics provided by Euro-clear Sweden AB as of the final banking day in September 2019, and comprise: Nuno Caetano, Invesco, Peter Lundkvist, AP3, Mattias Cullin, Danske Invest Fonder and Chairman of the Board Jan Sjöqvist. The Nomination Committee is tasked with the preparation and submission of proposals to the AGM regarding a chairman of the meeting, directors, the Chairman of the Board, directors' fees and any compensation for committee work, auditors and auditor's fees. The Committee will also prepare and submit to the AGM proposals regarding principles for the composition of the Nomination Committee.

The AGM will be held in Stockholm, Sweden, at 2 p.m. on 28 May 2020.

Consolidated income statement

	Note	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Continuing operations			
Net sales	1, 2, 3	10,645	9,734
Operating expenses			
Fuel, tyres and other consumables	4	–1,816	–1,769
Other external expenses	4, 7	–1,545	–1,179
Personnel expenses	4, 8	–5,520	–5,190
Total EBITDA	1, 2, 5	1,764	1,596
Capital gains/losses from the disposal of non-current assets	9	2	–32
Depreciation/impairment of PPE	10	–1,104	–944
Total EBITA	1, 2, 5	662	620
Acquisition-related income and costs	6	–2	–25
Amortisation/impairment of intangible assets	10	–63	–20
Operating profit (EBIT)	1, 2, 5	597	575
Profit from net financial items			
Financial income	11	–	–
Financial expenses	12	–198	–186
Net financial items		–198	–186
Profit before tax (EBT)		399	389
Income tax	17	–94	–91
PROFIT FOR THE YEAR FOR CONTINUING OPERATIONS		305	298
Discontinued operations			
Profit for the period from discontinued operations	29	–	56
PROFIT FOR THE YEAR		305	354
Profit for the period attributable to Parent Company shareholders	23	305	354
Earnings per share before dilution (SEK), attributable to continuing operations		3.47	3.44
Earnings per share before dilution (SEK), attributable to discontinued operations		–	0.62
Earnings per share before dilution (SEK), attributable to Parent Company shareholders		3.47	4.06
Earnings per share after dilution (SEK), attributable to Parent Company shareholders		3.43	4.03
Average number of shares before dilution (000s)		88,356	88,356
Average number of shares after dilution (000s)		89,356	89,054
Number of shares outstanding at end of period (000s)		86,147	87,109

Statement of consolidated comprehensive income

	Note	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Profit for the year		305	354
Other comprehensive income		305	354
Items not to be reclassified to profit or loss			
Revaluation of defined-benefit pension plan	24	–	–
Tax on items that will not be reclassified to profit or loss for the period	17	–	–
Items that can later be reclassified to profit or loss			
Exchange-rate differences in foreign operations		1	23
Other comprehensive income, net after tax		1	23
Comprehensive income for the year		306	377
COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		306	377

Consolidated balance sheet

	Note	29 Feb 2020	28 Feb 2019	28 Feb 2018
ASSETS				
Non-current assets				
Intangible assets				
Goodwill		780	785	581
Other intangible assets		456	495	6
Total intangible assets	13	1,236	1,280	587
Property, plant and equipment				
Real estate and costs for leasehold improvements		814	831	870
Equipment, tools, fixtures and fittings		113	152	93
Vehicles		5,628	5,041	5,265
Total property, plant and equipment	5, 14	6,555	6,024	6,228
Financial assets				
Deferred tax assets	17	93	179	253
Assets for pension commitments	24	15	17	18
Other non-current receivables		5	4	5
Total financial assets		113	200	276
Total non-current assets	1, 5	7,904	7,504	7,091
Current assets				
Inventories	18	63	51	44
Trade receivables	19	705	663	549
Other current receivables		64	253	48
Deferred expenses and accrued income	20	344	316	365
Cash and cash equivalents	21	307	1,058	720
Total current assets		1,483	2,341	1,726
TOTAL ASSETS	1, 2, 5	9,387	9,845	8,817

Consolidated balance sheet, cont.

	Note	29 Feb 2020	28 Feb 2019	28 Feb 2018
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		318	318	318
Other contributed capital		3,212	3,212	3,212
Translation differences		68	62	39
Profit/loss brought forward		-2,218	-2,141	-2,131
Total equity attributable to Parent Company shareholders	22, 23	1,380	1,451	1,438
Non-current liabilities				
Borrowing	26	4,913	4,841	4,310
Deferred tax liabilities	17	275	256	143
Provision for pensions and similar commitments	24	27	33	41
Other provisions	25	47	63	40
Total non-current liabilities		5,262	5,193	4,534
Current liabilities				
Accounts payable		561	597	543
Borrowing	26	901	1,012	1,006
Other current liabilities	27	206	430	192
Accrued expenses and deferred income	3, 28	1,077	1,162	1,104
Total current liabilities		2,745	3,201	2,845
Total liabilities		8,007	8,394	7,379
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1, 2, 5, 31	9,387	9,845	8,817

Consolidated statement of changes in equity

	Share capital	Other contributed capital	Translation differences	Profit/loss brought forward	Total equity attributable to Parent Company shareholders
Opening equity, 1 Mar 2018	318	3,212	39	-2,131	1,438
Profit for the year	–	–	23	354	377
Total	318	3,212	62	-1,777	1,815
Transactions with owners					
Repurchase of treasury shares	–	–	–	–74	–74
Share-based remuneration	–	–	–	6	6
Dividend	–	–	–	–296	–296
Closing equity, 28 Feb 2019	318	3,212	62	-2,141	1,451
Profit for the year	–	–	–	305	305
Reclassification of exchange-rate differences	–	–	5	–5	–
Other comprehensive income	–	–	1	–	1
Total comprehensive income for the year	–	–	6	300	306
Transactions with owners					
Repurchase of treasury shares	–	–	–	–60	–60
Share-based remuneration	–	–	–	14	14
Dividend	–	–	–	–331	–331
Closing equity, 29 Feb 2020	318	3,212	68	-2,218	1,380

There are no non-controlling interests.

Consolidated cash flow statement

	Note	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Cash flow from operating activities			
Profit after financial items		399	379
(of which, attributable to continuing operations)		399	389
(of which, attributable to discontinued operations)	29	–	–10
Adjustment for non-cash items			
– Depreciation/amortisation and impairment	10	1,167	964
– Capital gain/loss from the disposal of non-current assets	9	–2	32
– Unrealised exchange gain/losses		4	5
– Financial income	11	–	–
– Financial expenses	12	194	183
– Changes in provisions, pensions, etc.		–20	–4
– Other items		–3	–5
Cash flow from operating activities before changes in working capital		1,739	1,554
(of which, attributable to continuing operations)		1,739	1,564
(of which, attributable to discontinued operations)		–	–10
Cash flow from changes in working capital			
Change in inventories		–12	–6
Changes in operating receivables		118	–115
Changes in operating liabilities		–302	199
Total changes in working capital		–196	78
(of which, attributable to continuing operations)		–196	78
(of which, attributable to discontinued operations)		–	–
Received interest income	11	–	–
Tax paid	17	–	–5
Cash flow from operating activities		1,543	1,627
(of which, attributable to continuing operations)		1,543	1,637
(of which, attributable to discontinued operations)		–	–10
Cash flow from investing activities			
Investments in PPE and intangible assets excl. finance leases	15	–1,527	–1,107
Acquisitions	30	–7	–521
Divestment of PPE and intangible assets	9	53	40
Divestment of subsidiary	29	–	46
Cash flow from investing activities		–1,481	–1,542
(of which, attributable to continuing operations)		–1,481	–1,588
(of which, attributable to discontinued operations)		–	46
Cash flow from financing activities			
Amortisation of right-of-use liabilities	26	–666	–889
Amortisation of other external loans	26	–426	–79
New borrowing, other external loans	26	860	1,766
Financing costs	26	–	–7
Repurchase of shares	8, 23	–60	–74
Interest paid	12	–192	–182
Dividend		–331	–296
Cash flow from financing activities		–815	239
(of which, attributable to continuing operations)		–815	239
(of which, attributable to discontinued operations)		–	–
Cash flow for the year		–753	324
(of which, attributable to continuing operations)		–753	288
(of which, attributable to discontinued operations)		–	36
Cash and cash equivalents at the beginning of the year		1,058	720
Cash flow for the year		–753	324
Exchange-rate difference		2	14
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	307	1,058

Parent Company income statement

	Note	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Net sales	1	54	44
Operating expenses			
Other external expenses	4,6,7	–27	–38
Personnel expenses	4.8	–60	–50
Operating profit/loss (EBIT)		–33	–44
Profit/loss from participations in Group companies	16	–119	362
Financial income	11	22	8
Financial expenses	12	–22	–15
Net financial items		–119	355
Profit before tax		–152	311
Income tax	17	89	–76
PROFIT FOR THE YEAR		–63	235

Parent Company balance sheet

	Note	29 Feb 2020	28 Feb 2019
ASSETS			
Non-current assets			
Financial assets			
Participations in Group companies	16	4,181	4,647
Receivables from Group companies		500	500
Deferred tax assets	17	14	–
Total financial assets		4,695	5,147
Total non-current assets		4,695	5,147
Current assets			
Receivables from Group companies		455	676
Other current receivables		6	6
Deferred expenses and accrued income	20	3	2
Cash and cash equivalents	21	292	1,043
Total current assets		756	1,727
TOTAL ASSETS	1	5,451	6,874
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		318	318
Statutory reserve		1	1
Total restricted shareholders' equity	22, 23	319	319
Non-restricted shareholders' equity			
Share premium reserve		1,336	1,336
Profit brought forward		515	657
Profit/loss for the year		–63	235
Total non-restricted shareholders' equity		1,788	2,228
Total shareholders' equity	22, 23	2,107	2,547
Non-current liabilities			
Borrowing		692	867
Provision for pensions and similar commitments	24	2	6
Deferred tax liabilities	17	–	76
Total non-current liabilities		694	949
Current liabilities			
Accounts payable		5	5
Borrowing		137	55
Liabilities to Group companies		2,484	3,285
Other current liabilities	27	5	2
Accrued expenses and deferred income	28	19	31
Total current liabilities		2,650	3,378
Total liabilities		3,344	4,327
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1, 31	5,451	6,874

Parent Company statement of changes in equity

	Share capital	Statutory reserve	Share premium reserve	Profit/loss brought forward	Profit/loss for the year	Total shareholders' equity
Opening equity, 1 Mar 2018	318	1	1,336	960	61	2,676
Transfer of the preceding year's profit/loss	–	–	–	61	–61	–
Profit/loss for the year	–	–	–	–	235	235
Total	318	1	1,336	1,021	235	2,911
Transactions with owners						
Repurchase of treasury shares	–	–	–	–74	–	–74
Share-based remuneration	–	–	–	6	–	6
Dividend	–	–	–	–296	–	–296
Total transactions with owners	–	–	–	–364	–	–364
Closing equity, 28 Feb 2019	318	1	1,336	657	235	2,547
Transfer of the preceding year's profit/loss	–	–	–	235	–235	–
Profit/loss for the year	–	–	–	–	–63	–63
Other comprehensive income	–	–	–	–	–	–
Total	–	–	–	235	–298	–63
Transactions with owners						
Repurchase of treasury shares	–	–	–	–60	–	–60
Share-based remuneration	–	–	–	14	–	14
Dividend	–	–	–	–331	–	–331
Total transactions with owners	–	–	–	–377	–	–377
Closing equity, 29 Feb 2020	318	1	1,336	515	–63	2,107

Parent Company cash flow statement

	Note	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Cash flow from operating activities			
Profit after financial items		–152	311
Adjustment for non-cash items			
– Financial income and dividends	11, 16	97	–424
– Financial expenses	12	19	8
– Unrealised exchange gains/losses		3	7
– Changes in provisions, pensions		–3	–3
– Other items		8	–5
– Profit from sale of company		–	23
Cash flow from operating activities before changes in working capital		–28	–83
Cash flow from changes in working capital			
Changes in operating receivables		18	1
Changes in operating liabilities		30	11
Total changes in working capital		48	12
Received interest income	11	22	8
Cash flow from operating activities		42	–63
Cash flow from investing activities			
Acquisitions	30	–	–578
Divestment of subsidiary	29	–	97
Cash flow from investing activities		–	–481
Cash flow from financing activities			
Group contribution and dividends received	16	875	467
Group contributions paid	16	–551	–198
Change in receivable, cash pool	21	–398	–162
Change in liability, cash pool	21	–212	871
Loans	26	–	–500
Repurchase of treasury shares	23	–60	–74
Repayments	26	–105	–16
New borrowing	26	–	824
Financing costs	26	–	–7
Interest paid	12	–11	–8
Dividend		–331	–296
Cash flow from financing activities		–793	901
Cash flow for the year		–751	357
Cash and cash equivalents at the beginning of the year		1,043	686
Cash flow for the year		–751	357
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	292	1,043

Notes

NOTE 1 COMPANY INFORMATION AND ACCOUNTING POLICIES

Company information

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

Nobina AB's operations, which are conducted through subsidiaries, consist of the provision of scheduled bus services and special transportation under contract to PTAs in Sweden, Norway, Denmark and Finland. Nobina AB is a holding company whose primary asset comprises its investments in its subsidiaries. The income statement and balance sheet of the Parent Company and the consolidated comprehensive income and balance sheet were approved for publication according to a Board decision on 27 April 2020. 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 28 May 2020, in Stockholm. Unless otherwise stated, amounts are shown in millions of SEK (MSEK) and pertain to the period 1 March–29 February the following year for items related to income and cash flow statements and to 29 February for items related to financial position.

Applicable regulations

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

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

Compiling financial statements in compliance with IFRS requires the use of important estimates for accounting purposes. It is also necessary for management to make judgments in the application of the company's accounting policies. The section "Judgments and estimates in the financial statements" includes those areas that are subject to a high degree of judgment or those areas where assumptions and estimates are of major significance to the consolidated financial statements.

Basis for valuation of the Parent Company and consolidated financial statements

Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities, which are measured at fair value using the income approach valuation method. Transactions to be eliminated on consolidation, such as intra-Group receivables and liabilities, income, expenses and unrealised gains or losses arising on intra-Group transactions, are eliminated in their entirety when preparing the consolidated financial statements.

Transactions in foreign currency

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

Assessments and estimates in the financial statements

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

Revenue recognition

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

Measurement of goodwill

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

Measurement of other intangible assets

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

Excess vehicles (buses)

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

Useful life of vehicles (buses)

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

Tax assets

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

Provisions for pensions

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

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

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

New and revised material standards and interpretations that came into force in 2019/2020

- IFRS 16, the new lease standard that replaced the previous IAS 17 was implemented during the year. The standard primarily entails changes for the lessee as the division of leases into operating and finance leases was removed. See Note 5 relating to the transition to IFRS 16.
- IFRIC 23 addresses uncertainty over income tax treatments and could give rise to new measurements of uncertain tax positions. The introduction of IFRIC 23 has not had any impact on the Nobina Group's income statement and balance sheet.

New and revised material standards and interpretations that are not yet in force in 2020/2021

A number of new standards and interpretations will come into force for the fiscal year beginning on and after 1 March 2020 and were not applied in preparing this financial report. No published standards that are not yet in force are expected to have any impact on the Group.

SIGNIFICANT ACCOUNTING POLICIES

Consolidated financial statements

The consolidated financial statements comprise all companies in which Nobina AB directly or indirectly has more than 50 percent 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.

Acquisitions

Acquired subsidiaries' assets and liabilities are recognised at fair values according to an acquisition analysis, prepared on acquisition date. If the cost for shares in the subsidiary and any non-controlling interest exceeds the fair value of the company's identifiable net assets according to the acquisition analysis, the difference will represent consolidated goodwill, which will be tested annually. 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. The costs are recognised in the Group on the line in the income statement called acquisition-related costs. Costs reported on the line relate to adjustments of fair value of contingent considerations not paid and acquisitions-related costs. Acquisitions-related costs includes costs attributable to ongoing, completed and continuing acquisitions. Nobina applies the acquisition method, IFRS 3, to account for business combinations. Revaluation of any deferred considerations and contingent considerations over and above which was assessed at the time of the acquisition are recognised through the income statement. When the final outcome is available, any effect of contingent consideration/repayment of consideration is recycled to the income statement. Only income arising after the acquisition date is included in the consolidated shareholders' equity. Income from the company that was acquired during the year is included in the consolidated financial statements from the date of acquisition. Companies divested during the year are included in the consolidated income statement with income and expenses for the period up to the date of divestment.

Discontinued operations

Swebus Express AB, which was divested in 2018/2019, is classified as discontinued operations pursuant to IFRS 5 and recognised at an aggregate amount under the line item "profit/loss from discontinued operations" in the consolidated income statement.

Note 1 cont.

Segment reporting

Nobina conducts contracted public transport services to society in most parts of Sweden and in metropolitan areas of Denmark, Norway and Finland. The largest portion of the Nobina Group's revenue is derived from contracts with PTAs representing the various counties. In nearly all cases, PTAs receive ticket revenue and contract companies receive a fixed amount as payment for the contracted services. The acquisition of the company Samtrans AB (Samtrans) has been consolidated into Nobina from 1 October 2018 and is reported in the Sweden segment. The acquisition of the group of companies De Blaa Omnibusser has been consolidated into Nobina from 30 November 2018, Örslev konsolidatet from 1 March 2019 and are reported in the Denmark segment.

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

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

Central functions

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

Revenue recognition

Revenue for the Nobina Group is recognised when control of the sold good or service is passed to the customer and the customer can direct the use of and obtain all of the remaining benefits from the asset. The Nobina Group's contract forms are **1) traffic contracts for tendered traffic** preceded by a tendered traffic contract that has been signed by both parties and that states the rights and obligations of the buyer and the seller, the delivery terms, bonus conditions, penalties for cancelled journeys and payment terms, etc. Payment terms in contracts vary between payment in advance and arrears. This creates trade receivables and deferred expenses and contract liabilities (prepaid revenue), which is reported in Note 3. The final settlement between the cash settlement amount and the actual production outcome is regulated in accordance with contract, either during the following month, quarter or year after the completion of traffic production. **2) Coach hire and other revenue** are currently covered by an accepted tender or invoiced amounts in conjunction with performance of the services by the Nobina Group. Payment terms for coach hire and other revenue can vary between advances, arrears with 10–30 days' terms of credit, depending on the customers' credit level. For more information about net sales and reconciliation of contract reconciliation in Note 3.

Contract assets and liabilities

The Nobina Group has no contract assets. Trade receivables and deferred expenses are recognised in the balance sheet and pertain to contract receivables in accordance with IFRS 15. Contract liabilities concern deferred income for traffic production that is yet to be performed, where most is settled in the subsequent period.

Operating expenses

The Group's operating expenses pertain primarily to fuel, tires, personnel expenses, which include salaries, social security costs, pensions, costs for temporary bus drivers, and depreciation costs for right-of-use assets for vehicles, real estate and owned vehicles. Operating expenses also include short term leasing agreements and leasing agreements related to assets of low value.

Acquisition-related costs

Acquisition-related costs recognises costs attributable to transaction costs for ongoing, completed and not completed acquisitions, revaluation of deferred considerations, final effects of contingent considerations/repayments, in the Group as a separate item in the statement of income.

Government subsidies

Government subsidies received pertaining to compensation for an asset's cost, reduces the carrying amount for the asset concerned and is depreciated over its useful life. Subsidies received for New start initiatives, wage subsidies and sickness benefits are recognised as a reduction in the Group's personnel expenses.

Leases

The Group has chosen to implement IFRS 16 with retroactive application and accordingly the accounting policies described below are applicable to both the current year and comparable year. Pursuant to the new model, all leases entail that the lessee is granted control over an asset when the lease commences. When IFRS 16 is implemented, the lessee is to recognise assets and liabilities for all leases with contractual terms exceeding 12 months and when the underlying asset is of considerable value. The Nobina Group has applied the practical exemptions of recognising payments attributable to short-term leases and leases of low-value assets as costs in profit or loss. The Nobina Group's lease portfolio contains leases for offices, depots and buses. The Nobina Group's leases correspond essentially with the terms of traffic contracts and are depreciated over the same period. For more information, see Note 5 relating to the transition to IFRS 16.

The Nobina Group has chosen to retain the classification of vehicles under operating and finance leases, as the contract forms influence the Nobina Group's risk evaluation.

The foundation for **vehicles under operating leases** is that lease expenses are based on either straight-line amortisation or an annuity payment with variable amortisation over time. The proportion of contracts with annuity payments is approximately 95 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. At the end of the contracts, the buses are returned to the lessor. The lessor is responsible for the residual value.

The foundation for **vehicles under finance leases** is that lease expenses are normally based on either straight-line amortisation or an annuity payment with variable amortisation over time. The proportion of straight-line amortisation amounts to approximately 46 percent. Nobina's standard contracts for bus financing have a duration of 10 years down to 10 percent residual value. Nobina is liable for the remaining residual value at the end of the agreement.

The leases are recognised as right-of-use assets with a corresponding non-current and current liability, on the date the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets and lease liabilities are initially recognised at the present value of future lease payments discounted using the interest rate implicit in the lease, if this can easily be determined. If the rate cannot be determined, which is normally the case for the Group's leases, the Group's incremental borrowing rate is instead used for each country. Lease liabilities include the net present value of fixed lease payments and variable lease payments that are based on an index or a rate, initially measured using the index or rate on the commencement date. Right-of-use assets are measured at cost and include the initial measurement of the lease liability and payments made on or prior to the date at which the leased asset is made available to the lessee.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation of right-of-use assets is recognised on the line depreciation/impairment of PPE. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if it is reasonably certain that the lease will be extended. In future periods, the lease liability is revalued if material changes take place in the lease or changes occur to cash flow that are based on the original contract terms. A revaluation of the lease liability results in a corresponding adjustment to the right-of-use asset. The right-of-use asset is tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset is less than the recovery value.

Lease payments related to short-term leases, i.e. leases with a maturity of less than 12 months, and low value leases will both be recognised on a straight-line basis as expense in profit or loss. Low-value leases apply in all material respects to office equipment.

Share saving scheme

The Annual General Meeting of Nobina AB resolved in May 2017 to introduce a Share Saving Scheme (LTIP 2017), encompassing a total of not more than 342,087 shares directed to 22 senior executives and other key employees of the Nobina Group. The share saving scheme was based on personal investments and savings shares that could be purchased up until Wednesday, 28 February 2018. The Annual General Meeting of Nobina AB resolved in May 2018 to introduce a share saving scheme (LTIP 2018), encompassing a total of not more than 656,435 shares directed to 60 senior executives and other key employees of the Nobina Group. The share saving scheme was based on personal investments and savings shares that could be purchased up until Friday, 31 August 2018. The Annual General Meeting of Nobina AB resolved in May 2019 to introduce a share saving scheme (LTIP 2019), encompassing a total of not more than 838,770 shares directed to 60 senior executives and other key employees of the Nobina Group. The share saving scheme was based on personal investments and savings shares that could be purchased up until Friday, 31 August 2019. The cost in accordance with IFRS 2 is recognised in the income statement when the bonus is earned. The share-based cost, excluding social security costs, is classified as a part of equity and social security costs as an accrued cost. At the conclusion of the schemes, any deviations from the original estimates are reported in the statement of income together with corresponding adjustments. Each share saving scheme is expensed and calculated according to IFRS 2, in accordance with the term of the share saving scheme.

Depreciation/amortisation

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

Applied useful lives

Goodwill	Not amortised
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Other intangible assets

Brand	Not amortised
Customer relations/traffic contracts	Over the term of the contract
Software development	3–5 years

Properties

Properties	Individual valuation
Remodelling of leased premises	5 years, but not exceeding the term of the lease

Office equipment and furniture

Office furniture	5 years
Computers	3 years
Tools, fixtures and fittings	5 years

Vehicles

Standard buses	14 years
Special buses	Individual valuation

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

Disposal of non-current assets (buses) is recognised at the sale amount minus the recognised residual value. The earnings effect from the sale of buses is recognised in the preceding year as capital gains/losses from the disposal of non-current assets. For the current year, Nobina has adapted the depreciation period to better reflect the actual market value. Impairment of excess buses, not yet sold, is also recognised under this heading, see Notes 9 and 14.

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 right-of-use liabilities, the interest portion of pension commitments, plus realised and unrealised gains and losses attributable to financing. Interest income and interest expense are recognised in the period in which they arise.

Income taxes

The Group's income taxes consist of current tax and deferred tax. Income taxes are reported in the income statement, unless the underlying transaction is reported directly in equity or other comprehensive income. In such cases, the related tax effect is also recognised directly in equity or in other comprehensive income. Current tax refers to taxable profit or loss for the year. Deferred tax is calculated based on the temporary differences between the carrying amount and taxable values of assets and liabilities, as well as tax on the consolidated tax loss carryforwards. Deferred tax is calculated according to the applicable tax rate in each country. Deferred tax assets are rec-

Note 1 cont.

ognised only to the extent that it is probable that they can be utilised against future taxable profits. Tax laws in Sweden and Finland permit provisions to special reserves and funds, which constitute temporary differences. Within specified limits, this enables companies to retain profits in the company without immediate taxation of these profits. The untaxed reserves are not subject to taxation until they are dissolved. However, during years when the operations make a loss, the untaxed reserves can be utilised to cover losses without giving rise to any taxation. In the consolidated balance sheet, untaxed reserves for the individual companies are allocated between shareholders' equity and deferred tax liabilities. In the income statement, deferred tax is recognised as tax attributable to the change in untaxed reserves for the year. Deferred tax assets and tax liabilities are recognised net when there is a legal right to offset current tax assets against current tax liabilities and the deferred taxes refer to the same tax object and the same authority.

Goodwill and other intangible assets

After initial recognition, goodwill is measured at fair value. Goodwill is not amortised, but is tested annually, or more often if there are indications of a decrease in value. Impairment losses are never reversed. For the purpose of testing impairment requirements, goodwill is allocated to the Group's cash-generating units, which are the same as those used in the segment accounting, with the exception of Samtrans AB, which is considered as a separate unit. Recoverable amounts are determined based on calculations of the value in use. The recoverable amount is the highest of value in use and net realisable value. These calculations are based on an internal assessment of the next four years with various growth rates per segment area. Anticipated future cash flows in accordance with these assessments constitute the grounds for the calculation. Working capital changes and investment requirements have hereby been taken into account. If such an analysis indicates that the carrying amount is higher than the recoverable amount, which is the highest of fair value and value in use, the difference between the carrying amount of goodwill and the recoverable amount will be recorded as an impairment loss. The value in use is measured as the anticipated future discounted cash flow generated by the asset, see Note 13. Other intangible assets consist of brands, customer relations (traffic contracts), resulting from acquisitions. Brands and customer relations are initially recognised at fair value and in subsequent periods at cost less accumulated depreciation and impairment. Other than customer relations and brands, intangible assets are in all material respects capitalised costs for development. The Group continuously assesses whether internal intangible assets, such as capitalised costs for development and internally updated expenditure for administrative systems that have been significantly adapted to the Group's operations, can be capitalised. Other development costs that do not meet the criteria for capitalisation, are expensed as incurred. Development costs previously expensed are not recognised as an asset in a subsequent period. Capitalised development costs recorded as intangible assets are amortised from the point at which the asset is ready for use. If, on the date of the year-end report, there is an indication that an intangible asset has declined in value, a calculation is made of the asset's net realisable value and value in use. The net realisable value consists of the price that is estimated to be received in the event of disposal of the asset less selling expenses. An impairment requirement is considered to exist when the present value of the future cash flow from these intangible assets falls below their carrying amount.

Property, plant and equipment

Cost for PPE consists of the purchase price as well as costs directly attributable to bringing and installing the asset to working condition for its intended use. Any discounts, bonuses or government subsidies are deducted from the cost amount. A PPE item is recognised as an asset

when the cost can be calculated in a reliable manner and when, based on available information, it is probable that the future financial benefits connected with ownership will accrue to the company. An item of property, plant and equipment is recognised at the time of delivery, as stated on the invoice or packing slip. The carrying amounts of non-current assets are regularly tested for impairment. If, on the date of the year-end report, there is an indication that a non-current asset has declined in value, a calculation is made of the asset's net realisable value and value in use. The net realisable value consists of the price that is estimated to be received in the event of disposal of the asset less selling expenses. An impairment requirement is considered to exist when the present value of the future cash flow from these assets falls below their carrying amount. The impairment amount consists of the difference between the higher of the value in use or net realisable value and the carrying amount. For non-current assets that will be divested, the potential impairment amount is calculated as the difference between the estimated sales revenue less associated costs and the asset's carrying amount.

Inventories

Inventories include spare parts purchased mainly for the repair of the company's own or rented buses as well as stocks of fuel. Inventories are stated at the lowest cost, 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 at amortised cost

A financial asset is recognised in the balance sheet when the company initially becomes party to the contractual provisions of the instrument. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest method. The Group's financial assets measured at amortised cost comprise other non-current receivables and trade receivables.

Impairment of financial assets and liabilities at amortised cost

The Group estimates future credit losses related to assets recognised at amortised cost. The Group reports a credit reserve for such expected credit losses at each reporting date. For accounts receivable, the Group applies the simplified approach for credit reserves, meaning the reserve will correspond to the expected loss over the entire life of the trade receivables. The trade receivables have been grouped on the basis of specified credit-risk characteristics and days overdue in order to measure the expected credit losses. The Group uses forward-looking variables for expected credit losses.

Cash and cash equivalents

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

Financial liabilities measured at amortised cost

Financial liabilities (interest-bearing loans and other financing) measured at amortised cost using the effective interest method. Financial liabilities are recognised when the counterparty has performed and there is contractual obligation to pay, even if no invoice has been received. Accounts payable are recognised when an invoice has been received. Any difference between the disbursed amount (less transaction costs) and settlement or redemption of borrowing is recognised over the term of the contract.

Financial liabilities measured at actual cost

Borrowing with interest terms that deviate from market rates is initially measured at fair value, which consists of the present value after discounting to market interest rates. Liabilities in this category consist of commodity derivatives (diesel) measured at fair value with fair value changes recognised through profit or loss. Fair values are based on prices listed in an active market, corresponding to Level 1. Contingent considerations according to fair value measurements were calculated at present value using an interest rate considered as the market rate at the time of acquisition. Adjustments are not made on a continuous basis for changes to market rates as this effect is deemed immaterial, Level 3. The Group has not applied hedge accounting for the 2019/2020 or 2018/2019 fiscal years.

Delineation between current and non-current financial liabilities

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

Other provisions and provisions for pensions and contingent items

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

Termination remuneration

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

Onerous contracts

A large share of the revenues is attributable to contracts with PTAs where the contracts extend for between five and ten years, with an extension option. The contractual terms commonly stipulate that the revenues shall be adjusted upwards in accordance with set indexes, either consumer price indexes or various producer price indexes. Due to changed conditions and because the costs increase more than the revenues, the contracts can

become loss or onerous contracts, which is when the remaining contracted revenues are not enough to cover the costs attributable to the contracts to fulfil the contractual commitment. A provision for future losses is then made in the period that management identifies the contract as an onerous contract. The loss is estimated by including direct and indirect costs attributable to the contract, including depreciation of buses used to fulfil the commitment. The provision is made at the PTA level if there is a natural connection between the various contracts. In a tender process, tenders can be submitted for multiple contracts, where some are profitable and others entail a loss, but the transaction as such provides a surplus.

Third-party obligations

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

Environmental obligations

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

Employee remuneration

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

Pensions

The Group has both defined-contribution and defined-benefit pension plans. The pension liabilities pertain to defined-benefit pensions, calculated annually in accordance with IAS 19 with assistance from an independent actuary. In the defined-contribution pension plans, Nobina pays a fixed contribution according to plan and has no further obligation to pay post-employment contributions. Under the defined benefit plan for Nobina Europe AB, benefits are paid to former employees on the basis of final salary and years of service. The Group bears the risk of ensuring that the contractual benefits are paid. Pension commitments for the Swedish operations are covered by a multi-employer, defined-benefit pension plan. The plan is insured in the mutual insurance company Alecta. The Group has not had access to sufficient information to report its proportional share of the defined-benefit obligation and of the plan assets and expenses. The plan is therefore recognised as a defined-contribution plan, which means that premiums paid are recognised as a personnel expense. In the Swedish operations, there is also a defined-benefit pension plan that is funded. The Group's obligations pertaining to other defined-benefit plans are determined separately for each plan according to the Projected Unit Credit Method. This means that the obligation is calculated as the present value of expected future pension payments. The obligation calculated accordingly is compared with the fair value of the plan assets that secure the obligation. The difference is recognised as

Note 1 cont.

a liability/asset with respect to accrued actuarial gains/losses. The calculation of the future payments is based on actuarial assumptions for life expectancy, future salary increases, employee turnover and other factors that influence the choice of discount rate. The net value of return on assets and interest expenses for pension liabilities are reported in financial income or expenses. Payroll tax attributable to actuarial gains and losses is weighted into the calculation of actuarial gains and losses. In some cases, endowment insurance has been used for former Board members and CEOs. Endowment insurance policies issued are recognised as financial assets and as obligations under provisions for pensions.

Contingent liabilities

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

Earnings per share

Earnings per share for continuing and sold operations before dilution are calculated by taking the net profit attributable to Parent Company shareholders and dividing it by the average number of outstanding shares. Earnings per share after dilution is calculated by dividing the net profit attributable to the Parent Company shareholders by an adjusted average number of outstanding shares, if potential ordinary shares may give rise to dilution. Nobina's dilution is affected by the issued incentive programmes, LTIP 2017, LTIP 2018 and LTIP 2019.

Equity attributable to Parent Company shareholders

Equity attributable to Parent Company shareholders comprises share capital, other contributed capital, translation differences and losses brought forward, repurchased treasury shares and costs for the incentive programmes LTIP 2017, LTIP 2018 and LTIP 2019. Share capital comprises the legally registered share capital in Nobina AB. Other contributed capital comprises contributions made by shareholders in the form of share premiums paid on new issues of shares reduced by issue costs. Dividends are proposed by the Board in accordance with the stipulations of the Swedish Companies Act and adopted by the AGM.

Cash flow information

The cash flow statement has been prepared based on profit or loss and other changes between the opening and closing balances in the balance sheet, taking into account translation differences. The cash flow statement was prepared according to the indirect method. The recognised cash flow consists of transactions that generate deposits and payments. Cash and cash equivalents in the cash flow statement include cash in hand, driver cash and bank

funds. Items that do not affect the cash flow include provisions, depreciation/amortisation and unrealised exchange-rate differences, since they are not cash-based items. Realised profits and losses in connection with the divestment of assets are recognised separately since the cash effect of divesting non-current assets is recognised under cash flow from investing activities. Interest paid, such as the interest increment of right-of-use liabilities and interest on external short and long-term borrowings, is recognised under items from financing activities, while received interest income is recognised in cash flow from operating activities.

Parent Company accounting policies

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

Group contribution for legal entities

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

Shares in subsidiaries

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

Pensions

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

Financial guarantee contracts

Nobina AB does not report financial guarantee contracts in accordance with IFRS 9.

Right-of-use assets and liabilities

Nobina AB does not apply IFRS 16.

NOTE 2 NOBINA'S OPERATING SEGMENTS

	Nobina Sweden	Nobina Denmark	Nobina Norway	Nobina Finland	Central functions and other items	Elimination within the Group	Total
Income statement 1 Mar 2019–29 Feb 2020							
Net sales	7,275	974	1,178	1,249	–16	–15	10,645
EBITA	635	54	43	48	–118	–	662
EBITA (%)	8.7%	5.5%	3.6%	3.8%	–	–	6.2%
Balance sheet 29 Feb 2020							
Goodwill	522	107	122	29	–	–	780
Brand	174	–	–	–	–	–	174
Other intangible assets	107	147	–	–	28	–	282
Property, plant and equipment (PPE) and total financial assets	4,103	380	999	899	287	–	6,668
Total current assets	739	137	126	146	335	–	1,483
Total assets	5,645	771	1,247	1,074	650	–	9,387
Total liabilities	4,172	406	1,115	958	1,356	–	8,007
Other information							
Investments in PPE, intangible assets and right-of-use assets for the year	1,333	75	750	256	18	–	2,432
Average number of employees	7,816	1,007	1,318	1,385	150	–	11,676
Number of employees translated to FTEs	7,569	880	797	1,132	148	–	10,526
	Nobina Sweden	Nobina Denmark	Nobina Norway	Nobina Finland	Central functions and other items	Elimination within the Group	Total
Income statement 1 Mar 2018–28 Feb 2019							
Net sales	6,863	648	1,047	1,178	2	–4	9,734
EBITA	586	18	13	44	–41	–	620
EBITA (%)	8.5%	2.8%	1.2%	3.7%	–	–	6.4%
Balance sheet 28 Feb 2019							
Goodwill	522	106	128	29	–	–	785
Brand	174	–	–	–	–	–	174
Other intangible assets	137	169	–	–	15	–	321
Property, plant and equipment (PPE) and total financial assets	4,132	271	514	751	556	–	6,224
Total current assets	881	129	133	130	1,068	–	2,341
Total assets	5,846	675	775	910	1,639	–	9,845
Total liabilities	5,005	358	664	807	1,560	–	8,394
Other information							
Investments in PPE, intangible assets and right-of-use assets for the year	1,025	50	30	117	174	–	1,396
Average number of employees	7,995	864	1,258	1,323	141	–	11,581
Number of employees translated to FTEs	7,711	778	812	1,107	139	–	10,547

NOTE 3 NET SALES

Net sales by segment for continuing operations

(SEK million)	Full year	
	Mar 2019–Feb 2020	Mar 2018–Feb 2019
Nobina Sweden	7,275	6,863
Production contracts	4,821	4,642
Incentive contracts	2,343	2,069
Other revenue	111	152
Nobina Denmark	974	648
Production contracts	876	563
Incentive contracts	3	3
Other revenue	95	82
Nobina Norway	1,178	1,047
Production contracts	1,120	1,009
Incentive contracts	2	8
Other revenue	56	30
Nobina Finland	1,249	1,178
Production contracts	1,219	1,154
Incentive contracts	19	19
Other revenue	11	5
Total	10,676	9,736
Production contracts	8,036	7,368
Incentive contracts	2,366	2,099
Other revenue	274	269
Central functions and other items	–16	2
Elimination of sales within the Group	–15	–4
Total net sales	10,645	9,734

Nobina's revenue streams for tendered traffic

Most of Nobina's income consists of remuneration for scheduled bus traffic and is attributable to contracts with PTAs that run for a term of five to eight years, with an extension option. The number of traffic contracts for tendered traffic currently amounts to 67 (70) in Nobina Sweden, 12 (11) contracts in Nobina Denmark, 6 (7) contracts in Nobina Norway and 27 (26) contracts in Nobina Finland. The option to extend traffic contracts does not provide any special benefit to either the PTA or the company, which is why the option is not assigned any value in the overall measurement of the contract value. Utilisation of the extension option is to be regarded as a new traffic contract based on the existing structure. Regardless of the payment streams for operations under a contract, Nobina reports its revenues when the services are provided and transferred to the customer. Contracts between an operator and a PTA include the parties' commercial terms and conditions, such as who is responsible for operating the traffic, service interruptions, reduced or expanded traffic volume and the extension option. The Nobina Group delivers most of the services in tendered traffic, which are to be regarded as a series of integrated services constituting the combined perfor-

mance over time, whereby the customer can benefit from the services at each point in time. PTAs have the right to increase or decrease the agreed production volume in line with an agreed production interval. Changes to the applicable traffic production, within an agreed contract volume, do not provide any material benefit to the PTA, which is why all revenue is recognised as an undertaking for the operator. The Nobina Group may sometimes pay fines for cancelled journeys, etc. The fines are recognised as a revenue reduction. Fines are recognised in the corresponding period when the services are provided and transferred to the customer. The Nobina Group's payment formats for contracted traffic can be either production contracts or incentive contracts.

Contract form – production contract

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

Contract form – incentive contract

Nobina's traffic contracts can also be designed so that all or part of the compensation is based on the number of passengers. These are called incentive contracts, and account for about 22 percent of total contract revenue. Revenue from these contracts is recognised on the date that the passenger travels with Nobina.

Variable revenue included in the production and incentive contract forms

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

Other revenue – Coach hire

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

Major clients

Sales to three (three) major clients in the Nobina Sweden segment represent 40 (45) percent of Nobina's sales and in the Nobina Finland segment, sales to one (one) major client represents 12 (12) percent of Nobina's sales.

Reconciliation in contract liabilities

	Group	
	29 Feb 2020	28 Feb 2019
Opening balance, contract liabilities	290	276
Performance obligations completed	–290	–276
New performance obligations not completed	254	290
Closing balance, contract liabilities	254	290

The Nobina Group has no contract assets. Trade receivables and deferred expenses are recognised in the balance sheet and pertain to contract receivables in accordance with IFRS 15. Unsatisfied performance obligations outstanding in the above table, apply to prepaid contract revenue, where services and revenue recognition are made in the subsequent accounting period. Nobina does not provide information about the transaction price allocated to unfulfilled performance commitments in accordance with IFRS 15. This is because Nobina's contracts are essentially based on the number of kilometers driven or the number of passengers.

NOTE 4 OPERATING EXPENSES

	Group		Parent Company	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Fuel	1,261	1,224	–	–
Spare parts	307	226	–	–
Tyres and other consumables	248	319	–	–
Total fuel, tyres and other consumables	1,816	1,769	–	–
Other external expenses	1,545	1,179	27	38
Total other external expenses	1,545	1,179	27	38
Payroll expenses	4,149	3,903	38	31
Employer's contributions	902	887	8	10
Pension expenses	349	333	10	7
Other personnel expenses	120	67	4	2
Total personnel expenses	5,520	5,190	60	50

NOTE 5 RECLASSIFICATION UPON TRANSITION TO IFRS 16

The new lease standard, IFRS 16 superseded the previous IAS 17 on 1 January 2019. The Nobina Group has implemented IFRS 16 with retroactive application of the 2018/2019 fiscal year, subject to adjustments of all periods presented. New titles have been introduced, such as right-of-use assets and liabilities. Pursuant to the new model, all leases entail that the lessee is granted control over an asset when the lease commences. When IFRS 16 is implemented, the lessee is to recognise assets and financial right-of-use liabilities for all leases with contractual terms exceeding 12 months and when the underlying asset is of considerable value. Nobina's lease portfolio contains leases for offices

and depots, and buses on operating leases. All leases are recognised in the balance sheet as financial right-of-use assets and right-of-use liabilities. In the income statement, all lease expenses are recognised as depreciation and interest expenses. Lease payments in the statement of cash flows are divided between interest payments and payments of lease liabilities. Interest payment and payments of lease liabilities are recognised under financing activities. The effect of nobina's equity from the transition to IFRS 16 was SEK 2 million and has been reported in the opening balance for 2017–2018.

Consolidated income statement

	Full year 28 Feb 2019 –29 Feb 2020	Adjusted IFRS 16	Restated	Full year 1 Mar 2018 –28 Feb 2019	Adjusted IFRS 16	Restated
Continuing operations						
Net sales	10,645	–	10,645	9,734	–	9,734
Fuel, tyres and other consumables	–1,816	–	–1,816	–1,769	–	–1,769
Other external expenses	–1,805	260	–1,545	–1,460	281	–1,179
Personnel expenses	–5,520	–	–5,520	–5,190	–	–5,190
Capital gains/losses from the disposal of non-current assets	2	–	2	–32	–	–32
Depreciation/impairment of PPE	–891	–213	–1,104	–705	–239	–944
Total EBITA	615	47	662	578	42	620
Acquisition-related income and costs	–2	–	–2	–25	–	–25
Amortisation/impairment of intangible assets	–63	–	–63	–20	–	–20
Operating profit (EBIT)	550	47	597	533	42	575
Financial income	–	–	–	–	–	–
Financial expenses	–152	–46	–198	–138	–48	–186
Net financial items	–152	–46	–198	–138	–48	–186
Profit/loss before tax (EBT)	398	1	399	395	–6	389
Income tax	–94	–	–94	–92	1	–91
Profit/loss for the period	304	1	305	303	–5	298

Note 5 cont.

Summary of consolidated balance sheet

	29 Feb 2020	Adjusted IFRS 16	Restated	28 Feb 2019	Adjusted IFRS 16	Restated	28 Feb 2018	Adjusted IFRS 16	Restated
Goodwill	780	–	780	785	–	785	581	–	581
Other intangible assets	456	–	456	495	–	495	6	–	6
Real estate and costs for leasehold improvements	169	645	814	178	653	831	32	838	870
Equipment, tools, fixtures and fittings	113	–	113	152	–	152	93	–	93
Vehicles	5,525	103	5,628	4,902	139	5,041	5,093	172	5,265
Deferred tax assets	93	–	93	179	–	179	253	–	253
Assets for pension commitments	15	–	15	17	–	17	18	–	18
Other non-current receivables	5	–	5	4	–	4	5	–	5
Total non-current assets	7,156	748	7,904	6,712	792	7,504	6,081	–	7,091
Total current assets	1,483	–	1,483	2,341	–	2,341	1,726	–	1,726
Total assets	8,639	748	9,387	9,053	792	9,845	7,807	1,010	8,817
Shareholders' equity and liabilities									
Shareholders' equity attributable to Parent Company shareholders	1,382	–2	1,380	1,454	–3	1,451	1,436	2	1,438
Non-current liabilities									
Borrowing	4,326	587	4,913	4,270	571	4,841	3,582	728	4,310
Deferred tax liabilities	275	–	275	256	–	256	143	–	143
Provision for pensions and similar commitments	27	–	27	33	–	33	41	–	41
Other provisions	47	–	47	63	–	63	40	–	40
Total non-current liabilities	4,675	587	5,262	4,622	571	5,193	3,806	728	4,534
Short-term liabilities									
Total liabilities	2,582	163	2,745	2,977	224	3,201	2,565	280	2,845
Total shareholders' equity and liabilities	8,639	748	9,387	9,053	792	9,845	7,807	1,010	8,817

NOTE 6 ACQUISITION-RELATED COSTS

	Group		Parent Company	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Acquisition-related income and costs				
Fair value adjustment of contingent considerations not paid	–7	–5	–7	–5
Acquisition-related costs	5	–20	–4	–8
Total	–2	–25	–11	–13

	Group	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Acquisition-related income and costs, by segment		
Nobina Sweden	10	–6
Nobina Denmark	–	–6
Nobina Norway	–	–
Nobina Finland	–	–
Central functions and other items	–12	–13
Total	–2	–25

	Group	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Cash flow from acquisition-related costs		
Acquisition-related costs in income statement	2	25
Cash flow	–13	–20
Adjustment for cash flow from acquisition-related costs	–11	5

NOTE 7 REMUNERATION OF AUDITORS

	Group		Parent Company	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Fees and compensation to auditors, SEK thousand				
PwC				
Audit assignment	3,904	3,680	1,100	1,193
Audit-related activities in addition to audit assignment:	–	26	–	–
Tax advisory services	–	–	–	–
Other services	–	49	–	49
Total	3,904	3,755	1,100	1,242

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

for the audit assignment of SEK 3,904,000, SEK 2,631,000 was invoiced by PricewaterhouseCoopers (PwC) in Sweden for the statutory audit. The remaining remuneration of SEK 0 (26,000) and SEK 0 (49,000), respectively, was invoiced by PwC in Sweden and pertains to accounting-related advisory services and reviews in addition to the standard audit.

NOTE 8 PERSONNEL

	Group		Parent Company	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Number of employees				
Average number of employees	11,676	11,581	16	15
of whom men	10,321	10,121	12	11
of whom women	1,355	1,460	4	4
Number of employees translated to FTEs	10,526	10,547	15	15
Sweden	7,966	8,136	16	15
of whom men	6,897	6,949	12	11
of whom women	1,069	1,187	4	4
Number of employees translated to FTEs	7,717	7,850	15	15
Denmark	1,007	864	–	–
of whom men	886	752	–	–
of whom women	121	112	–	–
Number of employees translated to FTEs	880	778	–	–
Norway	1,318	1,258	–	–
of whom men	1,236	1,169	–	–
of whom women	82	89	–	–
Number of employees translated to FTEs	797	812	–	–
Finland	1,385	1,323	–	–
of whom men	1,302	1,251	–	–
of whom women	83	72	–	–
Number of employees translated to FTEs	1,132	1,107	–	–

Note 8 cont.

Personnel expenses

	Group 1 Mar 2019–29 Feb 2020			Group 1 Mar 2018–28 Feb 2019		
	Salaries and other remuneration	Payroll overheads	Of which pension expenses	Salaries and other remuneration	Payroll overheads	Of which pension expenses
Salaries and other remuneration						
Parent Company	38	18	10	31	17	7
Subsidiaries in Sweden	2,417	922	164	2,451	938	170
Total Sweden	2,455	940	174	2,482	955	177
Foreign subsidiaries						
Denmark	513	78	44	340	53	31
Norway	550	104	23	494	88	20
Finland	631	129	108	587	124	105
Total foreign subsidiaries	1,694	311	175	1,421	265	156
Total Group	4,149	1,251	349	3,903	1,220	333

	Group 1 Mar 2019–29 Feb 2020				Group 1 Mar 2018–28 Feb 2019			
	Salaries and other remuneration	Of which bonus payments and similar remuneration	Payroll overheads	Of which pension expenses	Salaries and other remuneration	Of which bonus payments and similar remuneration	Payroll overheads	Of which pension expenses
Distribution of salaries and other remuneration by country and for the Group's senior executives and other employees								
Parent Company	29	4	12	5	19	5	18	5
Subsidiaries in Sweden	10	3	4	3	15	2	7	4
Total Sweden	39	7	16	8	34	7	25	9
Foreign subsidiaries								
Denmark	4	0	1	0	3	1	1	0
Norway	3	1	1	0	4	1	0	0
Finland	3	1	1	0	3	1	0	0
Total foreign subsidiaries	10	2	3	0	10	3	1	0
Total Group	49	9	19	8	44	10	26	9

Shareholdings of Directors and other senior executives

Number of shares	Group	
	29 Feb 2020	28 Feb 2019
Chairman of the Board		
Jan Sjöqvist	193,737	193,737
Directors		
Graham Oldroyd	34,375	34,375
Liselott Kilaas	–	–
Monica Lingegård	–	–
John Allkins	54,963	54,963
Bertil Persson	–	–
Johan Bygge	10,000	–
Senior executives		
Magnus Rosén	62,000	52,000
Pernilla Walfridsson	7,100	–
Jan Bosaeus	105,913	210,913
Henrik Dagnäs	17,000	13,000
Petri Auno	10,000	–
Niels Peter Nielsen	54,005	54,005
Jan Volsdal	13,000	10,000
Martin Pagrotsky	40,000	40,000
Magnus af Petersens	8,350	3,250
Jenny Lundmark	3,000	2,500
Total number of shares	613,443	668,743

Remuneration to the CEO and other senior executives

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

Variable remuneration to the CEO

In addition to fixed remuneration, the CEO is entitled to a special bonus. Variable remuneration is based on the individual's performance and the company's performance in relation to predetermined targets. Evaluation of these targets takes place annually. Variable remuneration consists of a cash bonus as determined by the Board and is capped at 60 percent of fixed annual salary.

Variable remuneration to other senior executives

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

Note 8 cont.

Performance-based share saving scheme

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

LTIP 2017

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

LTIP 2018

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

LTIP 2019

The Annual General Meeting of Nobina AB resolved in May 2019 to introduce a share saving scheme (LTIP 2019), encompassing a total of not more than 838,770 shares directed to 60 senior executives and other key employees of the Nobina Group. The share saving scheme was based on personal investments and savings shares that could be purchased up until Friday, 31 August 2019. Nobina has acquired shares through trading on Nasdaq Stockholm corresponding to the share saving scheme. The acquired shares will be allocated to participants in 2022 on the condition that they are still employed by the Group, with the exception of cases when the employee has left their job due to retirement, fatality or protracted illness, when the employee may still be entitled to receive bonus shares.

The total share-based remuneration is recognised as a bonus expense and social security contributions for the incentive programme are recognised as remuneration in equity. Each share saving scheme is expensed and calculated according to IFRS 2, in accordance with the term of the share saving scheme. The valuation of undisbursed savings shares was carried out by an external expert. Allocation is yet to take place. Nobina has acquired a value corresponding to the total incentive remuneration. The number of shares acquired at this time was 2,208,321 (1,246,654) with a value of SEK 134 (74) million and an average cost of SEK 60.87 (59.18) per share. The acquired shares impacted earnings per share through dilution, as stated in Note 23.

Pension terms for the CEO

Pension expenses comprise a defined-contribution pension, for which the premium is capped at 35 percent of pensionable salary. The retirement age for the CEO is 65 years. Pensionable salary refers to basic salary as long as the CEO remains employed by the company. Salary paid upon termination is pensionable. For the CEO, the defined-contribution pension expenses amounted to SEK 1.8 (1.6) million.

Pension terms for other senior executives

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

Other employment benefits of the CEO

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

Vacation for the CEO and other senior executives

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

Remuneration of former Board members and CEOs

Remuneration of former CEOs (with retirement at the age of 62) amounted to SEK 2 (6) million on the balance-sheet date. Nobina's commitment to former CEOs ends at the age of 65.

Remuneration to the Chairman of the Board and other Directors

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

Bonus payments

Nobina has chosen to postpone the deadline for bonus payments in view of the current COVID-19 situation.

	Group		Parent Company	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Costs for share-based incentive programme; CEO, Group management and other senior executives				
Bonus expenses for incentive programme	–14	–6	–6	–4
Social security costs for incentive programme	–4	–2	–2	–1
Total	–18	–8	–8	–5

The share-based remuneration (bonus expense for the incentive programme) is recognised as a bonus expense and as share-based remuneration in equity. Social security costs for the incentive programme are recognised as social security contributions and accrued costs in operations. Nobina has acquired treasury shares corresponding to the total value of the incentive remuneration.

Note 8 cont.

Recognition of remuneration of senior executives, 1 Mar 2019–29 Feb 2020

	Basic salary/ Directors' fees	Variable remuneration	Incentive programme	Pension expenses	Other remuneration	Total
Jan Sjöqvist (Chairman)	0.9	–	–	–	–	0.9
Graham Oldroyd (Director)	0.5	–	–	–	–	0.5
Liselott Kilaas (Director)	0.5	–	–	–	–	0.5
Monica Lingegård (Director)	0.5	–	–	–	–	0.5
John Allkins (Director)	0.5	–	–	–	–	0.5
Bertil Persson (Director)	0.3	–	–	–	–	0.3
Johan Bygge (Director)	0.3	–	–	–	–	0.3
Magnus Rosén (CEO)	5.2	1.8	5.6	1.8	–	14.4
Other senior executives ¹⁾	21.1	6.7	4.4	5.0	–	37.2
Total 2019–2020	29.8	8.5	10.0	6.8	–	55.1

1) Pertains to Martin Pagrotsky, Niels Peter Nielsen, Jan Volsdal, Petri Auno, Jenny Lundmark from 1 April 2019, Anna Jonasson until 31 March 2019, Tomas Hansson until 1 March 2019, Per Skärgård until 31 December 2019, Pernilla Walfridsson from 1 September 2019. Jan Bosaeus, Henrik Dagnäs and Magnus af Petersens from 1 April 2019.

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

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

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

	Group 29 Feb 2020		Group 28 Feb 2019	
	Number	of whom men	Number	of whom men
Directors and senior executives				
Board including CEO	8	75%	7	71%
Other senior executives	9	80%	9	88%

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

	Group	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Sales proceeds with respect to buses sold during the year	53	40
Recognised residual value with respect to buses sold during the year	–51	–72
Total	2	–32

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

	Group	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Depreciation/impairment of PPE		
Real estate and costs for leasehold improvements	–10	–8
Right-of-use assets, property, etc.	–197	–213
Equipment, tools, fixtures and fittings	–32	–36
Vehicles	–326	–102
Right-of-use assets, vehicles	–460	–585
Impairment of available-for-sale buses	–79	–
Total	–1,104	–944

	Group	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Amortisation of intangible assets		
Goodwill	–	–
Brand	–	–
Customer relations	–44	–15
Other intangible assets	–19	–5
Total	–63	–20

NOTE 11 INTEREST INCOME AND SIMILAR PROFIT ITEMS

	Group		Parent Company	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Financial income	–	–	–	–
Interest income	–	–	–	–
Interest income from Group companies	–	–	22	8
Total	–	–	22	8

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

NOTE 12 INTEREST EXPENSES AND SIMILAR LOSS ITEMS

	Group		Parent Company	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Interest expenses for right-of-use liabilities	–129	–156	–	–
Interest expenses on bond loans and other loans	–58	–13	–15	–3
Other financial expenses	–6	–8	–3	–3
Interest expenses to Group companies	–	–	–	–
Realised and unrealised exchange gains/losses, net	–5	–9	–4	–9
Total	–198	–186	–22	–15

NOTE 13 INTANGIBLE ASSETS

Measurement

Goodwill is not amortised on an ongoing basis but measured at least once per year in accordance with IAS 36. The most recent measurement was in February 2020. Goodwill is distributed between cash-generating units, for which Norway, Denmark and Finland are aligned with the Group's operating segments. With respect to Sweden, goodwill is distributed between Samtrans (SEK 97 million) and the rest of Sweden (SEK 425 million). Impairment testing is conducted therefore on the smallest cash-generating unit. The recovery value was calculated according to value in use and based on the current assessment of cash flows for the next four years. The parameters were set to correspond to the budgeted earnings for the fiscal year (2020/2021). The Nobina Group's extrapolation is based on existing contracts, our potential to defend existing contracts in a new tendering process and our ability to secure new traffic contracts, at the same level of profit as that set as a requirement by the Nobina Group when signing new traffic contracts. Our assessment of a growth rate for extrapolation beyond the forecast period is that we can secure new contracts with the same level of sales and profits, as existing traffic contracts, meaning our ability to defend our market position at the same level. Sales growth over a four-year period, in the table below, refers to indexation effects. For more information, see Note 32, where fore-

cast cost increases corresponds to the expected growth in sales. We consider that zero percent growth offers a true and fair view of the Nobina Group for extrapolation beyond the forecast period. We have used a higher discount rate in Samtrans AB when measuring non-contract operations. Cash flows are based on operating earnings. Head office expenses are excluded from the company's operating profit. The weighted cost of capital was adapted to the prevailing level of interest rates. For the distribution of intangible assets by segment, see Note 2.

Other impairment testing

Every year, a test is conducted of the impairment need of goodwill and assets with indefinite useful life at segment level in accordance with the same principles and on the same date as testing of goodwill. Assets with indefinite useful life consist of the Samtrans brand and are measured using the same measurement principles as goodwill and on the same date.

Sensitivity analysis

A sensitivity assessment shows the remaining goodwill value and brand would continue to be justified if the discount rate and profit margin were raised by one percentage point or reduced by one percentage point.

	Goodwill		Brand		Customer relations		Other intangible assets		Total	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Cost										
Opening cost	785	581	174	–	278	–	86	29	1,323	610
Procurement	–	–	–	–	–	–	10	11	10	11
Company acquisitions	1	205	–	174	–	276	–	47	1	702
Reclassification	–	–	–	–	–	–	12	–	12	–
Sales/disposals	–	–4	–	–	–	–	–	–1	–	–5
Translation differences	–6	3	–	–	2	2	–	–	–4	5
Closing cost	780	785	174	174	280	278	108	86	1,342	1,323
Accumulated amortisation										
Opening accumulated amortisation	–	–	–	–	–15	–	–28	–23	–43	–23
Amortisation for the year	–	–	–	–	–44	–15	–19	–5	–63	–20
Sales/disposals	–	–	–	–	–	–	–	1	–	1
Translation difference	–	–	–	–	–	–	–	–1	–1	–1
Closing accumulated amortisation	–	–	–	–	–59	–15	–47	–28	–106	–43
Residual value according to plan	780	785	174	174	221	263	61	58	1,236	1,280

	29 Feb 2020					28 Feb 2019				
	Nobina Sweden	Samtrans	Nobina Denmark	Nobina Norway	Nobina Finland	Nobina Sweden	Samtrans	Nobina Norway	Nobina Finland	
Sales growth over four-year period	1.5%	7.5%	14%	4.5%	3.8%	8.2%	9.3%	6.8%	2.6%	
Discount rate before tax for present value calculation of estimated future cash flows	7.0%	10.0%	7.0%	7.0%	7.0%	7.0%	10.0%	7.0%	7.0%	

NOTE 14 PROPERTY, PLANT AND EQUIPMENT (PPE)

	Costs for leasehold improvements		Right-of-use assets, property		Equipment, tools, fixtures and fittings	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Cost						
Opening cost	218	62	1,070	1,084	365	228
Purchasing/additional contracts	4	150	223	7	63	42
Company acquisitions	–	4	–	–	–	100
Reclassification	–121	–	121	–	–115	–
Sales/disposals/expiring contracts	–	–	–184	–24	–15	–9
Translation differences	–	2	–4	3	–1	4
Closing cost	101	218	1,226	1,070	297	365
Accumulated amortisation						
Opening accumulated amortisation	–40	–30	–417	–246	–213	–135
Amortisation for the year	–10	–8	–197	–213	–32	–36
Company acquisitions	–	–	–	–	–	–61
Reclassification	1	–	–1	–	47	–
Sales/disposals/expiring contracts	–	–	149	44	15	18
Translation difference	1	–2	1	–2	–1	1
Closing accumulated amortisation	–48	–40	–465	–417	–184	–213
Residual value according to plan	53	178	761	653	113	152

Right-of-use assets, vehicles	Owned vehicles (buses)		Right-of-use assets, vehicles on finance leases (buses)		Right-of-use assets, vehicles on operating leases		Total PPE	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Cost								
Opening cost	1,589	612	7,047	7,715	193	201	10,482	9,902
Purchasing/additional contracts	651	346	905	168	3	–	1,849	713
Company acquisitions	27	–	–	–	–	–	27	104
Refinancing	799	679	–799	–679	–	–	–	–
Reclassification	106	–	–	–	–	–	–9	–
Sales/disposals/expiring contracts	–91	–65	–562	–253	–26	–8	–878	–359
Translation differences	–1	17	–44	96	–	–	–50	122
Closing cost	3,080	1,589	6,547	7,047	170	193	11,421	10,482
Accumulated amortisation								
Opening accumulated amortisation	–279	–200	–3,444	–3,030	–54	–29	–4,447	–3,670
Amortisation for the year	–326	–102	–438	–559	–22	–26	–1,025	–944
Company acquisitions	–	–	–	–	–	–	–	–61
Reclassification	–45	–	–	–	–	–	2	–
Sales/disposals/expiring contracts	20	31	431	186	9	1	624	280
Translation difference	–	–8	6	–41	–	–	7	–52
Closing accumulated amortisation	–630	–279	–3,445	–3,444	–67	–54	–4,839	–4,447
Residual value according to plan	2,450	1,310	3,102	3,603	103	139	6,582	6,035
Accumulated impairment								
Opening accumulated impairment	–	–	–11	–4	–	–	–11	–4
Sales/disposals	–	–	63	4	–	–	63	4
Impairment for the year	–5	–	–74	–11	–	–	–79	–11
Closing accumulated impairment	–5	–	–22	–11	–	–	–27	–11
Total residual value	2,445	1,310	3,080	3,592	103	139	6,555	6,024

Note 14 cont.

Total residual value	29 Feb 2020			28 Feb 2019		
	Owned assets	Right-of-use assets	Total	Owned assets	Right-of-use assets	Total
Real estate and costs for leasehold improvements	53	761	814	178	653	831
Equipment, tools, fixtures and fittings	113	–	113	152	–	152
Vehicles	2,445	3,183	5,628	1,310	3,731	5,041
Total residual value	2,611	3,944	6,555	1,640	4,384	6,024

NOTE 15 CASH FLOW INVESTMENTS FOR THE YEAR

Investments and recognised right-of-use liabilities	Group	
	1 Mar 2019–29 Feb 2020	1 Mar 2018–28 Feb 2019
Other intangible assets	–10	–11
Costs for leasehold improvements	–4	–150
Equipment, tools, fixtures and fittings	–63	–42
Vehicles	–1,450	–904
Total investments	–1,527	–1,107

NOTE 16 PARTICIPATIONS IN GROUP COMPANIES

	Parent Company		Profit from participations in Group companies, SEK million	Parent Company	
	29 Feb 2020	28 Feb 2019		1 Mar 2019–29 Feb 2020	1 Mar 2018–28 Feb 2019
Participations in Group companies			Nobina Sverige AB, Group contribution	–	405
Opening balance	4,647	3,678	Nobina Fleet AB, impairment of Group contribution	–30	–84
Capital infusion Nobina Fleet AB and impairment, net	0	70	Nobina Europe AB, Group contribution, dividend and impairment	19	11
Divestment Swebus Express AB	–	–23	Nobina Fastigheter AB, impairment of Group contribution	–	–
Impairment of shares Nobina Sverige 3 AB after dividend received	–178	116	Samtrans AB, Group contribution	26	–
Impairment of shares Nobina Oy	–	–30	Nobina Busco AB, impairment of Group contribution	–50	–
Acquisition Samtrans AB	–	416	Nobina Sverige 2 AB, impairment of dividends and Group contribution	–4	–
Acquisition DBO Busser Holding AS	–	283	Nobina Sverige 3 AB dividend and impairment	–27	28
Nobina Sverige 2 AB, impairment of shares after dividend received	–130	137	Nobina Oy, impairment	–	–30
Capital infusion Nobina AS and impairment	0	0	Swebus Express AB, sale/impairment of Group contribution	–	64
Capital infusion Nobina Busco AB and impairment	0	–	Nobina AS, impairment	–53	–32
Nobina Europe AB, impairment of shares after dividend received	–158	–	Total	–119	362
Capital infusion Nobina Fastigheter and impairment, net	0	–			
Closing, carrying amounts of participations in Group companies	4,181	4,647			

Note 16 cont.

	Corporate registration number	Business	Shareholders' equity	Number of shares	Profit for the year	Value of ownership share (%)	Share capital	Carrying amount, 29 Feb 2020
Subsidiaries of Nobina AB:								
Nobina Fleet AB (Stockholm)	556031-1812	Holding of buses	140	70,000	0	100%	7	92
Nobina Sverige 3 AB (Stockholm)	556583-0527	Holding of buses	44	1,000	-2	100%	0	46
Nobina Technology AB (Stockholm)	556210-1500	Technology advances	3	2,500	0	100%	0	3
Nobina Europe AB (Stockholm)	556031-8569	Service company	39	160,000	-1	100%	0	42
Nobina Sverige 2 AB (Stockholm)	556028-1122	Dormant company	437	300	429	100%	0	7
Nobina Omsorgsresor AB (Stockholm)	559178-0902	Dormant company	0	100	0	100%	0	0
Nobina BusCo AB (Stockholm)	559189-8241	Holding of buses	47	500	-2	100%	0	0
Nobina Fastigheter AB (Stockholm)	556416-2419	Property company	0	1,000	-1	100%	0	2
Swedish commercial companies								
Nobina Sverige AB (Stockholm)	556057-0128	Regional traffic	462	3,000	-3	100%	0	2,716
Samtrans Omsorgsresor AB (Stockholm)	556291-1965	Special transportation	69	68,640	18	100%	7	416
Foreign commercial subsidiaries								
Nobina Oy (Helsinki)	0505988-8	Regional traffic	161	2,000	1	100%	36	288
Subsidiaries of Nobina Oy:								
Nobina Finland West Oy (Helsinki)	2175179-4	Regional traffic	75	2,600	6	100%	0	
Nobina Finland South Oy (Helsinki)	2175178-6	Regional traffic	42	2,600	7	100%	0	
Nobina Finland East Oy (Helsinki)	2175186-6	Regional traffic	13	2,600	2	100%	0	
Nobina Fleet Finland Oy (Helsinki)	2953344-1	Holding of buses	10	2,500	-1	100%	0	
Nobina AS (Oslo)	915768237	Regional traffic	69	4,268	-3	100%	34	79
Subsidiaries of Nobina AS:								
Nobina Fleet Norge AS (Oslo)	921881894	Holding of buses	7	100	-7	100%	0	
Nobina Danmark Holding ApS (Glostrup)	36078480	Holding company	301	100	-1	100%	0	490
Subsidiaries of Nobina Danmark Holding ApS:								
Nobina A/S (Glostrup)	29513376	Regional traffic	119	10,001	34	100%	1	
Nobina Danmark Service ApS (Glostrup)	38558420	Workshop services	-77	500	-32	100%	0	
Nobina Ejendomme ApS (Glostrup)	400,478 67	Property company	-1	500	0	100%	0	
DBO Busser Holding AS (Holte)	305,133 63	Holding company	51	100	13	100%	0	
Dee Blaa Omnibusser A/S (Holte)	7311 1714	Regional traffic	132	100	16	100%	1	
DBO Vaerksted ApS (Holte)	27673082	Workshop services	1	100	0	100%	0	
Nobina Fleet Danmark ApS (Glostrup)	31586429	Holding of buses	-6	1,250	0	100%	0	
Ørslev Servicetrafik AS (Vordingborg)	177 29,381	Special transportation	8	501,000	3	100%	1	
Subsidiaries of Nobina Fleet Danmark ApS:								
Nobina Fleet Danmark No 1 ApS (Glostrup)	36077719	Holding of buses	2	100	0	100%	0	
Nobina Fleet Danmark No 4 ApS (Glostrup)	36558598	Holding of buses	0	100	1	100%	0	
Nobina Fleet Danmark No 5 ApS (Glostrup)	37422983	Holding of buses	0	100	0	100%	0	
Nobina Fleet Danmark No 6 ApS (Glostrup)	38127543	Holding of buses	1	100	0	100%	0	
Nobina Fleet Danmark No 7 ApS (Glostrup)	39491974	Holding of buses	1	100	1	100%	0	
Nobina Fleet Danmark No 8 ApS (Glostrup)	39875640	Holding of buses	1	100	0	100%	0	
DBO Leasing af 2014 ApS (Holte)	36085843	Holding of buses	29	100	-3	100%	0	
Ørslev Leasing 2016 Aps (Vordingborg)	3 799 4995	Holding of buses	-2	50,000	-2	100%	0	
Total								4,181

NOTE 17 TAXES

	Group		Parent Company	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Current tax on profit for the year	–2	–7	–	–
Adjustments to previous years' tax	4	–2	–	–2
Total current tax	2	–9	–	–2
Deferred tax				
Recognition of prior, unrecognised deferred taxes, continuing operations	–	3	–	–
The period's change through profit or loss, continuing operations	–96	–85	89	–74
Change in comprehensive income for the period	–	–	–	–
Total deferred tax continuing operations	–96	–82	89	–74
Total income tax	–94	–91	89	–76

The corporate tax rate in Norway is approximately 24 percent, in Denmark approximately 22 percent, in Finland approximately 20 percent and in Sweden approximately 21 percent. The Group's tax expense amounted to a negative SEK –94 (–91) million, of which SEK 4 (–2) million pertains to an adjustment from previous years, 23.5 (23.3) percent of profit for the year. Current tax amounted to SEK 2 (–9) million.

Tax assets and tax liabilities	Group		Parent Company	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Deferred tax assets, gross				
Postponed depreciation/amortisation, impairment and adjustments to fair value, other PPE	10	10	–	–
Postponed expenses for provisions	4	7	–	–
Doubtful debts	0	0	–	–
Other deferred tax assets attributable to pensions	–	2	–	–
Tax loss carryforwards	217	312	14	–
Total	231	331	14	–
Deduction for unrecognised, deferred tax assets	–138	–152	–	–
Total deferred tax assets	93	179	14	–
Deferred tax assets, net				
Opening carrying amount	179	253	–	–
The period's change through profit or loss of prior unrecognised deferred taxes	–5	3	–	–
Other deferred tax assets attributable to acquisitions	–2	9	–	–
Change in tax rate through profit or loss	–	–6	–	–
The period's change through profit or loss	–79	–80	14	–
Closing carrying amount, net	93	179	14	–
Deferred tax liabilities, gross				
Faster rate of depreciation/amortisation and adjustments to fair value, other PPE	–275	–256	–	–76
Total deferred tax liabilities	–275	–256	–	–76
Deferred tax liabilities, net				
Opening carrying amount	–256	–143	–76	–
The period's change through profit or loss	–12	–6	76	–76
Other deferred tax liabilities attributable to acquisitions	–7	–111	–	–
Change in tax rate through profit or loss	–	4	–	–
Closing carrying amount, net	–275	–256	–	–76
Total net tax assets and tax liabilities	–182	–77	14	–76
Net increase (+)/net decrease (–) of tax assets/liabilities	–105	–187	90	–76

Note 17 cont.

Unrecognised, deferred tax assets	Group		Parent Company	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Opening non-recognised amount	152	134	–	–
Addition of previously non-capitalised loss carryforwards	7	12	–	–
Change in applicable tax rates	–	–	–	–
Change for the period, recognised through profit or loss	–	–	–	–
Exchange-rate difference	–21	6	–	–
Total deferred non-recognised tax assets	138	152	–	–
Offset of deferred tax liabilities	–	–	–	–
Total deferred non-recognised tax assets	138	152	–	–

Expected maturity of both recognised and unrecognised tax loss carryforwards	Group		Parent Company	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
2020/21	–	–	–	–
2021/22	–	–	–	–
2022/23	–	–	–	–
2023/24	–	–	–	–
2024/25	–	–	–	–
Unlimited	975	1,454	65	–
Total	975	1,454	65	–

Deferred, net, tax loss carryforwards by country	Group		Parent Company	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Sweden	70	169	14	–
Denmark	9	10	–	–
Norway	–	–	–	–
Finland	–	–	–	–
Total deferred tax loss carryforwards, recognised	79	179	14	–

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

	Group		Parent Company	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Profit before tax	399	389	–152	311
Average income tax rate (21.4 percent)	–85	–83	33	–66
Tax effect of:				
Non-taxable revenue and non-deductible expenses	–5	–1	–20	1
Other temporary differences	–	–2	–	–11
Exchange-rate fluctuations	–	–2	–	–
Adjustments of previous years deferred taxes	–5	–1	76	–
Capitalisation of previously unrecognised loss carryforwards	2	3	–	–
Unrecognised loss carryforwards	–1	–5	–	–
Total	–94	–91	89	–76
Effective income tax rate (%)	23.5	23.3	–58.6	24.4

NOTE 18 INVENTORIES

	Group	
	29 Feb 2020	28 Feb 2019
Spare parts	31	28
Fuel	32	23
Total	63	51

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

NOTE 19 ACCOUNTS RECEIVABLE

	Group	
	29 Feb 2020	28 Feb 2019
Trade receivables	705	664
Provision for doubtful debts	–	–1
Total	705	663

Accounts receivable ageing analysis, 29 Feb 2020	Not due	Fall due within <30 days after the due date	Fall due within 31–60 days after the due date	Fall due within 61–90 days after the due date	Fall due within 91–120 days after the due date	Fall due more than 120 days after the due date	Total
Anticipated loss level, contract assets (%)	0	0	0	0	0	0	0
Recognised amount trade receivables – gross	623	56	23	1	0	2	705
Recognised amount contract assets – gross	614	49	0	1	0	1	665
Provisions for credit losses, contract assets	0	0	0	0	0	0	0

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

Nobina's credit rating model uses a two-stage model (three-stage model in accordance with IFRS 9), where reporting is based on expected credit losses in conjunction with issuing an invoice. Stage 1 entails that the company is to recognise a provision corresponding to expected credit losses resulting from the suspension of payments, within the next 12 months. If credit risk has increased substantially since initial recognition, in Stage 2 we are to recognise a provision corresponding to the expected credit losses throughout the period. According to IFRS 9, a financial asset has a need for impairment when one or more events occur that have an adverse impact on the financial asset's expected future cash flow. Most of Nobina's outstanding trade receivables and accrued income concern the sales of contracted public transport with PTAs, meaning municipalities or county councils and according to Swedish public procurement acts, whereby no historical credit losses arose. In the above maturity table, contractual claims entitlements such as issued contract invoices to PTA's are included.

Provision for doubtful debts	Group	
	29 Feb 2020	28 Feb 2019
Opening balance	–1	–1
Reversals for the year	1	–
Credit losses	–	–
Provisions for the year	–	–
Total closing balance	–	–1

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

NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Accrued transport income	248	205	–	–
Other prepaid expenses	96	111	3	2
Total	344	316	3	2

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

NOTE 21 CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Cash and cash equivalents	307	1,058	292	1,043

The item cash and cash equivalents recognises holdings in company accounts, including the Group account. Nobina AB is the account principal for the Group cash pool. Nobina AB has receivables from Group companies, via the Group's cash pool, amounting to SEK 425 (259) million and liabilities of SEK 2,402 (2,786) million, which are recognised as a component of Nobina

AB's receivables from Group companies, an amount of SEK 455 (676) million, and liabilities to Group companies, an amount of SEK 2,484 (3,285) million. Receivables and liabilities within the Group's cash pool are recognised as current transactions with subsidiaries.

NOTE 22 EQUITY

Reconciliation of number of shares 29 Feb 2020	Ordinary shares
Opening balance	88,355,682
Closing balance	88,355,682

Translation differences

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

Dividend

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

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

Repurchase of treasury shares

Nobina has acquired treasury shares corresponding to the total value of the incentive remuneration, see Note 8. The number of shares acquired was 2,208,321 (1,246,654) with a value of SEK 134 (74) million and an average cost of SEK 60.87 (59.18) per share

Capital management

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

NOTE 23 EARNINGS PER SHARE

	Group	
	1 Mar 2019–29 Feb 2020	1 Mar 2018–28 Feb 2019
Total number of shares	88,355,682	88,355,682
Number of treasury shares	–2,208,321	–1,246,654
Total number of shares outstanding at end of period	86,147,361	87,109,028
Number of shares after dilution	89,355,788	89,053,769
Earnings per share (SEK) before dilution attributable to continuing operations	3.47	3.44
Earnings per share (SEK) before dilution attributable to discontinued operations	–	0.62
Earnings per share (SEK) before dilution attributable to Parent Company shareholders	3.47	4.06
Earnings per share (SEK) after dilution attributable to Parent Company shareholders	3.43	4.03

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

NOTE 24 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

	Group		Parent Company	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Commitments and pension expenses				
Present value of pension commitments	–27	–33	–2	–6
Fair value of plan assets	15	17	–	–
Net provisions (+)/assets (–) for pension commitments	–12	–16	–2	–6
Of which recognised as provisions	–27	–33	–2	–6
Of which recognised as assets	15	17	–	–

	Group		Parent Company	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Pension expenses are included in personnel expenses and comprise the following:				
Cost pertaining to services rendered during the current period	–	–	–	–
Interest expenses	–	–	–	–
Expected return on plan assets	–	–	–	–
Deductions from pension obligations due to changes in terms	–	–	–	–
Social security contributions	–	–	–	–
Pension expenses, net	–	–	–	–

Significant actuarial assumptions

In accordance with IAS 19, the defined benefit plans are calculated by an actuary, tasked by Nobina, and include the Group's pension liability and the amounts to be set aside for pensions for former employees of the Group. The pension plans encompass retirement pension, disability pension and family pension. The calculation takes place individually and is based on salary, previously earned pensions and expected remaining term of service.

The defined-contribution plans encompass retirement pension, disability pension and family pension. The premiums are paid on a continuous basis during the year to independent legal entities. The size of the pension premium is based on salary for the employee and cost and the premium is recognised on an ongoing basis through profit or loss. According to a statement from the Swedish Financial Reporting Board, a commitment is safeguarded through insurance with Alecta, concerning retirement pension and family pension for salaried employees in Sweden in a defined-benefit plan that covers several employers. For 2019/2020, Nobina does not have access to such information that would enable it to recognise this plan as a defined-benefit plan, which is why the plan is recognised as a defined-contribution plan. Alecta's consolidation level was 148 (142) percent on 31 December 2019.

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

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

The expected average remaining term of service is estimated based on the employees' current age distribution and the expected employee turnover rate. Indexation of pension benefits reflects the rate of inflation in Sweden. Nobina's pension expenses, not including actuarial gains (losses), which are recognised in the statement of consolidated comprehensive income, amounted to SEK 349 (333) million, of which defined benefit plans account for SEK – (–) million. The Group's pension plans are described in more detail in Note 1, Company information and accounting policies.

Note 24 cont.

The key actuarial assumptions used in calculating the pension liability were as follows:	Sweden	
	29 Feb 2020	28 Feb 2019
Discount rate	1.0%	1.0%
Expected rate of salary increases	–	–
Future rate of pension increases	1.4%	1.5%

Present value of pension commitments	Group		Parent Company	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Opening balance	–33	–41	–6	–8
Benefits vested during the year	–	–	–	–2
Interest expenses	–	–	–	–
Benefits paid	6	8	4	4
Actuarial gains (–)/losses (+)	–	–	–	–
Social security contributions	–	–	–	–
Total at year-end	–27	–33	–2	–6

Fair value of plan assets	Group	
	29 Feb 2020	28 Feb 2019
Opening balance	17	18
Expected return on plan assets	–	–
Funds contributed by employer	–	1
Funds paid	–2	–2
Actuarial gains (+)/losses (–)	–	–
Total at year-end	15	17

Net assets/provisions for pension commitments	Group		Parent Company	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Opening balance	–16	–23	–6	–8
Benefits paid	6	8	4	4
Funds contributed by employer	–	1	–	–2
Funds paid	–2	–2	–	–
Actuarial losses/gains (net)	–	–	–	–
Social security contributions	–	–	–	–
Closing balance, net assets (–)/provisions (+) for pension commitments	–12	–16	–2	–6

Actual market value of plan assets on the balance-sheet date	Group		Group	
	29 Feb 2020	%	28 Feb 2019	%
Interest-bearing securities, cash and cash equivalents	15	100%	17	100%
Shares and other investments	–	–	–	–
Total	15	100%	17	100%

Allocation of plan assets and pension obligations by segment	Group			
	Plan assets		Pension obligations	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Nobina Sweden	15	17	27	33
Nobina Denmark	–	–	–	–
Nobina Norway	–	–	–	–
Nobina Finland	–	–	–	–
Total plan assets	15	17	27	33

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

Future net payments	Group					
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	Later
Expected net paid benefits	6	3	3	2	2	5

NOTE 25 OTHER PROVISIONS

Other provisions ¹⁾	Group	
	29 Feb 2020	28 Feb 2019
Provision for onerous contracts	7	19
Provision for damage to vehicles and third-parties	30	34
Provision for environmental commitments	10	10
Total	47	63

1) It is not possible to provide detailed information on the timing of outflows from provisions.

Provision for damage to vehicles and third-parties	Group	
	29 Feb 2020	28 Feb 2019
Opening balance	34	30
Reversals for the year	-4	-
Provisions for the year	-	4
Exchange difference	-	-
Closing balance	30	34

Provision for environmental commitments for leased land and facilities	Group	
	29 Feb 2020	28 Feb 2019
Opening balance	10	10
Reversals for the year	-	-
Provisions for the year	-	-
Closing balance	10	10

NOTE 26 FINANCIAL LIABILITIES

The Nobina Group's financial liabilities refer almost exclusively to the financing of the Group's bus fleet, which has taken place in various ways and under different conditions. In addition to the table below, loans can be found for acquisition financing, right-of-use liabilities for properties and suppliers and other liabilities.

Financing of the Group's bus fleet:

Financing alternatives	Description	Maturity	Interest terms	Residual value risk
Bonds	Instalment-free capital market financing with a five-year duration. This type of financing can only be used for buses and equipment defined within the company's green framework. The green bond is listed on Nasdaq's list for sustainable bonds.	13 Feb 2024	The bond interest rate comprises STIBOR 90 as the variable base interest rate with the addition of a fixed margin of 1.55 percent	Nobina is liable for the remaining residual value at the end of the agreement.
Loans for bus financing	The foundation for vehicles under credit agreements is that expenses are normally based on either straight-line amortisation or an annuity payment with variable amortisation over time. Nobina's standard contracts for bus financing have a duration of 10 years down to 10 percent residual value.	Performed continuously when the contracts fall due	The contract interest rate normally comprises a variable base interest rate such as STIBOR or EURIBOR with the addition of a fixed margin.	Nobina is liable for the remaining residual value at the end of the agreement.
Right-of-use liabilities – finance leases for vehicles	The foundation for vehicles under finance leases is that lease expenses are normally based on either straight-line amortisation or an annuity payment with variable amortisation over time. Nobina's standard contracts for bus financing have a duration of 10 years down to 10 percent residual value.	Performed continuously when the contracts fall due	The contract interest rate normally comprises a variable base interest rate such as STIBOR or EURIBOR with the addition of a fixed margin.	Nobina is liable for the remaining residual value at the end of the agreement.
Right-of-use liabilities – vehicles on operating leases	The foundation for vehicles under operational leases is that lease expenses are based on either straight-line amortisation or an annuity payment with variable amortisation over time.	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.	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.

Note 26 cont.

Financial liabilities	29 Feb 2020	28 Feb 2019
Loans for acquisition financing	246	308
Bond loans for bus financing	500	500
Loans for bus financing	1,699	1,139
Capitalised financing costs	-6	-7
Total loans	2,439	1,940
Right-of-use liabilities (finance leases vehicles)	2,537	2,997
Right-of-use liabilities (operating leases vehicles)	103	139
Right-of-use liabilities (other operating leases)	647	656
Total right-of-use liabilities	3,287	3,792
Contingent consideration not paid	88	121
Total financial liabilities	5,814	5,853
Accounts payable	561	597
Other current financial liabilities	12	205
Of which short-term repayment by instalment of portion of the Group's borrowings	408	113
Of which short-term portion of the Group's right-of-use liabilities	493	899
Of which long-term portion of the Group's borrowings	4,913	4,841
Total financial liabilities	6,387	6,655

Loan currencies and rates	Currency	Group 1 Mar 2019–29 Feb 2020			Group 1 Mar 2018–28 Feb 2019		
		Nominal amount	Amount SEK million	Interest, weighted average (%)	Nominal amount	Amount SEK million	Interest, weighted average (%)
Loans for acquisition financing	DKK	173	246	2.8	218	308	3.0
Loans for bus financing	SEK	1,921	1,921	3.0	1,071	1,071	1.2
Loans for bus financing	DKK	159	227	1.2	359	506	1.2
Loans for bus financing	NOK	44	45	5.8	50	55	4.9
Total			2,439			1,940	
Right-of-use liabilities (finance leases property)	SEK	118	118	4.6	120	120	4.6
Right-of-use liabilities (finance leases vehicles)	SEK	954	954	2.7	1,997	1,997	3.0
Right-of-use liabilities (finance leases vehicles)	DKK	9	13	3.4	11	16	3.4
Right-of-use liabilities (finance leases vehicles)	NOK	724	742	4.1	314	314	4.0
Right-of-use liabilities (finance leases vehicles)	EUR	67	710	2.2	52	550	2.5
Total			2,537			2,997	
Right-of-use liabilities (operating leases vehicles)	SEK	98	98	1.9	131	131	2.0
Right-of-use liabilities (operating leases vehicles)	NOK	1	1	3.5	1	1	4.0
Right-of-use liabilities (operating leases vehicles)	EUR	0	5	4.7	1	7	2.0
Right-of-use liabilities (other operating leases)	SEK	498	498	5.7	594	594	7.0
Right-of-use liabilities (other operating leases)	DKK	14	20	6.0	4	6	7.0
Right-of-use liabilities (other operating leases)	NOK	109	109	13.5	33	36	9.0
Right-of-use liabilities (other operating leases)	EUR	2	19	5.9	2	20	4.0
Total			750			795	
Contingent consideration not paid	SEK	88	88	–	121	121	–
Total			5,814			5,853	

Note 26 cont.

	Group 1 Mar 2019–29 Feb 2020					Group 1 Mar 2018–28 Feb 2019				
	Loans	Right-of-use liabilities	Contingent consideration	Total items affecting cash flow	Total items not affecting cash flow	Loans	Right-of-use liabilities	Contingent consideration	Total items affecting cash flow	Total items not affecting cash flow
Reconciliation of the year's change in borrowing in terms of bond loans and financial liabilities										
Opening balance	1,940	3,792	121	792	5,061	248	5068	–	–	5,316
The year's new borrowing	61	1,130	–	61	1,130	1,088	289	116	1,088	405
Refinancing	799	–799	–	799	–799	679	–679	–	679	–679
The year's repayments	–386	–666	–40	–1,092	–	–79	–889	–	–968	–
Company acquisitions	18	–	–	–	18	–	–	–	–	–
The year's early redemption of borrowings on the sale of buses	–	–128	–	–	–128	–	–43	–	–	–43
Adjustments to fair value	–	–	7	–	7	–	–	5	–	5
Translation difference	13	–42	–	–	–29	11	46	–	–	57
Capitalised financing costs	–6	–	–	–	–6	–7	–	–	–7	–
Closing balance	2,439	3,287	88	560	5,254	1,940	3,792	121	792	5,061

During the year, the Group entered into financial right-of-use liabilities (finance leases) for SEK 905 (168) million via the subsidiary Nobina Fleet AB, and signed financial right-of-use leases for premises of SEK 225 (121) million, a total of SEK 1,130 (289) million. Assets held under right-of-use agreements (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 lease expenses are normally based on either straight-line amortisation or an annuity payment with variable amortisation over time including extension options regarding vehicles. Extension options for property rents are not included in the calculation, since property leases for the Group's depots are aligned with the Group's traffic contracts. For more information, see Note 1.

Maturity date of financial liabilities ¹⁾	Group 1 Mar 2019–29 Feb 2020					Group 1 Mar 2018–28 Feb 2019				
	Accounts payable and other financial liabilities	Loans	Right-of-use liabilities, finance lease liabilities	Contingent consideration	Total	Accounts payable and other financial liabilities	Loans	Right-of-use liabilities	Contingent consideration	Total
2019/2020	–	–	–	–	–	802	225	785	52	1,864
2020/2021	573	336	493	73	1,475	–	232	846	69	1,147
2021/2022	–	308	499	15	822	–	273	1,013	–	1,286
2022/2023	–	249	378	–	627	–	309	1,006	–	1,315
2023/2024	–	704	289	–	993	–	–	–	–	–
Later	–	842	1,628	–	2,470	–	901	142	–	1,043
Total	573	2,439	3,287	88	6,387	802	1,940	3,792	121	6,655

1) The tables above analyse the Group's financial liabilities broken down into relevant maturity groupings based on their contractual maturities. The amounts given in the tables are the contractual undiscounted cash flows. These are in accordance with the book value since the discount effect is immaterial. Future interest rates are estimated using the rates applicable on the balance sheet date and exchange rates have taken into consideration the currency applicable on the balance sheet date.

NOTE 27 OTHER CURRENT LIABILITIES

	Group		Parent Company	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Employee withholding taxes	158	161	2	1
Current financing of bus refinancing	–	199	–	–
Value added tax	36	62	–	–
Other current liabilities	12	8	3	1
Total	206	430	5	2

NOTE 28 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Deferred income	254	290	–	–
Accrued salaries	502	496	6	8
Other accrued personnel expenses	172	178	11	7
Accrued interest expenses	1	–	1	–
Other accrued expenses	148	198	1	16
Total	1,077	1,162	19	31

NOTE 29 DISCONTINUED OPERATIONS

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

NOTE 30 ACQUISITIONS

Preliminary acquisition calculations for previous years for Samtrans AB and DBO Busser Holding A/S, including the subsidiary De Blaa Omnibusser, were adopted during the year without any material adjustments.

Contingent considerations were calculated at present value using an interest rate considered as the market rate at the time of acquisition. Adjustments are not made on a continuous basis for changes to market rates as this effect is deemed immaterial.

On 1 March 2019, Nobina Danmark Holding A/S acquired the companies Örslev Servicetrafik AS and Örslev 2016 ApS to a value of 7 MSEK. The companies were included in the Denmark segment from this date.

	29 Feb 2020	28 Feb 2019
Contingent consideration		
Opening, carrying amount	121	–
Acquisitions during the year	–	116
Purchase consideration paid	–40	–
Adjustments to fair value	7	5
Closing, carrying amount	88	121

NOTE 31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Pledged assets				
Chattel mortgages	150	150	–	–
Other pledged assets				
Other pledged assets	–	–	299	379
Contingent liabilities				
Guarantee of lease obligations and other obligations	5,606	5,069	5,585	5,048
Total	5,756	5,219	5,884	5,427

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

Norwegian tax authorities amounting to SEK 299 (340) million, as well as the unlimited Parent Company guarantee to SL pertaining to the E23 (Södertörn) and Södertälje on behalf of Nobina Sverige AB. Nobina Sverige AB has issued a floating charge of SEK 150 (150) million as collateral for a credit facility at Danske Bank.

NOTE 32 FINANCIAL RISKS AND RISK MANAGEMENT

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

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

Liquidity risk

Liquidity risk is defined as the risk that cash and cash equivalents are not available or that financing cannot be obtained when required. Nobina has a working capital facility expiring on 31 December each year. The credit facility is of a 364 days nature, when it is generally extended by the bank after credit approval. Available credit facility was SEK 300 (300) million as of 29 February 2020.

Hedging policy

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

Interest risk

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

Refinancing risk

In February 2019, Nobina issued a green bond for SEK 500 million with a tenor of five years. This type of financing is instalment-free but carries a refinancing risk at maturity. Apart from this bond, no refinancing risk exists for Nobina's bus financing, since the lease contracts and the loans are both for ten years and Nobina intends to purchase the buses when the lease contracts expire. New tender submissions always include offers for available bus financing through banks, finance companies, vehicle suppliers' finance companies or the bond market. For more information on the maturity structure, refer to Note 26.

Credit and counterparty risk

The Group's financial transactions give rise to credit risks in relation to financial counterparties. Nobina's finance policy states that credit risk shall be limited by only accepting counterparties with high credit ratings and through established limits. Commercial credit risks are limited in that the Group has a diversified client base with high credit ratings, primarily comprising municipal and county council-owned PTAs. Provisions have been made for accounts receivable deemed to be doubtful and this has had a negative impact of SEK – (–1) million on operating profit/loss, see Note 19.

Parent Company liquidity management

Nobina AB conducts its liquidity management via intra-Group receivables, liabilities and the Group's cash pool with Danske Bank, which has a credit rating of

"A" from Standard & Poor's. Nobina AB is the account principal for the Group cash pool.

Currency risk

Currency exposure arises in connection with payment flows in foreign currency (transaction exposure) and with the translation of foreign subsidiaries' income statements and balance sheets to SEK (translation exposure). The Group's finance policy states that currency exposure may be hedged. The subsidiaries receive all revenues and pay all major expenses in local currency, including payments under lease agreements, which are entered centrally, on behalf of the subsidiaries, but in local currency. The Group is also exposed to exchange rate fluctuations through its purchases of diesel, which is traded in the international commodities markets in USD. This currency risk can be hedged by entering into diesel derivatives in local currency. See also the section, Raw materials risk. Nobina AB's currency exposure on translation of foreign subsidiaries is normally not hedged. The exchange-rate difference in foreign subsidiaries recognised in comprehensive income was SEK 1 (23) million for the year. A weakening/strengthening of the SEK by 10 percent when translating the balances denominated in a currency other than the functional currency of each company would affect the Group's other comprehensive income by approximately SEK 4 million. A weakening/strengthening of the SEK by 10 percent when translating the income statements of foreign subsidiaries would affect the consolidated sales and EBITA by approximately SEK 330 million and SEK 12 million, respectively.

Raw material risk

The Group is exposed to fluctuations in the prices of raw materials through its purchases of fuel, whereby the price trend is usually based on the trend in oil prices in the global market. The raw material price accounts for less than half of the total diesel price and the remainder pertains to taxes, transports and refinement. For regional traffic, the Group is compensated for changes in the price of diesel fuel via a revenue index in its traffic contracts. In certain cases, the index may be based on the diesel price trend, while the contract requires the buses to be run on another fuel, such as RME. This risk is limited through careful risk evaluation in the tender process. However, Nobina hedges its purchase prices by purchasing commodity options corresponding to the portion of the diesel cost not covered by indexes, such as time lags in revenue indexation. Nobina has not signed any hedging during the fiscal year. The company had no outstanding diesel derivatives as per 29 February 2020.

Indexation risk

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

Residual value risk

Nobina applies a depreciation period for buses that is intended to correspond to the actual economic life based on the buses' technical life and usability in the operation's ongoing traffic contracts. The technical life normally exceeds usability under traffic contracts. Should the period when the buses are usable under traffic contracts decrease, Nobina could be impacted by higher annual depreciation costs or, alternatively, increased capital losses on disposal of older buses. The earnings effect from the sale of buses was recognised in the preceding year as capital gains/losses from the disposal of non-current assets. For the current year, Nobina has adapted the depreciation period to better reflect the actual market value.

NOTE 33 FINANCIAL INSTRUMENTS

Group Financial assets	Fair value hierarchy	Carrying amount	
		29 Feb 2020	28 Feb 2019
Loan and accounts receivable			
Non-current receivables		5	4
Trade receivables		705	663
Other current receivables		64	253
Cash and cash equivalents		307	1,058
Financial assets measured at fair value through profit or loss	2	–	–
Commodity and Electricity derivatives. Fair value is determined in accordance with prices listed on an active market, which corresponds to Level 1 in IFRS 7.	1	–	–
Total Group		1,081	1,978

Parent Company Financial assets	Fair value hierarchy	Carrying amount	
		29 Feb 2020	28 Feb 2019
Loan and accounts receivable		500	500
Receivables from Group companies, interest-bearing		455	676
Other current receivables		20	6
Cash and cash equivalents		292	1,043
Financial assets measured at fair value through profit or loss	2	–	–
Total Group		1,267	2,225

Group Financial liabilities	Fair value hierarchy	Carrying amount	
		29 Feb 2020	28 Feb 2019
Other financial liabilities			
Interest-bearing liabilities, loans		5,226	5,232
Interest-bearing liabilities, bond loans	1	500	500
Accounts payable		561	597
Other current liabilities		12	207
Financial liabilities measured at fair value through profit or loss and related to contingent considerations	3	88	121
Total Group		6,387	6,657

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

Observable data for the assets or the liabilities, other than market quotes included in level 1, either directly according to market quotes or indirectly derived from market quotes (level 2). Data for the assets or the liabilities that is not based on official market quotes (level 3).

Parent Company Financial liabilities	Fair value hierarchy	Carrying amount	
		29 Feb 2020	28 Feb 2019
Interest-bearing liabilities, loans		241	301
Interest-bearing liabilities, bond loans	1	500	500
Liabilities to Group companies, interest-bearing		2,484	3,285
Accounts payable		5	5
Other current liabilities		5	2
Financial liabilities measured at fair value through profit or loss related to contingent considerations	3	88	121
Parent Company		3,323	4,220

Fair value

The carrying amounts of financial assets and liabilities essentially correspond to their fair values. The fair values of right-of-use liabilities are calculated using floating interest rates with an unchanged credit margin, or alternatively a fixed interest rate, which means that the carrying amounts of the liabilities correspond to their fair value, in accordance with IFRS 16. Fair value for contingent consideration not paid is calculated using the prevailing discount factor and earnings period. Changes in fair value are recognised in profit or loss, see Note 31. The fair value of Nobina AB's issued bond, calculated on the basis of the bond's price (102.16) as of February 29, 2020, amounts to SEK 510 million (nominal value SEK 500 million).

NOTE 34 RELATED PARTY TRANSACTIONS

The ten largest shareholders in Nobina AB are presented on page 14. 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.

Related party transactions	Group		Parent Company	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019
Sales of services to intra-Group companies	–	–	54	44
Purchase of services from intra-Group companies	–	–	–9	–11
Board of Directors	–4	–3	–4	–3
Senior executives	–49	–41	–29	–16
Pension expenses	–8	–6	–5	–4
Social security contributions	–11	–14	–7	–6
Total related party transactions	–72	–64	0	4
Profit from participations in intra-Group companies	–	–	–119	362
Interest income from intra-Group companies	–	–	22	8
Interest expenses to intra-Group companies	–	–	–	–

Related party transactions	Group		Parent Company	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Receivables from intra-Group companies	–	–	955	1,176
Liabilities to intra-Group companies	–	–	–2,484	–3,285

NOTE 35 PROPOSED APPROPRIATION OF PROFIT (SEK)

Funds available for appropriation by the Annual General Meeting:

Share premium reserve	1,335,198,568
Profit brought forward	515,689,468
Loss for the year	–62,842,459
Total	1,788,045,577
To be carried forward	1,788,045,577

NOTE 36 EXCHANGE RATES

Exchange rates	Average		Closing day	
	1 Mar 2019 –29 Feb 2020	1 Mar 2018 –28 Feb 2019	29 Feb 2020	28 Feb 2019
EUR	10.617	10.320	10.662	10.521
NOK	1.073	1.072	1.025	1.082
DKK	1.422	1.384	1.427	1.410

NOTE 37 SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

Our firm belief is that Public Transport is a critical part of our society – today and in the long term. A large part of our revenue comes from contracts not directly linked to changes in passenger demands. However, the full extent of the impact on Nobina from Covid-19 is difficult to predict. In order to ensure as strong a financial position as possible the Board of Directors proposes that no dividend should be declared for the fiscal year 2019–2020.

After 18 years with Nobina, Deputy CEO Jan Bosaeus has decided to retire. All of his work duties will be shared among the existing Group management and the changes will come into effect on 1 April.

Signatures of the Board of Directors

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

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

The Annual General Meeting on 28 May 2020 will resolve on the adoption of the Parent Company's and the Group's income statements and balance sheets.

Stockholm, 27 April 2020

Jan Sjöqvist
Chairman of the Board

Graham Oldroyd
Director

John Allkins
Director

Liselott Kilaas
Director

Bertil Persson
Director

Monica Lingegård
Director

Johan Bygge
Director

Magnus Rosén
CEO

Our auditors' report was issued on 28 April 2020

PricewaterhouseCoopers AB

Michael Bengtsson
Authorised Public Accountant

Auditor's report

Till bolagsstämman i Nobina AB (publ), org.nr 556576-4569

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Nobina AB (publ) for the financial year March 1, 2019 to February 29, 2020. The annual accounts and consolidated accounts of the company are included on pages 8–58 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of February 29, 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of February 29, 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Our audit approach

Audit scope

Nobina AB is engaged in the provision of public bus transport and operates in the Nordic countries through wholly owned subsidiaries. The administration within the group is to a large extent allocated to a shared service center. This also apply to the bus fleet which consists of around 3700 busses. Nobinas customer contracts are awarded through public tenders, the contractual party is the Public Transportation Authority ("PTA") (counterparty in the respective commune/county) and the agreements run over a period of up to ten years. The bus fleet and the contract portfolio are areas of focus within our audit of Nobina.

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

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

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

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–7, 74–76, 90–98. Such other information is also presented in the separate document "Sustainability report 2019/2020". The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Completeness, cut-off and valuation of revenue

The accounting of revenues are described in note 1 Company information and accounting principles. Risk management are described in the Management administrative report and on page 90–93 and in note 32 Financial risks and risk management.

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

Changes in traffic conditions can lead to change in Nobinas remuneration. If the changes are made outside of the stipulated contractual terms this may lead to a negotiation regarding the remuneration. The accounting of revenues based on PTA-negotiations are partly based on estimates. Manual routines, compared to automatic, increase the risk for errors and estimates increase the subjective nature of the accounting which in turn also lead to a higher risk for accounting errors. Due to this this is a key audit matter.

The main activities performed in our audit are:

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

No significant matters have been reported to the audit committee as a result of our procedures.

Valuation of the bus fleet

The accounting related to the bus fleet is described in note 1 Company information and accounting principles and in note 5 Reclassification from transition to IFRS 16 and note 14 Tangible assets. Risk management is described in the Management Administration report and on page 90–93 and in note 32 Financial risks and risk management.

The value of Nobinas bus fleet amounts to about 5,6 billion which is about 60 % of the total assets of the Group. The depreciation period for the busses is assessed in order to, in the extent possible, be in line with the fair actual lifetime of the asset. The actual lifetime is based on the technical lifetime and the possibility to use the asset in the contracts. In the event that the time which the busses can be used in the contracts are reduced this can lead to increased cost of depreciation or higher realization losses. Due to the size of these balance sheet items this is a key audit matter in our audit.

The main activities performed in our audit are:

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

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsnämnden's website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the auditor's report.

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

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nobina AB (publ) for the financial year March 1, 2019 to February 29, 2020 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsnämnden's website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the auditor's report.

PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Nobina AB (publ.) by the general meeting of the shareholders on the 29 May 2019 and has been the company's auditor since 2014.

Stockholm the 28 April 2020
PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

Sustainability statement

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Index – Sustainability report according to the Swedish Annual Accounts Act

The following is a presentation of where sustainability information in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act can be found in this annual report.

Area	Disclosure name	Page reference
Business model	Nobina's business model, strategy and governance.	64–66
Environment and climate	Nobina's work to reduce its impact on the environment and climate.	69–70, 73
Social conditions and personnel	Nobina's work to safeguard social conditions and work with HR-related issues, such as gender equality and safe workplaces.	70–72
Human rights and anti-corruption	Nobina's measures to prevent human rights abuses and measures to combat corruption.	69
Risks and risk management	Nobina's risk management process is fully integrated in its strategy and governance of operations.	98–100

FN:s Global Compact

Human rights

- Principle 1**
63 Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2**
69, 90 make sure that they are not complicit in human rights abuses.

Labour

- Principle 3**
12, 72 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4**
69 the elimination of all forms of forced and compulsory labour;
- Principle 5**
69 the effective abolition of child labour; and
- Principle 6**
71–73 the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7**
69 Businesses should support a precautionary approach to environmental challenges;
- Principle 8**
69–70 undertake initiatives to promote greater environmental responsibility; and
- Principle 9**
70, 99 encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10**
69, 72 Businesses should work against corruption in all its forms, including extortion and bribery.

About Nobina

Nobina is the Nordic region's largest company within public transport by bus with operations in Sweden, Denmark, Norway and Finland. Through our offering, we strive to take proactive responsibility and become part of the solution to some of the greatest challenges society is currently facing. Nobina's offering is clear and relevant and helps to strengthen the position of public transport in the Nordic region by increasing the number of people who choose to travel by bus rather than car – both today and tomorrow.

Our main products are scheduled bus services for journeys within city centres and regional transport for journeys to, from and between cities. Currently, Nobina has more than 100 contracts for city transport and regional transport spread across 35 traffic areas.

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

We are also at the leading edge in developing tomorrow's public transport. For example, we provide solutions that address the entire public transport system as cities and districts emerge, and where we serve as a natural bridge for the coordination of plans and collaboration among various stakeholders. We also develop digital services that increase mobility and comfort for people using public transport. Through Nobina Electrical Solutions, we provide a comprehensive undertaking in relation to the delivery and operation of electric buses. At the end of 2019, we operated a total of 148 electric buses in 15 cities, with full electrification of urban transport in the cities of Norrtälje, Landskrona, Lidköping, Nyköping and Katrineholm. We also provide transport solutions using our own autonomous buses.

External regulations and standards

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

External regulations

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

Internal regulations

- Nobina's values
- Code of Conduct
- Anti-corruption instructions
- Specifications for suppliers

About the sustainability statements

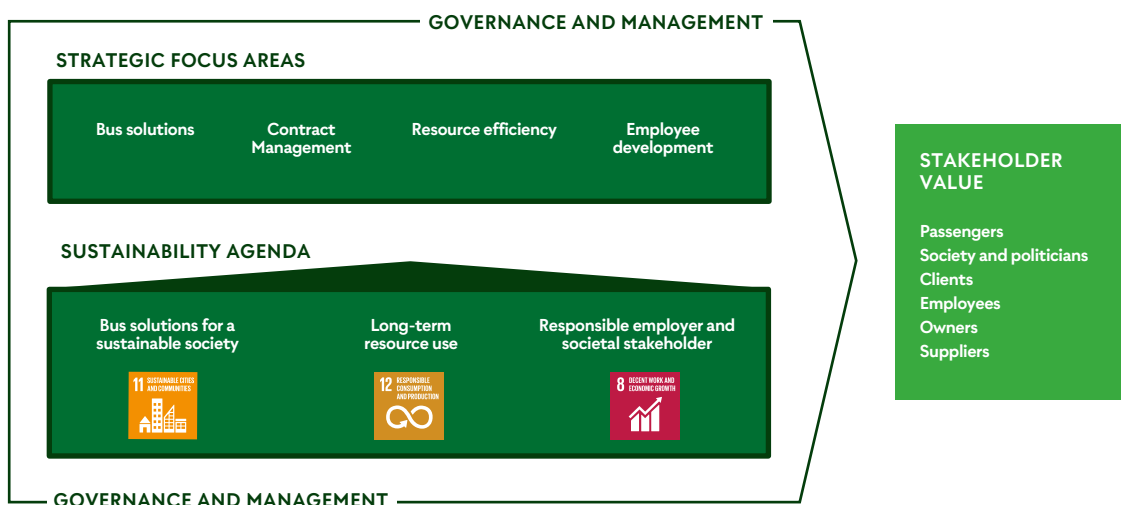
For the seventh consecutive year, Nobina is reporting its sustainability efforts in accordance with the international reporting standard, Global Reporting Initiative (GRI). In 2019, Nobina joined the Global Compact and this year is also reporting its progress concerning implementation of the ten principles. This report has been prepared in accordance with GRI Standards: Core option and the Swedish Annual Accounts Act. The statutory sustainability report has been reviewed in accordance to RevR12. The sustainability report according to GRI Standards has not been externally assured. The reporting cycle is one year and follows the fiscal year. The current sustainability report is for the 2019/2020 fiscal year.

The latest sustainability report was published on 9 May 2019. For more information about Nobina's sustainability agenda and its sustainability report, please contact Magnus af Petersens, Director of Strategy and M&A, magnus.afpetersens@nobina.com

Strategy for Nobina's sustainable business

Nobina is the Nordic region's largest operator of public bus transport services – more than one million people travel with us every day. We make it possible for more people to remain mobile in a flexible, safe and sustainable manner. Nobina's size gives us the strength to make constant improvements across the board, whether this concerns renewable fuel, decent jobs or providing the best and the most public transport for each krona of taxpayer money spent.

Strategic framework



Nobina's strategic framework points us in the right direction. The framework consists of three parts: Strategic focus areas, Sustainability agenda and Governance and management.

The strategic focus areas specify how we are to develop Nobina and our business. The sustainability agenda strengthens our business and helps us to conduct operations that are based on and benefit all stakeholders. Governance and management ensures that we realise the company's goals and

strategy, using clear processes that ensure that Nobina is managed efficiently, responsibly and sustainably.

Nobina is taking a cohesive approach to the business, integrating social and environmental aspects and pointing the company in a sustainable direction (environment, social and governance; ESG). This is how we create positive values for Nobina's stakeholders and for society as a whole.

Strategic focus areas

Society and public transport is developing in a manner that offers Nobina opportunities to create value and achieve profitable growth. By resolving societal challenges, we can develop our business, and vice versa. We achieve this through initiatives within the framework of the four focus areas.



Bus solutions

Nobina is to develop bus solutions that strengthen the company's relevance in society as well as its competitiveness and growth. We aim to:

- Grow organically in our home markets with an active opportunistic approach to acquisitions.
- Develop complementing business opportunities where we can leverage on our capabilities and strengths in our core business
- Strengthen our position by creating the public transport of the future using new technology and complete solutions



Contract management

Nobina is a proactive partner for clients and develops contracts and conditions throughout the contract cycle. We aim to:

- Promote attractive and fair contract models
- Follow up, develop and implement contracts in accordance with the terms and conditions
- Take the initiative to improve services in existing contracts

Sustainability agenda

Sustainability is an integral part of Nobina – from the inside out – from why we exist and what we offer to how we govern our operations. Nobina's sustainability agenda specifies what we must focus on to make the greatest difference and be successful in everything we do.

Bus solutions for a sustainable society

Nobina strives to make more people view public transport as a safe and attractive mode of transport, and to choose to travel bus rather than car. This is our main contribution to a sustainable society, with the subsequent reduction in traffic and congestion, emissions and stress.

Long-term resource use

Nobina is economic with resources – in connection with major decisions and in day-to-day activities. It is important that we make good choices when purchasing buses, fuel and other energy and equipment. In addition to our own initiatives, we make demands on and challenge suppliers and act as an active partner to our clients.

Responsible employer and societal stakeholder

11,700 employees, of which 9,500 bus drivers, keep Nobina rolling. We depend on many individuals choosing Nobina as employer. In Sweden alone, we need to recruit around 700 drivers and 70 mechanics every year over the next few years. In return, we offer a welcoming, pleasant and stimulating job, also for people who have – for whatever reason – been distanced from the Nordic labour market.

Contributions to the global goals

The UN Sustainable Development Goals form a key starting point for Nobina's sustainability agenda. In particular, Nobina has the greatest opportunity to make a positive contribution to goals 11, 12 and 8.



Goal 11: Sustainable cities and communities

The goal is to make cities and human settlements inclusive, safe, resilient, and sustainable. Nobina's greatest contribution is to interim target 11.2 on providing access to safe, affordable, accessible and sustainable transport systems for all.

Examples of activities in 2019

- Launched Travis, a smart journey planner app where different modes of transport are linked together.
- Secured contracts for a total of 100 new electric buses in city transport.

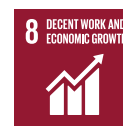


Goal 12: Responsible consumption and production

The goal aims to ensure sustainable consumption and production patterns. Nobina is focusing on the interim target 12.2, which concerns achieving sustainable management and efficient use of natural resources.

Examples of activities in 2019

- Reduced water consumption equivalent of 100 olympic-sized swimming pools and increased the washing facilities recirculation of water to 63 percent.
- Increased the share of green kilometres (DGR) to 92 (86) percent.



Goal 8: Decent work and economic growth

The goal aims to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Nobina contributes to interim target 8.4 to improve resource efficiency in consumption and production as well as interim target 8.8 to protect labour rights and promote safe and secure work environments for all workers.

Examples of activities in 2019

- Launched the digital language course Lingio, which teaches "bus driver Swedish" to individuals who do not speak Swedish as their first language.
- Through the Nobina Academy trained 135 new drivers who were immediately employed.



Resource efficiency

Nobina ensures efficient resource use and production to strengthen the company's competitiveness and contribute towards sustainability in society. We aim to:

- Focus on ensuring profitability by cost efficiency in delivery
- Adapt operations to the shift in technology
- Undertake energy and resource-saving measures to reduce impact on the climate and environment and to enhance competitiveness



Employee development

Nobina attracts and develops the right employees to ensure continued efficient delivery and to further develop its operations. We aim to:

- Ensure access to drivers and mechanics while maintaining a high standard of skills
- Strengthen the technical expertise of employees
- Pursue diversity and inclusion to be attractive as an employer and better as a company

Governance and management

Goals, strategies, business plans and key metrics form the framework of a successful business. Good governance, management and follow-up are needed to realise plans and ensure work is conducted successfully.

Employees should not only be aware of the goals and key metrics, they must also understand why the company is striving towards these goals. An understanding of the strategic direction creates the prerequisites for two-way communication, where employees can draw attention to risks and suggest improvements.

The continuous management of risks is a natural part of operations and an integrated part of decision-making throughout the Group. Risk assessments cover, for example, business risks, financial risks and sustainability risks and risk management is carried out on an ongoing basis at all levels of the Group.

Board of Directors

Investors and other stakeholders expect Nobina to deliver on its established strategic targets, including its financial performance. The Board considers external expectations and internal conditions when it decides on the Group's goals and strategy. Nobina has communicated long-term financial targets and key metrics related to sustainability. The Board regularly follows up how operations are complying with the strategy and delivering on goals and key metrics.

Group management

Group management leads day-to-day operations in line with the Group's strategic and operating direction. Group management includes the individuals responsible for Group functions and the operating companies. This guarantees the implementation and follow-up of the goals and strategy. Key metrics for financial performance, quality and sustainability are monitored on a monthly basis.

Operating companies

Nobina's operating companies and their traffic areas implement the Group's goals and key metrics in their business plans. The business plans are then translated into action plans and daily governance for various teams, professions and individual employees.

Group functions and processes

Nobina's Group functions aim to support our operating companies in their work. The Group functions comprise: HR, Group finance, Legal and Compliance and Strategy and M&A. The functions pursue functional leadership in their areas of responsibility in close collaboration with the operating companies.

As a complement to Nobina's organisational governance, the company is constantly developed using a number of processes. These are used to draw up best practices and working procedures to ensure that Nobina's operations are always as efficient as possible. Responsibility for the processes are linked to responsibility in the Group functions, with the exception of the Production and Market process, where representatives from the operating companies are responsible for pursuing the Group-wide agenda in traffic production and market development.

Systematic working procedures and follow-up

Nobina's governance and management acts as a virtuous circle where quantitative and qualitative feedback make an important contribution to Nobina's success. Goals and outcomes are reported externally, while internal performance meetings at Group, company and traffic area levels are held monthly to address results. Feedback from operations in the form of identified risks and/or suggestions for improvements are also dealt with at these meetings. Such feedback may result in adjustments to business plans.

The Group applies an integrated management system based on a quality, health, safety, and environmental management (QHSE) perspective. The management system forms the platform for our internal processes and is based on the international standards ISO 14001 (environment), ISO 9001 (quality) and on Swedish work environment legislation. The operational activities are evaluated through regular self-inspections and internal audits. Together with the QHSE functions, Nobina's integrated approach to risk and risk management further contributes to systematic improvement efforts. The management system enables new issues to be identified and translates these into methods that the whole Group can share.

There is a Nordic QHSE forum that is made up of the subsidiaries' quality, environmental and safety managers who meet on a regular basis to formulate, communicate and gain support for the goals and to promote the implementation of working methods. The operational activities are evaluated through regular in-house checks and internal audits. Each year, Nobina holds a theme day within the Group, when the business is analysed from the perspective of quality, work environment, environment and safety. These theme days are in the form of a dialogue with traffic areas and are coordinated by Nobina's internal auditors, which then share best practices throughout the organisation.

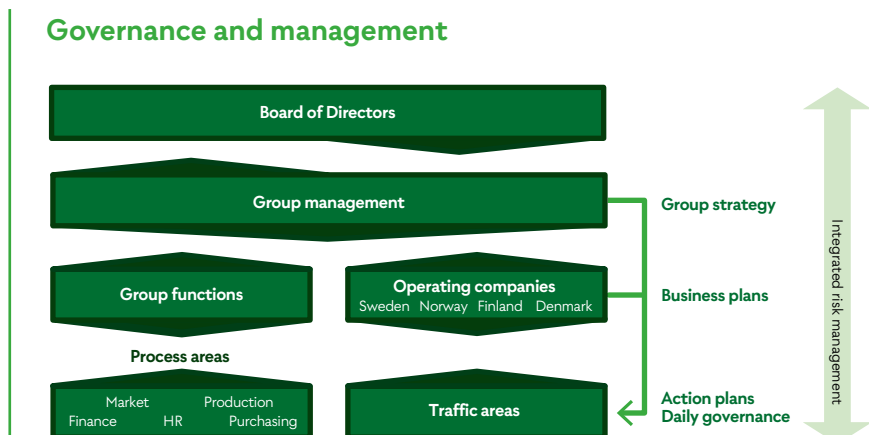
Communication

Nobina's information and communication channels ensure that information is disclosed efficiently and correctly, both internally and externally. The basis of this is that all parts of the business communicate and exchange essential information. Employees are given the opportunity to respond to a survey three times per year and provide direct feedback on operations. The employee survey is an important tool for management to gain an insight into how Nobina's ambitions are realised.

Integrated risk management

All business operations are exposed to risk. Nobina's goal is therefore not necessarily to eliminate these but rather to continuously optimise the business' risks to safeguard goals and business plans. Nobina's risk management process is fully integrated into its strategy, governance and management of the entire business. The process is established in all parts of the operation and follows a certain procedure so that risks are constantly monitored, identified, assessed and managed.

Nobina's operations create risks in various areas – from financial risks to day-to-day operational and sustainability risks.



Stakeholder and materiality analysis

The materiality analysis provides the basis for the sustainability issues that are key to Nobina. It is based on the sustainability issues that are most important for our stakeholders and on our impact on the external environment. It helps us to prioritise and focus our initiatives, which is crucial to ensure a successful sustainability agenda.

Identifying material issues is part of the company's annual strategy process. Together with a business intelligence assessment and stakeholder dialogues,

the companies' analyses and results are consolidated and evaluated following a process review at Group level. The results provide the Group with a strategic direction and focus for sustainability activities moving forward.

The most recent materiality analysis was carried out in 2016/2017 and has since been continuously revised. In 2020/2021, we will continue to develop the materiality analysis to further clarify the value chain, its boundaries and relevant indicators.

Stakeholder engagement

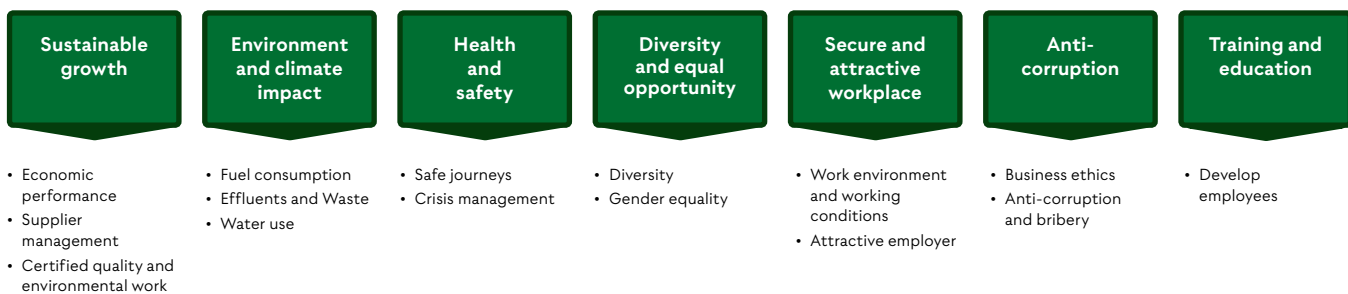
Nobina strives to maintain continuous and close stakeholder engagement in order to be able to best address stakeholders and their needs. This puts the Group in a better position to manage the expectations and requirements imposed on its operations.

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

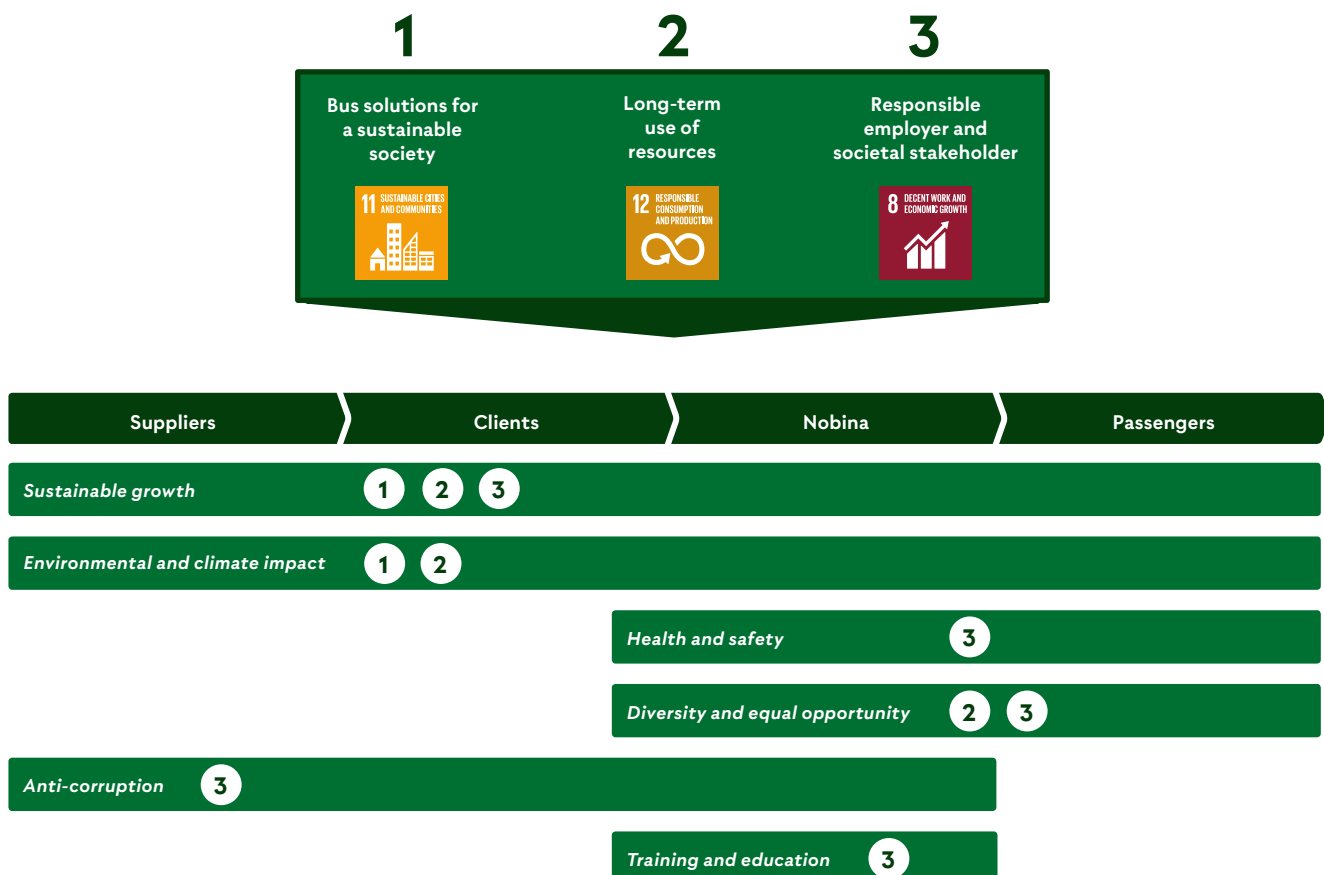
Material sustainability issues

We strive continuously to validate the materiality analysis to ensure we are focusing on the right issues. During the year, we increased emphasis on resource use at depots, which includes our electricity and water consumption. As a result of this effort, we added water consumption to our list of material sustainability issues during the year.

Sustainability issues



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



Sustainable growth

Economic performance (GRI 201-1)

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

Amount SEK million	2019/2020	2018/2019	2017/2018
Revenue – net sales	10,645	9,734	8,760
Other revenue ¹⁾	53	54	64
Total value generated	10,698	9,788	8,824
Operating expenses	-4,698	-4,051	-2,614
Salaries and remuneration to employees including employer's contributions	-5,520	-5,190	-4,790
Payments to financiers, banks	30	64	-824
Dividend to shareholders	-331	-297	-274
Payments to the public sector — excise duty	-192	-308	-338
Total value distributed²⁾	-10,711	-9,782	-8,840
Retained economic value	-13	6	-16

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

2) Includes payment of taxes and social security contributions of SEK 1,127 million for the 2019/2020 fiscal year, SEK 1,221 million for the 2018/2019 fiscal year and SEK 1,157 million for the 2017/2018 fiscal year.

Supplier process (GRI 308-1 and 414-1)

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

All suppliers engaged are subjected to competition in the tender processes to ensure the supplier selected best meets our demands in terms of quality, sustainability, delivery reliability and price. The analysis is performed continuously to ensure the products and services purchased are produced under sustainable and responsible conditions, and comply with Nobina's quality and environmental requirements. Various systems are used to continuously monitor the quality of all of Nobina's suppliers. For example the workshops report deviations in products so that these are quickly rectified by suppliers.

Nobina actively strives to further strengthen the supply chain and every year conducts a risk assessment of all suppliers that is used as a basis for the supplier audits. Suppliers are also required to sign Nobina's Code of Conduct, which is based on the UN Global Compact, the UN Sustainable Development Goals, the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Nobina has set itself the target that 95 percent of centrally managed suppliers are to have signed the

Code of Conduct. In 2019, greater emphasis was placed on monitoring signing and compliance with the Code of Conduct and to date, a signing rate of 65 percent has been achieved. 100 percent of all new suppliers in 2019/2020 signed the Code of Conduct and were integrated in the risk assessment.

The supplier base is divided into different categories, of which fuel and vehicles are by far the largest two categories in terms of total Group purchasing. The supplier base is analysed continually and every year a risk assessment is conducted where suppliers and vehicles, fuel, spare parts, uniforms and tyres are categories that are usually at the top of this list. Within these categories, each individual supplier is analysed and assessed from a risk perspective, and a few are selected for a comprehensive audit on the basis of standardised procedures with an accompanying site visit. During the 2019/2020 fiscal year, two comprehensive audits were conducted focusing on traceability of raw materials/conflict metals, work environment/rights, delivery reliability and child labour.

System support has been procured to further strengthen follow-up of the centrally tendered suppliers, with implementation set to take place in 2020. Focus will initially be on the supplier categories of fuel, vehicles and tyres. There is also a particular focus on conflict minerals.

Certified quality and environmental work (Own indicator 1)

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

Certified management systems enable Nobina to maintain a structure where annual internal audits help traffic areas to share best practices and to systematically identify and rectify areas of improvement. Meanwhile, external audits are carried out every third year to verify the function of the management systems. In 2019, Nobina had 15 trained internal auditors and several traffic areas were subject to external audits during the year.

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

	2019/2020	2018/2019	2017/2018
Sweden ^{1) 2) 4)}	11 of 17	11 of 17	10 of 17
Denmark ³⁾	9 of 11	5 of 5	5 of 5
Norway ¹⁾	3 of 4	6 of 7	7 of 7
Finland ¹⁾	3 of 3	3 of 3	3 of 3
Total	28 of 35	25 of 32	25 of 32

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

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

3) The number of traffic areas has been adjusted in Denmark to better reflect their operating structure with smaller geographical divisions.

4) In addition Samtrans is also certified in accordance with ISO 14001.

Supplier process

Sustainability policy, strategy and Code of Conduct

Supplier selection

Supplier assessment and follow-up

Supplier development and collaboration

To become one of Nobina's suppliers, the supplier must also stand for the same values as Nobina. This is why the sustainability agenda is an integrated part of the supplier process. Through meticulous groundwork, we

ensure the selection of stable partners and suppliers who are driven, as we are, by developing public transport. This offers us the conditions to pursue development efforts and continuous improvement as partners.

Environmental and climate impact

Fuel consumption and emissions

(GRI 302-1, 305-4–305-7)

Nobina's most significant sustainability topics in the field of the environment and climate relate to the Group's fuel consumption and the resulting air emissions. Nobina's vehicle fleet at the end of the fiscal year encompassed 3,733 (3,644) buses.

The main impact on emission levels occurs in connection with the transition to renewable fuel. As one of the largest fuel consumers in the Nordic region, we have a responsibility to encourage this trend and influence both our clients and suppliers in this direction. We have long been active in testing and opting for new fuel types, which has contributed to a rapid reduction in fossil fuel use in favour of HVO, RME, biogas, electricity, etc. In 2019/2020, the vehicle fleet consumed about 82 percent renewable fuel.

One of Nobina's most important tools for ecodriving is The Green Journey app (DGR). The app provides drivers with feedback on their driving behaviour. In general, it involves planning journeys and avoiding unnecessary stopping, which uses a large amount of fuel, and adapting speed to avoid losing kinetic energy through braking. Planning journeys reduces exhaust emissions and ensures a more comfortable trip for customers. The share of green kilometres was 92 percent during the year. Progress is monitored every month, from team leader level to Group level. Another important tool is systematic route optimisation to reduce fuel consumption and reduce the burden on the road network.

Percentage of DGR-driven kilometres

	2019/2020	2018/2019	2017/2018
Total, %	92	86	87

The Director of Strategy and M&A is responsible in Group management for environmental governance and development in the area and presents monthly reports to the CEO. The ultimate responsibility for Nobina's environmental and climate impact rests with the Board of Directors and CEO. For risk management linked to fuel consumption and emissions, see page 92.

In recent years, the consumption of fossil fuels has steadily decreased in favour of renewable fuels. Natural gas has been completely phased out in recent years and ethanol was phased out in 2019/2020. During the year, electrification of the vehicle fleet was further intensified and as a result we noted a sharp increase in electricity consumption. Since we only use green electricity, this makes a positive contribution to our target to reduce emissions. The Group's carbon dioxide emissions decreased 12 percent in 2019/2020.

Fuel consumption, total¹⁾

	2019/2020	Change, %	2018/2019	2017/2018
Non-renewable fuel				
Diesel, litres	20,714,115	–7%	22,244,134	29,488,726
Natural gas, nm ³	–	–	–	5,746,430
Renewable fuel				
RME, litres	21,898,305	21%	18,015,887	16,004,722
HVO, litres	35,767,352	–4%	37,345,287	32,742,057
Biogas, nm ³	31,071,654	–14%	35,976,710	19,939,039
Ethanol, litres	–	–100%	73,358	89,153
Electricity, kWh ²⁾	7,336,394	12,331%	622,143	245,723

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

2) Electricity from renewable sources.

Emissions¹⁾, in relation to km driven

	2019/2020	Change, %	2018/2019	2017/2018
Fossil carbon dioxide (CO ₂), kg/km	0.38	–12%	0.43	0.62
Nitrogen oxides (NO _x), g/km	4.45	–16%	5.31	5.71
Hydrocarbons (HC), g/km	0.73	–12%	0.83	0.89
Particles (PM), g/km	0.045	–8%	0.049	0.051

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

In 2019/2020, Nobina changed the calculation model for its emissions and has therefore adjusted all figures in the table. Nobina does not offset greenhouse gas emissions.

Water use (GRI 303-1–303-3)

Nobina's primary water use is at offices and, above all, at depots and workshops. Office consumption is connected to the municipal water grid and waste water is discharged into the municipal waste water treatment plants. The bus-washing facilities also use municipal fresh water. To reduce consumption of fresh water in washing buses, Nobina is installing recirculation tanks, which reuse the water in the process. In 2019/2020, Nobina's total water use was 508,875,000 litres and Nobina has set itself a recirculation target of 85 percent. The result for 2019/2020 was recirculation of 63 percent.

To ensure good water quality, that meets local regulations, Nobina is continuously investing in new and improved cleaning equipment in the bus-washing facilities. Water tests are also regularly taken to ensure that operations do not exceed applicable requirements for emissions to water. When setting up or shutting down depots, environmental inspections are conducted to determine Nobina's environmental responsibility and impact.

Health and safety

Safe journeys (GRI 403-2)

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

As the business is constantly evolving, the needs also change linked to reporting and data collection. Nobina therefore works to, during the coming

financial year, strengthen the structure and systematic ongoing reporting and data collection for incidents and workplace injuries for all countries. As a result of Nobina's long-term work and holistic approach the number of serious issues related to quality, work environment and safety issues events decreased during 2019/2020. Work during the year has focused on to concretize the issues and, to a greater extent, make them present and relevant in daily work in the traffic areas. This happens, among other things, through ongoing skills development and crisis exercises. Every company and traffic area in Nobina now has a contingency plan that can be quickly mobilized in crisis situations. All incidents are assessed by the security office. Those deemed particularly serious are investigated using a root cause analysis.

Health and safety, cont.

Workplace injuries, by region

	2019/2020		2018/2019	
	Incident	Fatal accidents	Incidents ¹⁾	Fatal accidents
Sweden ¹⁾	132	–	174	–
Norway	11	–	9	–
Denmark	26	–	–	–
Finland	56	–	87	–
Total, Group	225	–	270	–

1) Since Nobina's definition and follow-up of workplace accidents and incidents is broader than the Work Environment Authority's reporting requirements there is a discrepancy between them. Last year's figure is corrected with reference to this.

Vehicle damage and serious incidents

	2019/2020	2018/2019	2017/2018
Number of vehicle damage incidents, Group	12,950	15,062	14,411
of which Sweden	8,664	11,562	10,434
Total cost of damages, Group, SEK million	132.4	131	110.6
of which Sweden	85.7	93	70.6
Serious incidents ¹⁾	396	308	497
of which			
Fire	43	41	33
Threats and violence	191	188	240
Robbery	3	–	–
Environment	15	20	25
Traffic accidents	127	59	199

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

Diversity and Equal Opportunity

Diversity and equal opportunity (GRI 405-1)

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

In 2019/2020, further steps were taken on these issues in the form of a new training course for inclusive leadership. The course helps to create increased awareness of personal prejudices, and curiosity about how the backgrounds and experiences of others can influence their perceptions. The course also develops the ability of management to build efficient teams where everyone's differences are appreciated and respected. The result is managers and key employees who are even better at capitalising on the diversity and talent among employees in the company. All traffic areas are to undertake the training course. In 2019/2020, 160 (110) people completed the training.

During the year, Nobina also set itself the target of 30 percent female managers with staff responsibility and 20 percent female bus drivers by 2024.

At Group level, gender distribution in 2019/2020 was essentially unchanged. The proportion of women in the management team increased 8 percentage points. Gender distribution on the Board of Directors was unchanged.

Gender distribution by function, employees

Share, %	2019/2020		2018/2019		2017/2018	
	Men	Women	Men	Women	Men	Women
Bus drivers and driver administration	89	11	89	11	88	12
Mechanics (workshop)	93	7	91	9	89	11
Company management, sales, marketing, HR and other	64	36	59	41	58	42
Traffic planning	75	25	79	21	75	25
Total, Group	88	12	88	12	87	13

Gender distribution, Board and management team

Share, %	2019/2020		2018/2019		2017/2018	
	Men	Women	Men	Women	Men	Women
Board of Directors	71	29	67	33	66	34
Management team	80	20	88	12	78	22

Age distribution by function, employees

Share, %	2019/2020			2018/2019		
	<30 years	30–50 years	>50 years	<30 years	30–50 years	>50 years
Bus drivers and driver administration	5	45	50	6	46	48
Mechanics (workshop)	23	45	33	23	46	30
Company management, sales, marketing, HR and other	9	58	33	13	58	29
Traffic planning	5	54	41	9	49	42
Total, Group	6	46	48	7	47	46

Age distribution, Board and management team

Share, %	2019/2020			2018/2019			2017/2018		
	<30 years	30–50 years	>50 years	<30 years	30–50 years	>50 years	<30 years	30–50 years	>50 years
Board of Directors	–	–	100	–	–	100	–	–	100
Management team	–	80	20	–	44	56	–	44	56

Secure and attractive workplace

Work environment and working conditions

Nobina offers employees training and performance appraisals as part of goal-oriented efforts to improve the work environment and to create an attractive and secure workplace. Nobina also actively strives to ensure its employee feel they can influence their workplace and therefore encourages local initiatives.

Follow-up and evaluation of the work environment and safety is conducted by the local QHSE organisation and continually followed-up by QHSE councils at traffic area level. Irregularities are reported at company and Group level each month. The QHSE functions represent an important tool in efforts to share best practices and solutions.

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

Attractive employer

The public transport industry is fluid and labour-intensive. Therefore, it is important to both motivate existing employees and to attract new talent. Nobina is highly dependent on access to drivers and may be negatively impacted in the event of driver shortages. This is why we are working to strengthen the attractiveness of the driving profession and to ensure the availability of drivers in society as retirements increase.

At the end of the fiscal year, Nobina had 11,700 employees, including consultants. All employees, except for consultants, are covered by collective bargaining agreements. During the summer season, fixed-term personnel are employed to cover staffing needs during the holiday period. However, we strive to offer more employees permanent contracts, which increases security for both employees and the company. In certain cases, subcontractors are used, though these are not a substantial part of operations. For risk management related to employees, see page 92.

Employees by type of employment and gender

Number	2019/2020			2018/2019		
	Men	Women	Total	Men	Women	Total
Permanent employees	7,653	1,066	8,718	7,891	1,110	9,001
Fixed-term employees	2,128	279	2,406	2,236	296	2,532

Employees by type of employment and region

Number	2019/2020					2018/2019				
	Sweden	Norway	Denmark	Finland	Total	Sweden	Norway	Denmark	Finland	Total
Permanent employees	6,132	733	539	1,315	8,718	6,564	910	462	1,325	9,261
Fixed-term employees	1,868	312	136	90	2,406	1,733	407	90	42	2,272

Employees by part-time or full-time¹⁾ and gender

Number	2019/2020			2018/2019		
	Men	Women	Total	Men	Women	Total
Full-time employees	7,021	936	7,957	7,271	954	8,225
Part-time employees	811	174	985	802	184	986

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

1) Pertaining to permanent employees

Anti-Corruption

Business ethics and anti-corruption (GRI 205-3)

Business ethics and anti-corruption are important issues for Nobina. The Group's anti-corruption instructions provide guidance in efforts to create conditions for secure and transparent business dealings with clients, suppliers and other partners. The instructions were drawn up by the Group's CEO and management team. All employees in relevant functions, such as business developers and purchasers, are informed of the instructions when they are employed. As a complement to daily activities related to governance and corporate culture, we conduct internal process audits of the Group's staff functions every third year.

Contact between clients and operators is limited when tendering for new traffic contracts. The tendering process must always be transparent and promote equal treatment. However, we have noted that it has become more common that clients invite operators for consultation prior to advertising new traffic contracts. This has created a new arena where influence may be exerted, before the tendering process is implemented.

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

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

Training and education

Develop employees (GRI 404-1–404-2)

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

All employees have individual objectives that are discussed and formulated during performance appraisals with the employee's immediate manager. One important element in this is a clear plan for training. Specific training plans are created after each traffic area has identified its training needs. We encourage development and help employees to progress within the Group.

Drivers who are interested in developing within Nobina may be offered to apply for a job as instructor on YKB training courses, as a supervisor for new drivers or for a position within the scope of The Green Journey. Some drivers also move on to become traffic operators or team leaders. For employees with a managerial position, regular leadership courses are held through the Nobina Academy in areas including leadership, coaching, safety, environment and work environment. Nobina allows employees to try out their profession in another country where Nobina has operations, which leads to an increased exchange of experience.

Nobina's employees have on average attended 33.79 (32.99) hours of skills development per employee and 5,028 (6,290) performance appraisals were held.

Conducted performance appraisals

Number	2019/2020			2018/2019		
	Men	Women	Total	Men	Women	Total
Total	89%	11%	5,028	88%	12%	6,290

Industry colleagues

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

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

Auditor's report on the statutory sustainability report

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

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the financial year 2019-03-01–2020-02-29 on the pages referenced to on page 13 of the administration report and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12. The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, 28th April, 2020
PricewaterhouseCoopers AB

Michael Bengtsson
Authorised Public Accountant

GRI content index

GRI Standard	Disclosure name	Page reference	Information	Reference to UN's Sustainable Development Goals
GRI 101: FOUNDATION 2016				
GRI 102: GENERAL DISCLOSURES 2016				
Organisational profile				
102-1	Name of the organisation	8		
102-2	Activities, brands, products, and services	8, 63		
102-3	Location of headquarters	8		
102-4	Location of operations	8, 63		
102-5	Ownership and legal form	8		
102-6	Markets served	8		
102-7	Scale of the organisation	8, 63		
102-8	Information on employees and other workers	72		
102-9	Supply chain	69		
102-10	Significant changes to the organisation and its supply chain	–		
102-11	Precautionary Principle or approach	69		
102-12	External initiatives	63		
102-13	Memberships of associations	73		
Strategy				
102-14	Statement from senior decision-maker	4–6		
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behaviour	63, 83–84		
Management approach				
102-18	Governance structure	66		
Stakeholder engagement				
102-40	List of stakeholder groups	67		
102-41	Collective bargaining agreements	72		
102-42	Identifying and selecting stakeholders	67		
102-43	Approach to stakeholder engagement	67		
102-44	Key topics and concerns raised	67		
Reporting Practice				
102-45	Entities included in the consolidated financial statements	8		
102-46	Defining report content and topic Boundaries	67–68		
102-47	List of material topics	68		
102-48	Restatements of information	–		Nobina has changed method for the compilation of emissions and have made retroactive adjustments.
102-49	Changes in reporting	–		Nobina has one new material topic: Water use
102-50	Reporting period	63		
102-51	Date of most recent report	63		
102-52	Reporting cycle	63		
102-53	Contact points for questions regarding the report	63		
102-54	Claims of reporting in accordance with the GRI Standards	63		
102-55	GRI content index	73–74		
102-56	External assurance	72		

GRI Standard	Disclosure name	Page reference	Information	Reference to UN:s Sustainable Development Goals
ECONOMIC STANDARDS				
Economic Performance				1, 8, 9
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	67-68, 77-78		
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	69		
Quaity and environmental certification				8, 9, 12
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	67-68, 77-78		
Own indicator 1				
	Number of Nobina’s traffic areas certified in accordance with ISO 14001	69		
Anti-Corruption				3
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	63, 67-69, 72		
GRI 205: Anti-corruption 2016				
205-3	Confirmed incidents of corruption and actions taken	72		
ENVIRONMENTAL STANDARDS				
Energy				7, 8, 13
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	64-65, 67-68		
GRI 302: Energy 2016				
302-1	Energy consumption within the organisation	70	Nobina reports fuel consumption as fuel is the type of energy with the greatest impact on Nobina’s energy consumption.	
302-4	Reduction of energy consumption	70		
Water and effluents				6, 8, 12
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	64-65, 67-68		
GRI 303: Water and Effluents 2016				
303-1	Interactions with water as a shared resource	70		
303-2	Management of water discharge-related impacts	70		
303-3	Water withdrawal	70		
Emissions				13, 14, 15
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	64-65, 67-68		
GRI 305: Emissions 2016				
305-4	GHG emissions intensity	70	Nobina only reports emissions from fuel combustion. Emissions are reported per kilometre in line with industry practice.	
305-5	Reduction of GHG emissions	70		
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	70		

GRI content index cont.

GRI Standard	Disclosure name	Page reference	Information	Reference to UN:s Sustainable Development Gals
SOCIAL STANDARDS				
Occupational Health and Safety				3, 8
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	64-68, 70-73, 83-84		
GRI 403: Occupational Health and Safety 2016				
403-1	Workers representation in formal joint management-worker health and safety committees	66	Partially reported due to limita-tions in sampling techniques. ¹⁾	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	71		
Training and education				4, 5, 8, 10
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	66-68, 70-73		
GRI 404: Training and Education 2016				
404-1	Average hours of training per year per employee	73		
404-2	Percentage of employees receiving regular performance and career development reviews	73		
Diversity and Equal Opportunity				5, 8
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic and its Boundary	64-68, 70-73		
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	71		

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

Corporate Governance Report

For Nobina, good corporate governance provides the basis for creating a trusting relationship with shareholders, employees and key stakeholders in the Group's operating environment. Corporate governance is a central building block to ensure that Nobina is managed responsibly, sustainably and that this takes place in accordance with prevailing law, other regulations and provisions and good practice based on Nobina's operations. Corporate Governance Report describes the structure of Nobina's corporate governance and includes information about shareholders, the Annual General Meeting (AGM), the Nomination Committee, auditors, the Board of Directors and Committee work, Group management as well as compliance and internal control. A description is also provided of operational management and administration, as well as the manner in which the Board of Directors ensures the quality of the financial statements and its cooperation with the company's independent auditors.

Corporate governance at Nobina

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

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

Articles of Association

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

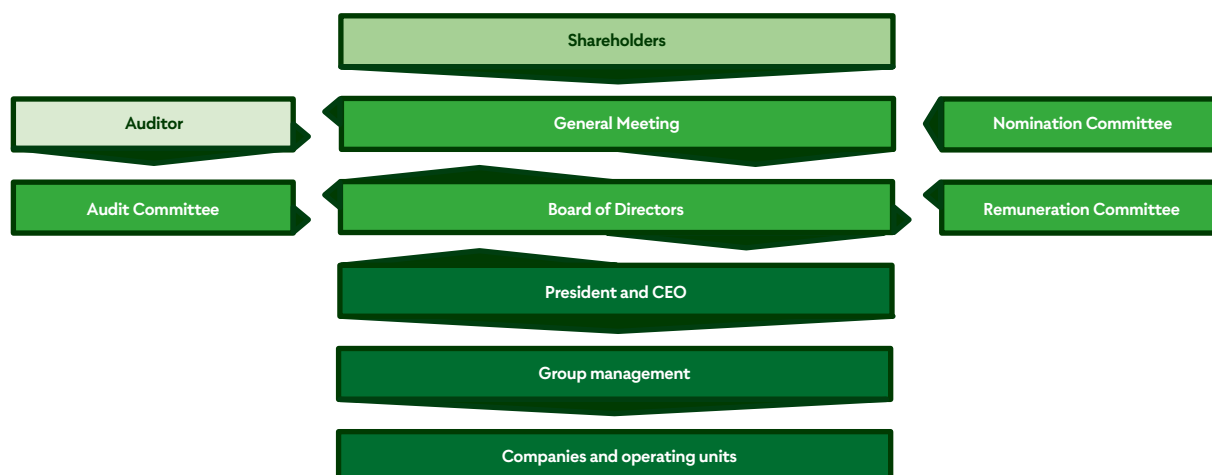
External regulations

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

Internal regulations

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

Organisation of Nobina's Corporate Governance



General Meeting

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

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

2020 AGM

The 2020 AGM will be held on 28 May 2020. For more information on the Meeting, see page 98 and the company's website, www.nobina.com.

Nomination Committee

The Nomination Committee of Nobina prepares and submits proposals to the AGM for the Chairman of the AGM, members of the Board and Chairman of the Board. It also submits proposals for Board fees to each of the members of

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

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

The 2019 AGM resolved that during the period until the next AGM, Nobina will have a Nomination Committee comprising one representative for each of the three largest shareholders in terms of votes and the Chairman of the Board. The names of the members of the Nomination Committee and the shareholders they represent are to be published not later than six months prior to the AGM and be based on shareholding statistics provided by Euroclear Sweden AB as of the last banking day in September 2019. Provided the members of the Nomination Committee do not agree otherwise, the member representing the largest shareholder, in terms of votes, shall be appointed chairman of the Nomination Committee. In the event that a shareholder who has appointed a member is no longer one of the three largest shareholders, in terms of votes, the appointed member is to resign and be replaced by a new member in accordance with the above procedure.

At Nobina, diversity is a material, natural and integral part of efforts to pursue responsible and continuously improving operations. Diversity is also viewed as a critical success factor in achieving strategic goals. Ahead of the 2020 AGM, the Nomination Committee has applied section 4.1 of the Code as its diversity policy. The aim of the Nomination Committee has been to provide the Board of Directors with the expertise and experience required to lead the company's operations in an optimal manner and that Board members complement each other, thereby ensuring the expertise that is crucial for Nobina. In addition, it has been the ambition of the Nomination Committee to promote a gender balance by ensuring the proportion of female Board members and strengthening the industrial and operational experience on the Board of Directors. As a result of the Nomination Committee's work, the Nomination Committee's proposed Board composition will represent a variation in terms of gender, age and background and suitable breadth in terms of industrial, financial and marketing expertise. Nobina is of the opinion that these objectives and aims have been achieved.

Nobina's Nomination Committee ahead of the 2020 AGM

Member	Representing	Shareholding/votes
Jan Sjöqvist	Chairman of the Board	0.2%
Peter Lundkvist	AP3	2.7%
Nuno Caetano	Invesco Limited	5.6%
Mattias Cullin	Danske Invest Fonder	3.2%

The members of the Committee were appointed based on the ownership structure as of 30 September 2019. The shareholdings are reported as of the same date. Chairman of the Nomination Committee is Nuno Caetano.

2019 AGM

The most recent AGM was held on 29 May 2019 in Stockholm. At the AGM, 39.94 percent of voting rights were represented. Representatives of Nobina's Board of Directors and Group management, and the auditor were present. The AGM adopted the accounts for 2018/19 and granted the Board of Directors and CEO discharge from liability for the forthcoming fiscal year's administration.

The following decisions were made at the Meeting on 29 May 2019:

- Profit for the year was SEK 235,039,605, disposable earnings from previous fiscal year totalling SEK 658,636,107 and share premium reserves were SEK 1,335,198,568. It was resolved to pay a dividend to shareholders of SEK 3.80 (SEK 3.35 per share) for the past fiscal year. Accordingly, SEK 1,893,122,688 was carried forward to the next fiscal year,
- The Board shall comprise seven Board members with no deputies and that the company shall have one auditor with no deputy,
- Re-election of Board members John Allkins, Graham Oldroyd, Monica Lingegård, Liselott Kilaas, Bertil Persson and Jan Sjöqvist, the latter of whom was re-elected as Chairman of the Board. Johan Bygge was elected as a new Board member. All of the above were elected for the period until the next AGM,
- Re-election of PricewaterhouseCoopers AB as the company's auditors,
- That fees shall be paid to the Chairman of the Board of SEK 900,000 and a fee of SEK 450,000 for each of the other Board members, SEK 2,700,000 in total, and that fees to the auditors shall be paid against invoices approved by the Board. In addition, it was decided to pay extra fees for work on
- the Audit Committee of SEK 100,000 to the Chairman and SEK 50,000 SEK to each of the other members,
- Approval of the Nomination Committee's proposal for principles governing the appointment of the Nomination Committee,
- Approval of guidelines for remuneration of senior executives,
- The Board's proposal to implement a performance-based share saving scheme was approved,
- Authorisation for the Board of Directors to acquire and transfer treasury shares within the scope of share saving scheme,
- Approval for the Board of Directors to make decisions on the transfer of treasury shares to participants in the share saving scheme,
- Authorisation for the Board to take decisions on new share issues, and so forth.

Nobina's Board of Directors

The Board's responsibility

The Board's work is governed by the Swedish Companies Act, the Articles of Association, the Code and the Rules of Procedure established by the Board annually. Nobina's Board is responsible for the organisation and administration of the company's affairs. Neither during his time on the Board, nor previously, has the CEO participated in meetings where his remuneration was discussed. One of the Board's most important assignments is to secure a long-term strategy, governance, follow-up and control of Nobina's daily operations with the aim of creating value for shareholders, customers, employees and other stakeholders. The Board appoints the President, who is also CEO.

Composition of the Board of Directors

The Articles of Association state that the Board is to comprise not less than three and not more than ten Board members. The Board is to have an appointed Chairman, who, under Swedish law, may not simultaneously serve as the company's CEO. According to the Code, the Chairman shall be elected by the AGM. During the 2019/2020 fiscal year, the Board comprised seven members: Johan Bygge, John Allkins, Graham Oldroyd, Monica Lingegård, Liselott Kilaas, Bertil Persson and Jan Sjöqvist, the latter of whom was re-elected as Chairman of the Board at the AGM. All Board members are independent in relation to major shareholders in the company. All Board members are independent in relation to the company and its management.

Work performed by the Board during the year

The Board's work follows an annual cycle, which enables the Board to continuously maintain general value creation and strategic issues high on the agenda and to conduct regular risk assessments.

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

The Board's work procedures

The Board follows adopted Rules of Procedure governing its operations that describe how work is divided between the Board, its Committees and the CEO. These are established each year by the Board and apply to the Board members. Directives for the CEO and for financial reporting are described in appendices to the formal work procedures. The prevailing formal work procedures were adopted on 31 May 2019.

Board member elected by AGM

	Elected	Born	Remuneration, SEK	Number of shares/votes	Independent	Attendance at Board meetings	Attendance at Committee meetings
Jan Sjöqvist	2015	1948	900,000	193,737	Yes	7 of 7	4 of 4
Graham Oldroyd	2014	1961	450,000	34,375	Yes	7 of 7	4 of 4
John Allkins	2013	1949	450,000+(100,000 AC)	54,963	Yes	7 of 7	4 of 4
Bertil Persson	2018	1961	450,000	0	Yes	7 of 7	Not present
Monica Lingegård	2017	1962	450,000+(50,000 AC)	0	Yes	5 of 7	4 of 4
Liselott Kilaas	2017	1959	450,000+(50,000 AC)	0	Yes	7 of 7	4 of 4
Johan Bygge	2019	1955	450,000	10,000	Yes	7 of 7	4 of 4

Board meetings during the fiscal year

19 December

Scheduled meeting

Operations, Interim report, Strategy, Business plan

26 September

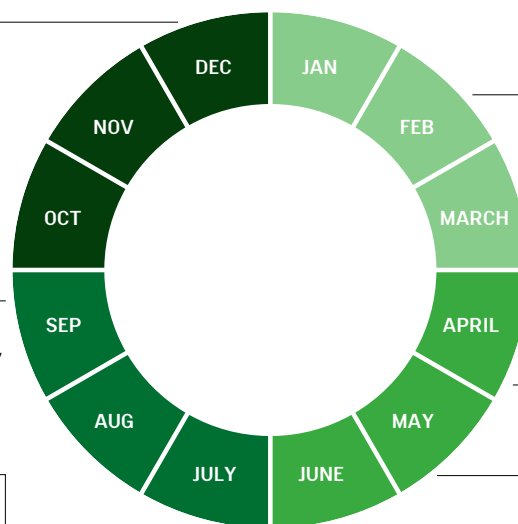
Scheduled meeting

Operations, Interim Report, Risk Analysis, Strategy

26 June

Scheduled meeting

Operations, Interim report, Strategy



20 February

Scheduled meeting

Operations, Budget, Multi-year plan, Board evaluation

4 April

Scheduled meeting

Operations, Interim Report, AGM

26 April

Scheduled

Annual report, AGM

29 May

Scheduled meeting

Election of officers, Committees

President and CEO

Nobina's President and CEO is appointed by the Board of Directors and is responsible for leading the company's operating activities in accordance with the Swedish Companies Act and instructions and directives issued by the Board. The President and CEO is responsible for ensuring that the company's accounting policies meet legal requirements and that financial issues are addressed in an adequate and reliable manner. The Board approves Nobina's overall organisation and the functions that report to the CEO. The CEO also prepares and is responsible for the preparatory process ahead of Board meetings. Moreover, the CEO monitors decisions relating to key employees and central operational matters.

Group management

The CEO is the chairman of Group management. Members of Group management are appointed by the CEO and approved by the company's Board of Directors. At the end of the fiscal year, members of Group management comprised the CEO, Managing Directors for subsidiaries, CFO, HR Director, General Counsel and Chief Compliance Officer and Director of Strategy and M&A. A more detailed presentation of Group management can be found on page 86.

Group management assists the CEO in following up the results of the Group and the business areas compared with agreed targets and strategies and in the continuous monitoring of operations. Group management also

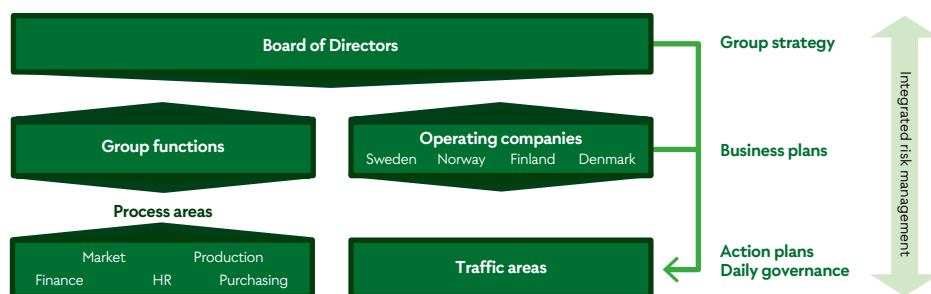
ensures access to efficient and value-generating allocation of Nobina's capital and funds. Group management holds one scheduled meeting each month. The meetings focus on the Group's strategic and operational development as well as performance follow-up. In addition to these meetings, close daily collaboration takes place on various issues between members of Group management. Management works in line with all of the Group's policies and applicable directives. All material decisions in the daily management of the Group's operations are taken by the CEO following consultation with Group management. The managing director of each operating subsidiary is responsible for collecting information about the development of the operations and how financial and qualitative targets are achieved. The managing director of each subsidiary is also responsible for compiling this information and reporting to the relevant senior executives and the CEO. The CEO thereafter reverts to each of the managing directors of subsidiaries who in turn are responsible for ensuring the received instructions are implemented.

Group management comprised 10 members at the end of the fiscal year. At meetings of Group management over the past year, the following important issues were high on the agenda: financial performance, company strategy and business plans, sustainability and general issues concerning the Group's operations, planning and follow-up. Investment issues and strategic projects were also addressed as well as preparations ahead of Board meetings.

Overall governance model

Nobina has organised the operational governance model using a number of Group functions and processes tasked with supporting the operating companies in order to convert the Group's targets, strategy and key metrics in an optimal and efficient manner and ensure that the results correspond to

Governance model



NOBINA'S GROUP FUNCTIONS

Group finance – the function is headed by the Group's CFO who is ultimately responsible for the Group's financial control and reporting. The function has a number of sub-units; group accounting that includes responsibility for the Group's shared service center and the Swedish payroll office, group controlling, fleet finance, treasury, and investor relations. The function also includes the Group's IT department.

Legal and Compliance – the function is headed by the General Counsel & Chief Compliance Officer who is ultimately responsible for providing legal support to the Group's various operations. The function also includes the Fleet and Group purchasing departments and data protection and information security, which have their own organisations and resources in their respective areas. All departments report to the General Counsel.

Strategy and M&A – the function is headed by the Head of Strategy and M&A, who is ultimately responsible for the Group's strategy process, acquisition projects, sustainability agenda and the Group's project offices. The function also includes KAMS.

HR – the function is headed by the HR Director, who is ultimately responsible for the Group's employee process, which involves recruitment, skills development, talent management, salaries and benefits as well as the Group's work with inclusion and diversity. The function leads and coordinates strategic Group-wide HR issues for all companies, and also operational HR issues at Nobina Sweden.

NOBINA'S PROCESSES

As a complement to Nobina's organisational governance, the company's operations are continuously pursued and developed using a number of processes. These are used to produce best practices and working procedures to ensure that Nobina's operations are conducted in the most efficient and optimal manner possible. Responsibility for the processes is strongly linked to accountability in the Group functions, with the exception of the Production and Market process, where representatives from the operating companies are responsible for pursuing the Group-wide agenda in traffic production and market development.

Nobina processes are used in the areas below:

- Market
- Production
- Employees
- Group purchasing
- Accounting

established objectives. Nobina holds monthly performance meetings at Group, company and traffic area levels – when goals and outcomes are presented and followed up. Any identified risks or suggestions for improvement are analysed and then addressed. Nobina applies – at all levels of operations – a systematic working procedure that constantly strives and ensures that the operation is oriented towards the company's targets and follows its strategy. Working procedure. A systematic working procedure is applied where business plans are developed and implemented based on the Group's overall strategic direction and local conditions, strengths and weaknesses. Nobina's risk management process is also fully integrated into all parts of the operation and uses a specific work procedure, read more about Nobina's risk management process on page 90.

Group functions and processes

Nobina's Group functions support the operating companies. Each function is responsible for one area (see below) and pursues functional leadership through their organisation and their resources. The person responsible for each Group function is a member of Group management and reports to the CEO. The CEO leads the functions by conducting regular follow-ups with each member of Group management and through Group management meetings.

Operating companies and traffic areas

The operating companies in Nobina comprise the national companies, which are in turn organised into a number of different traffic areas in each country. As a means of achieving the Group's goals and key metrics, central and local business plans are developed at both company and local level through each traffic area. In this way, goals and key metrics are included in business plans that are then carried out in short and long-term action plans and in daily governance of various teams, professions and individual employees.

Auditors

The shareholders at the AGM elect an external independent auditor for the period until the end of the next AGM. The auditor reports to the shareholders at the company's AGMs. The company is to have not less than one (1) and not more than two (2) auditors with at most two (2) deputies. Authorised public accountants or registered auditing firms shall be appointed as auditors or deputies as appropriate.

The 2019 AGM re-elected PricewaterhouseCoopers AB as Nobina's auditors for the coming year. Authorised Public Accountant Michael Bengtsson is the Auditor in Charge. Michael Bengtsson is a member of the Swedish Institute of Authorised Public Accountants (FAR).

The external auditors are responsible for auditing the company's annual report, which consists of consolidated financial statements and accounts, as well as the administration of the Board and CEO. The auditor must conduct a general review of the company's six-monthly or nine-monthly interim reports in accordance with the Code. The auditor regularly reports to the Audit Committee, Group management and the local company management teams. At the Board meeting in conjunction with the annual accounts, he presents his conclusions from the review to the entire Board. During the year, the auditors met the Board without the presence of company management. The auditor may only be engaged for consulting services that have been decided on and approved in advance by the Audit Committee. The auditor informs the Audit Committee of the annual audit plan, its scope and contents, and presents its conclusions. The Audit Committee is also informed about assignments that were performed in addition to auditing services, compensation for such assignments and other circumstances of importance for assessing the auditors' independence. The audit is carried out in accordance with the Swedish Companies Act, International Standards on Auditing and generally accepted auditing standards in Sweden, which are based on the International Federation of Accountants' (IFAC) international audit standards. Remuneration of auditors was paid in accordance with Note 7.

Board Committees

The Board of Directors appoints a Remuneration Committee and Audit Committee in order to streamline its work. These draw up recommendations to the Board when Board decisions are required and also provide the Board with regular information about their work.

REMUNERATION COMMITTEE

The work of the Remuneration Committee includes helping the Board to prepare proposals related to remuneration and regularly monitoring and evaluating the structure and level of remuneration of the CEO and other members of Group management.

The main tasks of the Remuneration Committee include:

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

The Remuneration Committee currently has three members: Jan Sjöqvist (Chairman), Graham Oldroyd and Johan Bygge, who are all independent in relation to the company and its senior executives. The Remuneration Committee held four meetings during the fiscal year.

AUDIT COMMITTEE

Without prejudice to the tasks and areas of responsibility of the Board, the Audit Committee is to:

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

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

Remuneration of management and Board of Directors

Principles for remuneration of senior executives

Every year at the AGM, a decision is taken about the remuneration principles to be applied during the fiscal year. The following new principles were applied during the fiscal year. See the administration report on page 13 for proposals for remuneration principles that will apply for the coming fiscal year.

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

Short-term variable remuneration

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

Share-based long-term variable remuneration

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

Other benefits

Other benefits primarily consist of company cars.

Severance pay

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

Pensions and terms for the CEO

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

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

Remuneration of the Board of Directors

Remuneration to the Chairman and other members of the Board is paid according to the decision of the AGM. No remuneration is paid to the Board beyond that approved by the AGM now that the aforementioned incentive programme has been concluded. The CEO receives no directors' fees. Directors' fees paid during the fiscal year totalled SEK 3.5 million.

Remuneration of auditors

For the fiscal year, remuneration of auditors has been paid in accordance with Note 7.

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

Internal governance and control

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

In summary, reliable financial reporting for Nobina means that:

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

Components for internal control

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

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

Nobina's control environment

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

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

Internal control

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

Nobina's Group-wide policies including the Code of Conduct and our values

- Security policy
- Employee policy
- Environmental policy
- Purchasing policy
- Nobina's values
- Insider policy
- Information security policy
- Communication policy
- Authorisation policy
- Code of Conduct
- Financial policy



Compliance function (regulatory compliance)

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

Whistleblowing

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

Nobina's KAMS organisation

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

Risk assessment

Proactive and continuous risk management forms a central building block in measures to prevent and counteract high risks. Nobina's work in assessing and managing risks is conducted as an integrated but focused part of work with the Group's strategy and Group-wide initiatives, as well as in business and operational planning by subsidiaries and functions. Risk assessment encompasses business risks, risks in the financial statements and other risks. The processes include built-in components and methods to identify, appraise and limit risks and to ensure that any risks are dealt with in accordance with Nobina's control framework and guidelines. Every operating unit is responsible for handling its own risks in accordance with Nobina's control framework and process tools. Work with Group-wide risks is coordinated and followed up by Group finance, which also has a specific responsibility with respect to managing financial risks.

In accordance with the Board's Rules of Procedure and in work approving the strategy and targets, the Board of Directors reviews the key risks and action plans at least once per year, see the general work procedure for this on page 90, Risk management. Other than this, the Board of Directors is presented with information concerning action plans and analyses regarding specific risks on a number of occasions.

Control activities

Even if Nobina's continuous risk assessment in itself has a preventive effect on risks, within the Group there are a range of different central and local control structures and functions with the purpose of managing identified risks and taking various control activities. The activities aim to prevent, detect and correct faults and deviations. The control activities are integrated into Nobina's operational management system and control environment and form a central function to ensure effective internal control in the Group. Group management is responsible that relevant control activities are in place and main-

tained in each main process and unit. In addition, activities are based on a combination of preventive controls and follow-up as well as automated and manual controls. This includes conducting IT controls that secure the Group's IT environment, both from an operational and IT and information security perspective, for key systems and applications. Within the Group, controls also exist for approving and authorising business transactions, which are applied in daily operations, as are established accounting policies when preparing the year-end accounts and financial reports for all Group companies. Established routines govern the review and analysis of the financial statements at all levels in the Group, which is important in order to ensure the accuracy of the statements.

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

Information and communication

Nobina has information and communication channels to ensure efficient and correct internal and external information disclosure regarding financial reporting. These require that all parts of the business communicate and exchange relevant and essential information. Nobina works in line with the control framework for financial reporting and an adopted communication plan that ensure that information reaches the right target group in the right manner. It shows how the Group acts and how deviations are reported and monitored. The owner for each main process is to ensure that information about Group-wide methods reaches the entire organisation. Nobina has a line organisation that regularly holds management meetings, where new control documents are presented. Following the presentation, a decision is taken on implementation within each of the relevant operations. Written communication is primarily made available via Nobina's intranet that reach the relevant target groups. This is where news is regularly updated, and where information about the components of the management system are described and our control framework is available.

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

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

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

Follow-up and monitoring

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

Auditor's report on the Corporate Governance Statement

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

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 2019-03-01–2020-02-29 on pages 77–84 and 86–89, and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

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

Stockholm April 28th, 2020
PricewaterhouseCoopers AB

Michael Bengtsson
Authorized public accountant

Board of Directors



1. Jan Sjöqvist

Chairman

Born: 1948

Elected: 2005

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

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

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

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

Number of shares/votes¹⁾: 193,737

Total remuneration in 2019, SEK 900,000

2. Johan Bygge

Vice-Chairman

Born: 1956

Elected: 2019

Other assignments: Chairman of the Board of PSM Holdings Ltd. Board member of Getinge AB, Lantmännen and AP3.

Previous assignments: Chairman of EQT Asia Pacific and COO EQT, CFO Investor AB, Deputy CEO of Electrolux AB and Head of Europe and Asia, CFO Electrolux AB, Board member of EQT Partners AB, I-Med Pty Ltd, ILA Vietnam Ltd, Anticimex Int AB, Sanitec OY, Vice-Chairman of swiss smile AG, Isaberg Rapid AB, Grand Hotel AB, Hi3G Scandinavia AB, Riksbankens Jubileumsfond, Föreningen för god sed på värdepappersmarknaden and the Swedish Association of Listed Companies.

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

Education: MSc from Stockholm School of Economics.

Number of shares: 10,000

Total remuneration in 2019, SEK 387,500

3. Bertil Persson

Born: 1961

Elected: 2018

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

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

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

Education: MSc from Stockholm School of Economics.

Number of shares/votes¹⁾: –

Total remuneration in 2019, SEK 450,000

4. John Allkins

Born: 1949

Elected: 2013

Other assignments: –

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

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

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

Number of shares/votes¹⁾: 54,963

Total remuneration in 2019, SEK 524,997

5. Liselott Kilaas

Born: 1959

Elected: 2017

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

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

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

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

Number of shares/votes¹⁾: –

Total remuneration in 2019, SEK 487,503

6. Monica Lingegård

Born: 1962

Elected: 2017

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

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

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

Education: MSc Business Administration at Stockholm university.

Number of shares/votes¹⁾: –

Total remuneration in 2019, SEK 487,503

7. Graham Oldroyd

Born: 1961

Elected: 2014

Other assignments: Vice-Chairman of Ideal Standard International NV and Chairman of MCF UK Limited. Board member of Henderson Alternative Strategies Trust Plc (publ.), BMO Global Smaller Companies plc (publ) and PHS Group Investments Ltd.

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

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

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

Number of shares/votes¹⁾: 34,375

Total remuneration in 2019, SEK 450,000

¹⁾ As of 29 February 2020.

Group management



1. Magnus Rosén

President and CEO of Nobina AB from 1 June 2017

Born: 1962

Other assignments: Board member of Wexus AS.

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

Education: MSc Linköping University, EMBA from Stockholm School of Economics.

Number of shares/votes¹⁾: 62,000

2. Pernilla Walfridsson

CFO at Nobina AB since 2019

Born: 1973

Other assignments: Board member of NetOnNet Group AB and Sortera Group AB.

Previous assignments: CFO Bygghuset AB, Finance Manager of Power AB, Business controller at IKEA Russia and Controller at IKEA AB. Former Board member of Ahlström-Munksjö.

Education: MBA from Växjö University.

Number of shares/votes¹⁾: 7,100

3. Martin Pagrotsky

General Counsel and Chief Compliance Officer since 2006

Born: 1974

Other assignments: –

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

Education: Master of Laws degree, Stockholm University.

Number of shares/votes¹⁾: 40,000

4. Jenny Lundmark

HR Director since 2019

Born: 1975

Other assignments: Director of HR at Nobina Sweden.

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

Education: Human Resources Specialist, Lund University

Number of shares/votes¹⁾: 3,000

5. Magnus af Petersens

Director of Strategy and M&A since 2019

Born: 1985

Other assignments: –

Previous assignments: Head of Strategy and M&A Nobina AB, Management consultant Capgemini Consulting.

Education: Business programme at Uppsala University.

Number of shares/votes¹⁾: 8,350

6. Henrik Dagnäs

MD of Nobina Sverige AB since 2018

Born: 1970

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

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

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

Number of shares/votes¹⁾: 17,000

7. Niels Peter Nielsen

MD at Nobina A/S since 2011

Born: 1965

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

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

Education: Business diploma.

Number of shares/votes¹⁾: 54,005

8. Jan Volsdal

MD of Nobina AS since 2017

Born: 1975

Other assignments: –

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

Education: CMSc. Engineering from NTNU, industrial economy

Number of shares/votes¹⁾: 13,000

9. Petri Auno

MD of Nobina Oy since 2019

Born: 1973

Other assignments: –

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

Education: MSc. Engineering from Oulu University.

Number of shares/votes¹⁾: 10,000

Changes to Group management during the fiscal year

On 1 April 2019, Tomas Hansson was appointed Managing Director of Samtrans and in connection with this, left Group management on 31 March 2019. At the same time, Anna Jonasson (Director of HR) left Group management for new challenges outside of Nobina. On 1 April 2019, Anna Jonasson was replaced by Jenny Lundmark as new Director of HR and member of Group management. Magnus Af Petersen (Head of Strategy and M&A) also became a member of Group management on 1 April 2019. On October 31 2019 Per Skärgård retired after fifteen years as CFO for the group. At the same time Pernilla Walfridsson was appointed new CFO and member of group management. She took up her position on October 1, 2019. After 18 years with Nobina, Deputy CEO Jan Bosaeus decided to retire. All of his work duties will be shared among the existing Group management team and the changes came into effect on 1 April.

¹⁾ As of 29 February 2020.

Nobina's risk management

All business operations are exposed to various risks and effective and value-generating risk management is a competitive requirement. Nobina's risk management process is fully integrated into its strategy and governance of operations. Risks are actively managed by monitoring, identifying, assessing and resolving risks on a daily basis throughout the company structure. For Nobina, robust and effective risk management entails creating a balance between setting business objectives and limiting risk.

The Group's operations entail various risks – from financial risks to day-to-day operational and sustainability risks. Nobina has classified the risks in various risk areas as a means of enhancing the efficiency of the risk management process.



Nobina's risk areas on a general level can be divided into five different areas

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

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

Legal and political risks — Risks driven by compliance with laws and regulations or new political directions. Contract risks driven by compliance with laws and regulations or new political directions.

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

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

Overarching work procedure for risk management



Overall description of risks with a potential impact in the absence of control activities

Risk area	Description	Examples of control activities and countervailing factors
Operational risks		
Continuous contract management and invoicing	Changes in traffic conditions require assurances that any adjustments to terms take place in line with the scope of the contract and, in cases where the changes are outside of the applicable contract terms, negotiate the adjustment of remuneration. All traffic changes and adjustments of remuneration terms need to be identified and included in daily invoicing in a secure manner to ensure that forecast profitability is maintained in existing contracts.	Well-prepared processes for active contract management where contracts are continuously implemented and followed up in accordance with agreed terms, in part for the early identification of traffic changes or the need for adjustments to remuneration for inclusion in invoicing.
Competitiveness, efficiency and ability to extend contracts	Opportunities to secure new contracts are largely dependent on Nobina's ability to tender with competitive pricing and solutions. Pricing is dependent on Nobina's ability to increase operational efficiency and realise potential economies of scale, where competitiveness is also closely related to efficient management of the bus fleet and existing contracts.	Efficient delivery and cost control is a focused and natural part of continuous commercial monitoring activities to identify and follow up deviations and structural challenges.
Acquisition processes	Acquiring new companies involves new risks. The value of potential target companies is based on several different parameters. Key areas are assessments and assumptions about the market and the target company's future development as well as information about the target company's finances and historical results. In cases where the initial assessments and assumptions deviate from expectations at the time of acquisition, risks may materialise through a change in the assessment of the acquired value.	Nobina's existing expertise about the market and ability to develop contracts. Clear internal processes for decision-making, reviewing and evaluating assessments and analyses. External support is used for critical analyses and for second opinions.
IT operations and production system	Nobina's operations are dependent on secure IT operations and accessible operational and production systems. Downtime or inaccessibility in the IT environment's critical systems entails a risk for disruptions in public transport services.	Nobina works in a structured manner with IT and information security where continuous risk analyses are performed to consistently secure critical systems and protect these from, for example, external threats.
Tender pricing	Incorrect assumptions during the tendering process may result in contracts with small profit margins or onerous contracts. There are often limited opportunities to renegotiate contract conditions after a contract has been signed. In addition, incentive contracts may also include different incentives based on the number of boarding passengers, making the contract's profitability partly dependent on revenue on the basis of passenger interest in utilising public transport.	Well-established procedures for careful analyses and processes to assess potential contracts – everything from an inventory of clients and other public transport service providers to the circumstances and risks that need to be managed in tender calculations and pricing for the transport solution requested. In addition, active engagement takes place long before the tendering process is announced and follow-up after the contract is awarded.
Serious incidents	Incidents such as terrorist attacks or traffic accidents may impact Nobina's ability to conduct operations efficiently or at all. Also the current situation with a pandemic outbreak could impact Nobina's ability to conduct operations.	Nobina has well-established crisis organisations that are prepared at any time to enter a "state of readiness".
Financial risks		
Financial risk exposure	Nobina is mainly exposed to financial risks such as liquidity, interest rate, refinancing, currency, raw materials, credit and counterparty, indexation, and residual value risk. For detailed information, see Note 32.	Clear and established processes and control are used to continuously identify, mitigate and follow up financial risks.

Risk area	Description	Examples of control activities and countervailing factors
Sustainability risks		
Environmental and climate damage	Inefficient use of fuel, energy and other raw materials may arise and/or the risk of environmental damage due to Nobina's operations.	Particular focus on efficient fuel consumption with clear continuous follow-up. Highly prioritised initiative within the Group for green and efficient ways of driving through The Green Journey (DGR) concept. In addition, Nobina works in accordance with ISO 14001 to consistently ensure that Nobina's operations minimise the adverse effects of its operations.
Health, safety and work environment	Workplace injuries due to shortcomings in the work environment and safety efforts. This can also refer to discrimination or victimisation of employees with a resulting negative impact on employees' commitment and willingness to work at Nobina.	Establish and work proactively through the company's KAMS initiative with a particular focus on values and inclusion in the Group. Implemented external whistleblower function (MOM).
Environment and climate	Natural disasters and extreme weather may influence Nobina's ability to conduct operations efficiently or at all.	Action plans drawn up to handle crises and/or extraordinary situations. Infrastructure adapted to cope with extreme weather conditions in line with applicable rules and regulations.
Supplier behaviour	Suppliers that do not comply with our instructions, for example, the Code of Conduct, or otherwise act in an unethical or corrupt manner may damage and/or in several different ways negatively impact Nobina's operations or the company's brand.	Nobina takes as a starting point its Code of Conduct, which includes all aspects from human rights to anti-corruption, and makes demands on suppliers in conjunction with purchases. Supplier audits and follow-up to ensure compliance. In addition, employees are given training and compliance with internal control parameters is followed up to maintain good ethical and social levels.
Market and industry risks		
Access to funding and financing	Demand from PTAs is highly dependent on regional budgets for public transport. If allocated funds are reduced, this could decrease budgets for the PTAs that are responsible for allocating and financing many of Nobina's contracts.	Thorough and proactive monitoring of the market to track trends and external events. In addition, proactive work is conducted to promote investments in public transport.
Access to staff	Nobina is dependent on access to skilled personnel. A long-term shortage of, for example, bus drivers and mechanics, may have an adverse impact on the company's capacity.	Particular focus internally on recruitment, education and advanced training. Nobina also works proactively to improve the attractiveness of areas currently experiencing a skills shortage. Nobina cooperates with job centres and other relevant authorities in several Nordic countries.
Demand for public transport services	Major structural changes in passenger preferences involving modes of transport could have an adverse effect on demand for bus travel, for example, more distance working, increase in car travel or bicycle commuting rather than bus travel are examples of hypothetical forces that could drive change. Pandemics and epidemics could also have a negative impact.	Proactive work in marketing and developing attractive public transport solutions. Daily provision of high-quality public transport services.

Risk area	Description	Examples of control activities and countervailing factors
Legal and political risks		
Legal risks	Nobina's operations entail continuous contract risks in ongoing contract management. Nobina's also operates under several jurisdictions and is subject to a number of regulations and laws, both European and national rules. Changes to these may impact the Group's operations, for example by violating rules that lead to additional costs, requirements or restrictions. Parts of Nobina's operations are also licensable and subject to comprehensive environmental and other regulations. Nobina could also become involved in commercial disputes and legal processes.	Nobina's well-prepared processes for active and continuous management of contracts mitigate contractual risks. To address the risks pertaining to different jurisdictions, Nobina is proactive at Group and company level to constantly secure compliance. Nobina also monitors legal developments in relevant areas to identify aspects with the potential to influence Nobina in the short and long term. Continuous risk assessment is conducted as part of this work and when necessary external expertise is used in the area in question.
Shifts in public transport preferences	Political objectives and decisions can change the preferences of PTAs for different modes of transport, types of vehicles and fuel.	Nobina is an active member of industry organisations and NGOs in order to monitor and influence the direction of the Nordic public transport sector. Furthermore, Nobina conducts lobbying activities, holds lectures and arranges training initiatives for decision-makers and other stakeholder groups.
Withdrawal of public transport to own management	Political decisions and motives may result in the cancellation of public transport contracts and the return of these to own management. This may cause the market to shrink and have an adverse impact on Nobina's growth and position.	Other than the basic view to constantly offer the best possible public transport services, which is in itself a countervailing factor, Nobina undertakes continuous dialogue with the relevant stakeholders as a means of actively monitoring and influencing the direction of political decisions. Also in this area, Nobina conducts lobbying activities, holds lectures and arranges training initiatives for decision-makers and other stakeholder groups.

Multi-year overview for continuing operations

SEK million (unless otherwise stated)	2019/2020	2018/2019 ^{1, 2)}	2017/2018 ¹⁾	2016/2017	2015/2016 before IPO costs	2015/2016 after IPO costs
Net sales	10,645	9,734	8,760	8,499	7,990	7,990
EBITDA	1,764	1,596	1,198	1,153	1,082	878
EBITDA margin	16.6%	16.4%	13.7%	13.6%	13.5%	11.0%
EBITA	662	620	530	500	468	264
EBITA margin	6.2%	6.4%	6.1%	5.9%	5.9%	3.3%
Operating profit (EBIT)	597	575	526	493	461	257
EBIT margin	5.6%	5.9%	6.0%	5.8%	5.8%	3.2%
Profit before tax (EBT)	399	389	391	356	298	1
EBT margin	3.7%	4.0%	4.5%	4.2%	3.7%	–
Profit before tax (EBT, adjusted)	464	434	391	356	298	1
EBT, adjusted margin	4.4%	4.5%	4.5%	4.2%	3.7%	–
Profit for the year	305	298	306	519	301	3
Cash flow for the year	–753	288	–94	114	266	234
Cash and cash equivalents incl. restricted funds	307	1,058	720	804	707	707
Of which restricted funds	–	–	–	–	24	24
Equity/assets ratio, %	14.7%	14.7%	18.4%	17.9%	14.5%	14.5%
Equity	1,380	1,451	1,436	1,421	1,110	1,110
Dividend per share	3.80	3.35	3.10	2.60	–	–
Net debt	5,534	4,828	3,629	3,753	4,022	4,022
Net debt/EBITDA	3.1	3.0	3.0	3.3	3.7	4.6
Number of buses	3,733	3,644	3,625	3,564	3,703	3,703
Estimated number of passengers (million)	317	320	319	307	277	277
Number of production kilometres (million)	295	285	293	293	279	279
Number of production hours (thousand)	11,526	11,296	11,352	11,241	9,885	9,885
Estimated FTEs	10,526	10,547	9,468	8,731	8,300	8,300
Net sales per bus	2.85	2.67	2.42	2.38	2.16	2.16

1) 2018/2019 and 2017/2018 are restated in terms of IFRS 15 and discontinued operations. 2) 2018/2019 is restated in terms of IFRS 16.

Information on performance measures

Definitions

Alternative performance measures

Nobina applies the ESMA's guidelines for APMs (alternative performance measures) and is of the opinion that the performance measures provide valuable and significant information for investors and company management. Financial non-IFRS measures are subject to limitations as analytical tools and should not be regarded as isolated or as replacements for financial measures

prepared pursuant to IFRS. Financial non-IFRS measures are reported in order to improve the investors' valuation of the company's results from operations and position. The financial non-IFRS measures presented in this report can differ from similar measures used by other companies.

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

Verification of alternative performance measures for continuing operations

Key performance indicators, Nobina (SEK million, except as otherwise indicated)	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
	Mar 19–Feb 20	Mar 18–Feb 19	Mar 17–Feb 18	Mar 16–Feb 17	Mar 15–Feb 16
Earnings before tax (EBT) for the period	399	389	391	356	298
Acquisition-related income and costs	2	25	–	–	–
Amortisation/impairment of intangible assets	63	20	–	–	–
Total adjusted EBT	464	434	391	356	298
EBITA and EBITDA:					
Operating profit	597	575	526	493	257
Acquisition-related income and costs	2	25	–	–	–
Amortisation/impairment of intangible assets	63	20	4	7	7
Total EBITA	662	630	530	500	264
Capital gains/losses from the disposal of non-current assets	2	32	7	7	15
Depreciation/amortisation of PPE	1,104	944	661	646	599
Total EBITDA	1,764	1,596	1,198	1,153	878
Interest-bearing liabilities:					
Non-current borrowing	4,913	4,841	3,582	3,941	3,765
Pension liability	27	33	46	36	36
Current borrowing	901	1,012	679	752	634
Total interest-bearing liabilities	5,841	5,886	4,557	4,729	4,435
Cash	–307	–1,058	–804	–707	–568
Total net debt	5,534	4,828	3,753	4,022	3,867
Net debt/EBITDA	3.1	3.0	3.0	3.2	4.6

Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

Local transport – Transport in connection with densely populated areas.

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

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

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

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

City transport – Transport in a densely populated area.

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

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

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

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

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

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

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

Annual General Meeting of Nobina AB

The Annual General Meeting of Nobina AB (publ) ("Nobina" or the "company") will be held on 29 May 2019 at 2:00 p.m. CEST at the IVA Konferenscenter, Grev Turegatan 16, Stockholm, Sweden.

Right to attend the Meeting

Shareholders who wish to attend the Meeting must be registered in the share register maintained by Euroclear Sweden AB on 22 May 2019.

Shareholders must also notify Nobina of their intention to participate by mail to Nobina AB (publ), c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, by telephone to +46 8 402 92 12, or via the company's website, www.nobina.com, no later than on 22 May 2019. The notification should include the shareholder's name, personal identification number/corporate registration number (or similar), address and daytime telephone number, as well as, if applicable, details of representatives, proxies and advisors.

Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own name in the share register maintained by Euroclear Sweden AB in order to be entitled to attend the Meeting. Such registration must be effected no later than on 22 May 2019. Shareholders must, therefore, instruct their nominees well in advance of this date.

Financial information 2020/2021

Annual General Meeting	22 May 2020
Interim report, first quarter (1 March–31 May)	26 June 2020
Interim report, second quarter (1 June–31 August)	30 September 2020
Interim report, third quarter (1 September–30 November)	22 December 2020
Year-end Report 2020/2021	9 April 2021

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