



Contents

This is Nobina	3
The year in brief	4
Statement from the CEO	7
Nobina's value creation	8
Trends	10
Nobina in the Nordics	12
Service traffic	16
Smart mobility	17
Nobina's acquisition strategy	18
Strategic framework	20
Long-term targets	22
Sustainability agenda	25
The share	37
Sustainability statement	38
Remuneration report	57
Administration report	60
Consolidated financial statements	
Income statement	68
Statement of comprehensive income	68
Balance sheet	69
Statement of changes in equity	71
Cash flow statement	72
Parent Company financial statements	
Income statement	73
Balance sheet	74
Statement of changes in equity	75
Cash flow statement	76
Notes	77
Signatures of the Board of Directors	110
Auditor's report	111
Corporate Governance Report	114
Board of Directors	128
Group management	130
Risk management	132
Multi-year overview	136
Information on performance measures	137
Glossary	139
Annual General Meeting	140

This is Nobina's Annual Report for the period March 2020 to February 2021. It includes the formal Annual Report, Corporate Governance Report and the statutory Sustainability statement with the GRI index.



An aerial photograph of a blue bus stopped at a bus stop. The bus is positioned on the left side of the road, facing right. The bus stop is a modern structure with a glass roof and metal frame, located on a paved area. The background is a vast, green field under a bright, golden sky. The text "Everyone wants to travel with us" is overlaid in large, white, sans-serif font across the upper portion of the image.

Everyone
wants to
travel with us



**Together, we
keep society
moving
every day.**

A growth company in sustainable public transport

Nobina has one of the Nordic region's most complete offerings of expertise, support and services in sustainable public transport. We offer bus transport and service traffic, and develop digital payment solutions and planning tools for door-to-door travel. Our extensive experience, credibility among stable public clients, and our focus on high-growth regions, make us uniquely positioned for profitable growth.

Our operations are also characterised by a strong focus on environmental improvements, social responsibility and responsible corporate governance. This encompasses a successful conversion of the fleet to renewable biofuels and electric operation, and our own eco-driving concept – with a business model aimed at encouraging people to swap the car in favour of travelling together by bus. In addition to the positive environmental effect, we contribute to a more sustainable society through clear corporate governance and inclusive recruitment, which leads to increased integration and diversity in the communities in which we operate. Our green profile also improves access to financing on competitive terms.



QR CODE TO FILM
ON NOBINA

The leading public transport company in the Nordic region

The business is cyclically robust with long-term contracts. In addition to expanding the contract business, we create growth in bus-for-rail services, extra traffic and other areas with attractive profitability and low capital intensity. We are growing organically and through acquisitions.

Expanding and profitable business in service traffic

Demographic changes and a fragmented provider market offer us substantial opportunities to continue our profitable growth journey in service traffic, healthcare-related transport services and related areas, organically and through acquisitions.

Long-term growth opportunities in smart mobility

With the Travis app, we offer people an opportunity to travel sustainably from door to door. The aim is to create a market-leading position in smart mobility in the largest cities in the Nordic region.

3,964
BUSES IN 114
CONTRACTS IN
34 TRAFFIC AREAS
IN FOUR COUNTRIES

1,300,000
SERVICE TRAFFIC
JOURNEYS
COMPLETED

200,000
TRAVIS DOWNLOADS

A special but successful year

“We look back on a year with a clear improvement in earnings and strong movements in key growth areas”
 President and CEO, Magnus Rosén on Nobina’s performance in 2020/2021

M

MARCH
 Samtrans redirects operations and begin to transport individuals with suspected Covid-19.

A

APRIL
 Samtrans secures contract for supplementary traffic in Järfälla Municipality and opens first test station for Covid-19 in Stockholm.

Decision to close front entrance doors to protect our drivers. Work begins to develop a protective glass shield.

M



J

JUNE
 Three major traffic start-ups in Halland, Linköping and Sjuhärad – involving a total of 250 buses.

Bus-for-rail services start on behalf of SJ in Norway for all of its railway lines in the country.

J

JULY
 New contract in Helsinki, that includes Finland’s first electric articulated buses.



AUGUST
 New contract to operate express and regional transport in Linköping, and a third traffic contract in Norrbotten.
 Launch of new BRT route in Barkarby-staden, with four fully electric buses.

A



F

FEBRUARY
 Samtrans expands its activities in service traffic in Sörmland.

Travis and the car-pooling service Kinto Share initiate cooperation.

The Public Health Agency of Sweden renews Samtrans' contract for the large-scale testing of Covid-19 by up to two years.

J

JANUARY
 Secures extended contract from MOVIA to develop bus services in the Roskilde region, with 13 electric buses.



D

DECEMBER
 Acquisition of KE's Bussar in Kungsbacka strengthens contract business.

Samtrans takes first step in expanding outside of Stockholm and acquires Göteborgs Buss.

Launch of new climate target.

Renewed agreement to operate and develop regional and rural traffic services in Lund.

Extended responsibility in bus-for-rail services for Skånetrafiken.

Nobina aims to reduce its carbon dioxide emissions per driven kilometre by 80 percent by 2030, compared with the level in 2015.

S

SEPTEMBER
 New contract for city transport services in the Turku region of Finland, with 42 electric buses.

TRAVIS DOWNLOADED 200,000 TIMES. The popularity of Nobina's digital travel planner, for a smooth journey from door to door, is continuing to grow and is helping to increase mobility and promote more bus travel.

99.96 PERCENT TRAFFIC DELIVERY IN 2020. This means only four out of 10,000 scheduled bus departures were cancelled.

1400 NEW BUS DRIVERS AND MECHANICS were recruited by Nobina over the past year, through our own initiatives and together with job centres

91 PERCENT of all kilometres driven by Nobina's buses last year were driven with The Green Journey (DGR) method. DGR reduces fuel consumption – and the calmer driving style increases travel safety.

223,000 TONNES OF CARBON DIOXIDE the reduction in Nobina's emissions in 2020/2021, compared with if the buses had been run on diesel. This is equivalent to emissions from 100,000 passenger cars during a year.

10,000 INDIVIDUALS with Covid-19 symptoms were transported to hospitals by Samtrans during the spring 2020.

SALES
SEK 10,787 million

PROFIT BEFORE TAX (EBT), ADJUSTED
SEK 602 million



“Nobina has an outstanding organisation that can deliver and will continue to contribute towards offering more and more sustainable transportation.”



Strong year with challenges

The 2020/21 fiscal year was successful despite challenging conditions. We strengthened our leading position in sustainable public transport in the Nordic region, reached record-high sales and our strongest profit ever, and demonstrated an ability to adapt operations in a short period of time.

Sales for the fiscal year, adjusted for currency effects, rose 2.8 percent to SEK 10.8 billion and adjusted EBT amounted to SEK 602 million (464).

A leading operator

Samtrans, which we acquired in 2018, was responsible for a significant share of the earnings improvement. Whilst its core business is service traffic, early in 2020 Samtrans redirected its operations to concentrate on Covid-19 testing. As I write this Statement, Samtrans is the leading provider of testing in Sweden with 290 Covid-19 testing stations, and an agreement to continue Covid-19 testing until December 2021, with an option to extend to the end of 2022. In parallel, the dynamics of Samtrans' core business is strengthening further as the proportion of elderly people rises, society becomes more inclusive and there is increased demand for high quality services by our customers.

In contracted regular bus services, we successfully compensated for a sharp decrease in travel during the year. We were able to retain profitability through extra traffic, bus-for-rail services, temporary renegotiations of incentive contracts and continued efficiency improvements. As the vaccination programme yields an effect, there is every reason to anticipate a return to previous travel habits, even if there remains some uncertainty as to timing. A substantial share of our passengers perform work that requires them to be physically present at their workplaces and we operate in regions where alternatives to public transport are limited for many.

Sustainable travel

Meanwhile, it is clear that increased use of public transport is crucial if we are to overcome the challenges of congestion and pollution. Travelling with Nobina is travelling sustainably. Of our 3,964 buses, 84 percent now operate on green electricity or renewable fuels. The proportion in Sweden is 99 percent. Our transition in the other Nordic countries

accelerated during the fiscal year with several new contracts featuring predominantly electric buses. Today, Nobina is the largest electric bus operator in the Nordic region and we are gradually nearing our new climate target to reduce carbon dioxide emissions per driven kilometre by 80 percent by 2030. Our ESG ambitions are also appreciated by our financiers, which was apparent in the substantial interest in our green bond. In March 2021, we issued another SEK 200 million within the framework of the green bond on competitive terms.

Another area where we are advancing our positions is in smart mobility through our digital platform for flexible travel door-to-door using the Travis app. Digitalisation is revolutionising the way we travel, but we are still at the very beginning of this journey, when seen in the light of future opportunities. Travis will be an important part of the business going forward, with a commission-based business model and collaboration with suppliers offering different types of travel solutions, such as bicycles, electric scooters, car-pooling and electric taxis – around a core of sustainable public transport. We are Nordic market leader in this area and I see major opportunities in the continued development of the service in many Nordic cities, thereby facilitating travel for millions of people and reducing the need for a car.

Profitable growth

We are market leaders in Sweden in public transport, electrification, bus-for-rail services,

“Today, Nobina is the largest electric bus operator in the Nordic region and we are gradually nearing our new climate target to reduce carbon dioxide emissions by 80 percent by 2030.”

“Samtrans, which we acquired in 2018, was responsible for a significant share of the earnings improvement.”

service traffic and digital travel platforms, and are now focused on building similar positions in the other Nordic countries. During the fiscal year, we advanced our positions in Norway in bus-for-rail services and strengthened profitability in the contract portfolio. In Finland, we established a leading position in electric-powered buses. In Denmark, we secured our first electric bus contract and reported growth in service traffic. Profitable growth is the focus going forward and is, just like in recent years, a mix of organic growth and growth through acquisitions. For organic growth, we are careful to secure contracts only with potential for attractive margins. In parallel, we continuously assess acquisitions that strengthen our market position and earnings. Since

2018/19, we have completed five acquisitions and the impact of the pandemic on other operators in the industry will enable us to capitalise further on our size and financial strength. We continuously assess new potential targets, smaller as well as larger. Our two latest acquisitions are KE's Bussar, which strengthened our competitiveness in smaller contracts, and Göteborgs Buss, which expanded our business in service traffic.

Nobina has an outstanding organisation that can deliver and I look forward to working together with all employees and acquired businesses as we continue to develop Nobina and contribute to sustainable travel.

Magnus Rosén,
President and CEO

A profitable and sustainable business...

Nobina is constantly striving to convince more people in the Nordic region to use public transport rather than cars. This benefits all our stakeholders. By further developing the company's offering and expanding our business into new areas, Nobina can accelerate both benefits for society and profitable growth.

Nobina has undergone a comprehensive transformation...

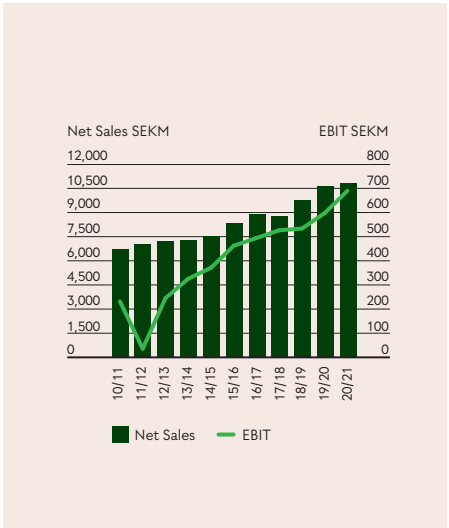
- Adopted a position of market leader in public transport in the Nordic region focused on only securing profitable contracts in growth regions
- Clear focus on innovation through Nobina Technology and analysis to optimised travel
- Established service traffic business in Sweden and Denmark
- Increased focus on add-on business in the existing contract structure

...in growing, non-cyclical markets with strong momentum...

- Growing cities, increased population and congestion
- Increased demands on accessibility
- Greater awareness of air pollution and environmental impact
- Rapid technology development that makes travel safer and more convenient
- Government investment in public transport and stricter environmental goals

...and with a distinct ESG profile integrated in the business model.

- Encourage people to swap the car in favour of travelling together by public transport
- Conversion of the bus fleet to renewable fuel and electric power, eco-driving concept and resource-efficient depots
- Inclusive recruitment to increase integration and diversity and inclusive transport solutions for people with special needs
- Clear corporate governance for a more sustainable society
- Competitive green financing



...that we are now gearing up!

A clear acquisition agenda...

- Five acquisitions since 2018/2019 (Samtrans, De Blaa Omnibusser, Örslev, KE's Bussar and Göteborgs Buss)
- Strategic focus on supporting activities and growth in new segments and geographies



...diversification of business...

- Growing proportion of elderly people and a fragmented industry create excellent opportunities for sustained growth in the Nordic region in service traffic, healthcare-related transport services and associated areas
- Continued growth in bus-for-rail services, extra traffic and other areas with lower capital intensity than the contract portfolio



...and smart future initiatives...

- Lead the development of digital door-to-door solutions in the Nordic region through the Travis app
- Continue to develop offerings in autonomous services, in Barkarby-staden in Stockholm, and with the next initiative – the LINC project in Copenhagen, the largest trial of autonomous buses to date in Denmark

TRAVIS GOAL
– MARKET-LEADING
POSITION IN THE LARGEST
CITIES IN THE NORDIC
REGION

...makes us uniquely positioned for continued profitable growth...

- An expanding contract portfolio with stable public customers combined with increasing revenue streams from new areas paves the way for long-term, profitable growth

...despite a challenging situation

- Record high sales and earnings in 2020/2021 despite a significant decrease in travel in the wake of the Covid-19 pandemic
- Samtrans' expanded business and new contracts for bus-for-rail services and extra traffic made a strong contribution to the positive performance

+30%
EBT, ADJUSTED
2020/2021

Strong driving forces

Nobina operates in growing, non-cyclical markets in the Nordic region, where the urbanisation trend is strong. Society is advancing and in consequence our daily lives are becoming more complex. We are becoming older. Digitalisation is proceeding rapidly with new opportunities emerging every day. All these changes create a growing need for our services.

GROWING CITIES, INCREASED POPULATION AND CONGESTION

Rapid urbanisation is resulting in a battle for space as more people want to move into cities. Public transport is required in order to build sustainable cities, where space is used in a smart way. Investing in good public transport solutions when cities and districts are being built creates a long-term, sustainable urban environment where people want to continue living.

INCREASED AWARENESS OF AIR POLLUTION AND ENVIRONMENTAL IMPACT

Public transport is already now an important piece that contributes to a more sustainable development in society. To achieve the EU's climate neutrality goal, carbon emissions from the transport sector must be reduced by 90 per cent by 2050. Fossil-free, flexible bus services provide the quickest and most cost-efficient method to change travel patterns. Electric buses also make cities quieter, air quality improves and harmful emissions from buses completely disappear.

DIGITALISATION MAKES TRAVEL SAFER AND MORE CONVENIENT

Many digital services have been launched in recent years that make it easier to plan and pay for journeys, with a move towards national ticketing systems and search engines. New technology and new needs have also led to the establishment of mobility players offering services such as electric scooters and car pools, a development that will accelerate over the next few years.

AN INCLUSIVE SOCIETY WITH AN AGEING POPULATION

A rapidly growing elderly population and greater focus on a more inclusive society are also driving development in smart travel solutions, for everyone regardless of where you live, how old you are or your state of health. Public transport services, smart mobility and service traffic are all parts of an offering for everyone, also in the future.

Travel after the pandemic

Remote working, cancelled or audience-free events, school closures and advice not to travel – there were many reasons why travel with Nobina's buses fell significantly during the Covid-19 pandemic. Now, when there are increasing signs that the pandemic is ending, questions arise as to what the new normal will be. Has there been a fundamental change in the way people behave? Will they avoid travelling by public transport?

"This concern is unwarranted. On the one hand, travel during the pandemic instead demonstrated the role and importance of public transport, and on the other hand, after a crisis, people quickly tend to want to return to previous travel patterns," says Daniel Mohlin, Head of B2C at Nobina.

Similar experiences include the SARS outbreak in Hong Kong and Taiwan in 2003, the 9/11 terrorist attacks in the US in 2001, and the terrorist attack on the London underground in 2005. These events created a fear of travelling by public transport, but travel returned quite rapidly to normal levels.

Data shows that public transport's share of total travel declined during the pandemic as people opted for other means of transport, such as bicycles or cars. The group that has mainly refrained from travelling by public transport is those with access to their own car. The share of those who regularly use public transport was unchanged. Studies suggest that remote working will remain common even after the pandemic. Few people though have this option. The main public transport users – school pupils, teachers and healthcare workers – must travel to their workplaces. Daniel Mohlin: "If we include the impact of higher unemployment and continued concern about the risk of infection, we expect travel by our buses to be slightly lower immediately after the pandemic. But as people still want to remain mobile and travel we expect a strong recovery within the near future."

Nobina's analyses of travel flows during the pandemic show changes that indicate tremendous potential for the development of public transport. In areas where travel fell most, the

greatest impact was noted on morning traffic, while the afternoon rush hour started earlier and more people travelled in the middle of the day. This greater travel flexibility could have significant positive effects on public transport efficiency.

"Many digital industries allow great flexibility and adaptation to individual needs, and these are becoming increasingly important for the mobility of people. This will require new types of tickets and digital sales channels, faster and more flexible traffic planning and an emphasis on strengthening people's perception of the advantages offered by public transport. This has the potential to create a bright future for public transport. The challenges facing our cities of congestion and pollution are best managed by encouraging sustainable and space-efficient mass transit systems, such as BRT and prioritised bus routes," concludes Daniel Mohlin.

OFFICES WILL REMAIN

Employees and employers agree that working life after the pandemic will be different and more dynamic, but that offices are appreciated and will remain. These were the findings shown in a report drawn up by Novus on behalf of the Stockholm Chamber of Commerce.



Leading in the Nordic Region

Sales in the Nordic public transport market for buses totals approximately SEK 52 billion, of which Sweden accounts for almost half. Nobina is market leader in the Nordic region with a market share of approximately 16 percent. The Nordic market for service traffic is a fragmented market and amounts to SEK 20 billion. Nobina is market leader in Sweden with Samtrans and Göteborgs Buss.

Norway

Market value: SEK 12 billion
Share of Nobina's sales: 10 percent
Market share: 5 percent
Number of contracts: 6
Norway's sixth largest operator with a main presence in the Oslo region.

Market comment

- Positive underlying growth in the public transport market with focus on electrification and sustainability. Electric bus services in 14 cities. The largest electric bus fleet in the Nordic region is in Oslo.
- School transport services and patient transportation are two attractive segments in service traffic. Operators comprise both standard taxi operators and bus companies of various sizes.
- Rapid digitalisation of travel where the PTAs' own travel apps are supplemented with national travel platforms, such as Entur and Vy.

Interview • Jan Volsdal, Managing Director Nobina Norway

>> How has travel in Norway been affected by the pandemic?

There was a sharp decrease at the start of the pandemic, and following an increase during the summer and autumn a new decline began in conjunction with the broader shut-down of society. At the same time, public transport was viewed as essential and the government offered targeted support to compensate for a large portion of the industry's losses from ticket revenue, which allowed traffic to operate at virtually unchanged levels.

>> What have the consequences been for you?

We naturally had a particular focus on the safety and security of passengers and employees, and in consultation with PTAs we closed the front entrance doors early in the pandemic. Despite a drop in the number of passengers using our buses, revenue was only

marginally affected as we operate almost only production contracts. In fact, profitability strengthened during the year. This was a result of significant streamlining, positive contract migration and more bus-for-rail services through new agreements with SJ and Go Ahead.

>> What opportunities exist for continued profitable growth?

Competition is fierce for new contracts in scheduled public transport services, but we are actively working to strengthen our core business and are continuing to assess opportunities to broaden our offering. Bus-for-rail services is one area where we have been successful in recent years, but we are also considering ways to grow in other interesting market segments, such as service traffic. We are also reviewing potential growth through acquisitions, in both our core business and in closely related areas.

>> How important is sustainability in the market?

There is a strong trend in this area and the transition is accelerating, particularly in electrification. Almost all new tender documentation for city transportation includes requirements for electric buses, and it is clear that electric buses are becoming increasingly competitive compared with traditional operations. We began operating 44 electric buses in the Oslo region in 2019, and this has been positively received by passengers. About 90 percent of our bus fleet currently operates on electricity or other fossil-free fuel. Moreover, The Green Journey (DGR) has continued to develop in a positive direction and about 70 percent (50) of our 1,100 drivers are now green.

>> Read more about DGR on page 31.



"Bus-for-rail services is one area where we have been successful in recent years"



The total market value is based on the company's own assessment and only encompasses tendered traffic.

Finland

Market value: SEK 8 billion

Share of Nobina's sales: 11 percent

Market share: 20 percent

Number of contracts: 24

Finland's second largest operator and market leader in the Helsinki region.

Market comment

- The political climate is increasingly favourable for green and efficient transport solutions and requirements for electric buses are more common in tender documentation.
- Approximately 75 percent of the market is tendered at present. Binding legislation was introduced in 2019 that states that old concession contracts must be subject to competition.
- The market for service traffic is dominated by taxi companies and the tendering process is based on price.
- Finland is a pioneer in digital travel platforms with several regional solutions available.



"The new electric bus contracts have made us the largest electric bus operator in Finland"



Interview • Petri Auno, Managing Director Nobina Finland

>> How has the Covid-19 pandemic affected your operations?

Travel by our buses almost halved during the year. In addition to the usual measures to reduce the spread of the virus, we installed Plexiglas in buses that were not fitted with a safety cab. The decrease in travel in society meant all PTAs have reduced their traffic, which impacted us as the leading operator. However, overall we improved several of our key metrics and increased profitability year-on-year.

>> What financial support was offered by the government?

The government offered two support packages to the public transport sector and these were available if traffic was retained at a high level, which decreased the risk of further traffic reductions. Despite the grants, all PTAs reported losses during the pandemic, which naturally impacts the economic situation in the different regions.

>> How has your underlying contract business developed during the year?

Many tenders took place in Finland last year. We were successful in winning contracts including nine more buses than we lost, which is an achievement against such strong competition. We also won our first electric bus contract for HSL, with a total of 58 electric buses. And we won our first contract outside the Helsinki region. From 1 July 2021, we will operate 42 new electric buses in Turku, Finland's second largest city.

>> What is the significance of your entry into Turku for long-term business?

There are three major and four midsize PTAs in Finland. HSL in Helsinki is the largest and the other two large PTAs are in Turku and Tampere. Our new contract in Turku offers us a good market share that we can leverage to continue to grow in this exciting region and create new business.

>> How are you otherwise positioning yourself for profitable growth?

The new electric bus contracts have made us the largest electric bus operator in Finland, with more than 110 electric buses in operation in the two largest cities. It is an important position as we can see a distinct and rapid shift from diesel to electric buses in the market, partly as a result of the EU's new Clean Vehicle Directive. I consider electrification the most important tool today in driving the transition of the Finnish bus market. We are also assessing the potential to grow in service traffic, which is easier if the tendering process has a greater focus on quality. There is also an opportunity to grow through acquisitions as the decrease in travel during the Covid-19 pandemic means some operators are looking for new owners. During the year, we almost doubled the percentage of green drivers to 80 percent and I am pleased that customer satisfaction in the latest survey was the best ever.

The total market value is based on the company's own assessment and only encompasses tendered traffic.

Denmark

Market comment

Market value: SEK 11 billion
Share of Nobina's sales: 8 percent
Market share: 8 percent
Number of contracts: 14
Denmark's fourth largest operator with a main presence in Zealand.

- The Copenhagen region accounts for about half of the Danish public transport market.
- A focus on flexible and sustainable mobility solutions. Electric bus services operating or tendered in 11 cities. Copenhagen is aiming for 100 percent electric-powered public transport by 2030.
- The market for service traffic is primarily run using the Flextrafik System, which is owned by the PTAs, though more than one third of municipalities tender themselves.
- The development of digital travel planners is hampered by the virtual monopoly for ticket purchases that the main public transportation companies enjoy through their "Rejsekort".

Interview • Bram Lauwers, Business Area Director Nobina Denmark

>> Electrification appears strong in Denmark?

Absolutely, and in the past year many tenders have included a requirement for electric buses. We were recently awarded a new contract by MOVIA for the Roskilde region that included 15 electric buses scheduled to start in 2022. In Zealand, almost 300 electric buses will begin operating within the next few years, even in regional traffic. As market leader in the Nordic region for public transport and the largest electric bus operator, we are in a good position to be increasingly competitive. We are also preparing to test a fuel cell bus as part of an existing contract with MOVIA and three of our autonomous buses will soon begin operating in Copenhagen as part of a large autonomous traffic test. These are projects that further consolidate Nobina's position as a market leader in spearheading technological progress and implementing new technology.

>> How has your service traffic business developed?

As societal restrictions in Denmark were extended, the volume of service journeys has declined drastically. However, we have maintained excellent and stable deliveries, albeit with lower volumes and intensity. As schools reopen and vaccinations are rolled out, our activities are gradually returning to more normal levels. We see significant potential for future growth in this segment through the strong position of our company Ørslev Servicetrafik in the Copenhagen region and in Zealand, and supported by our Swedish sister company Samtrans and its strong concept and highly developed product quality.

>> How has travel in scheduled contracts otherwise been affected by the pandemic?

Scheduled traffic in Denmark also noted a sharp decline in travel. However, the government has actively supported the PTAs to uphold services and introduced a ceiling for passenger numbers in buses. A study by the North Zealand Hospital in Denmark found very low risk of infection on buses, which confirms that the measures were effective. The PTAs and trade organisations are now working together with the operators to regain passengers through initiatives including new products, new pricing and direct marketing, in line with the Ministry of Transport's plans to gradually return to normal services.



"We see significant potential for future growth in service traffic"



The total market value is based on the company's own assessment and only encompasses tendered traffic.

Sweden

Market comment

Market value: SEK 23 billion

Share of Nobina's sales: 70 percent

Market share: 26 percent

Number of contracts: 70

Market leading in contractual scheduled services with a presence throughout the country, leading in service traffic and a leading developer of smart mobility solutions.

- Public transport expansion remains a priority, focusing on renewable fuels, electric power, national payment solutions and partnerships to create sustainable infrastructure in expanding cities.
- The regional traffic contracts differ considerably both in terms of the responsibilities and the commercial terms and conditions. The three main clients – SL, Västtrafik and Skånetrafiken – are increasingly strategic in their tenders and demand more collaboration and development.
- Electric buses are part of most tenders for city transport that include demands for customised solutions.
- The market for service traffic is growing with new business areas, such as healthcare logistics.

Interview • Henrik Dagnäs, Managing Director Nobina Sweden



“If we are to solve people's mobility, the offering must include more than public transport”



» How would you sum up the year?

A year when we, despite a range of challenges, successfully strengthened our business, in terms of traffic and finances. Our traffic delivery reached record levels, due to the extensive adjustments and earlier decisions to decentralise traffic production and daily governance to the traffic areas. And the fact that we are a major and key public service provider, good at logistics with high availability, enabled us to expand our social responsibility to include Covid-19-related areas, whereby patient transports and testing stations have become significant elements of operations via the Samtrans subsidiary and its sub-contractors. These stations offered Sweden a completely new way to test and trace infection. At the end of 2020, we acquired KE's Bussar and Göteborgs Buss in western Sweden, whereby Göteborgs Buss will strengthen Samtrans' position in service traffic.

» How have government authorities viewed your industry?

The government has been fairly passive in terms of support to public transport and in 2020 earmarked less than a third of the funds lost by the industry from falling ticket revenues, despite calls to retain service levels in order to reduce the spread of infection. Nobina has held extensive negotiations with PTAs about our joint incentive contracts aimed at ensuring relevant compensation to enable us to continue delivery of our services.

» Have you advanced your positions in core operations?

We have. We secured several important contracts while undertaking three major traffic start-ups, one in a new traffic area in Östergötland, one that is an extension of services throughout Halland and one in Sjuhärad in Västergötland. A total of 250 buses began operating on a single day, 15 June. During the year, we also continued to expand business in bus-for-rail services through new contracts. A growing number of PTAs and passengers appreciate our product thinking and more train operators have introduced Nobina's system support to provide traffic information during disruptions, and we also have access to a countrywide bus fleet. We hold a strong position in this area today.

» What trends do you consider particularly important in the Swedish market?

In Sweden, there is a particular focus on developing the search and payment solutions for public transport of the future. We possess the expertise and scale to help create standards in close collaboration with PTAs and authorities, and we are at the forefront of this field with Travis. It is important that more people understand that if we are to solve people's mobility, the offering must include more than public transport. Electric-powered vehicles characterise the offering, which naturally also includes buses where electric power is now a requirement in almost all tenders for city transport. During the fiscal year, we began operating 52 new electric buses, a figure that will double in summer 2021 with traffic start-ups in Malmö and Piteå.

» Read more about Samtrans on pages 16 & 27

The total market value is based on the company's own assessment and only encompasses tendered traffic.

Service traffic

With the acquisition of Samtrans in 2018, we established a strong position in service traffic, an area where Samtrans' leading position can pave the way for our continued profitable growth, both organically and through new acquisitions.

Samtrans in the Stockholm region, Göteborgs Buss in western Sweden and Örslev in Danish Zealand make up our current service traffic operations. The companies provide school transport services, special public transport, travel to and from daily activities, patient transport and wheelchair accessible transportation. Clients include municipalities, regions, private healthcare providers and schools, and the passengers who use the buses are people with special requirements.

"Public transport using special vehicles is often essential if these individuals are to have a functioning daily life and the opportunity to partake in society," says Tomas Hansson, Managing Director of Samtrans.

Demand in society for these services has risen in the past decade due to the widespread debate about participation and inclusion for everyone. Samtrans is market leader in the Stockholm region and is the largest service traffic operator in Sweden. In recent years, the company has invested in further raising its own quality, which resulted in several new successful tenders and contract extensions. Tomas Hansson:

"Our strong focus on high quality services and social care is an important factor in our success and for those who travel by bus. We can see rising demand for our qualitative services, both in the Stockholm region and in the rest of Sweden. The acquisition of Göteborgs Buss was an important step in providing our services in western regions.

Samtrans' well-established contact network throughout Sweden, in combination with its experience in social care and logistics, helped the company rapidly adapt activities during the Covid-19 pandemic, when its normal operations were largely on hold. In close collaboration with private operators and regions, and contracted by the Public Health Agency of Sweden, almost 300 Covid-19 testing stations were set up in Sweden. Moreover, when the spread of the virus was at its height in Stockholm in the spring of 2020, almost 10,000 journeys were conducted to transport Covid-19 patients. This was performed on behalf of Region Stockholm to ease pressure on the regular ambulance service. The rapid and successful adjustment by Samtrans at a difficult time, together with strong long-term market trends for service traffic, has created favourable conditions for Nobina to continue its growth in the area, both organically and through acquisitions, and encompasses service traffic and healthcare-related travel and other associated areas."

"Our market-leading offering, focusing on quality and service, forms a strong base for these ambitions. We continue to contribute toward an inclusive society and to offer travel distinguished by a high degree of care, security and quality," concludes Tomas Hansson.



Tomas Hansson
Managing Director, Samtrans

We wish to contribute towards an inclusive society and continue to offer travel distinguished by a high degree of care, security and quality.

Operations

- 34 traffic contracts
- 468 employees
- 165 affiliated passenger carriers with 924 vehicles and drivers

Market

The Nordic market for service traffic is fragmented with a value of approximately SEK 20 billion. Municipalities and county councils are responsible for providing transportation such as school transport services and journeys for people with special needs. Operators are called on to tender for traffic services through multi-year contracts.



Smart mobility

We foresee major opportunities for long-term growth within the area of Smart mobility, where investments in the app Travis is an important part of the business going forward. Travis was launched in 2019 and has a commission-based business and collaborations with suppliers of different types of mobility solutions - around a core of sustainable public transport.

Travis is a smart travel planner where public transport, car-sharing, bicycles, electric scooters and taxis are linked together with both travel information and real-time on-demand services. Travis has grown over the past year to include new services, functions, collaborations and users to become the largest and fastest growing platform for combined mobility in the Nordic region.

"Travis offers a sustainable and convenient journey from door to door providing alternatives for the first and last part of the journey," says John Strand, Managing Director of Nobina Technology.

This could include suggestions that the passenger walks, cycles, rents an electric scooter or uses a car-pooling service. Even if traditional public transport, with its regularity and broad coverage, lies at the centre of most travel suggestions, it often only takes passengers between two points. To create a feeling of convenient mobility, passengers need to know how they can quickly and easily travel the entire route. Travis creates this micro-mobility and the app is a travel companion that accompanies passengers on the trip in all types of weather and situations." John Strand:

"Travis was the first Mobility as a Service (MaaS) solution in the Swedish market. We have rolled out the app in the Stockholm region where it has been popular with thousands of downloads every week. Since 2020, we have also provided a national journey planner, which is the first of its kind. Travis can provide a suggestion for the fastest, cheapest or most sustainable alternative for your journey, regardless of your location. Step by step, we are working to enable ticket purchasing via the app in more cities. This will be helped by the development of a national ticket system for all public transport.

Travis helps people to get about without their own car. Cars, in the form of car-pooling services and green taxis, are nonetheless part of the travel solution, particularly in locations without, say, electric scooters or when the search is made at a time when public transport is no longer operating.

"Car ownership increased during the Covid-19 pandemic, which is not sustainable in the longer term. We can change this by increasing awareness of the existence of smarter and more convenient travel alternatives," says John Strand.

Close collaboration with various mobility players is key for a strong and popular service. Travis cooperates with, for example, the

car-pooling services GreenCar and Kinto Share and with VOI, which is market leader for electric scooters in the Nordic region and an important partner in creating micro-mobility in all types of urban environments.

"We want to offer better services for smart, sustainable mobility to all Travis users. We are planning to add more companies and more cities. And as more people use Travis, more people will travel on Nobina's buses, which make up the actual core of the offering," concludes John Strand.

ABOUT NOBINA TECHNOLOGY
Nobina Technology is the Nobina Group's own innovation and development company, with a focus on creating solutions that enable people to travel without using a privately owned car.



John Strand
Managing Director, Nobina Technology



Important acquisitions

Acquisitions are an important part of Nobina's strategy and an important driver of the group's sales and profitability growth in recent years.

The purpose of an acquisition is based on the idea of geographic expansion, diversification of the business, new knowledge and/or the addition of profitable volume. The focus of the acquisition agenda is in the Nordic region and both large and small potential targets are of interest.

- In service traffic, we are striving to extend our geographic footprint and consolidate the market while in regular public transport we are aiming to strengthen profitable volume growth and find ways to enhance our offering

in new geographies, says Petra Axelsson, Director of Strategy and Sustainability and responsible for M&A. Companies that join the Group can share our profound knowledge of the markets in which we operate, our expertise in contracted business with public customers and our strength in driving market developments together with our stakeholders.

- Since 2018, we have completed five acquisitions that have broadened our business through a new, strong position in service traffic, and added profitable contract volume and new knowledge about smaller contracts, says Petra Axelsson.



Petra Axelsson, Director of Strategy and Sustainability and responsible for M&A



Göteborgs Buss

Göteborgs Buss AB operates tendered service traffic in the Gothenburg region. Sales in 2020 amounted to SEK 156 million and the company has 170 own vehicles and 220 employees.

The acquisition will broaden Nobina's offering in special needs services and add own vehicles and drivers while also expanding the geographic presence outside the Stockholm region.

"I am delighted to become part of such a large and long-term player as Nobina, coupled with the development and quality efforts that Samtrans pursues in the industry. Together with Samtrans, we can now continue to develop service traffic in Sweden," says Peter Olsson, Managing Director of Göteborgs Buss.



KE's Bussar

KE's Bussar operates public buses and school traffic in Varberg and Kungsbacka and coach hire. Sales in 2020 amounted to SEK 90 million and the company has approximately 100 buses and 100 employees.

The acquisition is part of Nobina's strategy to both broaden and grow in the Nordic market, while at the same time building a platform for increased competitiveness in, for example, smaller contracts.

"We are pleased to have reached an agreement with such a leading operator as Nobina and to now continue to build on our new and shared strengths, while retaining KE's Bussar's identity and brand, but as part of the Nobina Group," says Magnus Elofsson, Managing Director of KE's Bussar.

Örslev

In early 2019, Danish Örslev Holding ApS was acquired with operations in public transport contracts and service traffic. At the time of acquisition, the company had sales of about DKK 40 million.

The acquisition marked Nobina's first step in broadening its geographic presence in service traffic outside of Sweden.

De Blaa Omnibusser

At the end of 2018, Danish DBO Busser Holding A/S "De Blaa Omnibusser" was acquired by Nobina and contributed three new contracts in tendered scheduled traffic with annual sales of approximately DKK 160 million and 65 buses.

The acquisition strengthened Nobina's position in Zealand and added profitable volume to the Danish operations.

Samtrans Omsorgsresor

In October 2018, Samtrans Omsorgsresor was acquired, the leading player in service traffic in the Stockholm market. At the time of the acquisition, the company reported sales of SEK 750 million distributed between 24 contracts.

The acquisition was Nobina's first step in broadening its activities outside regular public transport, diversifying the contract portfolio and benefiting from the Group's key competences in publicly-tendered operations.



Nobina.

11
EN
Alberici
4381 5000
1429470

Strong framework for sustainable growth

Nobina's strategic 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 strategy and goals, using clear processes that ensure that Nobina is managed efficiently, responsibly and sustainably.

Nobina is taking a coherent 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, public transport, service traffic and mobility solutions are developing rapidly and offer Nobina opportunities to create value and achieve profitable growth. By resolving societal challenges, we can develop our business. We achieve this through working with our four strategic focus areas.



Smart transport solutions

We develop solutions in public transport and service traffic that meet the need for sustainable modes of transportation both today and tomorrow, and that drive profitable growth and our competitiveness. We will achieve this through both organic and acquisition-driven growth in the Nordic region.



Proactive partner

We are a proactive partner for our customers by taking initiatives that move collaborations forward and that improve our solutions for them within existing contracts and by developing contract conditions in new contracts.



Resource efficiency

We strengthen our competitiveness and contribute to the sustainable development of society with technical innovations, efficient operations and optimised use of resources.



People in focus

Everything we do is centered around people and their needs. This allows us to provide the safest and most welcoming passenger and employee experience in the industry.

Sustainability agenda

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

Smart transport solutions for a sustainable society

We strive to make more people view regular public transport and service traffic as a safe and attractive mode of transport, and for them to choose to travel by this rather than by car. This is our main contribution to a sustainable society, with the subsequent reduction in traffic and congestion, emissions and stress.

» Read more on page 25.

Long-term resource use

We are careful with resources – in connection with major decisions and in our day-to-day activities. We will make choices wisely when purchasing vehicles, fuel, other energy and equipment, we place demands on and challenge suppliers and we serve as an active partner to clients.

» Read more on page 29.

Responsible employer and societal stakeholder

We depend on many individuals choosing Nobina as employer. In return, we offer a welcoming, pleasant and stimulating job, for young people and for people who have – for whatever reason – been long-term unemployed in the Nordic labour market.

» Read more on page 33.

Question to Catrin Jansson, Portfolio Manager, Swedbank Robur

» Why is Nobina a good investment from an ESG perspective?

The climate conversion premium is the clearest aspect. Nobina's business model lies at the very heart of this. By offering more people an opportunity to travel by public transport and to leave the car at home, large quantities of emissions can be avoided, at the same time as reducing the burden on an often already strained infrastructure. Nobina strives to reduce fuel consumption through smart driving, a larger share of renewable fuels and more electric-powered buses. Nobina's constant endeavour as a leading operator to offer more efficient and well-planned routes and lower fuel consumption should enable it to remain competitive in tenders and also leading in terms of profitability.

The social perspective is also highly important given that Nobina has 12,000 employees, making it one of the 20 largest private employers in Sweden. Drivers can be employed after four months of training, which can open up the labour market to many people. Nobina also reviews suppliers through site visits around the world, which is essential as the supply chain is the company's extended arm with respect to environmental and social impact. The business model and sustainability agenda are linked and in line with the UN's overarching global goals that strive for sustainable cities and communities through more climate-friendly travel.

Question to Fredrik von Platen, Sustainable Finance Specialist, SEB

» Why is Nobina a good "green" bond investment?

Nobina's business model means that efficient resource utilization not only benefits Nobina but also society as a whole. These goals and values are represented in Nobina's green framework that can be used to finance fossil-free vehicles and charging stations via green bonds. At the same time, it is a way of making investors contribute to Nobina's goal of reducing greenhouse gases and using resources efficiently for all of society.

Cicero Shades of Green, who carried out an independent review of the framework, stated that the project categories are aligned with a low-carbon, climate resilient future, and that physical climate risks have been considered or eliminated in line with Cicero's highest rating on project categories.

These goals and values are represented in Nobina's green framework

MSCI 

Nobina holds the second highest rating – AA – in MSCI ESG Ratings, which aim to measure a company's resilience to long-term ESG risks.



CICERO
Dark Green

In conjunction with the issue of our green bond, our green framework was reviewed by the independent climate and environmental research institute Cicero, which awarded us the highest "Dark Green" rating



In October 2020, Nobina received an ESG Risk Rating of 16.6/100 from Sustainalytics and was assessed to be at low risk of experiencing material financial impacts from ESG factors.

Copyright ©2021 Sustainalytics. All rights reserved.

Long-term targets

By investing in areas that encourage growth in Nobina's operations and the entire underlying public transport market, favourable opportunities are created for long-term and enduring profitable growth for Nobina. We have defined a number of financial targets we believe are achievable based on our investments and that go hand in hand with the sustainability-related targets we established as an important part of our ambition to contribute to more sustainable development in all our markets.

Financial targets

GROWTH

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

OUTCOME 2020/2021

5.3%

NET LEVERAGE RATIO

Under normal circumstances, Nobina's net leverage ratio is to be within **3 to 4 times EBITDA**, including strategic debt financing.

OUTCOME 2020/2021

2.6x

ADJUSTED 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.

OUTCOME 2020/2021

5.6%

DIVIDEND POLICY

Nobina expects to, under normal circumstances, pay a dividend of at least **75 percent** of earnings (EBT) after tax paid¹.

OUTCOME 2020/2021

63%

¹⁾ 75% of EBT less tax actually paid.

Comments on target fulfilment

The accumulated annual average **net sales growth** with 2018/2019 as base year amounted to 5.3 per cent and thereby surpassed our target.

Adjusted EBT margin of 5.6 percent which was higher than last year and mainly derived from healthy profitability in Samtrans' additional activities.

Net leverage ratio went from 3.1 to 2.6 where the improvement is mainly due to improved result and no dividend in 2019/2020. In light of continued uncertainty on the market with regards to Covid-19 and potential growth opportunities, the Board proposes a **dividend** of SEK 3.77 per share (SEK 0).

Sustainability targets

GREEN DRIVERS

The proportion of drivers using eco-driving is to amount to 90 percent.

OUTCOME 2020/2021

73%

SUPPLIERS

At least 95 percent of Nobina's suppliers are to have signed our Code of Conduct.

OUTCOME 2020/2021

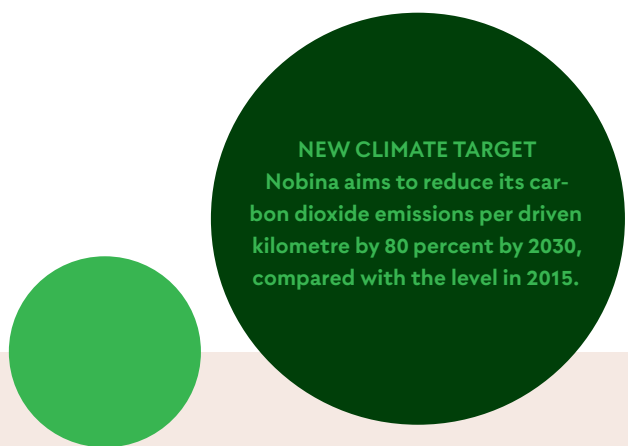
98%

FUEL CONSUMPTION

Not later than 2030, 100 percent of Nobina's total fuel consumption is to consist of renewable fuel.

OUTCOME 2020/2021

84%



RESOURCE EFFICIENCY AT DEPOTS

Not later than 2023/24, **75 percent** of the total bus fleet will be equipped with functionality for smart heating, to make bus heating more efficient.

Not later than 2022/23, **85 percent** of total water consumption used when washing buses is to be recirculated.

OUTCOME 2020/2021

66%

share of bus fleet with smart heating

OUTCOME 2020/2021

62%

realized water savings through recirculation technology

GENDER EQUALITY

Not later than the 2023/2024 fiscal year, women are to account for at least **30 percent** of our managers and **20 percent** of our bus drivers.

OUTCOME 2020/2021

27%

share of female managers

OUTCOME 2020/2021

11%

share of female bus drivers

EMPLOYEE COMMITMENT

Nobina is to achieve good employee motivation in at least 14 of the 16 questions in the annual employee survey.

OUTCOME 2020/2021

15

SICK LEAVE

Sick leave in the Group should decrease every year and in the longer term be below **2.1 percent**.

OUTCOME 2020/2021

4.2%

WORKPLACE INJURIES

Nobina's vision is **zero** workplace injuries. This will be achieved through a stronger safety culture and proactive, systematic work involving risk assessments of traffic environments and situations.

OUTCOME 2020/2021

0.8

Number of accidents resulting in an injury per million kilometers driven

CARBON DIOXIDE EMISSION

Nobina aims to reduce its carbon dioxide emissions per driven kilometre by 80 percent by 2030, compared with the level in 2015.

OUTCOME 2020/2021

61%

Reduction of carbon dioxide emissions

Comments on target fulfilment

The proportion of green drivers in the Group continued to rise in all countries, but above all in Finland. The consumption of renewable fuels is steadily increasing every year. The main contributing factors are the phasing out of diesel buses in older contracts outside of Sweden and a rapid transition to electric buses in all countries. The employee survey shows greater employee commitment and an increase in the percentage of female managers in the Group. The proportion of buses equipped with smart heating has continued to rise, though the percentage of recirculated water decreased slightly as we established operations in locations that currently lack such equipment.

Smart transport solutions for a sustainable society



With an attractive offering, we help to increase travel by public transport

We strive to make as many people as possible view public transport as a safe and convenient mode of transport, making it a simple and obvious choice to travel by bus rather than by car. This is our main contribution to a sustainable society, with the subsequent reduction in traffic, congestion, emissions and stress. This creates a need for more smart solutions for the entire journey, such as possibilities to find and plan the best route, purchase tickets and obtain fast, correct information during the journey.

LINKS TO THE SUSTAINABLE DEVELOPMENT GOALS

Sustainable cities and communities aims to make cities and human settlements inclusive, safe, resilient, and sustainable. The goal consists of seven interim targets where Nobina's greatest contribution is linked to target 11.2 on providing access to safe, affordable, accessible and sustainable transport systems for all.



LINKS TO STRATEGY

Our smart transport solutions for a sustainable society have a clear link to two strategic focus areas.

Smart transport solutions

We will develop solutions that meet the need for sustainable and more fossil-free modes of transportation both today and tomorrow.



Proactive partner

We will be a proactive partner for our clients by taking initiatives that improve collaborations and our solutions for them.



Our achievements

- Continued the development of Travis, a smart travel planner app where different modes of transport are linked together. At the end of the fiscal year, seven operators were part of the service.
- Launched Sweden's first real Bus Rapid Transit (BRT) system in Barkarbystaden, with four electric-powered buses.
- Launched the Passenger Promises, entailing a promise that passengers will always travel sustainably with Nobina.
- Redirected parts of Samtrans' operations to assist society with the challenges faced during the Covid-19 pandemic.



Important adjustment for the good of society

SAMTRANS OMSORGSRESOR conducts approximately 1.7 million passenger journeys in a normal year, predominantly contracted by municipalities and regions. The company plays a key role in society by being available for people who, for various reasons, are unable to travel by regular public transport services. During the Covid-19 pandemic, Samtrans' social responsibility has expanded into new areas.

"When the pandemic accelerated during the spring of 2020, we initiated a rapid adjustment. 90 of our drivers received infection control training to assist the healthcare system with the transportation of Covid-19 patients. In cooperation with the Swedish Federation for Voluntary Defence Education and Training (Försvartsutbildarna), 10,000 patient transports were then conducted, offering important relief to the regular ambulance service," says Tomas Hansson, Managing Director of Samtrans.

This signalled the start of a special year for Samtrans. In a second stage, the initiative was taken to set up mobile testing stations in collaboration with the lab company Infosolutions and Sweden's regions, to quickly start national large-scale testing. This grew to become an important part of society's Covid-19

testing capacity. At the end of February 2021, there were approximately 290 testing stations and mobile testing vehicles in 13 of Sweden's 21 regions, from Malmö to Kiruna, with a capacity exceeding 20,000 tests per day. Eric Steijer, CMO of Samtrans:

"This has been an incredible journey and something we could not have imagined when we opened our first mobile testing station in Stockholm in early April. We now have more than 900 employees carrying out various Covid-19-related activities. We recruited new staff, including staff from sectors where demand has fallen, such as the hotel, restaurant and aviation industries.

Work with national large-scale testing will continue for the foreseeable future. In February 2021, Samtrans together with Infosolutions and Apoteket were awarded the Public Health Agency of Sweden's tender for national large-scale testing for up to two more years. Other contracts linked to the pandemic have also been added. Samtrans conducts assisted testing in Östergötland and Stockholm, is responsible for purchasing and packing up to 100,000 testing kits every week and assists Apoteket with transportation. Antigen tests (rapid tests) are also conducted for


employers who want to trace Covid-19 at workplaces, and testing recently began of arrivals at Stockholm Arlanda Airport. During the spring of 2021, Samtrans is also managing logistics for the ongoing vaccination against Covid-19.

"That we succeeded in responding to these requirements is due to the entrepreneurial mindset that exists throughout the company that enabled a rapid adjustment to new conditions. We have become the natural partner in testing and staffing health professionals at this challenging time," says Eric Steijer.

In parallel, Samtrans has continued to develop its core business in service traffic. Several new traffic tenders were secured and the acquisition of Göteborgs Buss created an opportunity for synergies and geographic expansion.

"We had already an established cooperation with Göteborgs Buss, in which the company served as a subcontractor to us for testing stations. I look forward to continuing to grow and developing our businesses for customers and society," concludes Tomas Hansson.





Long-term use of resources

Our various initiatives contribute to lower CO₂ emissions in society

Long-term resource use involves being economic with resources in connection with major decisions and in day-to-day activities. From the choice of the buses we purchase, fuel and energy, to the consumption of office materials. In addition to our own efforts to minimise our climate and environmental footprint, we impose demands on and challenge suppliers and clients using proactive ideas.

LINKS TO THE SUSTAINABLE DEVELOPMENT GOALS

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



LINKS TO STRATEGY

A long-term and responsible use of resources has a clear link to two of our strategic focus areas.

Proactive partner

We continuously work with activities relating to proactive traffic proposals, drawn up using our analysis of passenger flows and patterns, as a means of enhancing the frameworks for deliveries under the contract.



Resource efficiency

Technical innovations, efficient operations and optimised use of resources enable us to strengthen our competitiveness and contribute towards a sustainable development of society with more fossil-free travel.



Our achievements

- New climate target to reduce carbon dioxide emissions per driven kilometre by 80 percent by 2030, compared with the level in 2015.
- Started 49 new buses during the year that operate solely on electricity, and secured new contracts where Nobina is estimated to have 401 electric buses at the end of 2021, including the first electric articulated buses in Finland.
- Raised the proportion of buses operating on electricity or renewable fuels to 84 percent (82).
- Increased the share of green kilometres driven in accordance with The Green Journey to 91 percent (88).
- Continued to reduce the total energy consumption of depots and invested in completely new depots specifically designed for electric buses.

**LARGEST ELECTRIC
BUS OPERATOR**

In the summer of 2021, Nobina will become the largest electric bus operator in the Nordic region when more than 200 new electric buses begin operating in Malmö, Piteå, Turku and Helsinki. By the end of 2021, Nobina is expected to have a total of 401 electric buses.



Contributing to a better climate

AS MARKET LEADER IN THE NORDIC REGION for public transport, Nobina has a responsibility and an opportunity to influence society towards more sustainable development. This includes the provision of a service that allows more people to travel together and with a limited climate impact. The goal is to operate a bus fleet run solely on renewable fuel by 2030 and to gradually switch to a higher proportion of electric buses.

“Electric bus services offer many advantages, such as zero emissions, less noise and greater comfort for both passengers and drivers. This makes it highly attractive, even when compared with other types of electric-powered public transport, in solving urban challenges such as congestion and poor air quality,” says Jens Råsten, Fleet Manager at Nobina.

At the end of 2021, Nobina’s bus fleet is expected to encompass 401 fully electric buses, corresponding to 11 percent of the total fleet. Virtually all forthcoming tenders for city transport in the Nordic region include electric bus requirements. Nobina is at the forefront with its complete solutions concept, Nobina Electrical Solutions, which encompasses everything from project management and charging infrastructure to operation, maintenance and traffic management.

“Whether this concerns electric or other renewable solutions, we strive to work in close collaboration with our clients to always find the most sustainable solutions,” says Jens Råsten.

The electric buses are charged exclusively with renewable electricity. While the rest of the fleet is largely operated on renewable fuel. The most common is biodiesel in the form of RME and HVO, though also some biogas. In Sweden, 99 percent of the buses are operated on renewable fuel. Nobina has also made a great deal of progress in Norway, where more than 90 percent of buses run on renewable fuel. The proportion of buses operating on renewable fuel in Finland and Denmark is lower but the transition is now progressing rapidly, shifting directly from diesel to electricity. Jens Råsten:

“During the year, we secured contracts dominated by electric buses in both of these countries and we can now see a clear change in direction in these markets for electric bus services.”

A transition to renewable fuel also leads to a reduction in CO₂ emissions. At the end of 2020, Nobina launched a new climate target to reduce carbon dioxide emissions per driven kilometre by 80 percent by 2030, compared with the level in 2015. By 2020/2021, emissions had fallen by 61 percent.

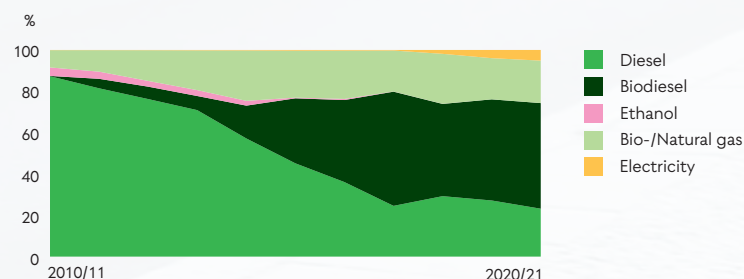
“Emissions fall faster as more electric buses are used. An electric bus emits about 50 grams of CO₂ per kilometre. The equivalent figure for HVO is 100 and for biogas approximately 300. A bus operating on standard diesel emits 900,” says Jens Råsten.

This relates to emissions from driving. A calculation of the total climate footprint of a bus includes everything from manufacturing the bus to how the cab is heated. Studies show that if this is included in emissions from electric buses during their expected service life, the climate footprint is roughly the same as a bus operated on HVO. But the field is progressing rapidly with more climate-effective ways to manufacture batteries.

Another way to reduce climate impact is to drive the buses in an environmentally friendly manner and thus reduce energy consumption. For many years, Nobina’s drivers have been offered access to The Green Journey (DGR) application, which gives drivers continuous feedback on their driving behaviour. It makes it easier to plan driving, which reduces emissions and results in a more comfortable journey. To fully benefit from DGR, drivers receive training in the technique.

“The proportion of green drivers is increasing in all of our markets, which means more kilometres are being driven in an environmentally friendly manner. At the end of the fiscal year, 91 percent of all kilometres driven by the Group were green,” says Hanna Larsson, Employee Development Manager.

Fuel development for bus fleet





Responsible employer and societal stakeholder

Diversity in Nobina enriches the company and is one of our greatest strengths

We regard our responsibility as much greater than creating employment for nearly 12,000 people. Nobina wants to lead the way and assume social responsibility to promote diversity, offer attractive jobs and a healthy work environment. We are keen to be an attractive employer, where people thrive and develop, and where diversity is one of our greatest strengths.

LINKS TO THE SUSTAINABLE DEVELOPMENT GOALS

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



LINKS TO STRATEGY

Being a responsible employer and societal stakeholder has a clear link to two of our strategic focus areas.

Proactive partner

We will be a proactive partner for our clients by taking initiatives that improve collaborations and our solutions for them.

People in focus

Everything we do is based on people and their needs. We provide the safest and most welcoming passenger and employee experience in the industry.



Our achievements

- Continued to cooperate with job centres to expand the recruitment base.
- Recruited a total of 1,400 new bus drivers and mechanics.
- Trained 47 new drivers through our own Nobina Academy, and they were immediately employed.
- Developed protective glass shields that have improved the conditions for enabling contact with passengers.
- Continued to offer vocational introduction employment courses for individuals who are furthest from the labour market.
- Launched the Lingio language app in all traffic areas in Sweden.
- Continued our strong focus on diversity through the Mitt Livs Chans (Chance of my Life) mentoring programme and training in inclusive leadership for about 400 managers and key personnel.

A safe and secure journey – for everyone

SECURITY IS THE TOP PRIORITY for Nobina, for the sake of employees and passengers. Early in the pandemic, Nobina decided in consultation with its clients to close front entrance doors to reduce the risk of infection for drivers. Even if this was a necessary measure, it led to other problems, such as fewer available seats in the bus, the risk of crowding when alighting or boarding through the rear doors and difficulties for clients to charge for the journeys. Drivers also lost contact with passengers.

"As soon as we closed the front entrance doors in April, we immediately began work on a solution that would allow us to open them again, without risking the safety of our drivers," says Peter Boström, Safety and Security Manager at Nobina.

It became clear at an early stage that some form of protective glass around the driving compartment was the best solution. Protective glass shields were already being used in other European countries, including Finland, but mainly to protect against threats and violence. Extensive development was

needed to create protective glass shields that could also act as a barrier to the virus. A number of different infection control and traffic safety requirements must be met before this could be approved. Nobina initiated dialogues with several stakeholders, created prototypes and conducted driving trials. The Work Environment Authority approved two prototypes at the end of October following a risk analysis. Local adjustments could then start based on these prototypes.

"Every bus model and traffic area is unique, which meant hundreds or different protective glass models were needed. But we were fast. At the end of February, 713 of our buses in Sweden were equipped with protective glass shields and the front entrance doors opened again," says Peter Boström.

Thanks to the protective glass shields, all seats in the bus can now be used. For Nobina, this means roughly a 10-percent increase in the number of seats. Peter Boström:

"Public transport will not survive if it cannot charge the people who use it. The use of protective glass shields in 100 of our buses in Stockholm meant 10,000 more tickets were sold every day."

The contact between the driver and passengers is important for both parties. The latest public transport barometer noted that passengers were less satisfied with their journeys, despite reduced crowding. Reasons given for this included less human contact.

"Our drivers want a continuity in their work by recognising and talking to customers, which is also the case for passengers. We now have a solution that can help public transport to continue to develop sustainably, even during a pandemic," concludes Peter Boström.



Success for language app

GOOD WORKPLACE SWEDISH FOR BUS DRIVERS,

this is the idea behind the digital language course Nobina offers its employees. Following a successful trial in the Kallhäll traffic area in the autumn of 2019, the Lingio language app, which is designed as a game, has been rolled out to all of Nobina's traffic areas in Sweden. Lingio is voluntary, but many people want to take part. In October 2020, after 24 weeks of training the first participants received their course certificates.

The aim of the language game is to collect points and advance through the levels. Participants play for one to two hours per week and there are a total of 300 modules/games that each take about 10 minutes to play. The initial teaching concentrates on Swedish words and phrases that are linked to work. The exercises concern a bus driver's everyday situation, such as meeting passengers and talking with colleagues during coffee breaks. The exercises train pronunciation, listening and reading comprehension, spelling and grammar. If you complete the course in good time, additional courses are available in general Swedish.

"Many employees play a lot in the app and intense debates regularly occur during coffee breaks about the meaning of various Swedish words," says Tina Skytén, training supervisor at Nobina.

Lingio is currently available in five languages – Arabic, English, Somali, Farsi and Tigrinya, though additional languages may be added depending on the needs in various regions. One potential new application for the app is in the bus driver programme. Many people who start at Nobina often have a new driving licence, a new YKB certificate (vocational driver training), but not always the language skills. Tina Skytén:

"By using the app to help improve course participants' Swedish, we can make it easier to benefit from the training sessions and to more quickly begin work.

A total of 380 employees have either completed or are taking part in the training. Even if the pandemic has meant fewer physical everyday meetings, Lingio has been a great support for many employees.

"It offered a chance to practice Swedish when many other opportunities were closed. We are planning to continue using the app, which we can see has helped to boost the confidence of participants and improved the work environment in our traffic areas. Diversity is enriching and Lingio makes it even easier to understand and take an interest in each others' culture and background," concludes Tina Skytén.

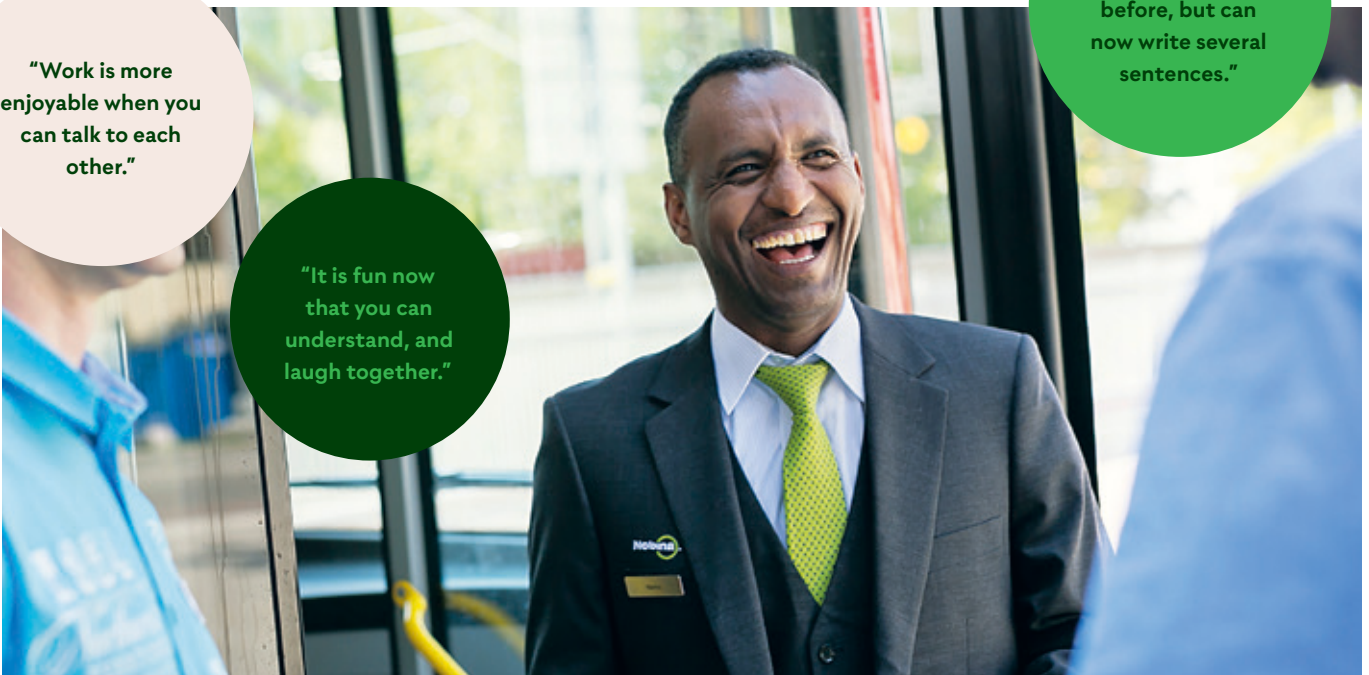
ABOUT LINGIO

The EdTech company Lingio has developed an app of the same name. The company started in 2015 as a voluntary project to help recently arrived immigrants to more quickly join Swedish society and the labour market. Today, Lingio offers digital training in workplace Swedish in 26 different professions.

"Work is more enjoyable when you can talk to each other."

"It is fun now that you can understand, and laugh together."

"I found it difficult to write before, but can now write several sentences."





The share

Nobina's share is listed on Nasdaq Stockholm's Mid Cap list under the category Industrial goods and services. The last traded price on 28 February 2021 was SEK 65.30 and market capitalisation was SEK 5,770 million.

Analysts

The following have analysts that monitor Nobina:

Carnegie,
Danske Bank,
Kepler Cheuvreux,
Nordea

Total return since the IPO in 2015, meaning the share price trend including reinvested dividends, amounted to 162 percent. The OMX Nordic Mid Cap GI benchmark index rose 165 percent during the same period.

The lowest price for the Nobina share during the fiscal year was SEK 41.34 noted on 23 March 2020 and the highest price was SEK 73.15 on 4 March 2020. During the fiscal year, total turnover of Nobina shares on Nasdaq Stockholm was 102 million (100). This corresponds to a turnover rate of 116 percent (117) and an average of 409,690 shares were traded each day.

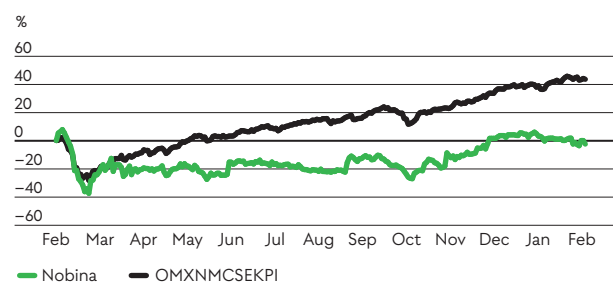
Shareholders

The number of shareholders amounted to 28,739 (33,892). The ten largest shareholders controlled 31.4 percent of the capital and votes at the end of the fiscal year. Lazard Asset Management and Swedbank Robur Funds were the largest shareholders in Nobina at the end of the fiscal year. The proportion of foreign shareholders amounted to 56.5 percent of capital and votes, and 2 percent of the number of shareholders.

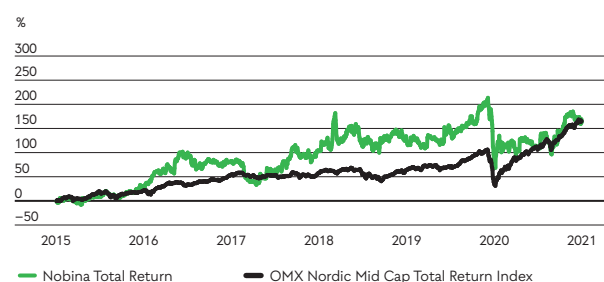
Shareholder information

Financial information about Nobina is published on the company's website. Questions can also be sent directly to Nobina. Annual reports, interim reports and other information can be ordered from Nobina's head office, the website, via email or telephone. Website: www.nobina.com E-mail: ir@nobina.com Telephone: +46 (0)8 410 65 000.

Share price trend 2020/21



Total return since listing



The main shareholders as of 28 February 2021

	Number of shares	% of votes and capital
Lazard Asset Management	4,690,210	5.3%
Swedbank Robur Funds	3,858,211	4.4%
Invesco	3,844,706	4.4%
Artemis	3,184,206	3.6%
Nobina AB	2,208,321	2.5%
Third Swedish National Pension Fund	2,200,000	2.5%
Dimensional Fund Advisors	2,067,676	2.3%
J O Hambro Capital Management	1,983,819	2.2%
Avanza Pension	1,891,229	2.1%
Danske Invest (Lux)	1,860,000	2.1%
Total ten main shareholders	27,788,378	32.9%
Board of Directors and Management	304,898	0.8%
Other shareholders	60,262,406	66.3%
Total	88,355,682	100%

Sustainability statement

Contents

Nobina's sustainability agenda and reports	38
Sustainability governance	42
Nobina's material topics	44
Auditor's report	53
GRI content index	54

Statutory sustainability report in accordance with 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.	3
Sustainable growth and anti-corruption	Nobina's work for sustainable growth and measures to combat corruption	44–45
Environment and climate	Nobina's work to reduce its impact on the environment and climate.	44–48
Social conditions and personnel	Nobina's work to safeguard social conditions and work with HR-related issues, such as gender equality and safe workplaces.	49–53
Human rights	Nobina's measures to prevent human rights abuses.	48
Risks and risk management	Nobina's risk management process is fully integrated into its strategy and governance of operations.	135

UN Global Compact

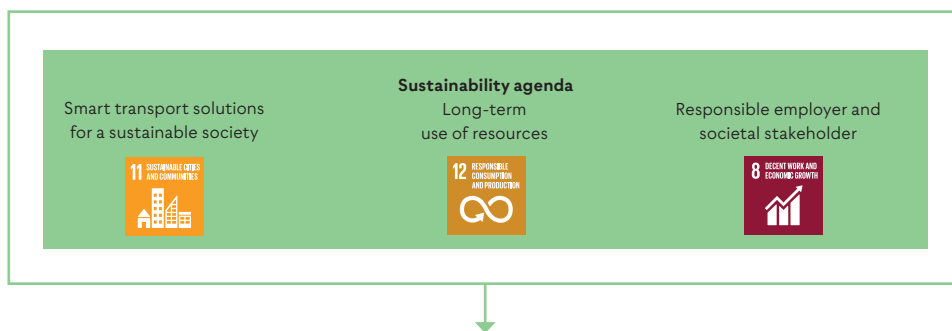
Area		Page reference
Human rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	45
Principle 2	make sure that they are not complicit in human rights abuses.	48
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	48, 49
Principle 4	the elimination of all forms of forced and compulsory labour;	48
Principle 5	the effective abolition of child labour; and	48
Principle 6	the elimination of discrimination in respect of employment and occupation.	51–52
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	44
Principle 8	undertake initiatives to promote greater environmental responsibility; and	45–48
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	45–48
Anti-Corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	45

About the sustainability report

For the eighth consecutive year, Nobina is reporting its sustainability efforts in accordance with the international reporting standard, Global Reporting Initiative (GRI). This report has been prepared in accordance with GRI Standards: Core option and the statutory sustainability report in accordance with the Swedish Annual Accounts Act. It also constitutes Nobina's Communication on Progress to the UN Global Compact. The statutory sustainability report has been reviewed in accordance to RevR12 though the sustainability report is not otherwise externally assured. The reporting cycle is one year and follows the fiscal year. The current sustainability report is for the 2020/2021 fiscal year. The latest sustainability report was published on 7 May 2020. For more information about Nobina's sustainability agenda and its sustainability report, please contact Petra Axelsson, petra.axelsson@nobina.com, +46 73 039 85 11.

Nobina’s sustainability agenda and reports

The model below illustrates the Group’s material topics, selected GRI standards and their links to Nobina’s sustainability agenda. The model also shows boundaries in the value chain for Nobina’s material sustainability topics. Read more about the stakeholder engagement and materiality analysis used in Nobina’s sustainability report on pages 40–41.



Material topics for Nobina	Focus area in Nobina’s sustainability agenda	Application GRI Standards	Impact occurs with:				Page reference	
			Suppliers	Clients	Nobina	Passengers		
ECONOMIC TOPICS								
Economic value creation	1, 2, 3	GRI 201: Economic Performance					44	
Quality and environmental certification	2	–					44	
Anti-corruption	1.3	GRI 205: Anti-corruption					45	
ENVIRONMENTAL TOPICS								
Energy and emissions	1, 2	GRI 302: Energy GRI 305: Emissions					45–47	
Water withdrawal	2	GRI 303: Water					47	
Supplier assessment	2, 3	GRI 308: Supplier environmental assessment						48
SOCIAL TOPICS								
Attractive workplace	3	GRI 401: Employment					49	
Work environment and safety	3	GRI 403: Occupational Health and Safety					50	
Training and education	3	GRI 404: Training and education					51	
Diversity and equality	3	GRI 405: Diversity and Equal Opportunity					51–52	
Supplier assessment	3	GRI 414: Supplier social assessment						48
Safe journeys	1, 3	–					53	

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"> • How Nobina works 	<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 managers in meetings with clients • Public Transport Authority survey • Daily operations 	<ul style="list-style-type: none"> • Cooperation with unions • Favourable employment terms • Transparency and values • Membership of trade associations • Good leadership • Anti-corruption • Emission levels • Certifications • Requirements on the type of fuel • Noise level requirements • Environmental requirements on chemicals 	<ul style="list-style-type: none"> • Joint projects with clients on such items as new types of vehicles, environmental adaptations and customisations
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

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 the Group's stakeholders and on Nobina's impact on the external environment. It helps Nobina to prioritise and focus the Group's initiatives, which is crucial in ensuring a successful sustainability agenda. The materiality analysis is updated on an annual basis in order to continually assess and develop Nobina's sustainability agenda.

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

During 2020/21, Nobina intensified its dialogue with analysts and investors with an ESG profile. The Group also initiated work on the EU's taxonomy for sustainable activities.

During the year, Nobina increased focus on following-up the Group's climate impact and this year also reports total greenhouse gas emissions from fuel (Scope 1).

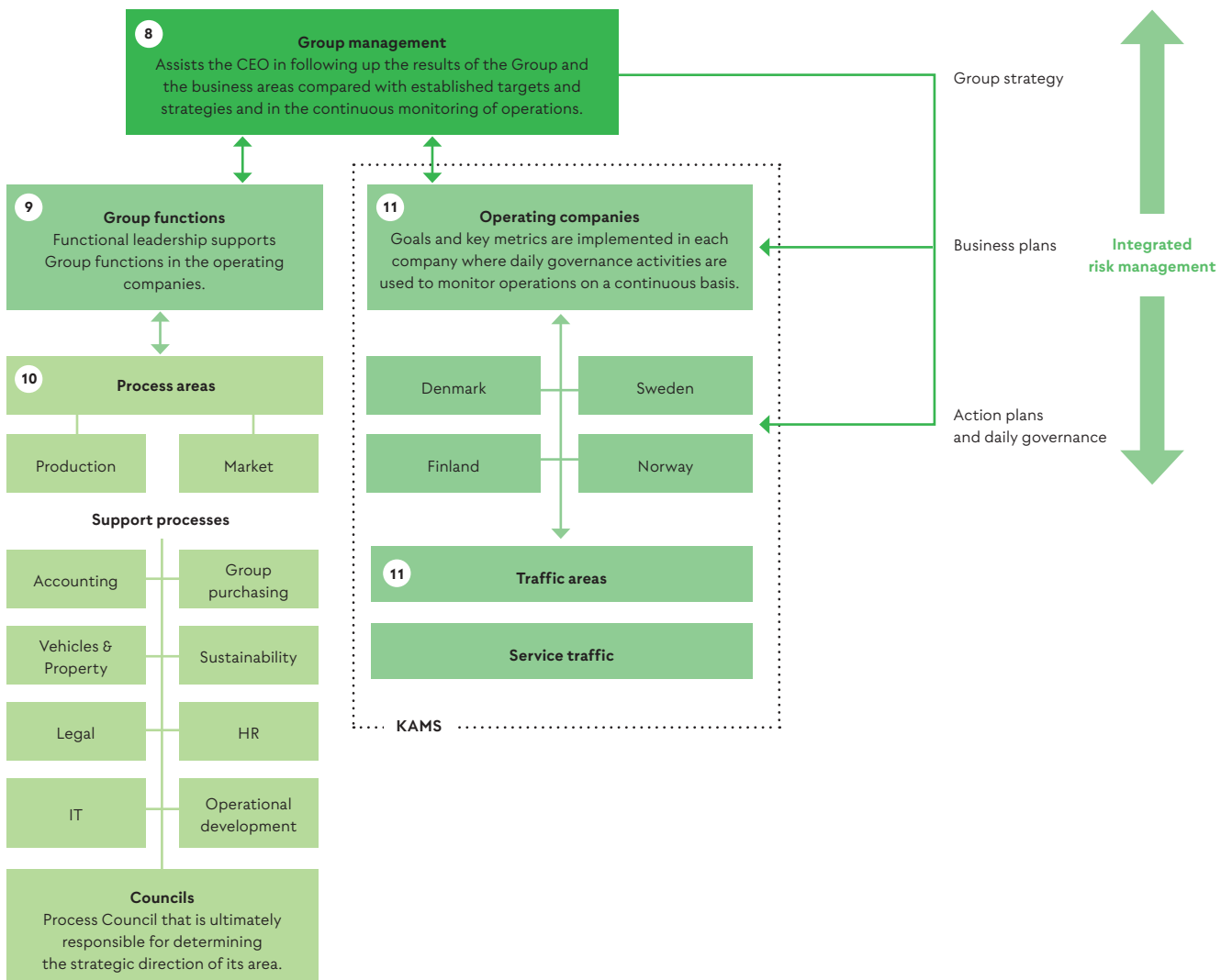


Sustainability governance

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. Nobina's work in sustainability and responsible business is fully integrated, as are other key strategic issues and initiatives, into the entire Group's business activities – everything from the position taken by the Board in regard to sustainability issues to how Nobina's employees work locally with cleaning vehicles at depots. Nobina's Director Strategy and Sustainability is responsible for the Group's sustainability agenda.

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. Read more about Nobina's sustainability risks on page 135.

Governance and management



External framework

Nobina's sustainability agenda is based on external frameworks, environmental and work environment legislation, national safety and vehicle regulations, contract terms from clients and Nobina's management systems, policies and values. In particular, the external guidelines include the OECD's Guidelines for Multinational Enterprises and the UN Global Compact's ten principles.

Nobina joined the UN Global Compact in March 2020. Nobina's Supplier Code of Conduct requires all suppliers to comply with the principles of the UN Global Compact, the UN Declaration on Human Rights, and the ILO's Declaration on Fundamental Principles and Rights at Work, and to act in accordance with national legislation and practices.

Sustainability Council

Nobina's newly established Sustainability Council brings together representatives from a selection of the Group's departments and functions to lead strategic sustainability efforts through direction decisions and the development of control systems. The representatives are responsible for implementing decisions and systems in their organisation. The Sustainability Council reports to the CEO.

The Council meets every quarter and is headed by Nobina's Director Strategy and Sustainability. Representatives from HR Nordic, KAMS Nordic, Procurement, Fleet, Production, Market, Public Affairs and Investor Relations are members of the Council. Together, the Council has a comprehensive view of the Group's sustainability impact and stakeholder expectations. For example,

Procurement and Fleet possess in-depth expertise about the vehicle value chain while the HR and KAMS organisation has an employee perspective and knowledge about quality, health and safety, and the environment. Production subsequently assumes overall responsibility for the entire production chain from winning to concluding a contract. Investor Relations, Public Affairs and Market contribute insights into external demands in the form of expectations from investors, clients, policy makers and trade organisations. Market and Public Affairs also works – in consultation with clients and through participation in trade organisations – to drive the industry to make more sustainable choices.

Read more about Nobina's corporate governance and management approach in the Corporate Governance Report on page 114.

KAMS

Nobina applies an integrated approach and work method in relation to quality, health, safety, and environmental management. This is referred to as KAMS and constitutes the Group's control framework for how Nobina, in each area, works methodically and systematically and uses regular control and follow-up activities. One important function in KAMS is proactive work at company level and locally in each traffic area. This helps to address improvements at an early stage and new improvements to working procedures are implemented into operations. KAMS otherwise rests on the Group's internal control framework for management and is based on governing policies, instructions and guidelines. Together with KAMS work in the form of business and operational plans as well as targets and action plans, this is an important part of the Group's sustainability agenda. The plans are used in prioritising initiatives and defining development opportunities. Nobina's internal management system is based on the international standards ISO 14001 (environment), ISO 9001 (quality), ISO39001 (road traffic safety) and on work environment legislation.

Organisation and communication

KAMS Nordic is a Group-wide council headed by the director of Nobina's compliance function and each subsidiaries' quality, environmental and security managers. The council meets regularly to formulate, communicate and consolidate goals and

promote the implementation of procedures. KAMS Nordic is an important element of the Group's Sustainability Council, which decides on the overarching direction and governance of sustainability. Topics related to sustainability and KAMS are also discussed regularly in management, process and project forums. Actions plans and risks are monitored in all forums, read more about Nobina's sustainability risks on page 135.

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 addressed at these meetings. Such feedback may result in adjustments to business plans.

Nobina's policies, guidelines and instructions are gathered together in a digital tool. New and updated procedures are also communicated to traffic areas through monthly KAMS councils and topic-specific councils. Suppliers, subcontractors and other external stakeholders affected by changes are informed through dialogue when Nobina describes the expected working procedures and how these are to be communicated to the supplier's employees who work with Nobina. Follow-up takes place at future meetings.

Nobina's material topics

Economic value creation

Long-term, profitable growth is key to obtaining the necessary resources to invest in the continued development of the offering and to contribute to a sustainable development of society. Nobina has demonstrated a robust financial performance in recent years and the financial targets presented in 2018 have been met, though not yet during one single fiscal year. The information provided below shows the economic value created in the Group and distributed to stakeholders.

During 2020/21, the created value rose by 1 percent to SEK 10,806 million. During the same period, SEK 10,255 million was distributed to stakeholders through payment to suppliers, salaries and remuneration of employees, payments to banks and payment of excise duty. No dividend was paid to shareholders during the 2020/2021 fiscal year due to uncertainty surrounding the pandemic.

Created and distributed value

Amount SEK million	2020/2021	2019/2020	2018/2019
Revenue – net sales	10,787	10,645	9,734
Other revenue ¹⁾	20	53	54
Total value created	10,806	10,698	9,788
Operating expenses, suppliers	-4,742	-4,698	-4,051
Salaries and remuneration to employees including employer's contributions	-5,510	-5,520	-5,190
Payments to financiers, banks ²⁾	156	30	64
Dividend to shareholders	-	-331	-297
Payments to the public sector — excise duty ³⁾	-155	-192	-308
Total value distributed⁴⁾	-10,255	-10,711	-9,782
Retained economic value	551	-13	6

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

2) Refers to raising new financing for the acquisition of vehicles, minus paid amortization and interest.

3) Excise duty refers to vehicle tax and fuel tax.

4) Includes payment of taxes and social security contributions of SEK 1,112 million for the 2020/2021 fiscal year, SEK 1,127 million for the 2019/2020 fiscal year and SEK 1,221 million for the 2018/2019 fiscal year.

Quality and environmental certification

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. Nobina is working systematically with road traffic safety in accordance with 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. External audits are carried out every year to verify the function of the management systems.

A further two traffic areas, Gothenburg in Sweden and Lillestrøm/Romerike in Norway, were certified during the year. One traffic area in Denmark was not recertified during the year as it is to be transferred to another operator in 2021.

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

	2020/2021	2019/2020	2018/2019
Sweden ^{1) 2) 4)}	12 of 17	11 of 17	11 of 17
Denmark ³⁾	6 of 10	7 of 10	5 of 5
Norway ¹⁾	4 of 4	3 of 4	6 of 7
Finland ¹⁾	3 of 3	3 of 3	3 of 3
Total	25 of 34	24 of 34	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 figure for 2019/2020 is adjusted compared with reporting in previous years. In 2019/2020, an upward adjustment was made to the number of traffic areas in Denmark to better reflect the operating structure with smaller geographical divisions.

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

Anti-corruption

Business ethics and anti-corruption

Business ethics and anti-corruption are key topics for Nobina and the Group works to create conditions for secure and transparent business dealings with clients, suppliers and other partners. Nobina's Supplier Code of Conduct, which is also applicable to the Group's other operations, describes Nobina's expectations and requirements, including compliance with national and international law and with the UN Convention against Corruption. The strategic responsibility for business ethics and anti-corruption lies with the Group's Director Strategy and Sustainability, supported by the compliance department. Nobina's Business Development Manager is responsible for operational activities with suppliers. Read more about Nobina's supplier assessments on page 123.

All employees in relevant functions, such as business developers and purchasers, are informed of the Code of Conduct 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. Public tenders are generally considered an area that is exposed to the risk of corruption. It is self-evident to Nobina to combat corruption and unhealthy competition in tenders. Prior to and during the tender process, we are therefore always careful how we act and treat the market and clients. Contact between clients and operators is moreover limited when new tenders are announced for traffic contracts. By requiring that the tendering process is always transparent and promotes equal treatment, we also have a legal basis to ensure healthy competition in a market that is free from corruption. Nobina's compliance function is active in internal efforts to combat cor-

ruption in the tendering process through regular training courses in how we can and should act and also how we can identify suspected corruption in the market.

Nobina has established a whistleblower function where persons affected by our operations – employees, suppliers and third parties – can report serious irregularities or misconduct. The whistleblower function offers Nobina the ability to act and is an important tool to enable us to comply with our values. For Nobina, it is self-evident that Nobina takes responsibility and wants all people with an interest in the Group's operations to feel safe and that they are treated with respect.

Nobina's whistleblower function (previously the employee ombudsman channel) is well-established in the organisation and has for some time met the additional criteria of the Whistleblower Protection Directive¹⁾. To ensure that Nobina is made aware of irregularities or misconduct in operations, Nobina has set a lower threshold than required by current and future law for what cases are to be investigated. In addition, Nobina has chosen to permit anonymity for anyone submitting a report. Anonymity is ensured as Nobina uses an external supplier that receives, processes and anonymises the reports before forwarding these to Nobina's internal whistleblower function for investigation.

Zero cases (0) of corruption were reported or identified in internal audits during the year. Nobina or the Group's employees were not a party to any legal disputes related to corruption during the year.

¹⁾ The Directive of the European Parliament and the European Council (EU) 2019/1936 from 23 October 2019 on the protection of persons who report violations of Union law. The whistleblower directive must be implemented in Swedish law not later than 17 December 2021.

Energy and emissions

As the largest public transport company in the Nordic region, we have a major opportunity to reduce the climate impact of travel. A journey by bus produces lower carbon emissions than an equivalent journey by car, but Nobina is also transitioning the Group's fleet to more sustainable fuel and is striving to reduce internal energy consumption.

The Director of Strategy and Sustainability 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 135.

Energy consumption at Nobina

The greatest energy consumption after fuel occurs at Nobina's depots and in our workshops. One of the more energy-intensive activities is heating buses. Nobina is therefore working with solutions that save the heating energy used when the bus is parked. In addition, most of the buses are now fitted with control systems that provide the right amount of energy at the right time to produce the right temperature before they begin operating. This reduces energy consumption and produces a good climate in the buses for both passengers and drivers. During the year, a further estimated 500 buses were fitted with smart heating, which helped to reduce energy consumption.



Not later than 2023/24, 75 percent of the total bus fleet will be equipped with functionality for smart heating, to make bus heating more efficient.

Outcome 2020/2021
66 percent of bus fleet has smart heating.

Fuel

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 3,964 (3,733) 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 2020/21, the vehicle fleet consumed about 84 percent (82) renewable fuel.

Fuel consumption, total¹⁾

	2020/2021	Change, %	2019/2020	2018/2019
Non-renewable fuel				
Diesel, litres	19,402,879	-6%	20,714,115	22,244,134
Renewable fuel				
RME, litres	26,026,008	19%	21,898,305	18,015,887
HVO, litres	30,107,828	-16%	35,767,352	37,345,287
Biogas, nm ³	26,797,074	-14%	31,071,654	35,976,710
Ethanol, litres	-	-	-	73,358
Electricity, kWh ²⁾	16,301,565	122%	7,336,394	622,143

1) Data pertaining to fuel consumption was collated through Nobina's OMS production system.
2) Electricity from renewable sources.

Nobina is aiming by 2030 to operate the Group's bus fleet on 100 percent renewable fuels. We aim to achieve this by gradually transitioning a larger share of the fleet to electric buses and replacing the remaining diesel buses with buses powered by renewable fuels. With this initiative, we want to demonstrate a serious effort to earnestly tackle the shared challenge to minimise our climate impact in society, in close dialogue and cooperation with our clients and partners in the vehicle industry. Diesel consumption is steadily decreasing in favour of RME and electricity and consumption of HVO and biogas also decreased during the year.

The transition to renewable fuels is leading to a reduction in the Group's greenhouse gas emissions and in December 2020 Nobina launched a new climate target to reduce carbon emissions per driven kilometre by 80 percent by 2030, compared with the level in 2015. In 2020/21, emissions per driven kilometre fell by 61 percent compared with 2015. This is mainly due to the ongoing removal of non-renewable fuels with substantial emission factors. 2015 was chosen as the base year as this was when the UN launched its Sustainable Development Goals.

Emissions¹⁾, in relation to km driven

	2020/2021	Change, compared to 2019/2020, %	Change, compared to 2015/2016, %	2019/2020	2018/2019	Base year 2015/2016
Fossil carbon dioxide (CO ₂), kg/km ¹⁾	0.37	-3%	-61%	0.38	0.43	0.94
Nitrogen oxides (NO _x), g/km	3.32	-25%	-53%	4.45	5.31	7.06
Hydrocarbons (HC), g/km	0.58	-21%	-43%	0.73	0.83	1.02
Particles (PM), g/km	0.04	-11%	-33%	0.05	0.05	0.06

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

Nobina's sustainability targets
Renewable fuels
100%

Not later than 2030, 100 percent of Nobina's total fuel consumption is to consist of renewable fuel.

Outcome 2020/2021

Renewable fuel accounted for 84 percent of Nobina's fuel consumption.

Nobina's sustainability targets
Carbon emissions per driven kilometre
-80%

Nobina aims to reduce its carbon dioxide emissions per driven kilometre by 80 percent by 2030, compared with the level in 2015. The climate target refers to greenhouse gas intensity measured in carbon dioxide equivalents per driven kilometre.

Outcome 2020/2021

Nobina's carbon emissions per driven kilometre fell by 61 percent compared with 2015.

The Green Journey

Regardless of fuel, it is important that drivers operate vehicles as efficiently as possible. 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 99 percent (88) of the total number of kilometres driven 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 kilometres¹⁾

	2020/2021	2019/2020	2018/2019
Total, %	91	88	86

1) Figures for previous years are adjusted.

Group's greenhouse gas emissions

Nobina's greenhouse gas emissions from fuel increased 1 percent year-on-year due to a growing business volume. Greenhouse gas emissions from fossil sources amounted to 52,131 tonnes of CO₂, a decrease of 7 percent year-on-year.

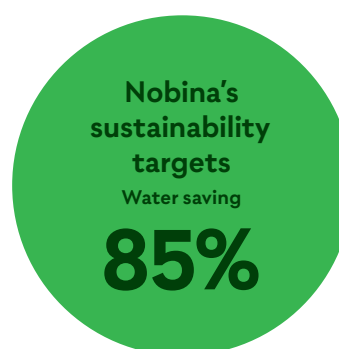
Greenhouse gas emissions¹⁾, fuel consumption

CO ₂ tonnes	2020/2021	Change, %	2019/2020
Greenhouse gas emissions from fuel consumption	110,062	1	108,453
of which greenhouse gas emissions from fossil sources	52,131	-7	55,801

Water withdrawal

Most of Nobina's water withdrawal is at depots and workshops, where buses are washed and cleaned. Agreements with the PTAs regulate how often the buses are washed and cleaned, normally every day. The bus-washing facilities use municipal fresh water. Nobina's goal is that no more than 250 litres of water should be used to wash each bus. To reduce consumption of fresh water in washing buses, Nobina is installing recirculation tanks, which reuse the water in the process. To ensure good water quality, that meets local regulations, Nobina is continuously investing in new and improved cleaning equipment in the bus-washing facilities. The washing chemicals used when washing buses are biodegradable and products used in Sweden and Norway are certified under the Nordic Swan and Falken respectively. Water tests are regularly taken to ensure that operations do not exceed applicable requirements for emissions to water, and include oil, mercury, lead, cadmium and zinc. When setting up or shutting down depots, environmental inspections are conducted to determine Nobina's environmental responsibility and impact. Nobina's KAMS organisation is responsible for monitoring water withdrawal at depots and workshops. Some water is also used at Nobina's offices. Office consumption is connected to the municipal water grid and waste water is discharged into the municipal waste water treatment plants.

In 2020/21, Nobina's total water consumption at depots and workshops amounted to 538,200,000 litres, an increase of 6 percent compared with the previous year. The increase is largely a result of new traffic services in locations where some bus-washing facilities are not equipped with recirculation systems. Nobina has set itself a target to reach 85 percent recirculation not later than 2022/23. The result for 2020/21 was recirculation of 62 percent. The decline is because Nobina has established operations in new traffic areas that lack recirculation facilities. Nobina is not aware of any depot or workshop that is located in an area that suffers from water shortages.



Not later than 2022/23, 85 percent of total water consumption used when washing buses is to be recirculated.

Outcome 2020/2021

During the year, Nobina realised water savings of 62 percent through recirculation technology.

Water withdrawal¹⁾

Litres	2021/2020	2019/2020
Total water withdrawal	538,200,000	508,875,000
Realised water savings through recirculation, %	62	63

1) Data was collected using data from water suppliers and encompasses all depots where water is not included in the depots rental contract (equivalent to 3 percent of the depots).

Supplier assessment

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.

The strategic responsibility for supplier assessments lies with Nobina’s Business Development Manager and operational activities are conducted by the purchasing organisation.

All suppliers engaged are subjected to competition in the tender processes to ensure the supplier selected best meets Nobina’s 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.

In 2020/21, Nobina implemented a support system for supplier assessments. The support system comprises four parts: auditing and issue of concern, identification of cause and action plan, follow-up of action plan and finally closure of the matter.

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, which number about 200, are to have signed the Code of Conduct. By the end of 2020/21, 98 percent (65) of suppliers had signed the Code of Conduct. 100 percent (100) of all new suppliers in 2020/21 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,



At least 95 percent of Nobina’s suppliers are to have signed our Code of Conduct.

Outcome 2020/2021
98 percent of suppliers had signed our Code of Conduct.

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 2020/21 fiscal year, Nobina conducted two supplier audits. Twice during the year Nobina also cooperated with PTAs to audit vehicle suppliers. This offers Nobina greater opportunities to influence suppliers and strengthen cooperation with PTAs.

As the Group purchases more electric-powered buses, the need for targeted supplier audits is also growing. Batteries used in electric buses contain minerals such as lithium and cobalt. Cobalt mining can in certain cases be linked to human rights abuses, such as child labour, forced and compulsory labour and crimes against indigenous people. During the year, Nobina’s Supplier Code of Conduct has been updated with more stringent demands placed on social topics and, specifically, human rights. Nobina also began work to identify the needs for managing batteries at the end of the vehicle’s service life.

Furthermore, the Group works to ensure the responsible management of older buses. The purpose of Nobina’s “Upgrading” service is to reuse older buses. Through extensive changes to the inside and outside of the bus, we can extend the service life and contribute to both more travel and increased sustainability. When Nobina divests buses, buyers are chosen who can develop public transport in less economically strong areas. For scrapping, only certified scrap yards are used.

Supplier process



To become one of Nobina’s suppliers, the supplier must also stand for the same values as Nobina. This is why sustainability aspects are 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.

Attractive workplace

Nobina offers employees training and performance appraisals as part of goal-oriented efforts to improve the work environment and to create an attractive workplace. Nobina also actively strives to ensure its employees feel they can influence their workplace and therefore encourages local initiatives. Through dialogue and cooperation, Nobina creates inclusion and commitment in order to leverage the knowledge and experiences of employees.

Instructions are drawn up based on Nobina's values and employee policies to offer guidance to the Group's managers and employees. Examples of applicable Group instructions include instructions that govern improvement teams, KAMS initiatives, performance appraisals, recruitment and leadership criteria.

Nobina's operations are guided by expectations and targets. Advanced leadership and constructive cooperation between employees are needed to achieve these. Each employee is given continuous, informed and constructive feedback in dialogue with their immediate manager. All employees are personally responsible for promoting transparency, health and safety in day-to-day operations.

Operational responsibility for the workplace is always borne by each individual company, where managers are responsible for practising inclusive leadership that promotes the best possible work environment and for pursuing various issues that the Group, the company or the traffic area have identified as important.

At a strategic level, certain Group functions are responsible for quality assuring, developing and enabling application in certain areas, such as the employee policy and leadership criteria that are the responsibility of Group HR, while individual companies may be responsible for strategy in other areas that differ among the country organisations or traffic areas. The Group function often creates a Group-wide standard that each company can then adapt to its specific circumstances.

Follow-up and evaluation of the work environment and safety is conducted by the local KAMS organisation and continually followed-up by KAMS councils at traffic area level. Irregularities are reported at company and Group level each month. The KAMS functions provide important tools in work to share best practices and solutions. Read more about Nobina's KAMS organisation on page 43.

Employees by type of employment and gender

Number	2020/2021			2019/2020			2018/2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent employees	8,047	1,127	9,174	7,653	1,066	8,718	7,891	1,110	9,001
Fixed-term employees	2,264	373	2,637	2,128	279	2,406	2,236	296	2,532
Total, Group	10,311	1,500	11,811	9,781	1,345	11,124	10,127	1,406	11,533

Employees by part-time or full-time ¹⁾ and gender

Number	2020/2021			2019/2020			2018/2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time employees	7,290	932	8,222	7,021	936	7,957	7,271	954	8,225
Part-time employees	918	223	1,141	811	174	985	802	184	986
Total, Group	8,208	1,155	9,363	7,832	1,110	8,942	8,073	1,138	9,211

1) Does not refer to hourly-paid employees.

Employees by type of employment and region

Number	2020/2021					2019/2020					2018/2019				
	Sweden	Norway	Denmark	Finland	Total	Sweden	Norway	Denmark	Finland	Total	Sweden	Norway	Denmark	Finland	Total
Permanent employees	6,421	957	508	1,289	9,175	6,132	733	539	1,315	8,718	6,564	910	462	1,325	9,261
Fixed-term employees	2,087	338	131	82	2,637	1,868	312	136	90	2,406	1,733	407	90	42	2,272
Total, Group	8,508	1,295	639	1,371	11,811	8,000	1,045	675	1,405	11,124	8,297	1,317	552	1,367	11,533

The number of employees refers to figures from the end of February 2021.



Nobina is to achieve good employee motivation in at least 14 of the 16 questions in the annual employee survey.

Outcome 2020/2021

Nobina achieved good employee motivation on 15 of the 16 questions.

Attractive employer

The public transport industry is 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 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. For example, Nobina welcomes school pupils on study visits, takes part in recruitment and employer fairs and organises targeted recruitment initiatives.

Employee commitment is continuously measured and in 2020/21 Nobina achieved a good employee motivation score in 15 of 16 questions in the annual employee survey, which exceeded the target of 14 of 16 questions.

At the end of the fiscal year, Nobina had approximately 11,800 employees, including consultants. All of Nobina's employees are covered by collective 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, such as for bus-for-rail services. For risk management related to employees, see page 135.

Work environment and safety

A safe workplace is one important element in ensuring employee commitment. In addition to legal compliance, systematic work environment efforts and trade union cooperation, Nobina conducts regular employee surveys and employees are offered training and performance appraisals as well as occupational health services. Nobina also makes available staff and manager handbooks and networks and management forums.

Systematic health and safety work

Nobina conducts systematic health and safety work that covers all employees in the Group. The working procedure complies with the regulations on systematic health and safety work (AFS 2001:1), OHSAS 18000 and ISO 45000. Nobina's occupational health and safety policy and instructions on systematic health and safety work provide guidance for efforts to ensure a healthy work environment. Work environment efforts are evaluated and improved through employee suggestions, safety inspections, health and safety committees such as LSAM (local collaborative initiatives on health and safety), local occupational health and safety plans and gap analyses.

Work-related risk is routinely assessed in accordance with ISO 31000 and followed up in internal audits. Employees can report dangers or dangerous situations on incident forms, the connected onboard platform Nobina Mobile Extension and through radio communication with traffic management.

Nobina assesses incidents using a damage module in the Group-wide OMS system and written incident reports. In the event of incidents when employees request additional support, peer support is available 24 hours a day. More serious irregularities can be reported to Nobina's whistleblower service, read more on page 126.

Communication and training

Employees at Nobina take part in induction courses that are role-specific and include the area of health and safety regulation. Operations also have safety representatives and health and safety committees (LSAM). The health and safety committees meet four to ten times per year depending on the traffic area and the minutes of these meetings are used to provide information about the traffic area's health and safety efforts at the workplace. There is also a central liaison committee that handles company-wide issues and a technical committee that handles technology issues linked to buses.

In addition, employees take part in training in work environment issues, including basic training in QHSE, which is a two-day course for managers and safety representatives, and further training in health and safety management in practice, which is a one-day course for the same professions.

Regular training also takes place covering specific risks, such as when starting new routes or traffic assignments or the roll-out of new buses. Furthermore, training in workshop services is offered on an ongoing basis.

Occupational health services and health promotion

Nobina has procured occupational health services that offer additional support to the entire company and to individual employees in preventive health initiatives, medical examinations and rehabilitation. Employees on longer sick leave are also offered digital training tools for rehabilitation.

In conjunction with statutory and regular medical examinations, first sick-leave day certificates, random drug testing and supportive counselling, dialogue takes place between occupational health services and Group representatives during which the occupational health services note any measures in consultation with Nobina. A new employee survey is carried out when hiring.

Nobina's sustainability targets

Workplace injuries

0

Nobina's vision is zero workplace injuries.

This will be achieved through a stronger safety culture and proactive, systematic work involving risk assessments of traffic environments and situations.

Outcome 2020/2021

0.8 accidents per million kilometres driven

Nobina's sustainability targets

Sick leave

2.1%

Sick leave in the Group should decrease every year and in the longer term be below 2.1 percent.

Outcome 2020/2021

Sick leave was 4.2 percent, impacted by Covid-19.

Nobina's employees are offered access to occupational health services through talks with their immediate manager during which possible measures are evaluated and discussed. A time is then booked to visit the occupational health services.

Occupational health services are evaluated regularly through follow-up and assessments in meetings between occupational health care and local liaison officers at Nobina.

As a means of improving employee health, Nobina offers all employees a wellness allowance and coordinates local health initiatives when health risks such as smoking, weight problems, sleep disorders and stress are discussed. In consultation with their immediate manager, employees may be offered additional support when necessary.

Health and safety, employees

	2021/2020	2020/2019	2019/2018
Fatalities	0	0	0
Incidents	232	225	270

Training and education

The continuous 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 a greater exchange of experience.

During 2020, Nobina launched its passenger promises: "You should feel welcome, safe, receive information that is important for your journey and should always feel confident that you are travelling sustainably." One focus area for the year has been to establish these promises within the organisation. Training in the passenger promises was offered as part of management training. The goal is to provide the traffic areas with the right conditions to implement the promises and offer participants methods that can be used in day-to-day operations to firmly establish knowledge about these methods. The implementation of the passenger promises also uses change management and coaching.

Another focus area for training during the year was diversity and inclusion. Read more about the Lingio language app and Nobina's training for inclusive leadership on page 35. During the year, many training courses were held online due to the situation with Covid-19, though this proved to be highly successful.

Nobina's employees have on average attended 24 (34) hours of skills development per employee and 3,585 (5,028) performance appraisals were held. The number of training hours and performance appraisals during the year decreased year-on-year due to Covid-19.

Average training hours per year and employee, function

Hours	2021/2020
Bus drivers and driver administration	27
Mechanics (workshop)	3
Company management, sales, marketing, HR and other	16
Total, Group	24

Conducted performance appraisals, Group

Share, %	2021/2020		
	Men	Women	Total
Bus drivers and driver administration	33	36	33
Mechanics (workshop)	12	21	12
Company management, sales, marketing, HR and other	7	9	7
Traffic planning	22	23	22
Total, Group	31	29	31

Diversity and Equal Opportunity

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 2019/20, 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. In 2020/21, Nobina conducted training in inclusive leadership in seven traffic areas in Sweden. To ensure that this important work with inclusive leadership continued unabated despite Covid-19, the training sessions in 2020/21 were held online. In 2020/21, 170 (160) people completed the training.

The Lingio language app has been available to Nobina Sweden's employees since spring 2020. Lingio is a digital language course, which improves our bus drivers' workplace Swedish. With improved language skills, Nobina strengthens both communication between employees and communication with passengers.



Not later than the 2023/2024 fiscal year, women are to account for at least 30 percent of our managers.

Outcome 2020/2021

The proportion of female managers amounted to 27 percent.

For its work on inclusion, Nobina has received a contribution from the European Social Fund (ESF) to fund projects in skills development, employment measures and integration. Nobina received the contribution for the Group's work on inclusive leadership and for the offer to employees of a digital language course.

The proportion of women in the management team increased 9 percentage points. The proportion of women on the Board of Directors decreased 12 percentage points. The proportion of members in the management team aged over 50 increased 9 percentage points. No significant changes took place in gender distribution and age distribution at Group level. Nobina's target is to have at least 30 percent female managers with staff responsibility and at least 20 percent female bus drivers by 2024. The proportion of female managers rose to 27 percent and is therefore nearing the target. The proportion of female bus drivers decreased by 1 percentage point during the year. As a means of increasing interest among women in becoming bus drivers, Nobina holds targeted recruitment incentives for women such as "test drive a bus".



Not later than the 2023/2024 fiscal year, women are to account for at least 20 percent of our bus drivers.

Outcome 2020/2021

The proportion of female bus drivers amounted to 11 percent.

Gender distribution, Board and management team

Share, %	2020/2021		2019/2020		2018/2019	
	Men	Women	Men	Women	Men	Women
Board of Directors	83	17	71	29	67	33
Management team	71	29	80	20	88	12

Age distribution, Board and management team

Share, %	2020/2021			2019/2020			2018/2019		
	<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	–	71	29	–	80	20	–	44	56

Gender distribution by function, employees

Share, %	2020/2021		2019/2020		2018/2019	
	Men	Women	Men	Women	Men	Women
Bus drivers and driver administration	89	11	89	11	89	11
Mechanics (workshop)	93	7	93	7	91	9
Company management, sales, marketing, HR and other	59	41	64	36	59	41
Traffic planning	71	29	75	25	79	21
Total, Group	87	13	88	12	88	12

Age distribution, employees

Share, %	2020/2021			2019/2020			2018/2019		
	<30 years	30–50 years	>50 years	<30 years	30–50 years	>50 years	<30 years	30–50 years	>50 years
Bus drivers and driver administration	5	45	50	5	45	50	6	46	48
Mechanics (workshop)	23	47	31	23	45	33	23	46	30
Company management, sales, marketing, HR and other	25	45	30	9	58	33	13	58	29
Traffic planning	3	61	36	5	54	41	9	49	42
Total, Group	8	45	47	6	46	48	7	47	46

Safe journeys

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 is therefore working to, during forthcoming fiscal years, 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 2020/2021. Work during the year has focused on making concrete the issues and, to a greater extent, making them present and relevant in daily work in the traffic areas. This is being conducted, for example, through ongoing skills development and crisis exercises. Every company and traffic area in Nobina now has a contingency plan that can be quickly mobilised in crisis situations. All incidents are assessed by the security office. Those deemed particularly serious are investigated using a root cause analysis.

Vehicle damage and serious incidents

	2020/2021	2019/2020	2018/2019
Number of vehicle damage incidents, Group	13,612	12,950	15,062
of which Sweden	9,896	8,664	11,562
Total cost of damages, Group, SEK million	118.9	132.4	131
of which Sweden	78.3	85.7	93
Serious incidents ¹⁾	244	396	308
of which			
Fire	14	43	41
Threats and violence	138	191	188
Robbery	1	3	–
Environment	2	15	20
Traffic accidents	89	127	59

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

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 2021-03-01–2021-02-28 on the pages referenced to on page 65 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.

dance 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.

Opinions

A statutory sustainability report has been prepared.

Stockholm, 29 April 2021
PricewaterhouseCoopers AB

Michael Bengtsson
Authorised public accountant

GRI content index

GRI Standard	Disclosure name	Page reference	Information	Reference to UN Sustainable Development Goals
GRI 101: FOUNDATION 2016				
GRI 102: GENERAL DISCLOSURES 2016				
Organisational profile				
102-1	Name of the organisation	77		
102-2	Activities, brands, products, and services	3		
102-3	Location of headquarters	77		
102-4	Location of operations	12–15		
102-5	Ownership and legal form	37, 118		
102-6	Markets served	3, 12–15		
102-7	Scale of the organisation	12–15, 49, 68, 69–70		
102-8	Information on employees and other workers	49		
102-9	Supply chain	48		
102-10	Significant changes to the organisation and its supply chain	4–5, 18		
102-11	Precautionary Principle or approach	44		
102-12	External initiatives	43		
102-13	Memberships of associations	115		
Strategy				
102-14	Statement from senior decision-maker	7		
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behaviour	43, 115		
Management approach				
102-18	Governance structure	42–43, 114–126		
Stakeholder engagement				
102-40	List of stakeholder groups	40		
102-41	Collective bargaining agreements	49		
102-42	Identifying and selecting stakeholders	40		
102-43	Approach to stakeholder engagement	40		
102-44	Key topics and concerns raised	40		
Reporting Practice				
102-45	Entities included in the consolidated financial statements	94–95		
102-46	Defining report content and topic Boundaries	41		
102-47	List of material topics	39		
102-48	Restatements of information	46		
102-49	Changes in reporting	—	This year, Nobina has reported GRI 308 and 414 (supplier assessments) and according to the new standards GRI 303: Water 2018 and GRI 403: Occupational Health and Safety 2018.	
102-50	Reporting period	38		
102-51	Date of most recent report	38		
102-52	Reporting cycle	38		
102-53	Contact points for questions regarding the report	38		
102-54	Claims of reporting in accordance with the GRI Standards	38		
102-55	GRI content index	54–56		
102-56	External assurance	38		

GRI Standard	Disclosure name	Page reference	Information	Reference to UN Sustainable Development Goals
ECONOMIC STANDARDS				
Economic value creation				1, 8, 9
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic, its Boundary and management approach	39, 44		
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	44		
Quality and environmental certification				8, 9, 12
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic, its Boundary and management approach	39, 44		
Company-specific disclosure				
	Number of Nobina's traffic areas certified in accordance with ISO 14001	44		
Anti-Corruption				3
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic, its Boundary and management approach	39,45		
GRI 205: Anti-corruption 2016				
205-3	Confirmed incidents of corruption and actions taken	45		
ENVIRONMENTAL STANDARDS				
Energy				7, 8, 13
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic, its Boundary and management approach	39, 45-47		
GRI 302: Energy 2016				
302-1	Energy consumption within the organisation	45-46	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	45-46		
Water withdrawal				6, 8, 12
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic, its Boundary and management approach	39, 47		
GRI 303: Water and Effluents 2018				
303-1	Interactions with water as a shared resource	47		
303-2	Management of water discharge-related impacts	47		
303-5	Water withdrawal	47		
Effluents and Waste				13, 14, 15
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic, its Boundary and management approach	39, 45-47		
GRI 305: Emissions 2016				
305-1	Direct greenhouse gas emissions (Scope 1)	47	Nobina only reports emissions from fuel combustion.	
305-4	GHG emissions intensity	46		
305-5	Reduction of GHG emissions	46-47		
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	46		
Supplier environmental assessment				12
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic, its Boundary and management approach	39, 48		
GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria	48		

GRI Standard	Disclosure name	Page reference	Information	Reference to UN Sustainable Development Goals
SOCIAL STANDARDS				
Occupational Health and Safety				3, 8
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic, its Boundary and management approach	49, 50		
GRI 403: Occupational Health and Safety 2018				
403-1	Occupational health and safety management system	50		
403-2	Hazard identification, risk assessment, and incident investigation	50		
403-3	Occupational health services	50		
403-4	Worker participation, consultation, and communication on occupational health and safety	50		
403-5	Worker training on occupational health and safety	50		
403-6	Promotion of worker health	50		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	50		
403-9	Work-related injuries	50	Partially reported due to limitations in data collection. ¹⁾	
Training and education				4, 5, 8, 10
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic, its Boundary and management approach	39, 51		
GRI 404: Training and Education 2016				
404-1	Average hours of training per year per employee	51	Partially reported due to limitations in data collection. ¹⁾	
404-2	Percentage of employees receiving regular performance and career development reviews	51		
Diversity and Equal Opportunity				5, 8
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic, its Boundary and management approach	39, 51-52		
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	52		
Safe journeys				3
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic, its Boundary and management approach	39, 53		
Company-specific disclosures				
	Number of vehicle damage incidents	53		
	Total cost of damages	53		
	Serious incidents	53		
Supplier social assessment				8
GRI 103: Management Approach 2016				
103-1-3	Explanation of the material topic, its Boundary and management approach	39, 48		
GRI 414: Supplier Environmental Assessment 2016				
414-1	New suppliers that were screened using social criteria	48		

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

Remuneration report

1 March 2020–28 February 2021

Introduction

The 2020 Annual General Meeting (AGM) resolved on the basis of the new rules in the Swedish Companies Act (Chapter 8, reference 53a and 53b from 2005:551 and the Swedish Corporate Governance Code) on remuneration of the Company's senior executives, to implement the guidelines adopted by the Annual General Meeting in 2020/2021. These guidelines apply to remuneration of senior executives of the Company and the Company's Board members for remuneration paid for work performed that is not included in normal Board work, for example under an employment contract or consultant agreement. 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, General Counsel/Chief Compliance/Head of HR (part of the year) and Director of Strategy and M&A. Furthermore, the guidelines are only applicable to remuneration agreed or renegotiated after the 2020 AGM. Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the AGM. Information and remuneration of the Board of Directors is disclosed in Note 7 on page 87 and in the Corporate Governance Report on page 114 in the 2020/2021 Annual Report.

This remuneration report is a summary of approved remuneration of senior executives during the 2020/2021 fiscal year. No changes have taken place during the year relative to the guidelines for executive remuneration resolved by the AGM.

More information regarding the year in brief, the statement from the CEO can be found on pages 3 to 7. Further information on executive remuneration is available in Note 7 (Employees and personnel costs) on pages 35–38 in the 2020/2021 Annual Report. Information on the work of the Remuneration Committee in 2020 is set out in the Corporate Governance Report available on pages 120 in the 2020/2021 Annual Report.

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.

During 2020/2021, the company has complied with the applicable remuneration guidelines adopted by the AGM. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made.

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.

Variable 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 and CFO's fixed cash salary and not more than 30 percent of the fixed cash salary of each other senior executive.

Criteria for variable cash remuneration for the President, CEO and Vice President*

Function	Criteria for variable remuneration	Weighting of remuneration level	Estimated and actual remuneration
President and CEO, Magnus Rosén	Net sales growth	10%	10%
	Adjusted EBT**	50%	50%
	Qualitative target	40%	40%

* Vice CEO Jan Bosaeus ended his employment on 30 September 2020 and Vice CEO Per Skärgård ended his employment on 31 December 2019 and are not covered by variable remuneration in 2020/2021.

** Adjusted EBT is earnings before taxes adjusted for amortisation of intangible assets, fair value of conditional acquisition not paid and acquisition-related income and costs.

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.

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 related to other benefits shall amount to no more than 10 percent of each senior executive's fixed cash salary.

Severance pay

In the event of termination of employment, senior executives of Nobina (President and CEO) 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. In addition, a further six months' remuneration is payable should employment be terminated by Nobina.

Remuneration paid to President (CEO) and other senior executives in SEK '000

Function	Year	Fixed cash salary	Variable remuneration (one-year)	Vested options (multi-year)	Other benefits	Severance pay items	Employment termination date	Pension benefits	Total remuneration	Proportion of fixed and variable remuneration
President and CEO, Magnus Rosén	2020/2021	5,279	3,067	5,857	103	–	–	1,778	16,084	44%/56%
Vice President, Jan Bosaeus	2020/2021	3,009	–	3,107	57	1,836	30 Sep 2020	1,864	9,873	69%/31%
Other senior executives	2020/2021	17,185	8,341	6,317	660	640	–	3,333	36,476	59%/41%
Total	2020/2021	25,473	11,408	15,281	820	2,476	–	6,975	62,433	57%/43%
President and CEO, Magnus Rosén	2019/2020	5,205	1,839	3,744	92	–	–	1,812	12,692	56%/44%
Vice President, Jan Bosaeus	2019/2020	3,728	1,349	2,605	176	–	–	457	8,315	52%/48%
Vice President, Per Skärgård	2019/2020	2,144	525	1,308	70	–	31 Dec 2019	615	4,662	60%/40%
Other senior executives	2019/2020	14,224	4,811	2,383	633	–	–	3,941	25,992	72%/28%
Total	2019/2020	25,301	8,524	10,040	971	–	–	6,825	51,661	64%/36%

Changes in remuneration and the company's results over the past five fiscal years for the President (CEO) in SEK million

Remuneration	2016/2017	2017/2018	Changes	2018/2019	Changes	2019/2020	Changes	2020/2021	Changes
Remuneration of the CEO	10.9	7.0	–3.9	11.1	+4.1	12.7	+1.6	16.1	+3.4
Group operating earnings (EBT ADJ)	356	391	+35.0	434	+43.0	464	+30.0	602	+138.0
Average remuneration based on number of full-time equivalents	0.522	0.510	–0.01	0.491	–0.01	0.523	+0.03	0.502	–0.02

Remuneration of the Board of Directors

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. Remuneration received by the Company's Board members is presented in Note 7. No remuneration in addition to remuneration approved by the AGM was paid in 2020/2021.

Share saving scheme

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.

Governance model

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. Derogations 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.

Share saving scheme

Function	Programme	Award date	Vesting period	End date	Number of savings shares to participate in programme	Awarded savings shares	Number of vested shares	Cost according to IFRS incl. Social costs, MSEK
President and CEO, Magnus Rosén	LTIP 2017	1 Mar 2018	28 Feb 2021	18 Feb 2021	15,034	15,034	15,034	1.0
Vice President, Jan Bosaeus	LTIP 2017	1 Mar 2018	28 Feb 2021	18 Feb 2021	10,223	8,794	8,794	0.6
Vice President, Per Skärgård	LTIP 2017	1 Mar 2018	28 Feb 2021	18 Feb 2021	7,442	4,548	4,548	0.3
President and CEO, Magnus Rosén	LTIP 2018	29 Jun 2018	30 Jun 2021	30 Jun 2021	15,425	0	95,978	5.8
Vice President, Jan Bosaeus	LTIP 2018	29 Jun 2018	30 Jun 2021	30 Jun 2021	10,489	0	65,265	3.9
Vice President, Per Skärgård	LTIP 2018	29 Jun 2018	30 Jun 2021	30 Jun 2021	7,635	0	47,507	2.9
President and CEO, Magnus Rosén	LTIP 2019	29 Jun 2019	30 Jun 2022	30 Jun 2022	22,608	0	87,920	4.8
Vice President, Jan Bosaeus	LTIP 2019	29 Jun 2019	30 Jun 2022	30 Jun 2022	16,591	0	64,521	3.6
President and CEO, Magnus Rosén	LTIP 2020	30 Jun 2020	29 Jun 2023	29 Jun 2023	24,122	0	37,523	1.8

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 2020 through 28 February 2021.

All items are expressed in SEK million unless otherwise stated. The fiscal year covered by this annual report ended on 28 February 2021 and is referred to as 2020/2021. 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 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 State and 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, Samtrans Omsorgsresor AB, Karl Erik Elofsson Buss AB, Göteborgs Buss 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 Norge AS, Nobina Fleet Finland OY and Nobina Fleet Danmark ApS, Nobina Fleet Danmark no 1 ApS, Nobina Fleet Danmark no 4 ApS, Nobina Fleet Danmark no 7 ApS, Nobina Fleet Danmark no 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 the subsidiaries Nobina Technology AB, which works with innovations in public transport and Nobina Travis AB, which is a digital service for travel planning and payment.

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 service traffic is conducted by Samtrans. With approximately 317 million passengers per year (estimate refers to 2019), 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.

In December, Nobina entered an agreement to acquire the bus company Karl Erik Elofsson Buss AB, domiciled in Kungsbacka, western Sweden. The acquisition is a continued part of Nobina's strategy to both broaden and grow in the Nordic market, while at the same time building a platform for increased competitiveness in smaller contracts. During the same month, Göteborgs Buss AB, domiciled in Gothenburg, Sweden, was also acquired and thereby, through the wholly owned subsidiary Samtrans Omsorgsresor AB, Nobina strengthened its position in service traffic and at the same time achieved market access in western Sweden. The acquisition is part of Nobina's strategy to strengthen and develop its position in service traffic.

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

During the fiscal year, Nobina started transport services comprising 352 buses under new contracts. During the fiscal year, contracts were concluded for 142 buses. This led to an increase in operations in Sweden, and a slight decrease in operations in Finland and Denmark, while operations were unchanged in Norway. Nobina participated in tender processes for 1,730 buses during the fiscal year. Of these, contracts were won for a total of 334 buses (19 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 2021–February 2022 period

Nobina will start traffic involving 314 buses, of which 199 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 2021–February 2022 period

Nobina will conclude traffic involving 401 buses (also includes appealed traffic in Norrtälje) 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 PTAs (Public Transport Authority) 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 2020/2021 fiscal year, operations continued to demonstrate a positive trend:

Record-high net sales were posted due to growth of 1.3 percent, driven by acquisitions (+0.3 percent), currency effects (-1.5 percent) and organic growth (+2.5 percent). EBITA for the full-year period amounted to SEK 757 million (662), an increase of 14.3 percent driven by strong earnings from Samtrans through new activities linked to Covid-19. Nobina's core business impacted the results negatively with falling travel incentives linked to Covid-19. Operating profit (EBIT) for the full year amounted to SEK 689 million (597), an increase of SEK 92 million or 15.4 percent.

Profit before tax amounted to SEK 534 million (399), which was substantially higher than the preceding year. Operating profit and profit before tax for the year included acquisition-related expenses of SEK -4 million (-2) and amortisation of acquired intangible assets of SEK -64 million (-63).

SEK million	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017
Net sales	10,787	10,645	9,734	8,760	8,499
EBITDA	1,951	1,764	1,596	1,198	1,153
EBITA	757	662	620	530	500
EBIT	689	597	575	526	493
Profit/loss before tax (EBT)	534	399	389	391	356
EBT adjusted	602	464	434	391	356
EBT Adjusted margin (%)	5.6	4.4	4.5	4.5	4.2
Net debt	5,158	5,534	4,828	3,629	3,753
Net debt/EBITDA	2.6	3.1	3.0	3.0	3.3

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	582	162	420	300	58
Norway	528	0	528	0	0
Finland	394	110	284	0	27
Denmark	226	62	164	52	57
Total traffic	1,730	334	1,396	352	142

Traffic starts by country in the next 12 months

	Clients	No. of years	Start of service	Number of buses	No. of new buses
Sweden	Skånetrafiken	3	June 2021	103	72
Finland	HSL	7	August 2021	68	58
Sweden	Skånetrafiken	8	February 2022	44	1
Finland	Turku	8	July 2021	42	42
Denmark	Movia	10	December 2021	14	8
Denmark	Movia	3.5	December 2021	13	0
Sweden	Ltn Norrbotten	10	June 2021	12	0
Sweden	Piteå Municipality	10	July 2021	12	12
Denmark	Movia	3.5	December 2021	5	5
Denmark	Movia	2	December 2021	1	1
Total traffic				314	199

Traffic concluded by country in the next 12 months

	Clients	End of service	Number of buses
Finland	HSL	August 2021	101
Sweden	SL	June 2021 ¹⁾	91
Sweden	Skånetrafiken	June 2021	85
Sweden	Skånetrafiken	December 2021	43
Sweden	Västtrafik	June 2021	33
Denmark	Movia	December 2021	20
Sweden	Skånetrafiken	December 2021	13
Sweden	Västtrafik	June 2021	8
Denmark	Movia	June 2021	6
Denmark	Movia	December 2021	1
Total traffic			401

1) The award decision has been appealed to the Court of Appeal and may lead to an extension of the contract by a maximum of 24 months.

Cash flow for the year totalled SEK 760 million (-753). Cash flow from operations before changes in working capital amounted to SEK 1,951 million (1,739) thanks to strong earnings. The change in working capital amounted to SEK 199 million (-196) and primarily reflected the impact of delayed cash settlements pertaining to incentive contracts due to Covid-19, netting effects in relation to clients in Samtrans' new operations linked to Covid-19 and increased accounts payables and personnel liabilities from contract migration. Cash flow from investing activities amounted to SEK -1,542 million (-1,521) and was impacted by a payment of an additional purchase consideration of SEK -75 million related to the acquisition of Samtrans, the net cash flow effect of two acquisitions of SEK -26 million as well as investments in buses and equipment of SEK -1,458 million (-1,527), which were financed by loans amounting to SEK 1,392 million (860) that also included proceeds of SEK 200 million from the financing of previous acquisitions. Cash flow during the year-earlier period was also impacted by the refinancing of buses, which were previously lease-financed, with loans corresponded to SEK 799 million in both investments and new loans. No such refinancing took place in the 2020/2021 fiscal year. Cash flow during the year-earlier period was also impacted by bus investments of SEK -456 million financed by the green bond, which had been issued in the fourth quarter of 2018/2019, and amounted this year to SEK -51 million. Cash flow from financing activities amounted to SEK 155 million (-755), which was impacted by the decision not to pay a dividend amounting to SEK -331 million in the preceding year and a reduction in share repurchasing of SEK 60 million.

Significant events during the year

- In May, Nobina published its first Green Bond Impact Report, where the company presents how it has used the liquidity generated by the green bond and the environmental gains achieved through these investments. It is estimated that 8,250 tCO₂e in annual greenhouse gas emissions have been reduced or avoided and the investments have also enabled some 8.5 million passengers to travel by fossil-free or electric buses during the past year.
- In line with the Board's recommendation, the Annual General Meeting voted not to pay any dividend for the 2019/2020 fiscal year in order to ensure as strong financial position as possible. A resolution was taken to introduce a performance-based share saving scheme for 60 key employees.
- Johan Bygge was elected new Chairman of the Board at the same time as Monica Lingegård and Jan Sjöqvist, after 15 years as Chairman of the Board, declined re-election.
- During the second quarter, Nobina started new traffic with a total of 268 buses in Linköping, Sjuhärads, Halland and Vejle due to the contracts secured in spring 2019.
- Nobina secured a new contract, valued at more than EUR 127 million, from HSL to operate and develop city transport services in Helsinki and Vantaa. The contract extends for a total of seven years with an option to extend for three additional years and involves a total of 68 scheduled buses, of which 58 will operate solely on electricity. Services are scheduled to start in August 2021.
- Nobina has been awarded a contract by Östgötatrafiken to operate and develop express and regional transport services in Linköping. The contract entails extended collaboration with Östgötatrafiken and is valued at approximately SEK 1.1 billion over 11 years. The services will be launched in December 2021 and involve a total of 49 buses, of which 30 are new double-deckers.
- In August, Nobina was awarded its third contract in a short period of time in Region Norrbotten, when Länstrafiken i Norrbotten entrusted Nobina with developing local transport in Piteå Municipality as well as local coach hire for schools. The contract involves 13 scheduled buses and has a total value of SEK 150 million over the contract period of ten years.
- The City of Turku awarded a new contract to Nobina to operate and develop city transport services in the Turku region. The contract is worth more than EUR 71 million over eight years, with an option for two additional years, and will include 42 fully electric buses. Traffic is scheduled to start in July 2021.
- As part of a new agreement for bus-for-rail services for Öresundståg services, Nobina is collaborating with SJ Öresund and Bergkvarabuss to create the conditions required to find quick solutions focusing on the needs of passengers. The contract started in December 2020.

- Nobina's buses in Norrtälje, together with SL, were the first in Sweden to reopen their front entrance doors thanks to the new glass shield around the driving compartment. The use of the front entrance doors will improve the flow through the bus, and reduce the risk of crowding.
- Skånetrafiken has awarded Nobina a renewed agreement to operate and develop regional and rural traffic services in Lund. The total value of the contract is almost SEK 1.6 billion over an eight-year term, with an option to extend for two additional years. The new contract comprises a total of 99 buses.
- In December, Karl Erik Elofsson Buss AB, based in Kungsbacka, was acquired. Through the acquisition, Nobina strengthens its position in western Sweden. The business has annual sales of approximately SEK 90 million and the acquisition is a continued part of Nobina's strategy to both broaden and grow in the Nordic market, while at the same time building a platform for increased competitiveness in smaller contracts.
- In December, Nobina – through its subsidiary Samtrans – strengthened its position in service traffic and also entered the market in western Sweden through the acquisition of Göteborgs Buss AB. The acquisition has annual sales of approximately SEK 130 million and is part of Nobina's strategy to strengthen and develop its position in special public transport services.
- In February, the Public Health Agency of Sweden concluded its tender for the national, large-scale testing of Covid-19 and it has now been confirmed that the contract has been renewed with Infosolutions in collaboration with Samtrans Omsorgsresor and Apoteket. The agreement will extend until December 2021 with an option to extend 4 times by 3 months.

Significant events after the end of the fiscal year

- The Board of Directors has proposed a dividend of SEK 3.77 (0) per share, equivalent to 75 percent of net profit or 63 percent expressed according to the current dividend policy, for payment in June 2021. The recommended dividend level was balanced by the Board in light of the market uncertainty surrounding Covid-19 and potential growth opportunities.
- Nobina AB has successfully issued additional bonds in an amount of SEK 200 million under its existing green bond loan at a floating interest rate of STI-BOR 3 months plus 65 basis points.

Revenue and profit for the Nobina Group

Revenue increased by SEK 142 million, or 1.3 percent, from SEK 10,645 million for 2019/2020, to SEK 10,787 million for 2020/2021, driven by acquisitions (+0.3 percent), currency effects (-1.5 percent) and organic growth (+2.5 percent).

Operating profit (EBIT) increased by SEK 92 million, or 15.4 percent, from SEK 597 million in 2019/2020 to SEK 689 million in 2020/2021. Operating profit (EBITA) increased by SEK 95 million, or 14.3 percent, from SEK 662 million in 2019/2020 to SEK 757 million in 2020/2021. The increase was mainly a result of new activities in Samtrans pertaining to Covid-19 testing stations and increased efficiency.

Fuel, tyres and other consumables

Costs for fuel, tyres and other consumables decreased by SEK 125 million, or 6.8 percent, from SEK 1,816 million in 2019/2020 to SEK 1,691 million in 2020/2021. Savings from Nobina's focus on "The Green Journey" initiative, which leads to a more fuel-efficient way of driving, together with the positive effects of Covid-19 and the decrease in travel contributed to the lower level of costs.

Other external expenses

Other external expenses increased by SEK 90 million, or 5.8 percent, from SEK 1,545 million in 2019/2020 to SEK 1,635 million in 2020/2021. The increase in costs was mainly linked to new operations and higher rental charges.

Personnel expenses

Personnel expenses decreased by SEK 10 million, or 0.2 percent, from SEK 5,520 million in 2019/2020 to SEK 5,510 million in the 2020/2021 fiscal year. The cost decrease was in part due to delays in the collective agreement process in the wake of Covid-19, but also because of savings in administration at a central level and in the Swedish organisation.

Development expenses

Nobina does not conduct research operations but does carry out development operations within public transport, for instance, within Nobina Technology AB and Nobina Travis AB, at a cost of SEK 49 million out of which SEK 22 million was capitalised in 2020/2021, compared with SEK 36 million out of which SEK 7 million had been capitalised in 2019/2020.

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

During the year, Nobina divested 258 buses (361) valued at SEK 18 million (53). The divestment resulted in a capital gain of SEK 2 million (2). All excess buses without any opportunity for relocation in existing contracts or upcoming public tenders, or use in commercial transactions, are valued at the given time at fair value by adapting the remaining depreciation period, to better reflect the actual market value. Excess buses sold or available for sale entailed increased depreciation costs in the full year of SEK –55 million (–74).

Depreciation/amortisation and impairment

Depreciation and impairment of PPE increased by SEK 92 million, or 8.3 percent, from SEK 1,104 million in the 2019/2020 fiscal year, to SEK 1,196 million in the 2020/2021 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. Amortisation and impairment of intangible assets increased by SEK 1 million, from SEK 63 million in the 2019/2020 fiscal year, to SEK 64 million in the 2020/2021 fiscal year and are mainly linked to acquisition-related intangible assets.

Profit from net financial items

Interest income and similar profit/loss items amounted to SEK 2 million in 2020/2021 and SEK 0 million in 2019/2020.

Interest expenses and similar profit/loss items decreased SEK 41 million, or 20.7 percent, from SEK 198 million in 2019/2020, to SEK 157 million in 2020/2021. Nobina's realised and unrealised exchange rate effects amounted to SEK 17 million (–5).

Income tax

Nobina's income tax comprises the change amounted to SEK –89 million in 2020/2021, compared with SEK –94 million in 2019/2020. 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. Changes in deferred tax assets and deferred tax liabilities has impacted profit for the fiscal year by SEK –91 million (–96). During the year, Nobina recognised prior, unrecognised deferred taxes of SEK 14 million (–). Current tax for Nobina amounted to SEK –12 million (2). The effective rate of tax was 16.7 percent (23.5).

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 +60 million) and adjusted EBT (SEK +104 million). Samtrans had a positive impact on both revenue and earnings. The decrease in travel volume resulting from the Covid-19 pandemic had a negative impact on revenue in Sweden, which was offset by new business for Samtrans. Currency effects had a negative impact on net sales.

Positive contract migration on net sales due to started contracts in the second quarter in Sweden. Contract migrations were extensive and impacted the results negatively, primarily in Sweden. A positive impact of migration was noted in Finland and Norway.

Indexation and efficiency, operational efficiency improved for adjusted EBT year-on-year, due to lower fuel and damage costs as well as less overtime. Indexation had a negative impact on sales due to Covid-19.

Other, this item includes other cost deviations, primarily within central functions, and includes results from the fleet operations.

Net financial items, profit for the year was positively affected by currency effects.

SEK million	Revenue	Adjusted EBT
Period from March 2019–February 2020	10,645	464
Price and Volume	+60	+104
Contract migration	+118	–20
Indexation and efficiency	–36	+36
Other	–	–24
Net financial items	–	+42
Period from March 2020–February 2021	10,787	602

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 300 million, or 4.1 percent, from SEK 7,275 million in 2019/2020, to SEK 7,575 million in 2020/2021. The increase reflected the new activities linked to Covid-19 in Samtrans.

EBITA in Sweden increased by SEK 79 million, or 12.6 percent, from SEK 635 million in 2019/2020 to SEK 714 million in 2020/2021. EBITA increase driven by Samtrans' new Covid-19 testing activities.

Significant events during the year in Sweden

- Participated in eight tendering processes, a total of ten packages, and Nobina won four packages. Samtrans won the Public Health Agency of Sweden's tender for Covid-19 testing for 2021.
- During the second quarter, Nobina started new traffic with a total of 250 buses in Linköping, Sjuhärad and Halland due to the contacts secured in spring 2019.
- Nobina Sweden was awarded a contract by Östgötatrafiken to operate and develop express and regional transport services in Linköping. The contract entails extended collaboration with Östgötatrafiken and is valued at approximately SEK 1.1 billion over 11 years. The services will be launched in December 2021 and involve a total of 49 buses, of which 30 are new double-deckers.
- In August, Nobina was awarded its third contract in a short period of time in Region Norrbotten, when Länsstrafiken i Norrbotten entrusted Nobina with developing local transport in Piteå Municipality as well as local coach hire for schools. The contract involves 13 scheduled buses and has a total value of SEK 150 million over the contract period of ten years.
- As part of a new agreement for bus-for-rail services for Öresundståg services, Nobina is collaborating with SJ Öresund and Bergkvarabuss to create the conditions required to find quick solutions focusing on the needs of passengers. The contract started in December 2020.
- Nobina's buses in Norrtälje, together with SL, will become the first in Sweden to reopen their front entrance doors thanks to the new glass shield around the driving compartment. The use of the front entrance doors will improve the flow through the bus, and reduce the risk of crowding.
- Skånetrafiken has awarded Nobina a renewed agreement to operate and develop regional and rural traffic services in Lund. The total value of the contract is almost SEK 1.6 billion over an eight-year term, with an option to extend for two additional years. The new contract comprises a total of 99 buses.
- In December, Karl Erik Elofsson Buss AB, based in Kungsbacka, was acquired. Through the acquisition, Nobina strengthens its position in western Sweden. The business has annual sales of approximately SEK 90 million and the acquisition is a continued part of Nobina's strategy to both broaden and grow in the Nordic market, while at the same time building a platform for increased competitiveness in smaller contracts.
- In December, Nobina – through its subsidiary Samtrans – strengthened its position in service traffic and also entered the market in western Sweden through the acquisition of Göteborgs Buss AB. The acquisition has annual sales of approximately SEK 130 million and is part of Nobina's strategy to strengthen and develop its position in special public transport services.

- In February, the Public Health Agency of Sweden concluded its tender for the national, large-scale testing of Covid-19 and it has now been confirmed that the contract has been renewed with Infosolutions in collaboration with Samtrans Omsorgsresor and Apoteket. The agreement will extend until December 2021 with an option to extend 4 times by 3 months.

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.

Revenue from bus services in Denmark decreased by SEK 71 million, or 7.2 percent, from SEK 974 million in 2019/2020 to SEK 903 million in 2020/2021. The decrease was largely attributable to negative impact in service transport linked to Covid-19, and negative contract migration.

EBITA decreased by SEK 33 million from SEK 54 million in 2019/2020 to SEK 21 million in 2020/2021. The main reasons for the weaker result were negative contract migration and a decline in service transport linked to Covid-19.

Significant events during the year in Denmark

- Participated in eight tendering processes, a total of ten packages, and Nobina won three packages.
- During the summer of 2020, Nobina took over the operation of city buses in Vejle city, 20 contract buses. The contract runs until October 2022.
- Nobina defended its services in the Copenhagen metropolitan area in a new contract for 34 contract buses until the summer of 2025, when they will be replaced by the new tram line "Hovedstadens Letbane".
- Nobina has entered into an agreement with the transport principal Movia to replace fossil-powered buses in contract A18 with hydrogen buses. The agreement will run for 24 months from December 2021 and Nobina will participate in a study with Movia to investigate the benefits of hydrogen operation. The experiment is an important part of Nobina's continued work to develop public transport in close cooperation with traffic operators from regions, municipalities and public transport authorities.
- Nobina won two new contracts in the Copenhagen area, to operate and develop city and suburb transport services. Traffic is scheduled to start in end of 2021 and during spring 2022. In total, the contracts will include 32 buses where 13 are zero emission electric. The contracts are worth EUR 40 million over 3½ to 10 years, with option for two additional years.

Nobina Norway

The market in Norway is divided between a small number of major and mid-size players and is distinguished by fierce competition for market shares. Nobina has six ongoing traffic assignments, most of which are in the area surrounding Oslo and three contracts 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 developed in connection with this, moving from production contracts, mainly paid by kilometre, to payments distributed between kilometre, hours and buses. Indexation over six-month and quarterly periods is predominant in new contracts. Improvements towards more balanced contract terms is a clear trend where incentives are also becoming increasingly common, though this is not the case for all regions. The key focus area in Nobina's Norwegian operations is enhancing operational efficiency.

Revenue from regional bus services, including extra traffic, in Norway decreased by SEK 58 million, or 4.9 percent, from SEK 1,178 million for the 2019/2020 fiscal year to SEK 1,120 million for the 2020/2021 fiscal year, which is entirely attributable to currency effects. EBITA increased from SEK 43 million in 2019/2020 to SEK 81 million in 2020/2021. The earning trend was the result of the positive development of existing contracts and extra traffic.

Significant events during the year in Norway

- Participated in five 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, 77 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 24 traffic contracts ongoing and is one of Finland's largest operators.

Revenue from regional bus services in Finland decreased by SEK 47 million, or 3.7 percent, from SEK 1,249 million for the 2019/2020 fiscal year to SEK 1,202 million for the 2020/2021 fiscal year. The decrease is due to negative currency effects and bus service cutbacks linked to Covid-19. EBITA increased by SEK 22 million, or 45.8 percent, from SEK 48 million in 2019/2020 to SEK 70 million in 2020/2021. The positive earnings trend was due to contract migration and greater operational efficiency.

Significant events during the year in Finland

- Participated in 11 tendering processes, winning two.
- Nobina secured a new contract, valued at more than EUR 127 million, from HSL to operate and develop city transport services in Helsinki and Vantaa. The contract extends for a total of seven years with an option to extend for three additional years and involves a total of 68 scheduled buses, of which 58 will operate solely on electricity. Services are scheduled to start in August 2021.
- The City of Turku awarded a new contract to Nobina to operate and develop city transport services in the Turku region. The contract is worth more than EUR 71 million over eight years, with an option for two additional years, and will include 42 fully electric buses. Traffic is scheduled to start in July 2021.

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 10 million, or 9.3 percent, from SEK -118 million in 2019/2020 to SEK -129 million in 2020/2021, which was caused by a poorer fleet result of SEK -16 million and costs for the share saving scheme (LTIP) of SEK -6 million (-18).

Investments

Nobina's investments during the year primarily related to the procurement of buses. 11 (270) buses were acquired through finance leases, while 343 (180) buses were financed via cash or credit. In total, Nobina acquired 354 (450) buses during the year. Cash-financed investments during the year amounted to SEK 266 million (667) and loan-financed investments totalled SEK 1,192 million (860). The cash-financed investments consisted primarily of buying-out buses from expiring leasing agreements.

Financing, liquidity and valuation

Nobina's liabilities are primarily attributable to the financing of investments in buses and equipment used in operations. Certain strategic debt may exist, and on 28 February 2021 was present in the form of two loans related to acquisition financing amounting to SEK 360 million (246), which replaced a previous bridge loan.

Nobina has bank credit facilities of SEK 300 million, of which SEK 0 was utilised as of 28 February 2021. Net debt totalled SEK 5,158 million (5,534) at the end of the period, and net debt/EBITDA was 2.6x (3.1x).

Over the year, cash and cash equivalents increased SEK 742 million, from SEK 307 million at 29 February 2020, to SEK 1,049 million at 28 February 2021. The equity/assets ratio for the Group was 17.0 percent (14.7) and for the Parent Company 39.2 percent (38.6).

The methods and assumptions applied by Nobina when calculating fair value for financial instruments are described in Note 30 and 31. No transfers were made between any of the valuation levels during the period.

Financial targets

In October 2018, Nobina's Board 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 adjusted margin: Nobina's target is to achieve an EBT adjusted 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 EBT 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 12,712 (11,676) and the number of employees recalculated as FTEs was 10,711 (10,526). 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 continuing rise in demand for electric vehicles in new tenders. Electric vehicles have zero emissions and also lower noise levels, which is positive in all traffic environments. In addition, almost all new vehicles are Euro VI, which is currently the highest emission standard that, in combination with biodiesel and biogas, results in lower emissions of particles and NO_x. The Group has also installed "The Green Journey" equipment, which measures each individual vehicle and driver in terms of driving style and by extension fuel consumption. Together with local coaches, driving styles are evaluated aimed at retaining good practices and improving less good practices, which improves customer experiences and the use of fuel resources.

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 Nobina'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.

We have also installed control systems for our bus heating ramps that have resulted in lower energy consumption when the buses are parked and "intelligent" charging of electric vehicles, which leads to a more balanced energy output to avoid peaks.

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 38–53.

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 from the Annual General Meeting in May 2020 were fully implemented during the year and are presented in Note 7. No new guidelines are presented for approval.

Disputes

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

Pledge assets and contingent liabilities

Nobina has pledged shares in Samtrans Omsorgsresor AB and Nobina Danmark Holding AS as collateral for the two acquisition loans. The Finnish Transport Workers Union (AKT ry) has requested that the Labour Court in Finland consider a civil case concerning holiday pay for bus drivers. The case involves three other bus companies in addition to Nobina Oy. The Nobina Group has included the maximum risk, which is calculated at EUR 1.8 million, under the heading of contingent liabilities.

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 29,000 shareholders. The ten largest owners are Lazard, Swedbank Robur, Invesco, Artemis, Nobina AB, the Third Swedish National Pension Fund (AP3), Dimensional Fund Advisors, J O Hambro Capital Management, Avanza Pension and Danske Invest, who together represent 31.4 percent of the votes and capital as of 28 February 2021. Nobina has 2,208,321 (2,208,321) treasury shares related to the share saving incentive programmes, see notes 7 and 22.

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 Annual General Meeting 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 Annual General Meeting 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 Annual General Meetings 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 Annual General Meeting 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 Annual General Meeting 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.

In conjunction with Nobina's Annual General Meeting on 28 May 2020, the meeting resolved on an incentive programme of a total of 912,638 shares, that encompasses 60 senior executives, including the CEO. The incentive programme will run for three years from 30 June 2020. The Board was also authorised to acquire up to 1,139,885 treasury shares to enable the implementation of the share saving schemes resolved at the Annual General Meeting on 28 May 2020 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 Annual General Meeting 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 7.

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 132–135 and the Corporate Governance Report on pages 114–126.

Operational risks

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

During the 2020/2021 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, travellers may be temporarily recommended to avoid public transport. The need to reconfigure buses and operational practice for safe travel in a pandemic situation may mean that passenger tickets may not be able to be validated and therefore actual passenger numbers may be understated. 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 PTAs 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 services, which can then result in no compensation and fines from the PTAs. All of the above risks are managed through contract management and in dialogue with the relevant PTAs in order to ensure a functioning public transport with a stable financial framework even during a pandemic. During 2020/2021, Samtrans has redirected operations to focus on Covid-19 testing, which had a positive impact on the Group's profit during the fiscal year.

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. 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 2021/2022

Public transport in the Nordic region remains challenging in the short term due to the coronavirus Covid-19. Nobina will continue to focus on efficiency improvements in day-to-day operations, extra traffic and new innovations to create competitive and sustainable public bus transport services. We expect a return to earlier travel patterns 6–12 months after the end of the wide-spread transmission of the virus, even if no one can say how quickly this may happen. A substantial share of our passengers perform work that requires them to be at their workplaces and we operate in regions where alternatives to public transport are limited for average wage earners.

At the end of 2020 the contract for the national large-scale testing of Covid-19 was extended by the Public Health Agency of Sweden until December 2021 with an option to extend this throughout 2022. This means Samtrans will most probably continue its testing activities during the next fiscal year and the extent of these operations will be determined by the development of the pandemic. The impact of contract migration in 2021/2022 is expected to be slightly more extensive than in 2020/2021 fiscal year when 142 buses are covered by completed contracts and 352 buses are included in new contracts. During 2021/2022, 314 contracts will start and 401*) contracts will expire. However, the company does not submit any forecasts. *) The 401 contracts include an appealed tender in Norrtälje.

Parent Company

The Parent Company has 16 (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 69 million (54) and profit/loss before tax to SEK 609 million (–152).

The Parent Company's earnings in the full year were impacted by a net dividend of SEK 117 million received from Nobina Oy, a net dividend of SEK 430 million received from Nobina Sverige 2 AB and a net Group contribution received of SEK 56 million. The full year of the preceding year was impacted by a Group contribution of SEK 26 million received from Samtrans Omsorgsresor AB, a net dividend of SEK –27 million after impairment from Nobina Sverige 3 AB, a net dividend of SEK –30 million after impairment from Nobina Fleet AB, a net dividend of SEK –4 million after impairment from Nobina Sverige 2 AB, a net dividend of SEK –50 million after impairment from Nobina Busco AB, a net dividend of SEK 19 million after impairment from Nobina Europe AB and capital contributions after impairment of SEK –53 million in Nobina AS. Cash and cash equivalents amounted to SEK 1,005 million (292) at the end of the fiscal year. Investments in PPE and intangible assets amounted to SEK 0 million (0) for the full year. On 28 February 2021, the Parent Company's shareholders' equity was SEK 2,712 million (2,107). The equity/assets ratio was 39 percent (39).

Board's proposal for appropriation of profits

The Board of Directors has proposed to the Annual General Meeting a dividend for 2020/2021 of SEK 3.77 (0) per share. The proposed dividend corre-

sponds to a dividend yield of 5.8 percent based on the share price of SEK 65.30 on 26 February 2021. The recommended dividend level was balanced by the Board in light of the market uncertainty surrounding Covid-19 and potential growth opportunities. The dividend corresponds to 75 percent of net profit or 63 percent expressed according to the current dividend policy.

Proposed appropriation of profits (SEK)

Funds available for appropriation by the Annual General Meeting:

Share premium reserve	1,335,198,568
Profit brought forward	463,040,812
Profit for the year	594,912,565
Total	2,393,151,945
Dividend to shareholder (SEK 3.77 per share)	–333,100,921
To be carried forward	2,060,051,024

Observations of the Board regarding the proposed dividend

Given the Board's proposed distribution of profits above, the Board is hereby obliged to make the following statement in accordance with Chapter 18 Section 4 of the Swedish Companies Act (2005:551). As set out in the Board's proposed distribution of profits, unappropriated earnings of SEK 2,393,151,945 are at the disposal of the AGM. Provided the 2021 AGM resolves in accordance with the Board's proposed distribution of profits, SEK 2,010,051,024 will be carried forward. Following the proposed distribution, there will still be full coverage for the company's restricted equity. The proposed dividend amounts to 12.3 per cent of the company's equity and 18.6 per cent of the Group's equity. Following the proposed distribution, the company's and the Group's respective equity/assets ratios will amount to 36.2 per cent and 14.3 per cent. Equity has neither increased nor decreased due to the valuation of assets and liabilities in accordance with Chapter 4, Section 14 a of the Swedish Annual Accounts Act. The Board has taken into account the company's and the Group's consolidation requirements and liquidity through a comprehensive assessment of the company's and the Group's financial positions and their ability to meet their commitments. The proposed dividend does not compromise the company's ability to make the investments considered necessary. The company's financial position is such that it does not suggest any other assessment than that the company can continue its operations and be expected to meet its obligations in the short and long term. In addition to the assessment of the company's and the Group's consolidation requirements and liquidity, the Board also considered all other known conditions that could have significance for the company's and the Group's financial positions. Given the above, the assessment of the Board is that the dividend is justifiable with reference to the requirements imposed by the nature, scope, risks and economic conditions on the size of the company's and the Group's equity and equity/assets ratio, and the company's and the Group's consolidation requirements, liquidity and position otherwise. The Group's and the company's profit and financial position in general are presented in the following income statements, balance sheets, cash flow statements and notes to the accounts.

Nobina's Nomination Committee

The previous AGM resolved that during the period until the 2021 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 Euroclear Sweden AB as of the final banking day in September 2020, and comprise: Ulric Grönvall, Swedbank Robur, Nuno Caetano, Invesco, Peter Lundkvist, AP3 and Chairman of the Board Johan Bygge. 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 2:00 p.m. on 31 May 2021.

Consolidated income statement

	Note	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Net sales	1, 2, 3	10,787	10,645
Operating expenses			
Fuel, tyres and other consumables	4	–1,691	–1,816
Other external expenses	4, 6	–1,635	–1,545
Personnel expenses	4, 7	–5,510	–5,520
Total EBITDA	1, 2	1,951	1764
Capital gains/losses from the disposal of non-current assets	8	2	2
Depreciation/impairment of PPE	9	–1,196	–1,104
Total EBITA	1, 2	757	662
Acquisition-related income and costs	5	–4	–2
Amortisation/impairment of intangible assets	9	–64	–63
Operating profit (EBIT)	1, 2	689	597
Profit from net financial items			
Financial income	10	2	–
Financial expenses	11	–157	–198
Net financial items		–155	–198
Profit before tax (EBT)			
Income tax	16	–89	–94
PROFIT FOR THE YEAR		445	305
Profit for the period attributable to Parent Company shareholders			
Earnings per share before dilution (SEK), attributable to Parent Company shareholders	22	445	305
Earnings per share after dilution (SEK), attributable to Parent Company shareholders		5.03	3.47
Average number of shares before dilution (000s)		88,356	88,356
Average number of shares after dilution (000s)		89,235	89,356
Number of shares outstanding at end of period (000s)		86,147	86,147

Statement of consolidated comprehensive income

	Note	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Profit for the year		445	305
Other comprehensive income		445	305
Items not to be reclassified to profit or loss			
Revaluation of defined-benefit pension plan	23	1	–
Tax on items that will not be reclassified to profit or loss for the period		–	–
Items that can later be reclassified to profit or loss			
Exchange-rate differences in foreign operations		–38	1
Other comprehensive income, net after tax		–37	1
Comprehensive income for the year		408	306
COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		408	306

Consolidated balance sheet

	Note	28 Feb 2021	29 Feb 2020
ASSETS			
Non-current assets			
Intangible assets			
Goodwill		780	780
Other intangible assets		424	456
Total intangible assets	12	1,204	1,236
Property, plant and equipment			
Real estate and costs for leasehold improvements		897	814
Equipment, tools, fixtures and fittings		148	113
Vehicles		5,865	5,628
Total property, plant and equipment	13	6,910	6,555
Financial assets			
Deferred tax assets	16	28	93
Assets for pension commitments	23	15	15
Other non-current receivables		5	5
Total financial assets		48	113
Total non-current assets	1	8,162	7,904
Current assets			
Inventories	17	65	63
Trade receivables	18	838	705
Other current receivables		47	64
Deferred expenses and accrued income	19	415	344
Cash and cash equivalents	20	1,049	307
Total current assets		2,414	1,483
TOTAL ASSETS	1, 2	10,576	9,387

Consolidated balance sheet, cont.

	Note	28 Feb 2021	29 Feb 2020
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		318	318
Other contributed capital		3,212	3,212
Translation differences		30	68
Loss brought forward		-1,765	-2,218
Total equity attributable to Parent Company shareholders	21, 22	1,795	1,380
Non-current liabilities			
Borrowing	25	5,101	4,913
Deferred tax liabilities	16	295	275
Provision for pensions and similar commitments	23	23	27
Other provisions	24	37	47
Total non-current liabilities		5,456	5,262
Current liabilities			
Accounts payable		636	561
Borrowing	25	1,083	901
Other current liabilities	26	268	206
Accrued expenses and deferred income	27	1,338	1,077
Total current liabilities		3,325	2,745
Total liabilities		8,781	8,007
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1, 2, 29	10,576	9,387

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 2019	318	3,212	62	-2,141	1,451
Reclassification of exchange-rate differences	-	-	5	-5	-
Profit for the period	-	-	-	305	305
Other comprehensive income	-	-	1	-	1
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
Profit/loss for the year	-	-	-	445	445
Other comprehensive income	-	-	-38	-2	-40
Transactions with owners					
Repurchase of treasury shares	-	-	-	-	-
Share-based remuneration	-	-	-	10	10
Dividend	-	-	-	-	-
Closing equity, 28 Feb 2021	318	3,212	30	-1,765	1,795

There are no non-controlling interests.

Consolidated cash flow statement

	Note	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Cash flow from operating activities			
Profit after financial items		534	399
Adjustment for non-cash items			
– Depreciation/amortisation and impairment	9	1,260	1,167
– Capital gain/loss from the disposal of non-current assets	8	–2	–2
– Unrealised exchange gain/losses		–16	4
– Financial income	10	3	–
– Financial expenses	11	173	194
– Changes in provisions, pensions, etc.		–5	–20
– Other items		4	–3
Cash flow from operating activities before changes in working capital		1,951	1,739
Cash flow from changes in working capital			
Change in inventories		1	–12
Changes in operating receivables		–181	118
Changes in operating liabilities		379	–302
Total changes in working capital		199	–196
Received interest income	10	2	–
Tax paid	16	–5	–
Cash flow from operating activities		2,147	1,543
Cash flow from investing activities			
Investments in PPE and intangible assets excl. finance leases	14	–1,458	–1,527
Acquisitions	28	–102	–47
Divestment of PPE and intangible assets	8	18	53
Cash flow from investing activities		–1,542	–1,521
Cash flow from financing activities			
Amortisation of right-of-use liabilities	25	–607	–666
Amortisation of other external loans	25	–458	–386
New borrowing, other external loans	25	1,392	860
Financing costs	25	–1	–
Repurchase of shares	7, 22	–	–60
Interest paid	11	–171	–192
Dividend		–	–331
Cash flow from financing activities		155	–775
Cash flow for the year		760	–753
Cash and cash equivalents at the beginning of the year		307	1,058
Cash flow for the year		760	–753
Exchange-rate difference		–18	2
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20	1,049	307

Parent Company income statement

	Note	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Net sales	1	69	54
Operating expenses			
Other external expenses	4,5,6	–33	–27
Personnel expenses	4.7	–47	–60
Operating loss (EBIT)		–11	–33
Profit/loss from participations in Group companies	15	603	–119
Financial income	10	18	22
Financial expenses	11	–1	–22
Net financial items		620	–119
Profit/loss before tax		609	–152
Income tax	16	–14	89
PROFIT/LOSS FOR THE YEAR		595	–63

Parent Company balance sheet

	Note	28 Feb 2021	29 Feb 2020
ASSETS			
Non-current assets			
Financial assets			
Participations in Group companies	15, 28	4,334	4,181
Receivables from Group companies		500	500
Deferred tax assets	16	0	14
Total financial assets		4,834	4,695
Total non-current assets		4,834	4,695
Current assets			
Receivables from Group companies		1,064	455
Other current receivables		5	6
Deferred expenses and accrued income	19	1	3
Cash and cash equivalents	20	1,005	292
Total current assets		2,075	756
TOTAL ASSETS	1	6,909	5,451
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		318	318
Statutory reserve		1	1
Total restricted shareholders' equity	21, 22	319	319
Non-restricted shareholders' equity			
Share premium reserve		1,336	1,336
Profit brought forward		462	515
Profit/loss for the year		595	-63
Total non-restricted shareholders' equity		2,393	1,788
Total shareholders' equity	21, 22	2,712	2,107
Non-current liabilities			
Borrowing	25	763	692
Provision for pensions and similar commitments	23	2	2
Deferred tax liabilities	16	-	-
Total non-current liabilities		765	694
Current liabilities			
Accounts payable		3	5
Borrowing	25	114	137
Liabilities to Group companies		3,291	2,484
Other current liabilities	26	0	5
Accrued expenses and deferred income	27	24	19
Total current liabilities		3,432	2,650
Total liabilities		4,197	3,344
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1, 29	6,909	5,451

Parent Company statement of changes in equity

	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Profit/loss for the year	Total shareholders' equity
Opening equity, 1 Mar 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
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
Transfer of the preceding year's profit/loss	-	-	-	-63	63	-
Profit/loss for the year	-	-	-	-	595	595
Total	-	-	-	-63	658	595
Transactions with owners						
Repurchase of treasury shares	-	-	-	-	-	-
Share-based remuneration	-	-	-	10	-	10
Dividend	-	-	-	-	-	-
Total transactions with owners	-	-	-	10	-	10
Closing equity, 28 Feb 2021	318	1	1,336	462	595	2,712

Parent Company cash flow statement

	Note	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Cash flow from operating activities			
Profit/loss after financial items		609	-152
Adjustment for non-cash items			
– Financial income and dividends	10, 15	-622	97
– Financial expenses	11	16	19
– Unrealised exchange gains/losses		-15	3
– Changes in provisions, pensions		-2	-3
– Other items		8	8
Cash flow from operating activities before changes in working capital		-6	-28
Cash flow from changes in working capital			
Changes in operating receivables		6	18
Changes in operating liabilities		5	30
Total changes in working capital		11	48
Received interest income	10	18	22
Cash flow from operating activities		23	42
Cash flow from investing activities			
Acquisitions	28	-146	-47
Cash flow from investing activities		-146	-47
Cash flow from financing activities			
Group contribution and dividends received	15	576	875
Group contributions paid	15	-88	-551
Change in receivable, cash pool	20	-563	-398
Change in liability, cash pool	20	801	-212
Repurchase of treasury shares	7, 22	-	-60
Repayments	25	-74	-58
New borrowing	25	200	-
Financing costs	25	-1	-
Interest paid	11	-15	-11
Dividend		-	-331
Cash flow from financing activities		836	-746
Cash flow for the year		713	-751
Cash and cash equivalents at the beginning of the year		292	1043
Cash flow for the year		713	-751
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20	1,005	292

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 28 April 2021. 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 31 May 2021, in Stockholm. Unless otherwise stated, amounts are shown in millions of SEK (MSEK) and pertain to the period 1 March–28 February the following year for items related to income and cash flow statements and to 28 February for items related to financial position.

Applicable regulations

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and the application of RFR 1 "Supplementary Accounting Rules for Groups," and the Swedish Annual Accounts Act as well as interpretations from the IFRS Interpretations Committee (IFRIC). 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 through consolidated comprehensive income. 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 amount 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 Omsorgsresor AB, Göteborgs Buss AB and De Blaa Omnibusser A/S, which are considered as separate units. The present value of cash flow forecasts is calculated by applying a reasonable discount rate for the capital plus a reasonable risk premium at the valuation date, see Note 12.

Note 1 cont.

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 valued on the basis of an estimate of discounted royalty payments that could have been avoided through ownership of the brand. 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, analyses and assumptions are made about future alternatives for relocation. Possible relocations include existing contracts, ongoing or upcoming public tenders or commercial transactions. All excess buses are evaluated on the basis of potential contracts, tenders or optimisation. The value of buses without any of these opportunities are measured at fair value, see Note 13.

Useful life of vehicles (buses)

The economic service life varies between different traffic assignments and may differ from the technical life. The economic service life could vary between different types of vehicles, fuels, environmental classifications and markets. It can be noted that the economic service life can be affected by upgrades to fuel and/or environmental classification. The economic service life on vehicles owned by Nobina is influenced both by the market as a whole and by specific conditions in the company's existing traffic assignments. The maximum age is approximately 16 years and the average contract length is 8 years, excluding options. Nobina's management evaluates useful life to include at least two traffic assignments but not necessarily two entire contracts.

Tax assets

In assessing whether to measure previously accumulated loss carryforwards, refer to Note 16, 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 2020/2021

The new standards and interpretations that came into force during the fiscal year and are relevant to the Nobina Group have not had any, or very limited, impact on the financial statements.

New and revised material standards and interpretations that are not yet in force in 2021/2022

A number of new standards and interpretations will come into force during the fiscal year beginning on and after 1 March 2021 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.

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 Karl-Erik Eloffsson AB will be consolidated into Nobina from 1 January 2021 and be reported in the Sweden segment. The acquisition of Göteborgs Buss AB will be consolidated into Nobina from 1 February 2021 and be reported in the Sweden 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 recognise 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, furlough grants and sickness benefits are recognised as a reduction in the Group's personnel expenses.

Leases

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 amount.

When IFRS 16 is applied, 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.

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.

Note 1 cont.

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. 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 Annual General Meeting of Nobina AB resolved in May 2020 to introduce a share saving scheme (LTIP 2020), encompassing a total of not more than 912,638 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 2020.

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.

Depreciation/amortisation

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

Applied useful lives

Goodwill	Not amortised
----------	---------------

Other intangible assets

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

Properties

Properties	Individual valuation
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. All excess buses without any of opportunity for relocation in existing contracts or upcoming public tenders or use in commercial transactions, are valued at the time at fair value by adapting the remaining depreciation period, to better reflect the actual market value. Any changes to the remaining depreciation period of excess buses, not yet sold, is also recognised under the heading depreciation of PPE, see Note 13.

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.

Note 1 cont.

Income taxes

The Group's income taxes consist of current tax and deferred tax. Income taxes are reported in the income statement, unless the underlying transaction is reported directly in equity or other comprehensive income. In such cases, the related tax effect is also recognised directly in equity or in other comprehensive income. Current tax refers to taxable profit or loss for the year. Deferred tax is calculated based on the temporary differences between the carrying amount and taxable values of assets and liabilities, as well as tax on the consolidated tax loss carryforwards. Deferred tax is calculated according to the applicable tax rate in each country. Deferred tax assets are recognised only to the extent that it is probable that they can be utilised against future taxable profits. Tax laws in Sweden and Finland permit provisions to special reserves and funds, which constitute temporary differences. Within specified limits, this enables companies to retain profits in the company without immediate taxation of these profits. The untaxed reserves are not subject to taxation until they are dissolved. However, during years when the operations make a loss, the untaxed reserves can be utilised to cover losses without giving rise to any taxation. In the consolidated balance sheet, untaxed reserves for the individual companies are allocated between shareholders' equity and deferred tax liabilities. In the income statement, deferred tax is recognised as tax attributable to the change in untaxed reserves for the year. Deferred tax assets and tax liabilities are recognised net when there is a legal right to offset current tax assets against current tax liabilities and the deferred taxes refer to the same tax object and the same authority.

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 Omsorgsresor AB, Göteborgs Buss AB and De Blaa Omnibusser A/S, which are considered as separate units. 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 12. 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 amortisation 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.

Note 1 cont.

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 2020/2021 or 2019/2020 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 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.

Note 1 cont.

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, LTIP 2019 and LTIP 2020.

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, LTIP 2019 and LTIP 2020. 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 Annual General Meeting.

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 2020–28 Feb 2021							
Net sales	7,575	903	1,120	1,202	2	–15	10,787
EBITA	714	21	81	70	–129	–	757
EBITA (%)	9.4%	2.3%	7.2%	5.8%	–	–	7.0%
Acquisition-related income and costs	–	–	–	–	–	–	–4
Amortisation/impairment of intangible assets	–	–	–	–	–	–	–64
Operating profit	–	–	–	–	–	–	689
Net financial items	–	–	–	–	–	–	–155
Income tax	–	–	–	–	–	–	–89
Profit for the period	–	–	–	–	–	–	445
Balance sheet 28 Feb 2021							
Goodwill	533	102	116	29	–	–	780
Brand	174	–	–	–	–	–	174
Other intangible assets	100	121	–	–	29	–	250
Property, plant and equipment (PPE) and total financial assets	4,842	301	844	756	215	–	6,958
Total current assets	980	112	129	128	1,065	–	2,414
Total assets	6,629	636	1,089	913	1,309	–	10,576
Total liabilities	5,160	370	986	847	1,418	–	8,781
Other information							
Investments in PPE, intangible assets and right-of-use assets for the year	1,230	5	10	229	11	–	1,485
Average number of employees	8,909	973	1,314	1,366	150	–	12,712
Number of employees translated to FTEs	7,330	824	1,056	1,353	148	–	10,711
	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%
Acquisition-related income and costs	–	–	–	–	–	–	–2
Amortisation/impairment of intangible assets	–	–	–	–	–	–	–63
Operating profit	–	–	–	–	–	–	597
Net financial items	–	–	–	–	–	–	–198
Income tax	–	–	–	–	–	–	–94
Profit for the period	–	–	–	–	–	–	305
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

NOTE 3 Net sales

Net sales by segment

(SEK million)	Full year	
	Mar 2020–Feb 2021	Mar 2019–Feb 2020
Nobina Sweden	7,575	7,275
Production contracts	5,111	4,821
Incentive contracts	2,127	2,343
Other revenue	337	111
Nobina Denmark	903	974
Production contracts	867	876
Incentive contracts	7	3
Other revenue	29	95
Nobina Norway	1,120	1,178
Production contracts	967	1,120
Incentive contracts	1	2
Other revenue	152	56
Nobina Finland	1,202	1,249
Production contracts	1,170	1,219
Incentive contracts	22	19
Other revenue	10	11
Total	10,800	10,676
Production contracts	8,115	8,036
Incentive contracts	2,157	2,366
Other revenue	528	274
Central functions and other items	2	–16
Elimination of sales within the Group	–15	–15
Total net sales	10,787	10,645

Nobina's revenue streams for tendered traffic

Most of Nobina's income consists of remuneration for scheduled bus traffic and is attributable to contracts with PTAs that run for a term of five to eight years, with an extension option. The number of traffic contracts for tendered traffic currently amounts to 70 (67) in Nobina Sweden, 14 (12) contracts in Nobina Denmark, 6 (6) contracts in Nobina Norway and 24 (27) contracts in Nobina Finland. The option to extend traffic contracts does not provide any special benefit to either the PTA or the company, which is why the option is not assigned any value in the overall measurement of the contract value. Utilisation of the extension option is to be regarded as a new traffic contract based on the existing structure. Regardless of the payment streams for operations under a contract, Nobina reports its revenues when the services are provided and transferred to the customer. Contracts between an operator and a PTA include the parties' commercial terms and conditions, such as who is responsible for operating the traffic, service interruptions, reduced or expanded traffic volume and the extension option. The Nobina Group delivers most of the services in tendered traffic, which are to be regarded as a series of integrated services constituting the combined performance over

time, whereby the customer can benefit from the services at each point in time. PTAs have the right to increase or decrease the agreed production volume in line with an agreed production interval. Changes to the applicable traffic production, within an agreed contract volume, do not provide any material benefit to the PTA, which is why all revenue is recognised as an undertaking for the operator. The Nobina Group may sometimes pay fines for cancelled journeys, etc. The fines are recognised as a revenue reduction. 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 (75) of Nobina's contracts with PTAs are of the production-contract type, in which compensation is based exclusively on the number of kilometres or hours driven and is entirely unrelated to the number of passengers. The amount of compensation is often tied to certain cost indices in order to compensate the traffic companies for cost increases during the term of the contract. The compensation is adjusted during the term of the contract due to changes in these indices. Nobina adjusts its revenues during the contract period according to the agreed indexation formula.

Contract form – incentive contract

Nobina's traffic contracts can also be designed so that all or part of the compensation is based on the number of passengers. These are called incentive contracts, and account for about 20 percent (22) 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 39 percent (40) of Nobina's sales and in the Nobina Finland segment, sales to one (one) major client represents 11 percent (12) of Nobina's sales.

Reconciliation in contract liabilities	Group	
	28 Feb 2021	29 Feb 2020
Opening balance, contract liabilities	254	290
Performance obligations completed	–254	–290
New performance obligations not completed	369	254
Closing balance, contract liabilities	369	254

The Nobina Group has no contract assets. Trade receivables and accrued income 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 kilometres driven or the number of passengers.

NOTE 4 Operating expenses

	Group		Parent Company	
	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Fuel	-1,147	-1,261	-	-
Spare parts	-308	-307	-	-
Tyres and other consumables	-236	-248	-	-
Total fuel, tyres and other consumables	-1,691	-1,816	-	-
Other external expenses	-1,635	-1,545	-33	-27
Total other external expenses	-1,635	-1,545	-33	-27
Payroll expenses	-4,137	-4,149	-26	-38
Employer's contributions	-929	-902	-8	-8
Pension expenses	-348	-349	-11	-10
Other personnel expenses	-96	-120	-2	-4
Total personnel expenses	-5,510	-5,520	-47	-60

NOTE 5 Acquisition-related income and costs

	Group		Parent Company	
	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Acquisition-related income and costs				
Fair value adjustment of contingent considerations not paid	2	-7	2	-7
Acquisition-related costs	-6	5	-2	-4
Total	-4	-2	0	-11

	Group	
	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Acquisition-related income and costs, by segment		
Nobina Sweden	-5	10
Nobina Denmark	-	-
Nobina Norway	-	-
Nobina Finland	-	-
Central functions and other items	1	-12
Total	-4	-2

	Group	
	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Cash flow from acquisition-related costs		
Acquisition-related costs in income statement	4	2
Cash flow information	-6	-13
Adjustment for cash flow from acquisition-related costs	-2	-11

NOTE 6 Remuneration of auditors

	Group		Parent Company	
	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Fees and compensation to auditors, SEK thousand				
PwC				
Audit assignment	-4,081	-3,904	-1,247	-1,100
Audit-related activities in addition to audit assignment	-721	-	-128	-
Tax advisory services	-	-	-	-
Other services	-	-	-	-
Total	-4,802	-3,904	-1,375	-1,100

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 4,081,000, SEK 2,709,000 was invoiced by PricewaterhouseCoopers (PwC) in Sweden for the statutory audit. Of the total remaining remuneration of SEK 721,000 (0), SEK 205,000 (0) was invoiced by PwC in Sweden and pertains to accounting-related advisory services and reviews in addition to the standard audit from the preceding year.

NOTE 7 Personnel

	Group		Parent Company	
	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Number of employees				
Average number of employees	12,712	11,676	16	16
of whom men	11,002	10,321	12	12
of whom women	1,710	1,355	4	4
Number of employees translated to FTEs	10,711	10,526	16	15
Sweden	9,059	7,966	16	16
of whom men	7,662	6,897	12	12
of whom women	1,397	1,069	4	4
Number of employees translated to FTEs	7,478	7,717	16	15
Denmark	973	1,007	-	-
of whom men	827	886	-	-
of whom women	146	121	-	-
Number of employees translated to FTEs	824	880	-	-
Norway	1,314	1,318	-	-
of whom men	1,231	1,236	-	-
of whom women	83	82	-	-
Number of employees translated to FTEs	1,056	797	-	-
Finland	1,366	1,385	-	-
of whom men	1,282	1,302	-	-
of whom women	84	83	-	-
Number of employees translated to FTEs	1,353	1,132	-	-

Note 7 cont.

Personnel expenses

	Group 1 Mar 2020–28 Feb 2021			Group 1 Mar 2019–29 Feb 2020		
	Salaries and other remuneration	Payroll overheads	Of which pension expenses	Salaries and other remuneration	Payroll overheads	Of which pension expenses
Parent Company	-28	-19	-11	-38	-18	-10
Subsidiaries in Sweden	-2,571	-990	-188	-2,417	-922	-164
Total Sweden	-2,599	-1,009	-199	-2,455	-940	-174
Foreign subsidiaries						
Denmark	-503	-67	-43	-513	-78	-44
Norway	-493	-89	-19	-550	-104	-23
Finland	-638	-112	-87	-631	-129	-108
Total foreign subsidiaries	-1,634	-268	-149	-1,694	-311	-175
Total Group	-4,233	-1,277	-348	-4,149	-1,251	-349

Distribution of salaries and other remuneration by country and for the Group's senior executives and other employees	Group 1 Mar 2020–28 Feb 2021				Group 1 Mar 2019–29 Feb 2020			
	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
Parent Company	-26	-5	-13	-4	-29	-4	-12	-5
Subsidiaries in Sweden	-22	-2	-6	-2	-10	-3	-4	-3
Total Sweden	-48	-7	-19	-6	-39	-7	-16	-8
Foreign subsidiaries								
Denmark	-3	-1	0	0	-4	0	-1	0
Norway	-3	-1	0	0	-3	-1	-1	0
Finland	-4	-2	0	-1	-3	-1	-1	0
Total foreign subsidiaries	-10	-4	0	-1	-10	-2	-3	0
Total Group	-58	-11	-19	-7	-49	-9	-19	-8

Shareholdings of Directors and other senior executives

Number of shares	Group	
	28 Feb 2021	29 Feb 2020
Chairman of the Board		
Johan Bygge	20,000	10,000
Directors		
Graham Oldroyd	34,375	34,375
Liselott Kilaas	-	-
John Allkins	54,963	54,963
Bertil Persson (Director)	-	-
Senior executives		
Magnus Rosén (CEO)	80,000	62,000
Pernilla Walfridsson	18,560	7,100
Henrik Dagnäs	23,000	17,000
Petri Auno	20,000	10,000
Jan Volsdal	14,000	13,000
Martin Pagrotsky	40,000	40,000
Petra Axelsson	-	-
Total number of shares	304,898	248,438

Purpose and basic remuneration principles

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.

Note 7 cont.

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. 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 Annual General Meeting. The Annual General Meeting is to decide on such proposals. Approved guidelines may also be changed by a decision made by another General Meeting than the Annual General Meeting. 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.

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.

Performance-based share saving scheme

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

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.

LTIP 2020

The Annual General Meeting of Nobina AB resolved in May 2020 to introduce a share saving scheme (LTIP 2020), encompassing a total of not more than 912,638 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 2020. Nobina has acquired shares through trading on Nasdaq Stockholm corresponding to the share saving scheme. The acquired shares will be allocated to participants in 2023 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.

Others performance-based share saving scheme

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 (2,208,321) with a value of SEK 134 million (134) and an average cost of SEK 60.87 (60.87) per share. The acquired shares impacted earnings per share through dilution, as stated in Note 23.

Remuneration of former Board members and CEOs

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

Note 7 cont.

Costs for share-based incentive programme; CEO, Group management and other senior executives	Group		Parent Company	
	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Bonus expenses for incentive programme	-5	-14	1	-6
Social security costs for incentive programme	-1	-4	2	-2
Total	-6	-18	3	-8

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.

Recognition of remuneration of senior executives, 1 Mar 2020–28 Feb 2021

	Basic salary/ Directors' fees	Variable remuneration	Incentive programme	Pension expenses	Other remuneration	Total
Johan Bygge (Chairman)	0.8	-	-	-	-	0.8
Jan Sjöqvist (former Chairman)	0.2	-	-	-	-	0.2
Graham Oldroyd (Director)	0.5	-	-	-	-	0.5
Monica Lingegård (former Director)	0.1	-	-	-	-	0.1
Liselott Kilaas (Director)	0.5	-	-	-	-	0.5
John Allkins (Director)	0.5	-	-	-	-	0.5
Bertil Persson (Director)	0.5	-	-	-	-	0.5
Magnus Rosén (CEO)	5.3	3.1	5.9	1.8	-	16.1
Other senior executives ¹⁾	20.2	8.3	9.3	5.1	3.3	46.2
Total 2020–2021	28.6	11.4	15.2	6.9	3.3	65.4

1) Pertains to Martin Pagrotsky, Niels Peter Nielsen, Jan Volsdal, Petri Auno, Jenny Lundmark until 30 November 2020, Jan Bosaeus until 30 September 2020, Henrik Dagnäs, Magnus af Petersens until 30 November 2020, Petra Axelsson from 11 November 2020 and Pernilla Walfridsson.

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.

Average number of directors and senior executives during the year	Group 28 Feb 2021		Group 29 Feb 2020	
	Number	of whom men	Number	of whom men
Board including CEO	6	83%	8	75%
Other senior executives	9	77%	9	80%

NOTE 8 Capital losses from the disposal of non-current assets

	Group	
	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Sales proceeds with respect to buses sold during the year	18	53
Expensed residual value with respect to buses sold during the year	-16	-51
Total	2	2

NOTE 9 Depreciation/amortisation and impairment of PPE and intangible assets

	Group	
	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Depreciation/impairment of PPE		
Real estate and costs for leasehold improvements	-7	-10
Right-of-use assets, property, etc.	-226	-197
Equipment, tools, fixtures and fittings	-46	-32
Vehicles	-425	-331
Right-of-use assets, vehicles	-437	-460
Impairment of available-for-sale buses	-55	-74
Total	-1,196	-1,104

	Group	
	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Amortisation of intangible assets		
Goodwill	-	-
Brand	-	-
Customer relations	-44	-44
Other intangible assets	-20	-19
Total	-64	-63

NOTE 10 Financial income

	Group		Parent Company	
	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Financial income	0	-	0	-
Interest income	2	-	-	-
Interest income from Group companies	-	-	18	22
Total	2	-	18	22

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 11 Financial expenses

	Group		Parent Company	
	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Interest expenses for right-of-use liabilities	-104	-129	-	-
Interest expenses on bond loans and other loans	-65	-58	-15	-15
Other financial expenses	-5	-6	-2	-3
Interest expenses to Group companies	-	-	-	-
Realised and unrealised exchange gains/losses, net	17	-5	16	-4
Total	-1957	-198	-1	-22

NOTE 12 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 2021. Goodwill is distributed between cash-generating units, for which Norway (SEK 116 million), Denmark and Finland (SEK 29 million) are aligned with the Group's operating segments. With respect to Sweden, goodwill is distributed between Samtrans Omsorgsresor AB (SEK 97 million), Göteborgs Buss AB (SEK 12 million) and the rest of Sweden (SEK 425 million), and for Denmark most of the goodwill is attributable to De Blaa Omnibusser (SEK 102 million). Impairment testing is conducted therefore on the smallest cash-generating unit. The recovery amount 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 (2021/2022). 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 infor-

mation, see Note 30, where forecast cost increases corresponds to the expected growth in sales. We have used a higher discount rate in Samtrans Omsorgsresor AB and Göteborgs Buss 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	
	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Cost										
Opening cost	780	785	174	174	280	278	108	86	1,342	1,323
Procurement	–	–	–	–	–	–	24	10	24	10
Company acquisitions	11	1	–	–	13	–	–	–	24	1
Reclassification	–	–	–	–	–	–	–	12	–	12
Sales/disposals	–	–	–	–	–	–	–	–	–	–
Translation differences	–11	–6	–	–	–8	2	–	–	–19	–4
Closing cost	780	780	174	174	285	280	132	108	1,371	1,342
Accumulated amortisation										
Opening accumulated amortisation	–	–	–	–	–59	–15	–47	–28	–106	–43
Amortisation for the year	–	–	–	–	–44	–44	–20	–19	–64	–63
Sales/disposals	–	–	–	–	–	–	–	–	–	–
Translation difference	–	–	–	–	3	–	–	–	3	–1
Closing accumulated amortisation	–	–	–	–	–100	–59	–67	–47	–167	–106
Residual value according to plan	780	780	174	174	185	221	65	61	1,204	1,236

	28 Feb 2021						29 Feb 2020				
	Nobina Sweden	Samtrans	Göteborgs Buss	De Blaa Omnibusser	Nobina Norway	Nobina Finland	Nobina Sweden	Samtrans	De Blaa Omnibusser	Nobina Norway	Nobina Finland
Sales growth over average four-year period	1.6%	–2.9%	15.0%	–0.8%	0.5%	6.0%	1.5%	7.5%	14%	4.5%	3.8%
Discount rate before tax for present value calculation of estimated future cash flows	7.0%	10.0%	10.0%	7.0%	7.0%	7.0%	7.0%	10.0%	7.0%	7.0%	7.0%

NOTE 13 Property, plant and equipment (PPE)

	Costs for leasehold improvements		Right-of-use assets, property		Equipment, tools, fixtures and fittings	
	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Cost						
Opening cost	101	218	1,226	1,070	297	365
Purchasing/additional contracts	1	4	410	223	83	63
Company acquisitions	2	–	15	–	4	–
Reclassification	6	–121	–	121	–6	–115
Sales/disposals/expiring contracts	–	–	–202	–184	–3	–15
Translation differences	–3	–	–4	–4	1	–1
Closing cost	107	101	1,445	1,226	376	297
Accumulated depreciation						
Opening accumulated depreciation	–48	–40	–465	–417	–184	–213
Depreciation for the year	–7	–10	–226	–197	–46	–32
Company acquisitions	–	–	–	–	–	–
Reclassification	–	1	–	–1	–	47
Sales/disposals/expiring contracts	–	–	88	149	1	15
Translation difference	–	1	3	1	1	–1
Closing accumulated depreciation	–55	–48	–600	–465	–228	–184
Residual value according to plan	52	53	845	761	148	113

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	
	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Cost								
Opening cost	3,080	1,589	6,547	7,047	170	193	11,421	10,482
Purchasing/additional contracts	1,150	651	27	905	2	3	1,673	1,849
Company acquisitions	158	27	21	–	–	–	200	27
Refinancing	200	799	–200	–799	–	–	–	–
Reclassification	–33	106	0	–	–	–	–33	–9
Sales/disposals/expiring contracts	–103	–91	–530	–562	–9	–26	–847	–878
Translation differences	–31	–1	–134	–44	–1	–	–172	–50
Closing cost	4,421	3,080	5,731	6,547	162	170	12,242	11,421
Accumulated depreciation								
Opening accumulated depreciation	–630	–279	–3,445	–3,444	–67	–54	–4,839	–4,447
Depreciation for the year	–425	–331	–416	–438	–21	–22	–1,141	–1,030
Company acquisitions	–11	–	–14	–	–	–	–25	–
Reclassification	29	–45	–	–	–	–	29	2
Sales/disposals/expiring contracts	59	20	441	431	8	9	597	624
Translation difference	12	–	43	6	1	–	60	7
Closing accumulated depreciation	–966	–635	–3,319	–3,445	–79	–67	–5,319	–4,844
Residual value according to plan	3,455	2,445	2,340	3,102	83	103	6,923	6,577
Accumulated impairment								
Opening accumulated impairment	–	–	–22	–11	–	–	–22	–11
Impairment for the year	–51	–	–4	–74	–	–	–55	–74
Sales/disposals	46	–	18	63	–	–	64	63
Reclassification	–	–	–	–	–	–	–	–
Closing accumulated impairment	–5	–	–8	–22	–	–	–13	–22
Total residual value	3,450	2,445	2,332	3,080	83	103	6,910	6,555

Note 13 cont.

Total property, plant and equipment	28 Feb 2021			29 Feb 2020		
	Owned assets	Right-of-use assets	Total	Owned assets	Right-of-use assets	Total
Real estate and costs for leasehold improvements	52	845	897	53	761	814
Equipment, tools, fixtures and fittings	148	–	148	113	–	113
Vehicles	3,450	2,415	5,865	2,445	3,183	5,628
Total residual value	3,650	3,260	6,910	2,611	3,944	6,555

NOTE 14 Cash flow investments for the year

Investments and recognised right-of-use liabilities	Group	
	1 Mar 2020–28 Feb 2021	1 Mar 2019–29 Feb 2020
Other intangible assets	–24	–10
Costs for leasehold improvements	–1	–4
Equipment, tools, fixtures and fittings	–83	–63
Vehicles	–1,350	–1,450
Total investments	–1,458	–1,527

NOTE 15 Participations in Group companies

	Parent Company		Profit from participations in Group companies, SEK million	Parent Company	
	28 Feb 2021	29 Feb 2020		1 Mar 2020–28 Feb 2021	1 Mar 2019–29 Feb 2020
Participations in Group companies					
Opening balance	4,181	4,647			
Capital infusion Nobina Fleet AB	70	0			
Capital infusion Nobina Travis AB	2	–			
Acquisition of Karl-Erik Elofsson AB	31	–			
Acquisition of Göteborgs Buss AB	50	–			
Impairment of shares Nobina Sverige 3 AB after dividend received	–	–178			
Nobina Sverige 2 AB, impairment of shares after dividend received	–	–130			
Nobina Europe AB, impairment of shares after dividend received	–	–158			
Closing, carrying amounts of participations in Group companies	4,334	4,181			
Nobina Sverige AB, Group contribution			34	–	
Nobina Fleet AB, impairment of Group contribution			–2	–30	
Nobina Europe AB, Group contribution, dividend and impairment			–	19	
Nobina Fastigheter AB, impairment of Group contribution			–5	–	
Samtrans AB, Group contribution			–	26	
Nobina Busco AB, impairment of Group contribution			29	–50	
Nobina Sverige 2 AB, impairment of dividends and Group contribution			430	–4	
Nobina Sverige 3 AB dividend and impairment			–	–27	
Nobina Oy, dividend			117	–	
Nobina AS, impairment			–	–53	
Total			603	–119	

Note 15 cont.

	Corporate registration number	Business	Shareholders' equity	Number of shares	Profit for the year	Value of ownership share (%)	Share capital	Carrying amount, 28 Feb 2021
Subsidiaries of Nobina AB:								
Nobina Fleet AB (Stockholm)	556031-1812	Holding of buses	213	70,000	0	100%	7	162
Nobina Sverige 3 AB (Stockholm)	556583-0527	Dormant company	51	1,000	0	100%	0	46
Nobina Technology AB (Stockholm)	556210-1500	Technology advances	3	2,500	0	100%	0	3
Nobina Travis AB (Stockholm)	556264-1756	Technology advances	2	500	0	100%	0	2
Nobina Europe AB (Stockholm)	556031-8569	Service company	37	160,000	-2	100%	0	42
Nobina Sverige 2 AB (Stockholm)	556028-1122	Dormant company	267	300	257	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	50	500	0	100%	0	0
Nobina Fastigheter AB (Stockholm)	556416-2419	Property company	1	1,000	1	100%	0	2
Swedish commercial companies								
Nobina Sverige AB (Stockholm)	556057-0128	Regional traffic	456	3,000	-7	100%	0	2,716
Karl Erik Elofsson Buss AB (Kungsbacka)	556366-1940	Regional traffic	5	2,000	-1	100%	0	31
Samtrans Omsorgsresor AB (Stockholm)	556291-1965	Special transportation	62	68,640	3	100%	7	416
Göteborgs Buss AB (Gothenburg)	556584-4346	Special transportation	26	1,000	3	100%	0	50
Foreign commercial subsidiaries								
Nobina Oy (Espoo)	0505988-8	Regional traffic	102	2,000	61	100%	34	288
Subsidiaries of Nobina Oy:								
Nobina Finland West Oy (Espoo)	2175179-4	Regional traffic	17	2,600	5	100%	0	0
Nobina Finland South Oy (Espoo)	2175178-6	Regional traffic	25	2,600	4	100%	0	0
Nobina Finland East Oy (Espoo)	2175186-6	Regional traffic	14	2,600	3	100%	0	0
Nobina Fleet Finland Oy (Espoo)	2953344-1	Holding of buses	14	3,000	4	100%	0	0
Nobina AS (Oslo)	915768237	Regional traffic	101	4,268	34	100%	33	79
Subsidiaries of Nobina AS:								
Nobina Fleet Norge AS (Oslo)	921881894	Holding of buses	6	131	-13	100%	0	0
Nobina Danmark Holding ApS (Glostrup)	36078480	Holding company	222	50,000	-65	100%	0	490
Subsidiaries of Nobina Danmark Holding ApS:								
Nobina A/S (Glostrup)	29513376	Regional traffic	80	10,001	-35	100%	1	0
Nobina Danmark Service ApS (Glostrup)	38558420	Workshop services	44	850,000	10	100%	1	0
Nobina Ejendomme ApS (Glostrup)	400,478 67	Property company	2	75,000	-1	100%	0	0
DBO Busser Holding AS (Holte)	305,133 63	Holding company	278	100	233	100%	1	0
Dee Blaa Omnibusser A/S (Holte)	7311 1714	Regional traffic	147	100	23	100%	1	0
DBO Vaerksted ApS (Holte)	27673082	Workshop services	11	50,000	4	100%	0	0
Nobina Fleet Danmark ApS (Glostrup)	31586429	Holding of buses	37	4,750	-5	100%	1	0
Ørslev Servicetrafik AS (Vordingborg)	177 29,381	Special transportation	4	501,000	-4	100%	1	0
Subsidiaries of Nobina Fleet Danmark ApS:								
Nobina Fleet Danmark No 1 ApS (Glostrup)	36077719	Holding of buses	32	300,000	-3	100%	0	0
Nobina Fleet Danmark No 4 ApS (Glostrup)	36558598	Holding of buses	6	95,000	0	100%	0	0
Nobina Fleet Danmark No 7 ApS (Glostrup)	39491974	Holding of buses	6	80,000	2	100%	0	0
Nobina Fleet Danmark No 8 ApS (Glostrup)	39875640	Holding of buses	7	80,000	2	100%	0	0
DBO Leasing af 2014 ApS (Holte)	36085843	Holding of buses	26	100	-2	100%	0	0
Ørslev Leasing 2016 Aps (Vordingborg)	3 799 4995	Holding of buses	1	65,000	0	100%	0	0
Total								4,334

NOTE 16 Taxes

	Group		Parent Company	
	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Current tax on profit for the year	-9	-2	-	-
Adjustments to previous years' tax	-3	4	-	-
Total current tax	-12	2	-	-
Deferred tax				
Recognition of prior, unrecognised deferred taxes	14	-	-	-
The period's change through profit or loss	-91	-96	-14	89
Change in comprehensive income for the period	-	-	-	-
Total deferred tax continuing operations	-77	-96	-14	89
Total income tax	-89	-94	-14	89

The corporate tax rate in Norway is approximately 22 percent, in Denmark approximately 22 percent, in Finland approximately 20 percent and in Sweden approximately 20 percent. The Group's tax expense amounted to a negative SEK -89 million (-94), of which SEK -3 million (4) pertains to an adjustment from previous years. The effective rate of tax was 16.7 percent (23.5) of profit for the year. Current tax amounted to SEK -9 million (-2).

	Group		Parent Company	
	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Tax assets and tax liabilities				
Deferred tax assets, gross				
Postponed depreciation/amortisation, impairment and adjustments to fair value, other PPE	10	10	-	-
Postponed expenses for provisions	4	4	-	-
Doubtful debts	0	0	-	-
Other deferred tax assets attributable to pensions	-	-	-	-
Tax loss carryforwards	129	217	-	14
Total	143	231	0	14
Deduction for unrecognised, deferred tax assets	-115	-138	-	-
Total deferred tax assets	28	93	-	14
Deferred tax assets, net				
Opening carrying amount	93	179	14	-
The period's change through profit or loss of prior unrecognised deferred taxes	14	-5	-	-
Other deferred tax assets attributable to acquisitions	-	-2	-	-
Change in tax rate through profit or loss	-	-	-	-
The period's change through profit or loss	-79	-79	-14	14
Closing carrying amount, net	28	93	0	14
Deferred tax liabilities, gross				
Faster rate of depreciation/amortisation and adjustments to fair value, other PPE	-295	-275	-	-
Total deferred tax liabilities	-295	-275	-	-
Deferred tax liabilities, net				
Opening carrying amount	-275	-256	-	-76
The period's change through profit or loss	-12	-12	-	76
Other deferred tax liabilities attributable to acquisitions	-9	-7	-	-
Change in tax rate through profit or loss	1	-	-	-
Closing carrying amount, net	-295	-275	-	-
Total net tax assets and tax liabilities	-267	-182	0	14
Net increase (+)/net decrease (-) of tax assets/liabilities	-85	-105	-14	90

Note 16 cont.

Unrecognised, deferred tax assets	Group		Parent Company	
	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Opening non-recognised amount	138	152	–	–
Addition of previously non-capitalised loss carryforwards	17	7	–	–
Change in applicable tax rates	–	–	–	–
Change for the period, recognised through profit or loss	–11	–	–	–
Exchange-rate difference	–29	–21	–	–
Total deferred non-recognised tax assets	115	138	–	–
Offset of deferred tax liabilities	–	–	–	–
Total deferred non-recognised tax assets	115	138	–	–

Expected maturity of both recognised and unrecognised tax loss carryforwards	Group		Parent Company	
	28 Feb 2021	29 Feb 2019	28 Feb 2021	29 Feb 2019
Unlimited	603	975	1	65
Total	603	975	1	65

Deferred, net, tax loss carryforwards by country	Group		Parent Company	
	28 Feb 2021	29 Feb 2019	28 Feb 2021	29 Feb 2019
Sweden	2	70	0	14
Denmark	9	9	–	–
Norway	3	–	–	–
Finland	–	–	–	–
Total deferred tax loss carryforwards, recognised	14	79	0	14

The Group's theoretical tax expense amounts to 20.6 percent of its profit before tax. The difference between the reported tax expense and expected tax expense is explained below.

	Group		Parent Company	
	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Profit before tax	534	399	609	–152
Average income tax rate (21 percent)	–110	–85	–125	33
Tax effect of:				
Non-taxable revenue and non-deductible expenses	1	–5	–1	–20
Other temporary differences	–	–	112	–
Exchange-rate fluctuations	3	–	–	–
Adjustments of previous years deferred taxes	–	–5	–	76
Capitalisation of previously unrecognised loss carryforwards	14	2	–	–
Unrecognised loss carryforwards	3	–1	–	–
Total	–89	–94	–14	89
Effective income tax rate (%)	16.7	23.5	2.2	–58.6

NOTE 17 Inventories

	Group	
	28 Feb 2021	29 Feb 2020
Spare parts	37	31
Fuel	28	32
Total	65	63

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 18 Trade receivables

	Group	
	28 Feb 2021	29 Feb 2020
Trade receivables	838	705
Provision for doubtful debts	0	–
Total	838	705

Trade receivables ageing analysis, 28 Feb 2021	Not due	Fall due within	Fall due within	Fall due within	Fall due within	Fall due more than	Total
		<30 days after the due date	31–60 days after the due date	61–90 days after the due date	91–120 days after the due date	120 days after the due date	
Anticipated loss level, contract assets (%)	0	0	0	0	0	0	0
Recognised amount trade receivables – gross	729	67	18	8	1	15	838
Recognised amount contract assets – gross	687	67	18	8	1	15	796
Provisions for credit losses, contract assets	0	0	0	0	0	0	0

Trade receivables ageing analysis, 29 Feb 2020	Not due	Fall due within	Fall due within	Fall due within	Fall due within	Fall due more than	Total
		<30 days after the due date	31–60 days after the due date	61–90 days after the due date	91–120 days after the due date	120 days after the due date	
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

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 PTAs are included.

Provision for doubtful debts	Group	
	28 Feb 2021	29 Feb 2020
Opening balance	–	–1
Reversals for the year	0	1
Credit losses	0	–
Provisions for the year	0	–
Total closing balance	0	0

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

NOTE 19 Prepaid expenses and accrued income

	Group		Parent Company	
	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Accrued transport income	308	248	–	–
Other prepaid expenses	107	96	1	3
Total	415	344	1	3

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

NOTE 20 Cash and cash equivalents

	Group		Parent Company	
	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Cash and cash equivalents	1,049	307	1,005	292

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 988 million (425) and liabilities of SEK 3,203 million (2,402), which are recognised as a component of Nobina

AB's receivables from Group companies, an amount of SEK 1,064 million (455), and liabilities to Group companies, an amount of SEK 3,291 million (2,484). Receivables and liabilities within the Group's cash pool are recognised as current transactions with subsidiaries. Nobina AB also has short-term deposits in another bank of SEK 370 million (0).

NOTE 21 Equity

Reconciliation of number of shares 28 Feb 2021	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 29 Feb 2020	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 7. The number of shares acquired was 2,208,321 (2,208,321) with a value of SEK 134 million (134) and an average cost of SEK 60.87 per share (60.87)

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 22 Earnings per share

	Group	
	1 Mar 2020–28 Feb 2021	1 Mar 2019–29 Feb 2020
Total number of shares	88,355,682	88,355,682
Number of treasury shares	-2,208,321	-2,208,321
Total number of shares outstanding at end of period	86,147,361	86,147,361
Number of shares after dilution	89,235,116	89,355,788
Earnings per share (SEK) before dilution attributable to Parent Company shareholders	5.03	3.47
Earnings per share (SEK) after dilution attributable to Parent Company shareholders	4.98	3.43

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

NOTE 23 Provisions for pensions and similar commitments

Commitments and pension expenses	Group		Parent Company	
	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Present value of pension commitments	-23	-27	-	-2
Fair value of plan assets	15	15	-	-
Net provisions (+)/assets (-) for pension commitments	-8	-12	-	-2
Of which recognised as provisions	-23	-27	-	-2
Of which recognised as assets	15	15	-	-

Pension expenses are included in personnel expenses and comprise the following:	Group		Parent Company	
	1 Mar 2020–28 Feb 2021	1 Mar 2019–29 Feb 2020	1 Mar 2020–28 Feb 2021	1 Mar 2019–29 Feb 2020
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 2020/2021, 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 percent (148) on 31 December 2020.

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 million (-2), while a decrease of -1 percent would have a positive impact of SEK 2 million (2).

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 348 million (349), 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.

The key actuarial assumptions used in calculating the pension liability were as follows:	Sweden	
	28 Feb 2021	29 Feb 2020
Discount rate	1.0%	1.0%
Expected rate of salary increases	–	–
Future rate of pension increases	1.7%	1.4%

Present value of pension commitments	Group		Parent Company	
	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Opening balance	–27	–33	–2	–6
Benefits vested during the year	–2	–	–	–
Interest expenses	–	–	–	–
Benefits paid	5	6	2	4
Actuarial gains (–)/losses (+)	1	–	–	–
Social security contributions	–	–	–	–
Total at year-end	–23	–27	–	–2

Fair value of plan assets	Group	
	28 Feb 2021	29 Feb 2020
Opening balance	15	17
Expected return on plan assets	–	–
Funds contributed by employer	2	–
Funds paid	–2	–2
Actuarial gains (+)/losses (–)	–	–
Total at year-end	15	15

Net assets/provisions for pension commitments	Group		Parent Company	
	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Opening balance	–12	–16	–2	–6
Benefits paid	5	6	2	4
Funds contributed by employer	–	–	–	–
Funds paid	–2	–2	–	–
Actuarial losses/gains (net)	1	–	–	–
Social security contributions	–	–	–	–
Closing balance, net assets (–)/provisions (+) for pension commitments	–8	–12	–	–2

Actual market value of plan assets on the balance-sheet date	Group		Group	
	28 Feb 2021	%	29 Feb 2020	%
Interest-bearing securities, cash and cash equivalents	15	100%	15	100%
Shares and other investments	–	–	–	–
Total	15	100%	15	100%

Allocation of plan assets and pension obligations by segment	Group			
	Plan assets		Pension obligations	
	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Nobina Sweden	15	15	23	27
Total plan assets	15	15	23	27

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					
	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	Later
Expected net paid benefits	3	2	3	3	2	5

NOTE 24 Other provisions

Other provisions ¹⁾	Group	
	28 Feb 2021	29 Feb 2020
Provision for onerous contracts	–	7
Provision for damage to vehicles and third-parties	26	30
Provision for environmental commitments	11	10
Total	37	47

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

Provision for onerous contracts	Group	
	28 Feb 2021	29 Feb 2020
Opening balance	7	19
Reversals for the year	–7	–12
Company acquisitions	–	–
Provisions for the year	–	–
Closing balance	–	7

Provision for damage to vehicles and third-parties	Group	
	28 Feb 2021	29 Feb 2020
Opening balance	30	34
Reversals for the year	–3	–4
Provisions for the year	–	–
Exchange difference	–1	–
Closing balance	26	30

Provision for environmental commitments for leased land and facilities	Group	
	28 Feb 2021	29 Feb 2020
Opening balance	10	10
Reversals for the year	–	–
Provisions for the year	1	–
Closing balance	11	10

NOTE 25 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 25 cont.

Financial liabilities	28 Feb 2021	29 Feb 2020
Loans for acquisition financing	360	246
Bond loans for bus financing	500	500
Loans for bus financing	2,622	1,699
Capitalised financing costs	-5	-6
Total loans	3,477	2,439
Right-of-use liabilities (finance leases vehicles and property)	1,857	2,537
Right-of-use liabilities (operating leases vehicles)	83	103
Right-of-use liabilities (other operating leases)	746	647
Total right-of-use liabilities	2,686	3,287
Contingent consideration not paid	21	88
Total	6,184	5,814
Accounts payable	636	561
Other current financial liabilities	10	12
Of which short-term repayment by instalment of portion of the Group's borrowings	546	408
Of which short-term portion of the Group's right-of-use liabilities	537	493
Of which long-term portion of the Group's borrowings	5,101	4,913
Total financial liabilities	6,830	6,387

Loan currencies and rates	Currency	Group 1 Mar 2020–28 Feb 2021			Group 1 Mar 2019–29 Feb 2020		
		Nominal amount	Amount SEK million	Interest, weighted average (%)	Nominal amount	Amount SEK million	Interest, weighted average (%)
Loans for acquisition financing	DKK	140	190	1.9	173	246	2.8
Loans for acquisition financing	SEK	170	170	2.5	-	-	-
Loans for bus financing	SEK	2,724	2,724	2.2	1,921	1,921	3.0
Loans for bus financing	DKK	127	173	1.7	159	227	1.2
Loans for bus financing	NOK	37	36	4.6	44	45	5.8
Loans for bus financing	EUR	18	184	-	-	-	-
Total			3,477			2,439	
Right-of-use liabilities (finance leases property)	SEK	116	116	3.6	118	118	4.6
Right-of-use liabilities (finance leases vehicles)	SEK	716	716	3.6	954	954	2.7
Right-of-use liabilities (finance leases vehicles)	DKK	7	9	3.5	9	13	3.4
Right-of-use liabilities (finance leases vehicles)	NOK	633	619	2.5	724	742	4.1
Right-of-use liabilities (finance leases vehicles)	EUR	39	397	2.5	67	710	2.2
Total			1,857			2,537	
Right-of-use liabilities (operating leases vehicles)	SEK	83	83	2.2	98	98	1.9
Right-of-use liabilities (operating leases vehicles)	NOK	-	-	-	1	1	3.5
Right-of-use liabilities (operating leases vehicles)	EUR	-	-	-	0	5	4.7
Right-of-use liabilities (other operating leases)	SEK	600	600	4.9	498	498	5.7
Right-of-use liabilities (other operating leases)	DKK	11	15	5.7	14	20	6.0
Right-of-use liabilities (other operating leases)	NOK	102	100	5.7	109	109	13.5
Right-of-use liabilities (other operating leases)	EUR	3	31	3.1	2	19	5.9
Total			829			750	
Contingent consideration not paid	SEK	21	21	-	88	88	-
Total			6,184			5,814	

Note 25 cont.

Reconciliation of the year's change in borrowing in terms of bond loans and financial liabilities	Group 1 Mar 2020–28 Feb 2021					Group 1 Mar 2019–29 Feb 2020				
	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
Opening balance	2,439	3,287	88	560	5,254	1,940	3,792	121	792	5,061
The year's new borrowing	1,209	437	–	1,209	437	61	1,130	–	61	1,130
Refinancing	183	–183	–	183	–183	799	–799	–	799	–799
The year's repayments	–458	–607	–75	–1,140	–	–386	–666	–40	–1,092	–
Company acquisitions	129	15	10	129	25	18	–	–	–	18
The year's early redemption of borrowings on the sale of buses	–	–167	–	–	–167	–	–128	–	–	–128
Adjustments to fair value	–	–	–2	–	–2	–	–	7	–	7
Translation difference	–20	–96	–	–	–116	13	–42	–	–	–29
Capitalised financing costs	–5	–	–	–	–5	–6	–	–	–	–6
Closing balance	3,477	2,686	21	941	5,243	2,439	3,287	88	560	5,254

During the year, the Group entered into financial right-of-use liabilities (finance leases) for SEK 27 million (905) via the subsidiaries Nobina Fleet and signed right-of-use leases for premises of SEK 410 million (225), a total of SEK 437 million (1,130). 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 2020–28 Feb 2021					Group 1 Mar 2019–29 Feb 2020				
	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, finance lease liabilities	Contingent consideration	Total
2020/2021	–	–	–	–	–	573	336	493	73	1,475
2021/2022	636	532	536	15	1,719	–	308	499	15	822
2022/2023	–	471	445	3	919	–	249	378	–	627
2023/2024	–	927	338	3	1,268	–	704	289	–	993
2024/2025	–	345	276	–	621	–	–	–	–	–
Later	–	1,202	1091	–	2,293	–	842	1,628	–	2,470
Total	636	3,477	2,686	21	6,820	573	2,439	3,287	88	6,387

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 26 Other current liabilities

	Group		Parent Company	
	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Employee withholding taxes	197	158	1	2
Current financing of bus refinancing	–	–	–	–
Value added tax	61	36	–	–
Other current liabilities	10	12	–1	3
Total	268	206	0	5

NOTE 27 Accrued expenses and deferred income

	Group		Parent Company	
	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Deferred income	369	254	–	–
Accrued salaries	568	502	7	6
Other accrued personnel expenses	181	172	9	11
Accrued interest expenses	0	1	0	1
Other accrued expenses	220	148	8	1
Total	1,338	1,077	24	19

NOTE 28 Acquisitions

Contingent considerations for Samtrans and Göteborgs Buss AB 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.

Contingent consideration	28 Feb 2021	29 Feb 2020
Opening, carrying amount	88	121
Acquisitions during the year	10	–
Purchase consideration paid	–75	–40
Adjustments to fair value	–2	7
Total	21	88

Preliminary acquisition calculation – acquisition of Karl-Erik Elofsson AB

Purchase price	28
	Fair value
Acquired assets and liabilities	
Property, plant and equipment (PPE)	132
Other current assets	13
Cash and cash equivalents	6
Borrowing	–105
Deferred tax liabilities	–6
Other operating liabilities	–12
Total	28
Effect of acquisitions on cash flow	
Purchase price	28
Cash and cash equivalents in the acquired company	–6
Impact on cash and cash equivalents	22

Effects of acquisitions completed, net sales	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Nobina Sweden		
Production contracts	17	–
Incentive contracts	–	–
Other revenue	16	–
Total impact on the Group	33	–

Preliminary acquisition calculation – Göteborgs Buss AB

Purchase price	49
	Fair value
Acquired assets and liabilities	
Goodwill	12
Customer relations	14
Property, plant and equipment (PPE)	27
Other current assets	15
Cash and cash equivalents	35
Borrowing	–24
Deferred tax liabilities	–3
Other operating liabilities	–27
Total	49
Effect of acquisitions on cash flow	
Purchase price	49
Contingent consideration not paid	–10
Cash and cash equivalents in the acquired company	–35
Impact on cash and cash equivalents	4

Note 28 cont.

Karl-Erik Elofsson AB

In December 2020, Nobina entered into an agreement to acquire all of the shares in the bus company Karl Erik Elofsson Buss AB based in Kungsbacka, with settlement date in January 2021. Through the acquisition, Nobina strengthens its position in western Sweden and expects to generate new synergies between existing contracts, upcoming tenders and investments in bus-for-rail services. The acquisition comprises an operation of approximately 100 buses and 100 employees in the markets for tendered scheduled traffic, school traffic together with coach hire and bus-for-rail services and has an annual turnover of approximately SEK 90 million. The acquisition is a continued part of Nobina's strategy to both broaden and grow in the Nordic market, while at the same time building a platform for increased competitiveness in smaller contracts. The purchase price was SEK 28 million. The acquisition will be consolidated into Nobina from 1 January 2021 and be reported in the Sweden segment. The acquisition analysis is preliminary and subject to final adjustment not later than one year after the date of acquisition.

Göteborgs Buss AB

In December 2020, Nobina also entered into an agreement regarding a strategic acquisition of all of the shares in Göteborgs Buss AB based in Gothenburg and thereby, through the wholly owned subsidiary Samtrans, strengthened its position in service traffic and at the same time achieved market access in western Sweden, with settlement date in January 2021. The acquisition comprises an operation of approximately 170 vehicles and 220 employees in tendered service traffic and has an annual turnover of approximately SEK 130 million. The acquisition is part of Nobina's strategy to strengthen and develop its position in service traffic. The purchase price is SEK 39 million with a potential additional consideration of up to SEK 10 million, which is based on the outcome of certain predefined financial targets and forecasts and will be paid in instalments during the period 2021–2023. The acquisition will be consolidated into Nobina from 1 February 2021 and be reported in the Sweden segment. The acquisition analysis is preliminary and subject to final adjustment not later than one year after the date of acquisition. Goodwill and customer relations (traffic contracts) arising in connection with the acquisition are primarily attributable to market, synergies and agreed traffic contracts. Any impairment of goodwill is not tax deductible.

NOTE 29 Pledged assets and contingent liabilities

	Group		Parent Company	
	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Pledged assets				
Pledged assets pertaining to shares/net assets in subsidiaries	1,645	–	831	–
Chattel mortgages	150	150	–	–
Other pledged assets				
Other pledged assets	–	–	206	299
Contingent liabilities				
Guarantee of lease obligations and other obligations	4,597	5,606	5,057	5,585
Total	6,392	5,756	6,094	5,884

Nobina AB has pledged Parent Company guarantees to lessors, and has also provided a Parent Company guarantee for purchases of fuel for Nobina AS through Y-X Energi AS for a total of NOK 35.5 million (35.5). 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 206 million (299). Nobina Sverige AB has issued a floating charge of SEK 150 million (150) as collateral for a credit facility at Danske Bank. Nobina AB has pledged its shares in Samtrans Omsorgsresor AB and Nobina Danmark Holding AS as collateral for the two acquisition loans.

The Finnish Transport Workers Union (AKT ry) has requested that the Labour Court in Finland consider a civil case concerning holiday pay for bus drivers. The case involves three other bus companies in addition to Nobina Oy. The Nobina Group has included the maximum risk, which is calculated at EUR 1.8 million, under the heading of contingent liabilities.

NOTE 30 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 fuel 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 million (300) as of 28 February 2021.

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 62 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 25.

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 trade receivables deemed to be doubtful and this has had a negative impact of SEK 0 million (-) on operating profit/loss, see Note 18. In order to mitigate the Group's counterparty risk towards our main bank, Danske Bank, Nobina transferred SEK 350 million to Nordea Bank during the fiscal year.

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 fuel, mainly biodiesel (HVO and RME), which is traded in the international commodities markets in USD (HVO) and EUR (RME), respectively. This currency risk can be hedged by entering into fuel 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 -38 million (1) 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 85 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 323 million and SEK 17 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 biodiesel via a revenue index in its traffic contracts. In certain cases, the index may be based on the biodiesel price trend, while the contract requires the buses to be run on another fuel, such as biogas. 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 fuel 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 fuel derivatives as per 28 February 2021.

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. For more information, see note 1, pages 26 and 28.

NOTE 31 Financial instruments

Group	Fair value hierarchy	Carrying amount	
		28 Feb 2021	29 Feb 2020
Financial assets			
Non-current receivables		5	5
Trade receivables		838	705
Other current receivables		47	64
Cash and cash equivalents		1,049	307
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		1,939	1,081

Parent Company	Fair value hierarchy	Carrying amount	
		28 Feb 2021	29 Feb 2020
Financial assets			
Loan and trade receivables		500	500
Receivables from Group companies, interest-bearing		1,064	455
Other current receivables		5	6
Cash and cash equivalents		1,005	292
Financial assets measured at fair value through profit or loss	2	–	–
Total Group		2,574	1,253

Group	Fair value hierarchy	Carrying amount	
		28 Feb 2021	29 Feb 2020
Financial liabilities			
Interest-bearing liabilities, loans		5,686	5,253
Interest-bearing liabilities, bond loans	1	500	500
Accounts payable		636	561
Other current liabilities		10	12
Financial liabilities measured at fair value through profit or loss and related to contingent considerations	3	21	88
Total Group		6,853	6,414

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	Fair value hierarchy	Carrying amount	
		28 Feb 2021	29 Feb 2020
Financial liabilities			
Interest-bearing liabilities, loans		358	243
Interest-bearing liabilities, bond loans	1	500	500
Liabilities to Group companies, interest-bearing		3,291	2,484
Accounts payable		3	5
Other current liabilities		–	5
Financial liabilities measured at fair value through profit or loss related to contingent considerations	3	21	88
Parent Company		4,173	3,325

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 28. The fair value of Nobina AB's issued bond, calculated on the basis of the bond's price (102.20) as of 28 February 2021, amounts to SEK 511 million (510) (nominal value SEK 500 million).

NOTE 32 Related party transactions

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 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020
Sales of services to intra-Group companies	–	–	69	54
Purchase of services from intra-Group companies	–	–	–10	–9
Board of Directors	–3	–4	–3	–4
Senior executives	–55	–49	–16	–29
Pension expenses	–7	–8	–4	–5
Social security contributions	–12	–11	–9	–7
Total related party transactions	–77	–72	27	0
Profit from participations in intra-Group companies	–	–	603	–119
Interest income from intra-Group companies	–	–	18	22
Interest expenses to intra-Group companies	–	–	–	–

Related party transactions	Group		Parent Company	
	28 Feb 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Receivables from intra-Group companies	–	–	1,064	955
Liabilities to intra-Group companies	–	–	–3,291	–2,484

NOTE 33 Proposed appropriation of profit (SEK)

Funds available for appropriation by the Annual General Meeting:

Share premium reserve	1,335,198,568
Profit brought forward	463,040,812
Profit for the year	594,912,565
Total	2,393,151,945
Dividend to shareholder (SEK 3.77 per share)	–333,100,921
To be carried forward	2,060,051,024

NOTE 34 Exchange rates

Exchange rates	Average		Closing day	
	1 Mar 2020– 28 Feb 2021	1 Mar 2019– 29 Feb 2020	28 Feb 2021	29 Feb 2020
EUR	10,410	10,617	10,099	10,662
NOK	0,966	1,073	0,975	1,025
DKK	1,397	1,422	1,358	1,427

NOTE 35 significant events after balance sheet date

Nobina AB has successfully issued additional bonds in an amount of SEK 200 million under its existing green bond loan at a floating interest rate of STIBOR 3 months plus 65 basis points.

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 31 May 2021 will resolve on the adoption of the Parent Company's and the Group's income statements and balance sheets.

Stockholm, 28 April 2021

Johan Bygge
*Chairman of the
Board*

Graham Oldroyd
Director

John Allkins
Director

Liselott Kilaas
Director

Bertil Persson
Director

Magnus Rosén (CEO)
CEO

Our auditors' report was issued on 29 April 2021

PricewaterhouseCoopers AB

Michael Bengtsson
Authorised Public Accountant

Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Nobina AB (publ) for the financial year 1 March 2020 to 28 February 2021. The annual accounts and consolidated accounts in the company are included on pages x-xx 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 and the group as of 28 February 2021 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 28 February 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

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 consists 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 consolidated financial statements.

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

Key audit matters

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

Key audit matter

How our audit addressed the Key audit matter

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 132-135 and in note 30 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 examined invoices and payments during the year and that they can be traced to each other.
- 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.

Valuation of the bus fleet

The accounting related to the bus fleet is described in note 1 Company information and accounting principles, note 8 Capital gains/losses from the disposal of non-current assets and in note 13 Tangible assets. Risk management is described in the Management Administration report and on page 132-135 and in note 30 Financial risks and risk management.

The value of Nobinas bus fleet amounts to about 5,9 billion which is about 56 % 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.

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 1–37, 57–59 and 128–140. Such other information is also presented in the separate document "This is Nobina". The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Director's and the Managing Director

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

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

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. 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 Director's and the Managing Director of Nobina AB (publ) for the financial year 1 March 2020 to 28 February 2021 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 Director's 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 Director's 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' equity, consolidation requirements, liquidity and position in general.

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

Auditor's responsibility

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

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

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. 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 28th of May 2020 and has been the company's auditor since the 2014.

Stockholm 29 April 2021
PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

Corporate Governance – Good and active governance every day

Good and active corporate governance provides the framework for creating a trusting relationship with our shareholders, employees and key stakeholders in Nobina’s operating environment. It is also essential for the successful achievement of targets, strategy, business plans and key metrics. Corporate governance ensures that Nobina is managed responsibly, sustainably and that operations comply with external laws, regulations and provisions as well as internal control regulations and procedures. Governance also ensures that the business complies with good practices based on Nobina’s operations and our values, and that our principles governing business ethics are respected.

This report explains how the rights and obligations are distributed among our corporate bodies and also specifies the systems used in our decision-making and the structures through which the owners directly or indirectly control Nobina. It also describes the structure of our corporate governance that encompasses information about shareholders, the General Meeting, the Nomination Committee, auditors, the Board of Directors and Committee work, Group management as well as compliance and internal control. Furthermore, it explains 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.

Contents

Our governance – a virtuous circle	116
2020 AGM	118
Nobina’s Board of Directors	120
Operational management and governance	122
Internal governance and control	125
Auditor’s report on the Corporate Governance Statement	127

Our governance in brief and what we want it to achieve

We want our corporate governance to ensure that we achieve the established strategic targets, such as the creation of a sustainable public bus transport system that is at the forefront. Using our governance, we also want to secure our targets and meet investor expectations related to our financial key figures and earnings. We aim to govern, lead and control our operations in a manner that creates value for our shareholders and other stakeholders. It is to create the preconditions for active, responsible corporate bodies, to clarify the allocation of roles and responsibilities and to ensure accurate reporting and information. One important component of our governance are employees, who should not only be aware of the goals and key metrics but must also understand why we are striving towards established goals. An understanding of the strategic direction creates the prerequisites for two-way communication, where employees can continually draw attention to risks and suggest improvements – creating a dynamic and active corporate governance. Continuous risk management at all levels and assessment of severity are also a natural part of our governance and management and are an integrated component in our decision-making.

Our vision and our values

Our vision that everyone wants to travel with us pervades our governance and, naturally, our goals and strategies. Our business rests on our values and these form the foundation of our culture. Every day, these guide us in our day-to-day work and how we behave towards each other and the world around us.

Governance of sustainability and responsibility

The organisation for governance described in this Corporate Governance Report is applicable to and pervades all strategic issues and the company's culture, including the Group's sustainability governance. Nobina's work in sustainability and responsible business is fully integrated, as are other key strategic issues and initiatives, into our entire business activities – everything from the position of the Board on sustainability issues to how we work locally with cleaning our vehicles at depots. Our sustainability strategy is integrated

at all stages to ensure that sustainability issues are considered in all decision making. While the Board of Directors oversees the company's strategy for sustainability and responsible business, the Director Strategy and Sustainability bears the operating responsibility for the Group's sustainability issues and is responsible for developing and implementing strategies, policies, guidelines, targets, processes and tools related to sustainability and responsible business. This role also gathers together central functions to form a sustainability council that meets regularly to discuss and manage strategic and operational issues. As part of the governance, the Board is also informed of sustainability risks and the results are presented each year. Read more about Nobina's operational sustainability governance on pages 42 and 43.

Our governance influences the public transport of the future

Public transport is a central building block in the sustainable society of the future and a means of solving some of the greatest challenges of our time, from congestion and accessibility to commuting, housing construction and climate goals. Already today, public transport is leading the way in the fossil-free transition and as the largest operator/industry leader in the Nordic region, Nobina is adopting a proactive role in the public debate and in building expertise about technology, sustainability and the tendering process. Through close cooperation with trade associations, we contribute guidelines, recommendations and best practice in the tendering process. Together with our clients, we build expertise and develop technology that enables public transport to become more sustainable, efficient and attractive.

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

Our values



WE RESPECT
EACH OTHER



WE CARE



WE TAKE
RESPONSIBILITY

Our passenger promises



WELCOME
You should feel
welcome



SAFE
You should
feel safe



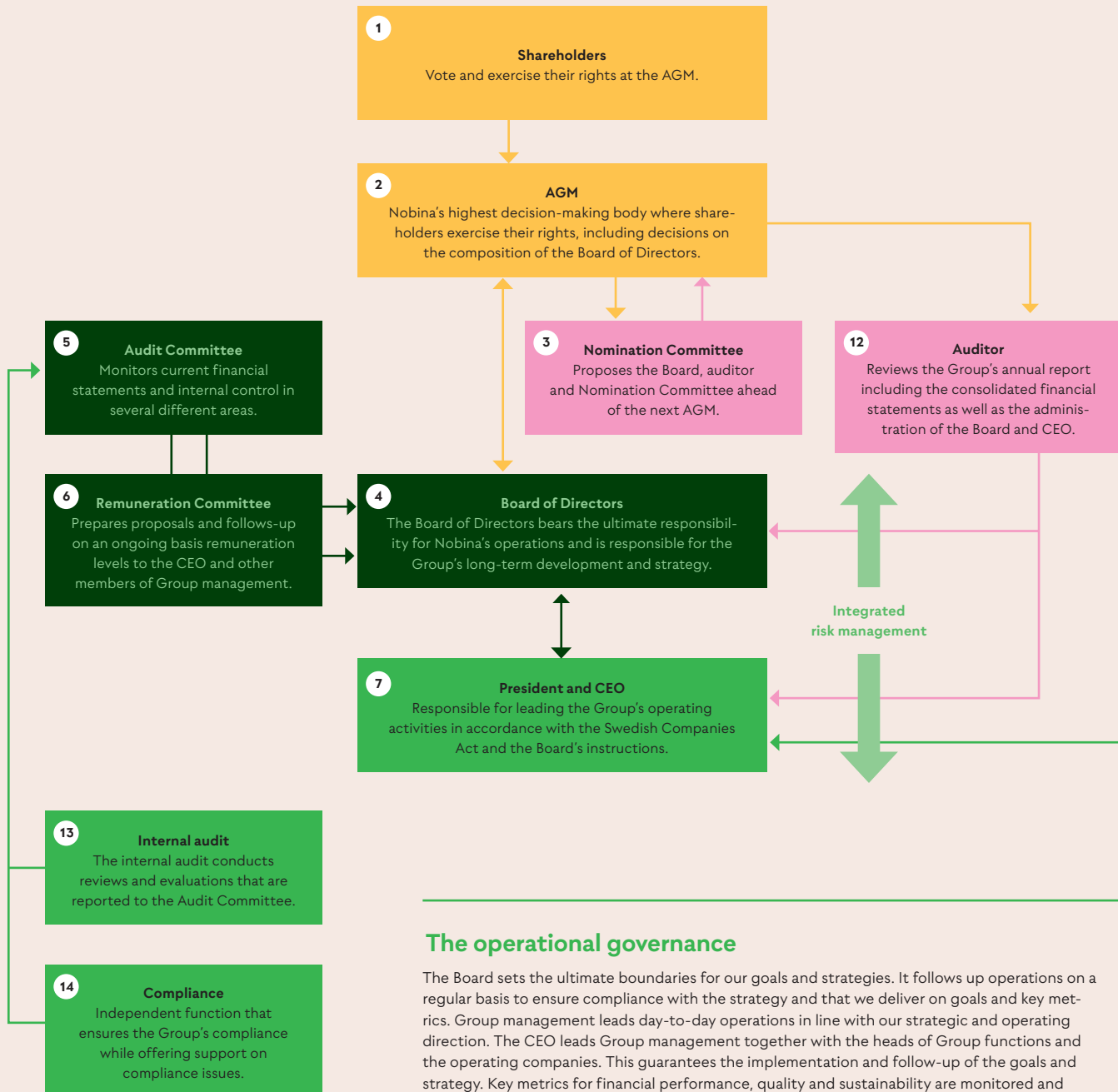
INFORMED
You should receive information
that is important for your journey



SUSTAINABLE
You should be confident that you
always travel sustainably with us

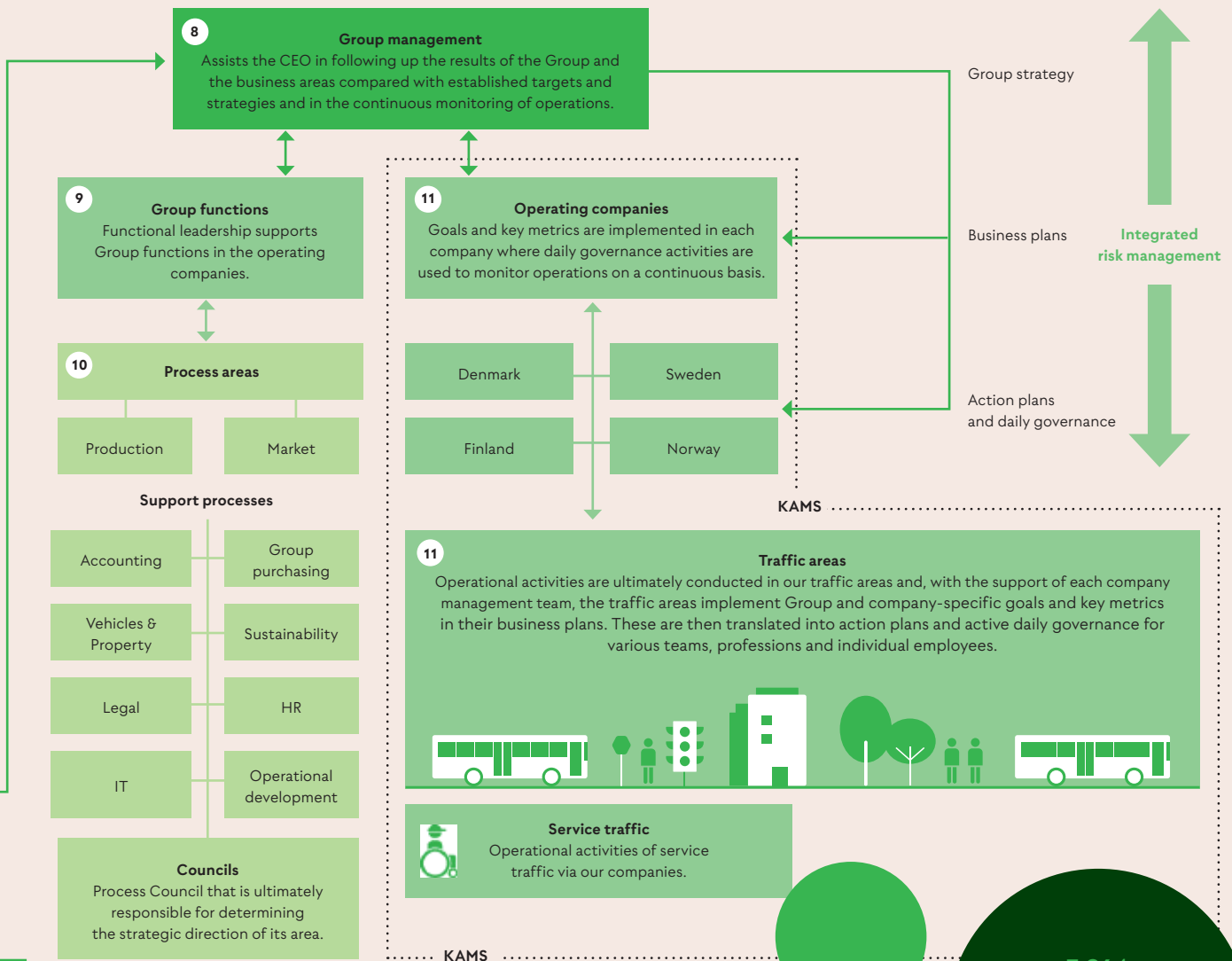


Our governance – a virtuous circle of steady improvement



The operational governance

The Board sets the ultimate boundaries for our goals and strategies. It follows up operations on a regular basis to ensure compliance with the strategy and that we deliver on goals and key metrics. Group management leads day-to-day operations in line with our strategic and operating direction. The CEO leads Group management together with the heads of 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 and checked on a monthly basis. Our operating companies and all traffic areas implement goals and key metrics in their business plans, which are translated into action plans and active daily governance for various teams, professions and individual employees. Goals and outcomes are reported externally, while internal performance meetings at Group, company and traffic area levels are held monthly to address results. In this way, our governance and management acts as a virtuous circle where quantitative and qualitative feedback makes a substantial and continuous contribution to our success. Our Group functions in Group finance, Business Functions and Strategy & Sustainability support our operating companies in their day-to-day activities. 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 is 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. In addition to the main processes, there are a number of support processes that further assist the operating companies – most of which feature an associated Council that continuously steers the strategic direction and improvement work in their fields.

An integrated risk management process

All business operations are exposed to risks and our goal is 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. Nobina has classi-

fied the risks in various risk areas as a means of enhancing the efficiency of continuous risk management.

Governance to ensure good business ethics and anti-corruption

Nobina's operations generate a number of transactions, predominantly through public tenders, and substantial procurement worldwide. Active work with good governance of our business ethics and in combating corruption is essential if we are to create secure and transparent transactions with our clients, suppliers and other partners. Our Code of Conduct outlines our expectations and requirements in relation to both suppliers and ourselves. Through internal governance, we strive for good compliance with national and international legislation as well as the UN Convention against Corruption. Strategic governance rests with the Group's Director Strategy and Sustainability while continuous follow-up is performed by Group purchasing and ultimately by the compliance function.

3,964 buses in 114 contracts in 34 traffic areas in four countries

Corporate governance structure

Our corporate governance 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 our 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

The following decisions were made at the Meeting on 28 May 2020

- Loss for the year was SEK 62,842,459, disposable earnings from previous fiscal year totalling SEK 515,689,468 and share premium reserves were SEK 1,335,198,568. The meeting resolved that no dividend was to be made for the past fiscal year, and that the amount at the disposal of the AGM should be carried forward. Accordingly, SEK 1,788,045,577 was carried forward to the next fiscal year,
- The Board shall comprise five 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, Liselott Kilaas, Bertil Persson and Johan Bygge, the latter of whom was elected as Chairman of the Board. All of the above were elected for the period until the next AGM. Monica Lingegård and Jan Sjöqvist declined re-election and stepped down from the Board at the Meeting,
- 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 2,800,000 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,
- Approval of the Board's proposal for new Articles of Association,
- 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.

Important resolutions at the Meeting

- **Johan Bygge was elected as new Chairman of the Board**
- **Introduction of new LTI scheme**
- **Amendments to the Articles of Association.**

1 The share and shareholders

Nobina 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 29,000 shareholders. The ten largest owners are Lazard, Swedbank Robur, Invesco, Artemis, Nobina AB, the Third Swedish National Pension Fund (AP3), Dimensional Fund Advisors, J O Hambro Capital Management, Avanza Pension and Danske Invest, who together represent 31.4 percent of the votes and capital as of 28 February 2021. Nobina has 2,208,321 (2,208,321) treasury shares related to the share saving schemes, see notes 7 and 22.

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.

2 General Meeting

The General Meeting is the 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 AGM are normally passed with a simple majority. In certain cases, however, the Swedish Companies Act states that a certain level of attendance is required 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.

2020 AGM

The previous AGM was held on 28 May 2020 in Stockholm. Due to Covid-19, a range of precautionary measures were taken in conjunction with the AGM to protect shareholders and employees. To reduce the spread of the virus, Nobina also encouraged shareholders to exercise their voting rights by postal vote. At the AGM, 31.23 percent of voting rights were represented. Only a small number of representatives from the Board, Group management and the auditor were present. The AGM adopted the accounts for 2019/20 and granted the Board of Directors and CEO discharge from liability for the forthcoming fiscal year's administration.

2021 AGM

The 2021 AGM will be held on 31 May 2021. For more information on the Meeting, see page 140 and the company's website, www.nobina.com.

3 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 2020 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 2020. 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 2021 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.

The Nomination Committee's reasoned statement concerning the proposed composition of the Board is published on Nobina's website in conjunction with the publication of the official notification of the AGM.

Nobina's Nomination Committee ahead of the 2020 AGM

Member	Representing	Shareholding/votes
Johan Bygge	Chairman of the Board	0.02%
Peter Lundkvist	AP3	2.9%
Ulric Grönvall	Swedbank Robur	3.8%
Nuno Caetano	Invesco Limited	5.6%

The members of the Committee were appointed based on the ownership structure as of 30 September 2020. The shareholdings are reported as of the same date. Chairman of the Nomination Committee is Nuno Caetano.

4 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. At the beginning of the 2020/2021 fiscal year, the Board com-

prised seven members and following the AGM of five members. John Allkins, Graham Oldroyd, Liselott Kilaas, Bertil Persson and Johan Bygge, the latter of whom was 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.

The Board's work 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'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 28 May 2020.

Board members elected by AGM

	Elected	Born	Remuneration, SEK	Number of shares/votes	Independent	Attendance at Board meetings	Attendance at Committee meetings
Jan Sjöqvist	2015	1948	225,000	–	Yes	8 of 8	Not present
Graham Oldroyd	2014	1961	450,000	34,375	Yes	16 of 16	2 of 2
John Allkins	2013	1949	550,000	54,963	Yes	16 of 16	4 of 4
Bertil Persson	2018	1961	500,000	0	Yes	15 of 16	4 of 4
Monica Lingegård	2017	1962	125,000	0	Yes	8 of 8	1 of 1
Liselott Kilaas	2017	1959	500,000	0	Yes	12 of 16	4 of 4
Johan Bygge	2019	1955	800,000	20,000	Yes	16 of 16	2 of 2

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.

6 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 General Meeting.

The Remuneration Committee currently has two members: Johan Bygge (Chairman) and Graham Oldroyd, both of whom are independent in relation to the company and its senior executives. The Remuneration Committee met twice during the fiscal year.

5 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 General Meeting's resolutions regarding the election of auditors.

The Audit Committee currently has three members; John Allkins (Chairman), Bertil Persson 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.

Important issues for the Board during the fiscal year

The Board met 16 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, such as members of Group management and experts at the company.

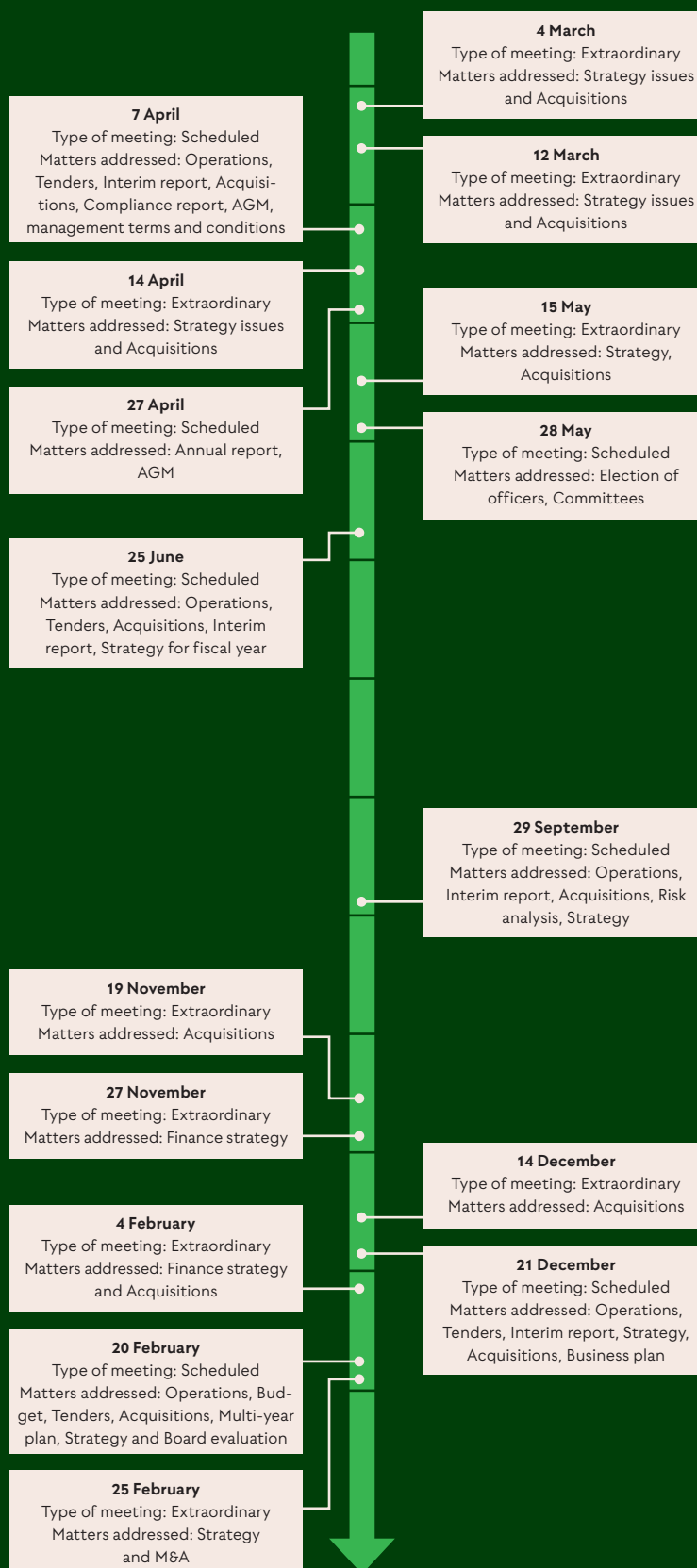
At the year's meetings, a number of issues and areas were addressed by the Board. A large share was the ongoing management of the effects of the pandemic. Other major agenda items included focus areas in add-on business, strategy issues and risk management. The Board also worked with general market issues and market disruptions as well as overall digitalisation issues. At the end of the preceding fiscal year, a meeting was held locally at one of the traffic areas and the agenda focused on contract and operations in Stockholm.

The Board evaluates its work once each year by responding to an anonymous survey. The evaluation is important to ensure that the work of the Board is efficient and part of its purpose is to also study the type of issues the Board believes require greater focus and whether it needs additional expertise to achieve an optimal composition. 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.

Important focus areas for the Board

- Day-to-day management of the effects and consequences of Covid-19
- Acquisitions and growth
- Add-on business
- Strategy and risks
- Sustainability
- Tenders
- Market disruptions

Board meetings during the 20/21 fiscal year



Operational management and governance

7 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.

8 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, General Counsel and Chief Compliance Officer and Director for Strategy and Sustainability. A more detailed presentation of Group management can be found on page 130.

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.

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 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. 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 132.

Operational and active governance through our 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.

9 Nobina's Group functions

Group finance – the function is headed by the Group's CFO who is 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 centre and the Swedish payroll office, group controlling, fleet finance, treasury, and investor relations. The function also includes the Group's IT department. The function bears ultimate responsibility for creating a favourable position to achieve the Group's financial strategy and long-term financial targets and via the IR department for communicating transparent and relevant information to the market. The IT department works strategically and in close interaction with the operating companies to, on an ongoing basis, ensure adequate IT security and operational requirements and needs.

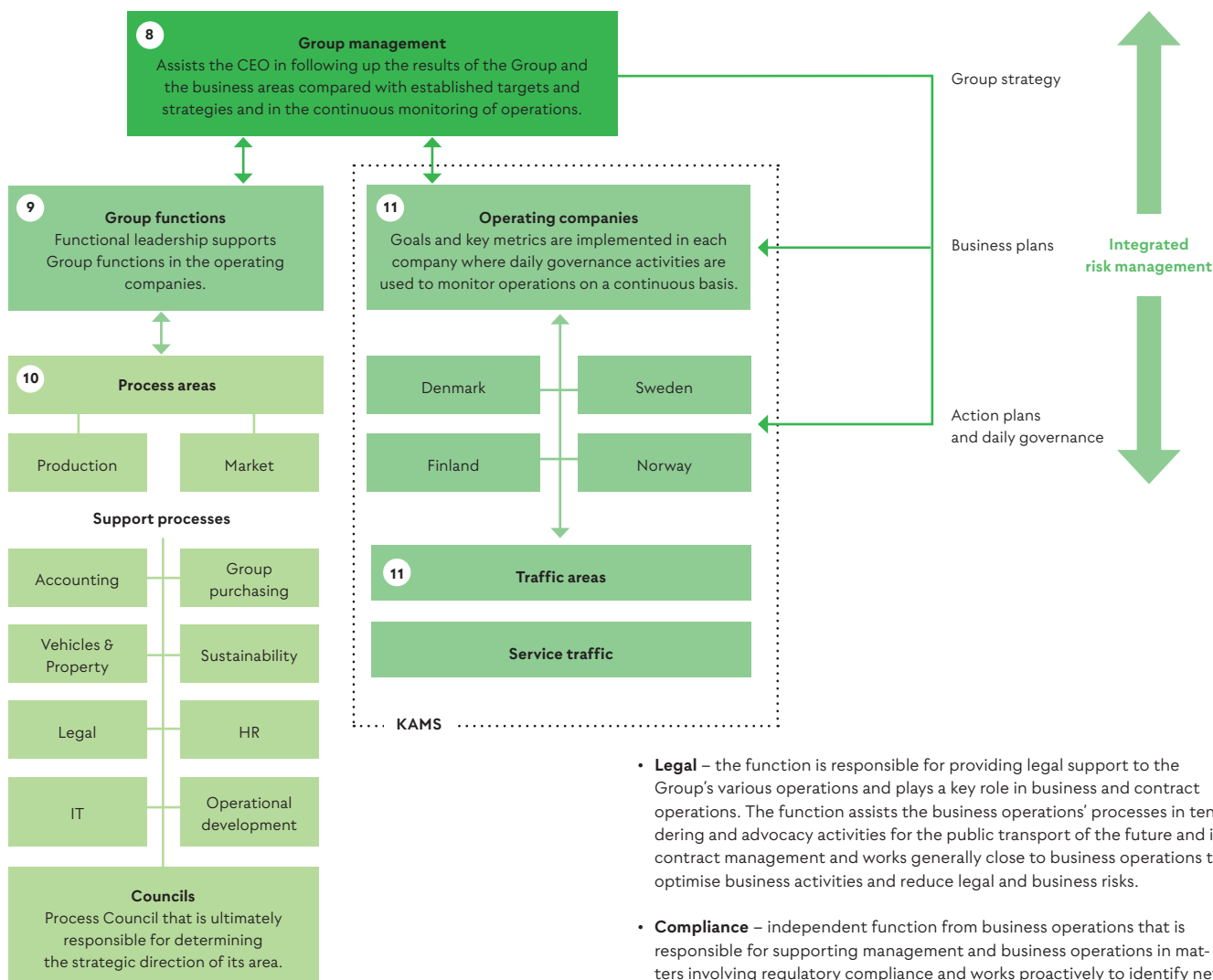
Strategy and Sustainability – the function is headed by the Director Strategy and Sustainability, who is responsible for the Group's strategy process, acquisition projects, sustainability agenda and the Group's project offices. The function bears ultimate operating responsibility for the Group's sustainability issues and is responsible for developing and implementing strategies, policies, guidelines, targets, processes and tools related to sustainability and responsible business.

Group staff for business functions – the Group staff is headed by the Director Business Functions who is ultimately responsible for the Group's functions in Vehicles and Property, HR, Group purchasing, Legal, Compliance and Operational development and SQA. Through responsive, functional and operational leadership, the Group function is governed by the ambition to identify at an early stage the Group's overarching needs and the operating companies' needs in order to continuously address these and to identify effective synergies between the companies. In addition to the Group staff's own strategic operational goals, each function follows their own operational goals in order to convert the Group's targets, strategy and key metrics in an optimal and efficient manner and to assist the operating companies in daily operations and activities. The Group staff is also responsible for continuous development and implementation of strategies, policies, guidelines, targets, processes and tools in each function's areas of responsibility. Each function is led by a head of function and reports to the Director Business Functions.

• **Vehicles and Property** – the function is responsible for ensuring that operations always have correctly equipped vehicles that fulfil the Group's and the client's requirements and that these are delivered on time and to the right location. The function works close to the tender processes of all businesses, takes part in strategic development projects and supports business communication by the operating companies. In addition, the function is proactive in optimising the acquired vehicles within the Group to achieve optimal resource utilisation, and in divesting and scrapping vehicles that can no longer be used. The function is also responsible for securing locations and for quality assurance of leases in close collaboration with operations, in particular in the tender process.

The year for Group management

Group management comprised seven 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, as well as day-to-day management of the impact of Covid-19 on the Group's operations. Sustainability and general issues concerning the Group's operations, planning and follow-up were also high on the agenda. Investment issues and strategic projects were also addressed as well as preparations ahead of Board meetings.



- **HR** – The function is responsible for general Group-wide strategic issues in HR and works on a broad front in areas when a shared outlook is important and in Group-wide working procedures. The focus areas are how Nobina recruits and develops employees, methods to measure and follow up employee engagement and the expectations the Group has on managers and employees. The function also pursues and is responsible for important focus areas in the Group's values and how these are constantly kept alive in all operations, how the Group works with inclusion and diversity in various contexts, and methods to identify, find and develop key competences for Nobina from a strategic perspective.
- **Group purchasing** – the function is responsible for the entire purchasing process of Group-wide purchasing categories, such as vehicles, fuel and electricity. In addition, the function assists in the tender processes of business operations for all Nordic companies, development projects, supplier quality assurance (SQA) and by supporting the IT department in central and strategically important tenders.
- **Operational development and Supplier quality assurance (SQA)** – the function is responsible for strategic support, the development of Group staff as a Group function and for identifying synergies between functions and companies in order to enhance support to operations and their business activities. The function also includes quality and supply assurance and supplier quality assurance (SQA), which aims to cut costs by reducing costs for quality failures and by increasing availability. The function also has process responsibility to ensure the Group conducts sustainable purchasing that at least complies with the standards set in client's supplier codes of conduct (for sustainability).

- **Legal** – the function is responsible for providing legal support to the Group's various operations and plays a key role in business and contract operations. The function assists the business operations' processes in tendering and advocacy activities for the public transport of the future and in contract management and works generally close to business operations to optimise business activities and reduce legal and business risks.
- **Compliance** – independent function from business operations that is responsible for supporting management and business operations in matters involving regulatory compliance and works proactively to identify new regulations and other external events that could impact the Group's business. The function regularly reports on regulatory compliance and risks to Group management and the Board of Directors. The function includes the areas of whistleblowing, data protection and information security.

10 Nobina's processes and Councils

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's main processes are used in the areas below:

Market Process

The Market Process, which is headed by the CMO, is ultimately responsible for business and market development and is primarily active with sub-processes in three main areas:

- The Tender Process: describes working procedures and processes to perform competitive and quality-assured tenders but also encompasses proactive strategic preparatory processes;
- Contract Management: describes the structured working procedures to work with business development in traffic contracts; and
- Nobina Analytics (NOA): our method and working procedures that use analysis and facts to increase the number of passengers and ensure more satisfied customers.

The Market Process includes an established Market Council that is responsible for verifying processes and working procedures and is made up of market managers from the operating companies and relevant Group functions.

The production process is headed by the Director of Operational Support and Development. It comprises four sub-processes in:

- Planning production, with a focus on ensuring efficient and viable timetables and traffic plans.
- Verifying vehicles, with a process to ensure whole, clean and roadworthy buses for every departure,
- Verifying personnel, where the focus is on ensuring the availability of competent employees in the long and short term for every duty; and
- Providing services, which efficiently ensures reliable, punctual, safe and secure services every day in accordance with Nobina's passenger promises.

Support processes in the following areas offer continuous assistance to operations:

- HR
- Group purchasing
- Accounting
- IT
- Legal
- Sustainability and Environment
- Operational development and SQA
- Vehicles & Property

Councils exist as an extension of certain processes and these meet a number of times per year in each area. The Councils work proactively and strategically in relation to the Group's targets and draw up direction decisions and develop overall governance in their respective processes. More significant decisions identified in the Councils are however taken by the Group management. A selection of the Group's departments, functions and companies are represented on the Councils and lead topics in each area. Each representative is responsible for implementing decisions and systems in their organisation.

11 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 and also by each company operating service traffic. 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.

12 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 and not more than two auditors with at most two deputies. Authorised public accountants or registered auditing firms shall be appointed as auditors or deputies as appropriate.

The 2020 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 6.

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. New remuneration principles were adopted at the 2020 AGM, which applied during the current year and will also apply for the forthcoming 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 7.

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 2.8 million.

Remuneration of auditors

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

To read more about the applicable remuneration principles and remuneration of the Board of Directors and senior executives, refer to Note 7.

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.

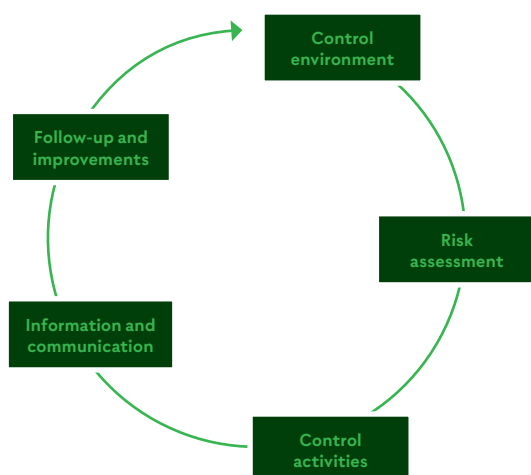
In summary, reliable financial reporting for Nobina means that:

- 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.

13 Internal control

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

Nobina's Group policies

The policies below

Nobina's Group policies	Strategic responsibility	Operational responsibility
Values	Board of Directors	Group management
Financial policy	CFO	CFO
Information security policy	Board of Directors	Chief Information Security Officer
Sustainability policy	Board of Directors	Director of Sustainability
Authorisation policy	CEO	CFO
Code of Conduct	Director of Sustainability	Purchasing Manager
Employee policy	CEO	HR directors
Purchasing policy	CEO	Purchasing Manager
Insider policy	Board of Directors	Compliance Officer
Communication policy	CEO	Head of Public Affairs & Communication
Security policy	Head of Security	KAMS Officer

14 **Compliance function (regulatory compliance)**

Nobina's 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 Audit Committee through the Compliance Officer. These include focus areas in data protection, information security and whistleblowing.

Whistleblowing

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

Nobina's KAMS organisation

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

Risk assessment

Proactive and continuous risk management forms a central building block in measures to prevent and counteract high risks. Nobina's work in assessing and managing risks is conducted as an integrated but focused part of work with the Group's strategy and Group-wide initiatives, as well as in business and operational planning by subsidiaries and functions. Risk assessment encompasses business risks, risks in the financial statements and other risks. The processes include built-in components and methods to identify, appraise and limit risks and to ensure that any risks are dealt with in accordance with Nobina's control framework and guidelines. Every operating unit is responsible for handling its own risks in accordance with Nobina's control framework and process tools. Work with Group-wide risks is coordinated and followed up by Group finance, which also has a specific responsibility with respect to managing financial risks, see Administration Report on page 60 for more information.

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 132, Risk management. Other than this, the Board of Directors is presented with information concerning action plans and analyses regarding specific risks on a number of occasions.

Control activities

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

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

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

Information and communication

Nobina has information and communication channels to ensure efficient and correct internal and external information disclosure regarding financial reporting. These require that all parts of the business communicate and exchange relevant and essential information. Nobina works in line with the control framework for financial reporting and an adopted communication plan that ensure that information reaches the right target group in the right manner. It shows how the Group acts and how deviations are reported and monitored. The owner for each main process is to ensure that information about Group-wide methods reaches the entire organisation. Nobina has a line organisation that regularly holds management meetings, where new control documents are presented. Following the presentation, a decision is taken on implementation within each of the relevant operations. Written communication is primarily made available via Nobina's 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 2020-03-01 – 2021-02-28 on pages 114–126 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 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 29th 2021
PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

Board of Directors



1. Johan Bygge

Chairman of the Board

Born: 1956

Elected: 2019

Other assignments: Board member of Getinge AB, Lantmännen Ek Fören, CapMan Plc and AP3 et al.

Previous assignments: Chairman of EQT Asia Pacific, COO EQT, CFO Investor AB, Deputy CEO of Electrolux AB, 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 et al.

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

Education: MSc from Stockholm School of Economics.

Number of shares: 20,000

Total remuneration in 2020, SEK 800,000

2. Bertil Persson

Born: 1961

Elected: 2018

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

Previous assignments: Board member of Posten AB, Svensk Bilprovning AB and Swedcarrier 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 2020, SEK 500,000

3. 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 administration and Fellow of the Chartered Institute of Cost and Management Accountants.

Number of shares/votes¹⁾: 54,963

Total remuneration in 2020, SEK 550,000

4. Liselott Kilaas

Born: 1959

Elected: 2017

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

Previous assignments: Det norske Veritas, 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 2020, SEK 500,000

5. Graham Oldroyd

Born: 1961

Elected: 2014

Other assignments: Chairman of Ideal Standard International NV and of MCF UK Limited. Board member of BMO Global Smaller Companies plc (publ) and Tunstall Integrated Healthcare Holdings Ltd.

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

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

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

Number of shares/votes¹⁾: 34,375

Total remuneration in 2020, SEK 450,000

¹⁾ As of 28 February 2021.

Group management



1. Magnus Rosén

President and CEO of Nobina AB from 1 June 2017

Born: 1962

Other assignments: –

Previous assignments: Board member of Llentab, Bonava and Wexus Group AS. 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⁾: 80,000

2. Pernilla Walfridsson

CFO at Nobina AB since 2019

Born: 1973

Other assignments: Board member of NetOn-Net Group AB and CTEK AB.

Previous assignments: CFO Byggmax Group AB (publ), CFO of Power AB, Business controller at IKEA Russia, and Controller at IKEA AB. Former Board member of Ahlström-Munksjö and Sortera Group AB.

Education: MBA from Växjö University.

Number of shares/votes¹⁾: 18,560

3. Martin Pagrotsky

General Counsel since 2006 and Director Business Functions since 2020

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. Petra Axelsson

Director Strategy and Sustainability of Nobina since 2020.

Born: 1988

Other assignments: –

Previous assignments: Associate Principal at McKinsey & Company.

Education: Master of Science Industrial Engineering and Management, Institute of Technology at Linköping University.

Number of shares/votes¹⁾: –

5. Henrik Dagnäs

MD of Nobina Sverige AB since 2018

Born: 1970

Other assignments: Chairman of Samtrans Omsorgsresor AB, KE's Bussar and Nobina Denmark. Deputy Chairman of Samtrafik, 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⁾: 23,000

6. Jan Volsdal

MD of Nobina AS since 2017

Born: 1975

Other assignments: Board Member at NHO Transport.

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⁾: 14,000

7. 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⁾: 20,000

Changes to Group management during the fiscal year

During the fiscal year, it was decided to take additional steps to promote strategic change and further integrate the operations at Group and company levels, which included the creation of a Group staff function with distinct areas of responsibility. Read more on page 122. The HR Director function was integrated into Group staff and in conjunction with this Jenny Lundmark (HR Director) stepped down from Group management on 1 November for new challenges. On 1 December 2020, Magnus af Petersen took over as CMO of Nobina Sweden and therefore left his role as Director Strategy and M&A. In conjunction with this, he stepped down from Group management. At the same time, Petra Axelsson assumed the role of Director of Strategy and Sustainability on 16 November 2020. After 12 years with Nobina and nine years as Managing Director of Nobina Denmark, Niels-Peter Nielsen chose to leave his position as Managing Director in Denmark on 28 February 2021. In a move to integrate Danish and Swedish operations, no new Managing Director was appointed but instead Nobina Sweden's management will also be responsible for Danish operations.

1) As of 28 February 2021.

Nobina's risk management

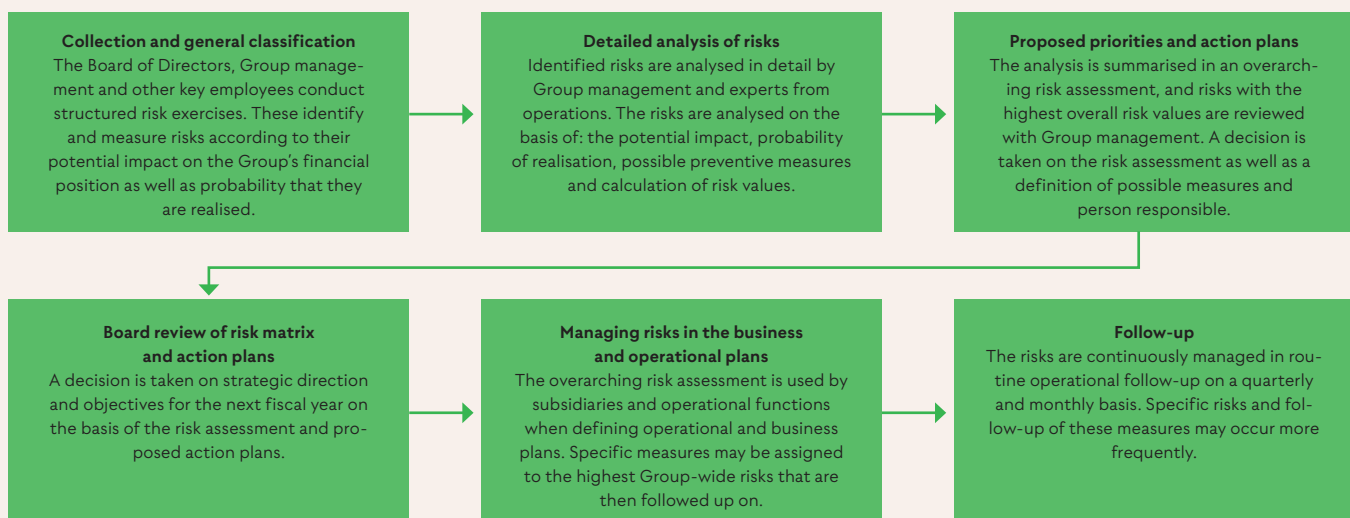
All business operations are exposed to various risks and effective and value-generating risk management is a competitive requirement. Nobina's risk management process is fully integrated into its strategy and governance of operations. Risks are actively managed by monitoring, identifying, assessing and 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



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 contract audits 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.
Pandemics	Pandemics when passengers are temporarily advised not to use public transport due to the risk of infection entail risks, particularly in incentive contracts where the revenue is variable and based on the number of passengers boarding. The decline in travel and reduction in revenue may also lead to lower traffic production, and thus result in reduced revenue while the cost base does not decrease to the same extent. Furthermore, due to material or driver shortages, Nobina may be forced to cancel journeys, which may then result in no compensation and fines from the PTAs.	Active contract management and continuous dialogue with the relevant PTAs ensures a functioning public transport system with a stable financial framework even during a pandemic.
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.
Irrational contract pricing from competitors	Competitors use irrationally low prices in contracts and thus win contracts below market price.	Nobina closely monitors outcomes from procurements, take actions when required and have a close dialogue with PTAs to avoid these types of situations.
Serious incidents	Incidents such as terrorist attacks or traffic accidents may impact Nobina's ability to conduct operations efficiently or at all.	Nobina has well-established crisis organisations that are prepared at any time to enter a "state of readiness".

Risk area	Description	Examples of control activities and countervailing factors
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 30.	Clear and established processes and control are used to continuously identify, mitigate and follow up financial risks.
Market and industry risks		
Access to funding and financing	Demand from PTAs is highly dependent on regional budgets for public transport. If allocated funds are reduced, this could decrease budgets for the PTAs that are responsible for allocating and financing many of Nobina's contracts.	Thorough and proactive monitoring of the market to track trends and external events. In addition, proactive work is conducted to promote investments in public transport.
Access to staff	Nobina is dependent on access to skilled personnel. A long-term shortage of, for example, bus drivers and mechanics, may have an adverse impact on the company's capacity.	Particular focus internally on recruitment, education and advanced training. Nobina also works proactively to improve the attractiveness of areas currently experiencing a skills shortage. Nobina cooperates with job centres and other relevant authorities in several Nordic countries.
Demand for public transport services	Major structural changes in passenger preferences involving modes of transport could have an adverse effect on demand for bus travel, for example, more distance working, increase in car travel or bicycle commuting rather than bus travel are examples of hypothetical forces that could drive change.	Proactive work in marketing and developing attractive public transport solutions. Daily provision of high-quality public transport services.
Legal and political risks		
Legal risks	Nobina's operations entail continuous contract risks in ongoing contract management. Nobina's also operates under several jurisdictions and is subject to a number of regulations and laws, both European and national rules. Changes to these may impact the Group's operations, for example by violating rules 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.

Sustainability risks

Nobina's most significant sustainability risks can be found in the following areas: climate and environment; health, safety and work environment; anti-corruption and supplier behaviour. The risks are both strategic and operational, and certain issues are related to financing. Read more about the Group's work with these issues in Nobina's sustainability report on pages 38–56.

Risk area	Description	Risk management
Climate and environment		
Emissions	Fuel spills and emissions to water at depots and workshops (lead, cadmium, mercury etc.) may impact watercourses and their biodiversity. Emissions of particles, nitrogen oxide and sulphur oxide, which may result in a deterioration of the local environment where buses are driven, such as poorer air quality, acidification and an impact on biodiversity.	Nobina strives to minimise the negative impact of its operations. The Group's environmental management system is certified according to ISO 14001. The Group's reduction in the use of non-renewable fuels decreased emissions of nitrogen oxide and sulphur oxide.
Climate change	Climate change may lead to extreme weather events that may influence Nobina's ability to conduct operations efficiently or at all. Extreme weather events may also impact Nobina's supply chain and its deliveries.	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.
Increased vehicle requirements	Stricter legal requirements and increased expectations from clients may force Nobina to renew its vehicle fleet faster than planned, which may drive costs in the Group.	Nobina is actively working to manage excess buses and has well-established processes and action plans to this end. Regular maintenance and clear processes for bus upgrades together with proactive efforts in our existing markets and continual efforts to identify new markets are key to ensuring the use of vehicles throughout their technical life.
Taxes	The climate crisis could lead to an increased tax burden through higher excise duty in the form of fuel tax and vehicle tax. Higher carbon dioxide taxes could also have an adverse impact on the purchase price of buses and other goods.	Nobina actively follows discussions on this type of issue and strives continuously to express the views of the industry.
Health, safety and work environment		
Work injuries and security deficiencies	Workplace injuries due to shortcomings in the work environment and safety efforts. Driving buses is an exposed occupation and the risk of threats and robbery in the workplace has increased in recent years. Bus drivers are also at greater risk of infection during pandemics or widespread disease in society.	Nobina's occupational health and safety management system covers the entire Group and its employees. Established and proactive work in the company's KAMS and through our HR efforts. Suspected irregularities can also be reported using Nobina's external whistleblower function.
Accidents	If Nobina is involved in a major accidents with personal injuries, Nobina's business opportunities could be adversely impacted and the attractiveness of the brand damaged.	Nobina works continuously and proactively with safety as well as all vital parts needed to ensure a safe and secure workplace. Nobina's KAMS organisation plays an important role to secure preventive measures.
Discrimination	Discrimination or victimisation in the workplace or during recruitment could have an adverse impact on employee commitment and make it more difficult for Nobina to attract and retain employees.	Nobina works with inclusion in daily operations and in connection with recruitment; training initiatives are held regularly. It is a strategically important and prioritised area and is therefore part of our business plans at all levels of the company – from the Board to the individual. Suspected irregularities can be reported using Nobina's external whistleblower function.
Anti-Corruption		
Corruption	The failure of employees and suppliers to comply with laws, regulations or Nobina's policies and rules related to anti-corruption could have a negative impact on Nobina's operations or the company's brand.	New employees in relevant functions are informed of Nobina's Code of Conduct when they are employed. Internal process audits of the Group's staff functions are conducted every third year. Suspected irregularities can be reported using Nobina's external whistleblower function.
Supply chain		
Suppliers	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. The supply chain for electric buses includes risks associated with the lithium and cobalt mining that may be linked to human rights abuses and funding of conflicts.	Nobina takes as a starting point its Code of Conduct, which includes all aspects from human rights and handling of conflict minerals 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.

Multi-year overview

SEK million (unless otherwise stated)	2020/2021	2019/2020	2018/2019 ^{1, 2)}	2017/2018 ¹⁾	2016/2017
Net sales	10,787	10,645	9,734	8,760	8,499
EBITDA	1,951	1,764	1,596	1,198	1,153
EBITDA margin	18.1%	16.6%	16.4%	13.7%	13.6%
EBITA	757	662	620	530	500
EBITA margin	7.0%	6.2%	6.4%	6.1%	5.9%
Operating profit (EBIT)	689	597	575	526	493
EBIT margin	6.4%	5.6%	5.9%	6.0%	5.8%
Profit before tax (EBT)	534	399	389	391	356
EBT margin	4.9%	3.7%	4.0%	4.5%	4.2%
Profit before tax (EBT, adjusted)	602	464	434	391	356
EBT, adjusted margin	5.6%	4.4%	4.5%	4.5%	4.2%
Profit for the year	445	305	298	306	519
Cash flow for the year	760	-753	288	-94	114
Cash and cash equivalents	1,049	307	1,058	720	804
Equity/assets ratio, %	17.0%	14.7%	14.7%	18.4%	17.9%
Equity	1,795	1,380	1,451	1,438	1,421
Dividend per share	-	3.80	3.35	3.10	2.60
Shareholders' equity/ordinary share, SEK	20.3	15.6	16.4	16.3	16.1
Net debt	5,158	5,534	4,828	3,629	3,753
Net debt/EBITDA	2.6	3.1	3.0	3.0	3.3
Number of buses	3,964	3,733	3,644	3,625	3,564
Estimated number of passengers (million)	³⁾	317	320	319	307
Number of production kilometres (million)	282	295	285	293	293
Number of production hours (thousand)	9,442	11,526	11,296	11,352	11,241
Estimated FTEs	10,711	10,526	10,547	9,468	8,731
Net sales per bus	2.72	2.85	2.67	2.42	2.38

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.

3) During FY20/21, the situation with Covid-19 means no reliable data is available on passenger numbers.

The assessment is that the decrease in the different markets is between 25–50 percent over the past year.

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.
Acquisition growth	Growth achieved by the acquisition/divestment of companies owned by Nobina only for part of two comparative periods.
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.
Net debt excluding bus financing/EBITDA	Interest-bearing non-current and current liabilities (external loans, pension liabilities, operating and finance lease liabilities) after deducting cash and cash equivalents and bus financing 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.
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

Key performance indicators, Nobina (SEK million, except as otherwise indicated)	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017
	Mar 20–Feb 21	Mar 19–Feb 20	Mar 18–Feb 19	Mar 17–Feb 18	Mar 16–Feb 17
Earnings before tax (EBT) for the period	534	399	389	391	356
Acquisition-related income and costs	4	2	25	–	–
Amortisation/impairment of intangible assets	64	63	20	–	–
Total adjusted EBT	602	464	434	391	356
EBITA and EBITDA:					
Operating profit	689	597	575	526	493
Acquisition-related income and costs	4	2	25	–	–
Amortisation/impairment of intangible assets	64	63	20	4	7
Total EBITA	757	662	620	530	500
Capital gains/losses from the disposal of non-current assets	–2	–2	32	7	7
Depreciation/impairment of PPE	1,196	1,104	944	661	646
Total EBITDA	1,951	1,764	1,596	1,198	1,153
Interest-bearing liabilities:					
Non-current borrowing	5,101	4,913	4,841	3,582	3,832
Pension liability	23	27	33	41	46
Current borrowing	1,083	901	1,012	726	679
Total interest-bearing liabilities	6,207	5,841	5,886	4,349	4,557
Cash	–1,049	–307	–1,058	–720	–804
Total net debt	5,158	5,534	4,828	3,629	3,753
Net debt/EBITDA	2.6	3.1	3.0	3.1	3.2

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 prioritised 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 traffic 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 the 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) is held on 31 May 2021. In order to prevent the spread of the virus causing covid-19, the board of directors has decided that the annual general meeting shall be held without physical presence of shareholders, proxies or external parties and that the shareholders shall have the opportunity to vote by mail prior to the general meeting.

Right to attend the Meeting

Shareholders who wish to participate in the annual general meeting must be registered in the shareholder register maintained by Euroclear Sweden AB as of 21 May 2021, and notify their intention to participate by having submitted a mail vote in accordance with the instructions in the convening notice for the annual general meeting in such manner that Euroclear Sweden AB has received the mail vote by 28 May 2021, at the latest.

Nominee-registered shares

Shareholders with nominee-registered shares, held via a bank or other nominee, must request that the nominee register such shares in the shareholder's own name in the shareholder register kept by Euroclear Sweden AB in order to participate in the general meeting (voting registration). The nominee must have performed the voting registration with Euroclear Sweden AB by 25 May 2021, at the latest. Therefore, the shareholder must contact its nominee well in advance of such day and re-register its shares in accordance with the nominee's instructions.

Financial information 2021/2022

Annual General Meeting	31 May 2021
Interim report, first quarter (1 March–31 May)	2 July 2021
Interim report, second quarter (1 June–31 August)	30 September 2021
Interim report, third quarter (1 September–30 November)	22 December 2021
Year-end Report 2021/2022	7 April 2022

IR contacts

Mattias Gelinder,
Head of Treasury & IR,
Telephone: +46 72 967 02 61
mattias.gelinder@nobina.com

Pernilla Walfridsson,
CFO,
Telephone: +46 72 967 04 04
pernilla.walfridsson@nobina.com

Press releases and reports

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

Register at: www.nobina.com/investors/



Solberg
Print: Göteborgstryckeriet

